

# REPUTATIONAL IMPACTS OF INTERNATIONAL RESEARCH AND INNOVATION

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## Chapter 2: Company-focused international R&I generating reputational impacts

UK companies are deeply committed to advancing international research and innovation through a variety of activities that generate valuable reputational impacts. These activities include engaging in international collaborative R&D projects, knowledge sharing, strategic learning alliances, collaborative Knowledge Intensive Business Service innovation, and collaborations to address grand challenges<sup>1</sup>. By participating in these engagements, UK companies can enhance their reputation as financially robust, R&D-focused, trustworthy, and innovative learning organizations with social and environmental acceptance. This, in turn, generates a myriad of impacts ranging from financial, relational, resource, research, innovation, social to environmental impacts. The categorisation of activities is based on the review of the literature conducted for this study.

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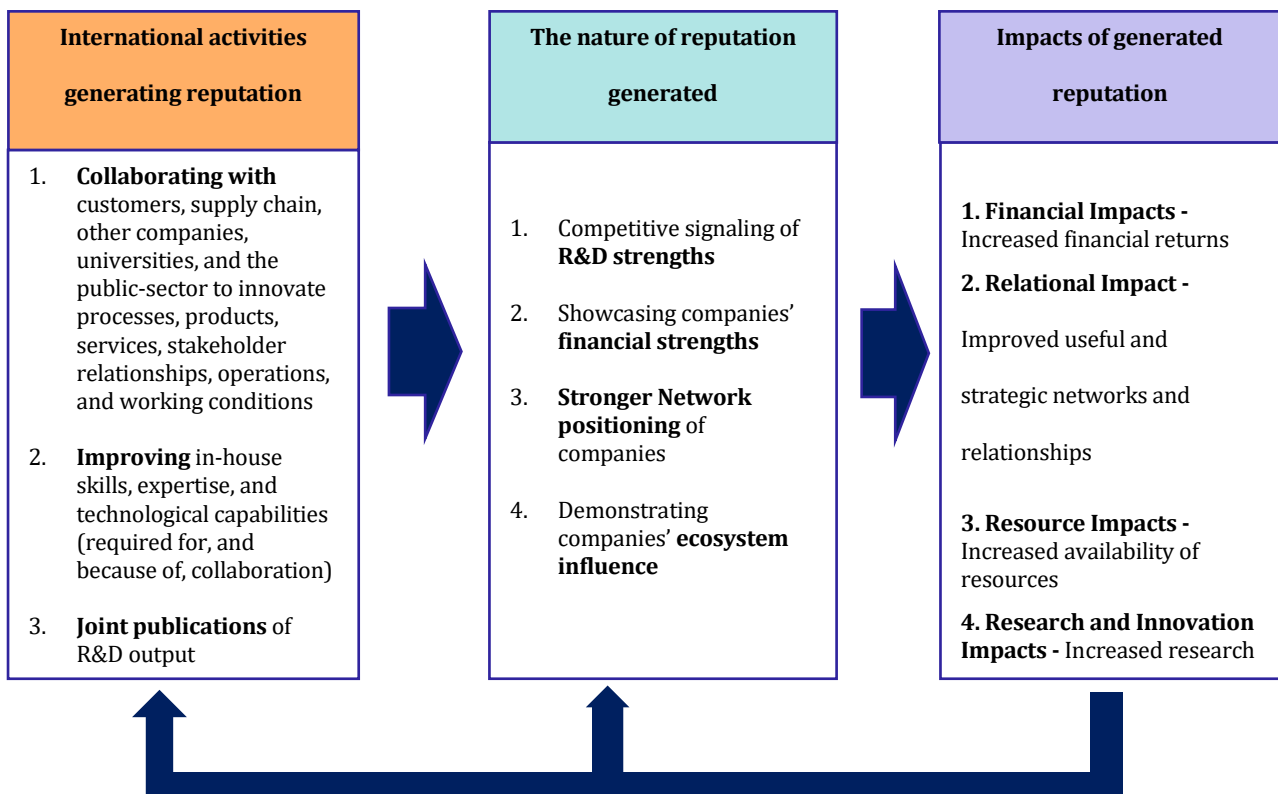
<sup>1</sup> These five types of activities are derived from conceptual analyses of how they lead to different reputational benefits. For instance, while international collaborative R&D projects focus on developing products, services, and processes, knowledge-intensive business services (KIBS) innovation follows distinct pathways to reputation building, driven by specialised expertise and knowledge.

### Company focused International R&I

- International collaborative R&D Projects
- International knowledge-sharing engagements
- International strategic learning alliances
- International collaboration for Knowledge Intensive Business Service (KIBS) innovation
- International R&I collaborations with social and environmental impacts

## 2.1. Company-focused international collaborative R&D projects

R&D-intensive firms, including small and medium-sized and large companies, collaborate with other international companies, customers, supply chains, universities, and public sector bodies to produce new knowledge, research output, products, processes, and/or services (Appiah-Adu & Singh, 1998; Laforet & Tann, 2006; Laforet, 2008, 2009; Salavou et al., 2004). These international collaborations highlight the R&D strengths, scientific capabilities and financial robustness of UK companies, while also demonstrating their ecosystem influence. The developed reputation could result in generating financial, relational, resource, and research and innovation impacts (Figure 2.1).



**Figure 2.1: Company-focused international collaborative R&D projects generating reputational impacts**

### 2.1.1 International activities

- » **Collaborating with international customers, supply chain, other companies, universities, and public sector to innovate processes, products, services, stakeholder relationships, operations, and working conditions.**

International collaborations for R&I are critical for R&D-intensive firms as they provide access to external knowledge, skills, networks and resources. Firms are required to converge many sources of complementary international knowledge and expertise and develop useful networks to facilitate innovation (Salman and Saives, 2005). Firms engage in international collaboration with both the public and private sectors for their innovation purposes, which includes innovating processes, products, services, stakeholder relationships, operations, and working conditions (Laforet, 2008, 2009; Salavou et al., 2004)

The most critical sources of information for innovation are market-based, which is provided through collaboration with customers, suppliers, and competitors. In the UK, firms tend to collaborate with international customers and suppliers which are the most commonly used sources of information for innovation (Freel & Harrison, 2007). Collaboration with international customers is important to generate new ideas and has a significant impact on product development, which is reflected in new product ideas, product launches, process innovations, cross-functional teamwork, interdepartmental connections, and, to a lesser extent, business strategy (Appiah-Adu & Singh, 1998; Laforet & Tann, 2006; Laforet, 2008, 2009; Salavou et al., 2004). Collaboration with suppliers has been used to shorten time to market, enhance product quality, and lower development costs (Johnsen, 2009). Consequently, companies are increasingly seeking to harness their suppliers' innovation potential in the collaborative innovation of their products (Smals and Smits, 2012).

Firms' engagement with public research institutes for R&I is more limited. According to Freel and Harrison (2007), public sector knowledge infrastructure is the least commonly used source of information for innovation, while private sector knowledge infrastructure is more commonly utilised by firms. However, the extent of use varies significantly across different sectors. Firms also collaborate with international universities in joint projects and spinouts (Laforet, 2011).

The combination of various sources of innovation and leveraging networks have been acknowledged to have differential positive effects on a firm's innovative performance

(Barnett and Storey, 2000; Birchall et al., 1996; Chandler et al., 2000; McAdam et al., 2004). For instance, UK firms' collaboration with international customers and public sector entities has been more positively associated with the success of product innovations, while cooperation with suppliers and universities is more positively associated with process innovation success (Freel & Harrison, 2007).

#### » Improving in-house skills, expertise, and technological capabilities for international R&I

Continuous improvement of in-house skills, expertise, and technological capabilities is crucial for maintaining a competitive edge in international R&I. This is achieved through training, hiring skilled employees, and investing in new technologies. Improvements in in-house capabilities lead to improved financial performance and attracting a skilled workforce, which is important to sustain international R&I (Laforet, 2011). Conversely, a significant barrier to SME engagement in international R&I is the shortage of adequately skilled or trained personnel (Scott et al., 1996; Freel, 2005; Laforet & Tann, 2006). Inhouse skill development increases a firm's absorptive capacity, which is crucial to engaging with diverse international partners. Improving technological capabilities, skills, training, and education underscores the company's dedication to developing a highly skilled workforce, essential for successful international R&I (Laforet, 2011).

#### » Publishing joint research

Some collaborative R&D output is jointly published with international collaborators. Corporate R&D centres gain international visibility through joint publications in popular science, and business media. Publishing international joint research in academic journals and conference proceedings significantly enhances an R&D organisation's international visibility. This demonstrates the company's commitment to contributing to scientific knowledge (Gassman et al., 2009). For instance, Rolls-Royce has published several research papers based on their joint R&D activities with national and international academics in journals such as the Journal of Power Sources, European Journal of Innovation Management, and Research Technology Management.

### 2.1.2 The nature of the reputation generated

Companies' engagement in international R&I results in generating different types of R&D-focused reputation.

#### » **Competitive signalling of R&D Strength**

By engaging with international customers, supply chain partners, other companies, universities, and the public sector, firms can generate reputation as collaborative, strong, adaptive, and capable of leveraging external partnerships to achieve innovation breakthroughs. Active international partnerships thus position the firm as a key player in the international scientific and industrial community (Freel & Harrison, 2007; Gassman et al., 2009). Co-creating with international customer enhances their trust and loyalty of R&D strengths of the company (Iglesias et al 2020).

#### » **Showcasing companies' financial strengths**

International collaboration helps firms understand international market needs and develop products that meet specific requirements, thereby enhancing their reputation as responsive and customer-oriented innovators. This leads to successful international innovations reflecting strong financial health and resource management of companies since international R&D is possible through relatively large financial investment (Appiah-Adu & Singh, 1998; Laforet & Tann, 2006; Laforet, 2008, 2009; Salavou et al., 2004). Even when they win grants from the government, required co-investment by the firm indicates financial strength. In particular, the outcome of the grant is likely to portray the company as a financially strong entity due to the financially scalable output developed through the government grant (Knapp 2024).

#### » **Stronger network positioning of companies**

Continuous improvement and engagement in international R&D collaborations solidifies the firm's standing in the scientific community and enhances its network positioning. This in turn attracts top talent and demonstrates the firm's competitiveness and long-term viability, enhancing its image as a leader in the market and associated networks (e.g. Abreu et al., 2007; Freel and Robson, 2004; Freel, 2005; McDonald et al., 2007).

#### » **Demonstrating companies' ecosystem influences**

The innovative international R&D collaborations that impact stakeholder and supply chain relationships and operations highlight the firm's influence on its ecosystem (Oke et al. 2013).

### 2.1.3 Impacts of generated reputation

Table 2.1: Impacts of reputation generated through international collaborative R&D projects

| Types of Impact  | Specific Impacts  |
|--|---|
| <b>1. Financial Impacts</b> - Increased financial returns                              | Improved market access and associated advantages<br>Improved profit through new products, process, services etc   |
| <b>2. Relational Impact</b> - Improved useful and strategic networks and relationships | Enhanced employee satisfaction and opportunities to recruit high-profile staff members  |
| <b>3. Resource Impacts</b> - Increased availability of resources                       | Enhanced access to resources and networks   |
| <b>4. Research and Innovation Impacts</b> - Increased research and innovation output   | Increased opportunities to collaborate with sources of knowledge and skills e.g. universities, research institutes, and other innovative firms<br><br>Increased opportunities to engage in new product development and radical and sustainable innovation<br><br>Reduced risk of innovation and greater willingness for risk taking |

## Case Study: GSK's Reputation building through International Research and Innovation in Vaccine Development

GlaxoSmithKline plc (GSK), the oldest continuously operating British pharmaceutical company, has played a crucial role in global health since its inception in 1715 with the establishment of the Plough Court pharmacy in London. Through its dedication to international collaboration, investment in internal capabilities, and the sharing of research findings, GSK has cemented its position as a leader in international research and innovation (R&I). This case study highlights how GSK's activities across its global R&D locations and international collaborations contribute to its reputation, particularly in developing vaccines and medicines.

### » *International R&I activities:*

Through the acquisition of Affinivax, Inc. in Cambridge, Massachusetts, GSK has leveraged its in-house capability through Affinivax's MAPS (Multiple Antigen Presenting System) technologies to create vaccines that can target several pathogens at once, helping to tackle complex health issues such as pneumococcal disease.

In 2023, GSK invested S\$343 million to expand its state-of-the-art vaccine facility at Tuas, reinforcing its presence in Singapore, where it has operated for over 60 years. This facility produces drug substances for vaccines that prevent Hepatitis B, contributing to global public health efforts and reinforcing its international R&I.

GSK's global network of R&D locations is essential for maintaining its leading position in vaccine and medicine development. These sites are not only centres of innovation but also hubs for enhancing the company's technological capabilities and expertise. GSK operates several R&D hubs across the world, including China, Germany, India, Italy, Japan, and Poland. These locations are integral to GSK's strategy of advancing international R&D in key therapeutic areas. GSK's international collaborations often result in joint research publications in peer-reviewed journals.

### » *The nature of reputational impacts generated:*

When analyzing the GSK's activities in international R&I using the conceptual derivations discussed in the chapter, it is possible to argue that these activities contribute to generating reputation across several key areas. GSK's extensive global R&D network, signals its robust capabilities in research and development. The company's significant financial investments in international R&I highlight its financial stability and commitment to long-term R&D. It also demonstrates GSK's capacity to sustain large-scale projects that contribute to global public health.

GSK's collaborations with leading academic institutions and biotech companies underscore its influence within the global R&D ecosystem. Its collaborations with top-tier partners and integration of advanced technologies, joint ventures, and licensing agreements across international R&D hubs also position GSK as a key player capable of driving significant advancements in healthcare, and enhance GSK's visibility and reputation as a leader in scientific research. Publication of joint R&D activities builds its reputation as a reliable and experienced leader in the pharmaceutical industry.

Based on the literature and classification of activities that generate an international R&I reputation and the nature of the generated reputation, the following impacts are expected as a result of the generated reputation for GSK: Improved market positioning, market access, market share, and associated advantages, enhanced access to national and international resources, funding, capabilities, infrastructure, knowledge and networks, increased opportunities to engage in new sustainable innovation, reduced risk of innovation

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<https://www.nature.com/nature-index/institution-outputs/united-kingdom-uk/glaxosmithkline-plc-gsk/5139074134d6b65e6a002305>

[GSK profiles innovative R&D portfolio to investors | GSK](#)



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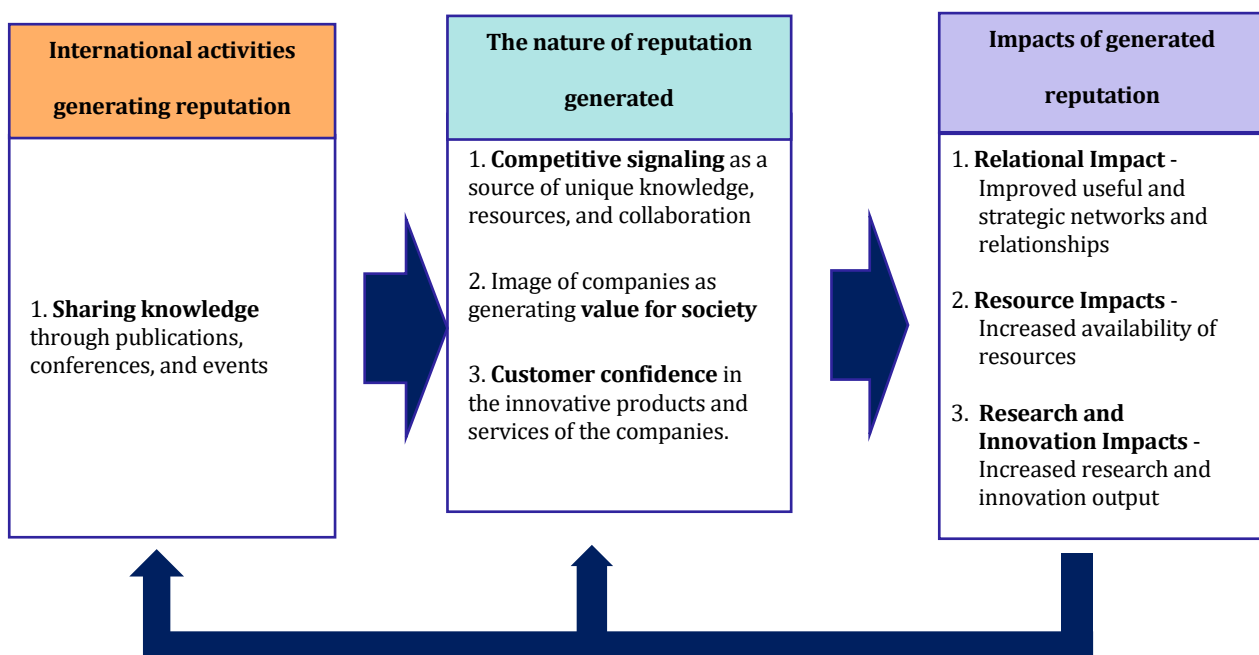
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## 2.2. Company-focused international knowledge sharing engagements

Firms are engaged in sharing their knowledge and expertise through various channels, such as publications and attendance at events and conferences. International knowledge sharing could generate reputation of competitive signaling as an important source of knowledge and collaboration and socially responsible business, and ensure customer confidence in innovative products and services. This reputation building could generate relational, resource, research and innovation impacts (Figure 2.2).



**Figure 2.2: Company-focused international knowledge sharing engagements generating reputational impacts**

### 2.2.1 International activities

#### » Sharing knowledge through publications, conferences and events

Participating in national and international conferences and events allows firms to showcase their latest research findings and innovations, and establish themselves as influencers and thought leaders in their industry. Firms encourage their scientists and engineers to publish their research output often in collaboration with national and international academic institutions in scientific journals, at leading conferences and events, and in industry reports to enhance their visibility while allowing participation in the broader scientific community (Gassmann et al., 2009). Gaining visibility within specialist and strategically advantageous communities is one of the most significant purposes of international knowledge sharing (Joly & Mangematin, 1996).

For example, AstraZeneca and GlaxoSmithKline (GSK), the UK's leading pharmaceutical and healthcare companies, share their inventions and research output in scientific peer-reviewed journals across the fields of medicine, pharmacology, and biotechnology. They also participate actively in international conferences offering opportunities to build personal connections with professionals working in similar companies, which helps structure social capital (Majuri, 2022) and facilitates further collaborations on international projects.

**Similarly**, British Petroleum (BP) publishes research in the areas of energy, sustainability, and environmental science, with a focus on advancements in oil, gas, and renewable energy technologies (Gassman et al., 2009). Siemens, through its 'Pictures of the Future' magazine, effectively showcases its technological advancements. Such international knowledge sharing is facilitated through a structured media strategy, which ensures consistent and effective communication of a company's innovations and research developments (Gassman et al., 2009).

### 2.2.2 The nature of reputation generated

#### » **Competitive signalling as a source of unique knowledge, resources, and collaboration**

By presenting research findings through publication in high-profile international media outlets and peer-reviewed journals, and participating in discussions at international conferences or events, firms signal their cutting-edge expertise, R&D achievements, and leadership in their field. These activities demonstrate their capacity for global innovation and thought leadership, establishing them as key players in their industry. When companies actively share knowledge and communicate their strengths and capabilities, this visibility highlights the unique resources and innovative capabilities of their R&D labs, positioning them as attractive partners for international and national collaboration. Popular media coverage acts as a platform to inform the public and industry stakeholders about the company's strengths, fostering a perception of reliability and resourcefulness as a research and innovation collaborator, which in turn enhances its competitive position and attracts potential partners, collaborators, and investors (Gassman et al., 2009; Majuri, 2022).

#### » **Image of companies as generating value for society**

A well-crafted international knowledge-sharing and media strategy allows companies to effectively communicate their contributions to societal well-being. This enhances their reputation as organizations committed to creating positive societal impacts, which can

attract customers, investors, and partners who value corporate social responsibility. Through this strategy – which reinforces the image of companies as generating value for society – companies generate customer confidence in their innovative products and services (Wittneben & Kiyar, 2009; Oake et al. 2013).

For instance, Roche, a well-known company recognised as an innovation leader in the healthcare, science, and R&D sectors, strategically launched a “targeted media campaign”, a remarkable knowledge-sharing strategy aimed at a defined audience. One of its recent media campaigns focused on engaging the “concerned citizen” has been a successful disease awareness campaign targeted at a selected segment of the general public. This campaign has generated 4.4M impressions (incl. 1.3 mill video views), 82K users (99% new users and 12% of all users on roche.com during campaign period), and 121K pageviews (>100K unique pageviews). By showcasing its contributions to healthcare and society, Roche builds an image of a company that creates significant societal value. Through its targeted campaign, Roche demonstrates its commitment to reducing the healthcare burden of society and enhancing awareness, thereby reinforcing its reputation as a socially embedded innovator and a leader in the healthcare industry.

#### » **Confidence of customers in innovative products and services offered by the companies**

Promoting the publication of research in international peer-reviewed journals and participation in scientific conferences that attract a global audience enhances the credibility and perceived quality of a company’s products and services, awareness of the company’s scientific achievement, and the perception that the company is at the forefront of innovation. As publications are peer-reviewed, these generate awareness of the robustness of GSK’s R&I activities. Since healthcare is a susceptible and regulated area of R&I, such reputation building of robustness of their R&I plays a greater role in building customer confidence. Additionally, multiple methods used by corporations to raise awareness of their international R&I activities enhance customer confidence and loyalty of firm innovation (Peacock 1993) Enhanced awareness, bolsters confidence in the reliability and superiority of the company’s offerings among customers, including other businesses, leading to increased customer trust and loyalty as well as market positioning (Gassman et al., 2009; Barnett and Storey, 2000; Birchall et al., 1996).

### 2.2.3 Impacts of generated reputation

Table 2.2: Impacts of reputation generated through international knowledge sharing engagements

| Types of Impact  | Specific Impacts   |
|--|--|
| <b>1. Relational Impact</b> - Improved useful and strategic networks and relationships | <p>Acceptance within the broader international scientific community</p> <p>Reducing partners' uncertainty of firms' capabilities</p> |
| <b>2. Resource Impacts</b> - Increased availability of resources                       | Increased likelihood of becoming a source of valuable knowledge in the future  |
| <b>3. Research and Innovation Impacts</b> - Increased research and innovation output   | Increased partners' willingness to enter partnerships  |

## Case Study: British Petroleum (BP)'s knowledge sharing strategy

British Petroleum (BP) is a leading global energy company, operating in more than 70 countries worldwide. It is known for its extensive operations as a n international producer of oil and gas and renewable energy. BP has adopted a remarkable strategic approach to knowledge sharing by effectively leveraging publications, conferences and industry events. While there may be no objective analysis definitively proving that this strategy increases trust and loyalty among its stakeholders including other businesses, customers and overall society, it offers valuable insights into the reasoning behind BP's decision to invest in such an approach. By examining BP's strategy and its impacts, we can better understand how the company aims to build an international reputation that enhances trust in its resources and capabilities, ultimately positioning itself for successful international collaboration.

### » *International R&I activities:*

BP disseminates its research, expertise and innovation through its publications, such as the BP Energy Outlook, and its publications in Digital Energy Journal. BP Energy Outlook explores the key trends and uncertainties, surrounding the energy transition, as well as explores the possible implications of different assumptions concerning the nature of energy transition based on existing technologies and predicting scenarios- for example, current trajectory and Net Zero. Digital Energy journal where it shares the latest discoveries and innovations in drilling, production, and related technologies. Since 1952, BP has produced a comprehensive review of the energy industry through its Statistical Review of World Energy, providing objective data and analysis on world energy markets. BP also shares valuable insights into its strategic initiatives, sustainability efforts, and financial performance through its Annual Report and sustainability reports. By leveraging high-quality and data-driven publications and addressing multiple stakeholders, BP solidifies its reputation and establishes itself as a thought leader in the energy sector. BP is also an active participant in major industry conferences, such as Cambridge Energy Research Associates (CERAWeek), the Offshore Technology Conference (OTC), and the World Petroleum Congress (WPC) as well as international aviation and sustainability conferences and exhibitions.

### » *The nature of reputational impacts generated:*

These knowledge-sharing activities provide BP with more opportunities to showcase its latest technological advancement, share best practices, and discuss trends in the energy industry and global energy landscape. Thereby, BP contributes to influential forums and demonstrates its leadership role in shaping the future of energy. For instance, BP's Energy Outlook has a significant global readership, attracting a wide audience interested in the future of energy markets and the energy transition. The report is widely used by policymakers, industry leaders, academics, and analysts to understand key trends and uncertainties in the global energy system. The 2024 edition of the Energy Outlook was viewed by over [20,000 people during its online launch](#). The reputation built on sharing insights, sustainability efforts, and technological advancement enhances the likelihood of increased trust among potential partners regarding the company's expertise and long-term visions. This underscores the company's reputation as a source of knowledge, unique resources, and collaboration, generating value for society with greater credibility in international R&I.

Source:

<https://www.bp.com/en/global/corporate/sustainability.html>

<https://ceraweek.com/index.html>

<https://www.bp.com/en/global/corporate/energy-economics.html>

<https://www.bp.com/en/global/air-bp/news-and-views/air-bp-news>

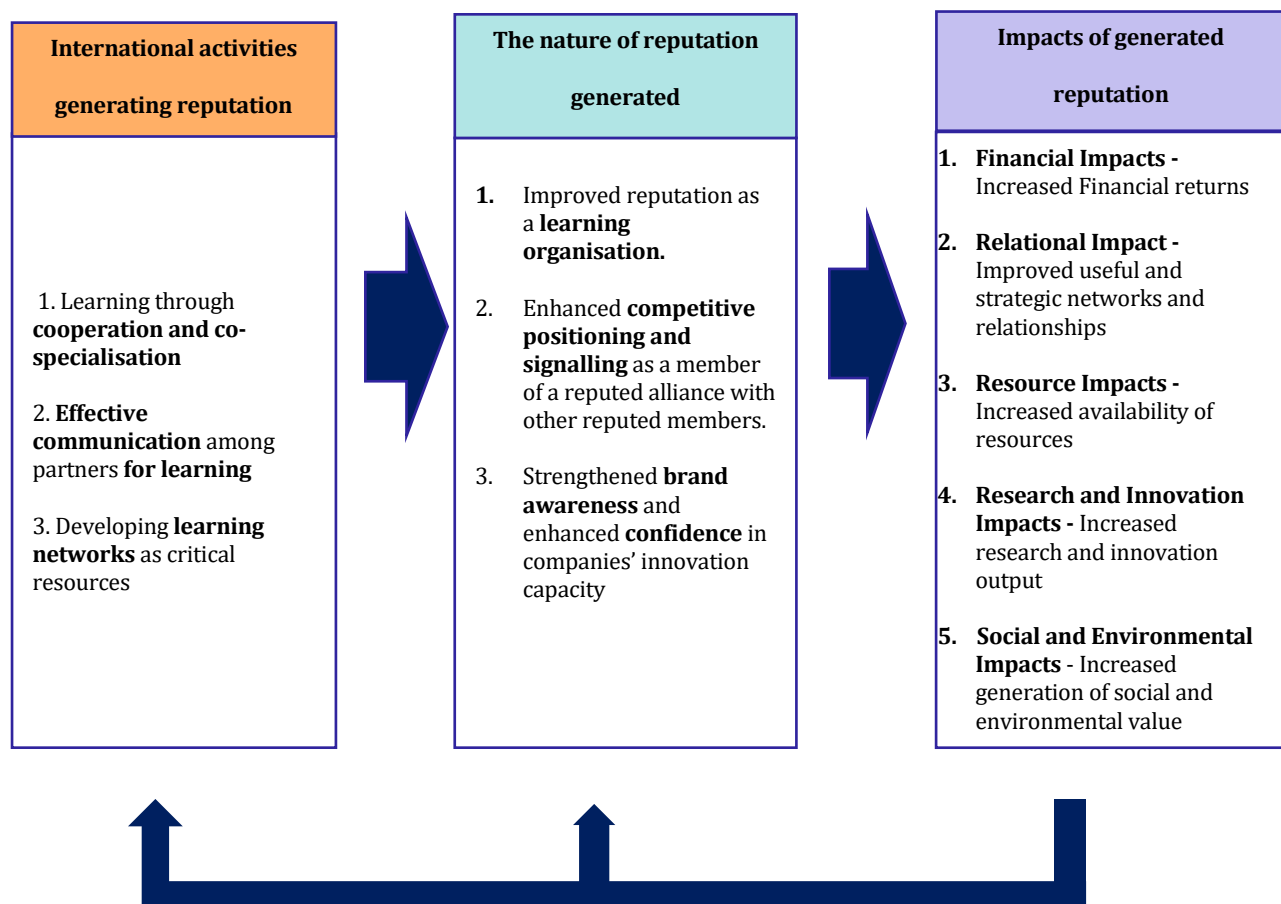
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## 2.3. Company-focused international strategic learning alliances

Forming international strategic learning alliances has become a popular strategy for companies looking to acquire new knowledge, capabilities, and access to markets in foreign countries. A learning alliance is an important category of strategic alliances where the primary objective of the partners is to learn from each other. As a result, strategic learning alliances have become a powerful tool for creating mutual benefits and enhancing the competitive positions of the partners (Tlemsani, et al., 2023). Joining an international learning alliance with other reputed members, who share similar values, enhances the company's reputation as a learning organisation, boosts confidence in the company's innovation, and improves the company's competitive positioning and brand awareness. This positive reputation then results in generating financial, relational, resources and research and innovation impacts (Figure 2.3).



**Figure 2.3. Company-focused international strategic learning alliances generating reputational impacts**

### 2.3.1 International activities

#### » Learning through cooperation and co-specialisation

Cooperation within strategic alliances involves learning through collaborative activities, which is essential for firms to achieve competitive advantages (Geleilate et al., 2021; Al-Tabbaa et al., 2019). The core idea behind the learning alliance approach is that by focusing equally on the processes of innovation and associated shared learning, as on the innovation itself, barriers to innovation, adoption, and replication can be effectively overcome (Moriarty et al., 2005). A thorough selection process of identifying research questions that link international partner coalitions ensures that members contribute effectively to the alliance's goals of scaling up and implementing innovative solutions that enhance learning (Moriarty et al., 2005).

Learning alliances enhance the international partners' ability to access tacit knowledge through collaborative activities within a team working environment (Kogut, 1988). The learning alliance emphasises learning through collaboration among diverse national and international actors and the integration of multiple knowledge sources to address the complexities of fostering continuous technological, social, and institutional innovations in response to rapidly changing contexts and demands (Gotrett et al., 2005, p. 2).

Due to the emphasis on learning within the alliance, the national and international partners co-specialise through the corporation (Moriarty et al., 2005). For example, an alliance is formed between a tech company and a healthcare provider to develop innovative health monitoring systems. They leverage the tech company's software expertise alongside the healthcare provider's medical knowledge. In this context, each partner further specialises in their own area through further learning facilitated by the corporation.

One notable example of an international learning alliance is the partnership between Starbucks and Tata Global Beverages in India. In 2012, these companies formed a 50/50 joint venture to help Starbucks enter the Indian market. Tata provided local knowledge and expertise, while Starbucks brought its brand and coffeehouse experience. This alliance allowed both companies to learn from each other and leverage their strengths to achieve mutual benefits. Starbucks gained insights into the Indian market, and Tata benefited from Starbucks' global coffee expertise and brand recognition (The Strategy Society 2024).

It has been discussed in the literature that the future success of international strategic learning alliances depends on cooperative learning to establish a mutually beneficial relationship based on cooperation rather than competition. In this context, companies develop a mutually beneficial learning environment to enable alliance partners to build a relationship that strengthens the strategic fit between the national and international companies for the long term (Morrison & Mezentseff, 1997). Learning alliances are sometimes formed as a series of interconnected national and international stakeholder platforms, accelerating the identification, development, and adoption of innovation. Each platform brings together national and international partners with complementary skills in areas like implementation, policy and legislation, research, learning, and documentation, as well as dissemination (Tlemsani, et al., 2023).

#### » **Effective communication among partners for learning- Creating learning platforms**

Effective communication among national and international partners in a learning alliance is essential for learning, transferring knowledge and maintaining information flow in all directions. It is particularly crucial when partners believe that cooperation is the best strategy for achieving mutual benefits within a learning alliance (Tlemsani et al., 2023; Moriarty et al., 2005). Methods can include workshops, seminars, training and reflection sessions, joint fieldwork, process documentation, the use of a virtual learning platform and list server, and documenting positive experiences that exist in similar cultural or geographic contexts. These methods facilitate communication among members of the alliance, allowing participants—such as researchers, policy-makers, civil society organizations, and others involved in the alliance—to easily share information, collaborate on projects, and stay informed about the latest developments within the group (e.g. [www.alianzasdeaprendizaje.org](http://www.alianzasdeaprendizaje.org)).

Collaboration toolkits are designed as prototypes, which different partner organizations are expected to adapt to suit individual needs and contexts. Partners undertake a review of existing practices and toolkits, noting relevant and existing knowledge, results, literature, institutional experience, and current work by partner organisations for improvements. The establishment of a joint platform with stakeholders, such as a multi-stakeholder platform facilitates collaborative innovation, knowledge sharing, and effective management of the complexities, given broad-based international alliances and potentially conflicting interests. Especially when the alliance has international partners digital means of learning and collaboration are critical (Moriarty et al., 2005).

### » **Developing networks as critical resources**

Learning alliances not only support the organisations in strengthening skills in research, training, and facilitation but also build up a network with communities and local authorities as well as with a number of national-level stakeholders and international organisations (Moriarty et al., 2005). Additionally, network connections between alliances can significantly affect resource sharing and the ability to take risks. The adoption of effective learning approaches is essential for creating these critical networks, along with the necessary institutional structures and capacities. Sometimes these learning networks are involved in collaborative addressing local needs – such as water rural supply issues. These international networks of companies and other stakeholders learn by innovating solutions in collaboration with citizens (Tlemsan, et al., 2023).

## 2.3.2 The nature of reputation generated

The reputation generated from the above activities manifests in several ways.

### » **Improved reputation as a learning organisation**

By co-specializing and learning from national and international organizations with complementary assets, the alliance partners improve their reputation as a learning organization. The inter-organizational relationships aimed to acquire knowledge for achieving organizational development by allowing partners to obtain knowledge from each other showcases the capacity to identify, transform, and internalize the knowledge that resides with these partners (Schreiner et al. 2009), ultimately leading to the establishment of reputation as a learning organization (Haberberg & Rieple, 2001).

### » **Competitive positioning and signalling as a member of a reputed alliance with other reputed members**

Cooperative activities and effective and open communication among partners foster collaboration, enhancing competitive positioning and signalling membership in a reputed alliance internationally, regionally and nationally with shared values (Haberberg & Rieple, 2001; Lundy et al., 2005). For example, the EMPOWERS partnership, a successful learning alliance, facilitated by thirteen international organisations<sup>2</sup> funded by the European

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<sup>2</sup> Ministry of Agriculture - Water Department, Inter-Islamic Network on Water Resources Development and Management, and CARE Jordan (Jordan); Palestine Hydrological Group, Union of Agricultural Work Committees, and CARE West Bank/Gaza (Palestine); Development Research Technology & Planning Centre at Cairo University, Social Planning, Analysis and Administration Consultants, National Water Research Centre of the Ministry of Water Resources and Irrigation, Egyptian Water Partnership and CARE Egypt (Egypt); IRC (the Netherlands); and CARE International (USA, UK and NL).

Commission, aims to improve water governance and long-term access to water in regions experiencing scarcity of water with a focus on capacity building in developing countries. The nature of the reputation generated from this international collaboration with reputed members strengthens the members of the learning alliance's competitive positioning in terms of the quality of innovation and consideration of the environmental sustainability of their organisation (Moriarty et al., 2005).

#### » Strengthen brand awareness and enhanced confidence in companies' innovation

Establishing learning platforms and building networks further strengthens brand awareness and boosts confidence in the alliance's and associated national and international member organizations' innovation capabilities for future international R&I collaborations, positioning them as leaders in collaborative learning and innovation. Network building in a learning alliance establishes a strong reputation by showcasing the ability of organisations to access financial, human, and intellectual resources essential for their innovation success. This in turn strengthens brand awareness and confidence in companies' innovation ability. Commitment to transparent and adaptive learning processes enhances the alliance's and associated member organizations' credibility and reputation as trustworthy and effective entities capable of navigating and collaboratively resolving complex challenges and successfully engaging in international R&I collaborations (Tlemsan, et al., 2023).

## 2.4 Impacts of generated reputation

**Table 2. 3: Impacts of reputation generated through international strategic learning alliances**

| Types of Impact   | Specific Impacts  |
|---|---|
| 1. <b>Financial Impact</b> - Increased Financial returns  | Enhanced market share of companies<br><br>Improved profit through new products, processes, services, and learning                   |
| 2. <b>Relational Impact</b> - Improved useful and strategic networks and relationships              | Increased opportunities for building international networks   |
| 3. <b>Resource Impacts</b> - Increased availability of resources                                    | Increased opportunities to access resources and funding, and develop knowledge, skills, and capabilities                            |
| 4. <b>Research and Innovation Impacts</b> - Increased research and innovation output                | Innovation in products, services, processes and business models   |
| 5. <b>Social and environmental impacts</b> - Increased generation of social and environmental value | When the learning alliance innovates to address social/environmental challenges, its reputation further enhances such opportunities |

## Case Study: The Strategic Learning Alliance between Rolls-Royce and Singapore Airlines

The strategic learning alliance between Rolls-Royce, a UK-based engineering company, and Singapore Airlines is a prime example of how international strategic learning alliances aimed at enhancing learning through joint R&I activities can generate reputation. This alliance, established to develop and maintain advanced aircraft engines, leverages the strengths of both companies to drive technological advancements and operational excellence.

### » *International R&I activities:*

Rolls-Royce and Singapore Airlines collaborate on various R&I activities, including the development of next-generation aircraft engines and the implementation of advanced maintenance, repair, and overhaul (MRO) technologies. The partnership involves joint international research projects, shared facilities, and cross-company teams working on innovative solutions to improve engine performance and efficiency. These activities are conducted across multiple locations, including Rolls-Royce's research centers in the UK and Singapore Airlines' engineering facilities in Singapore.

One significant outcome of this collaboration is the development of the Rolls-Royce Trent 1000 engine, which powers the Boeing 787 Dreamliner. This engine incorporates advanced materials and design features that enhance fuel efficiency and reduce environmental impact. The alliance also focuses on digital innovation, utilizing data analytics and predictive maintenance technologies to optimize engine performance and reduce operational costs.

### » *The nature of reputational impacts generated:*

The strategic learning alliance between Rolls-Royce and Singapore Airlines has generated substantial reputational benefits for both companies. For Rolls-Royce, the successful development and deployment of advanced aircraft engines have reinforced its reputation as a leader in aerospace engineering and innovation. The collaboration with Singapore Airlines has also highlighted Rolls-Royce's ability to work effectively with global partners, enhancing its credibility and attractiveness as a research collaborator.

Singapore Airlines, on the other hand, has benefited from the alliance by showcasing its commitment to operational excellence and innovation. The partnership with Rolls-Royce has positioned Singapore Airlines as a key player in the aviation industry, capable of driving significant technological advancements. This has not only enhanced Singapore Airlines' reputation but also attracted additional investment and partnerships from other leading aerospace companies.

The reputational impacts of this alliance extend beyond the immediate technological achievements. Both Rolls-Royce and Singapore Airlines have gained increased visibility and credibility in the global aerospace community, facilitating further international collaborations and attracting top talent. The alliance has demonstrated the effectiveness of combining engineering expertise with operational excellence to achieve groundbreaking results, setting a precedent for future strategic learning alliances in the aerospace sector.

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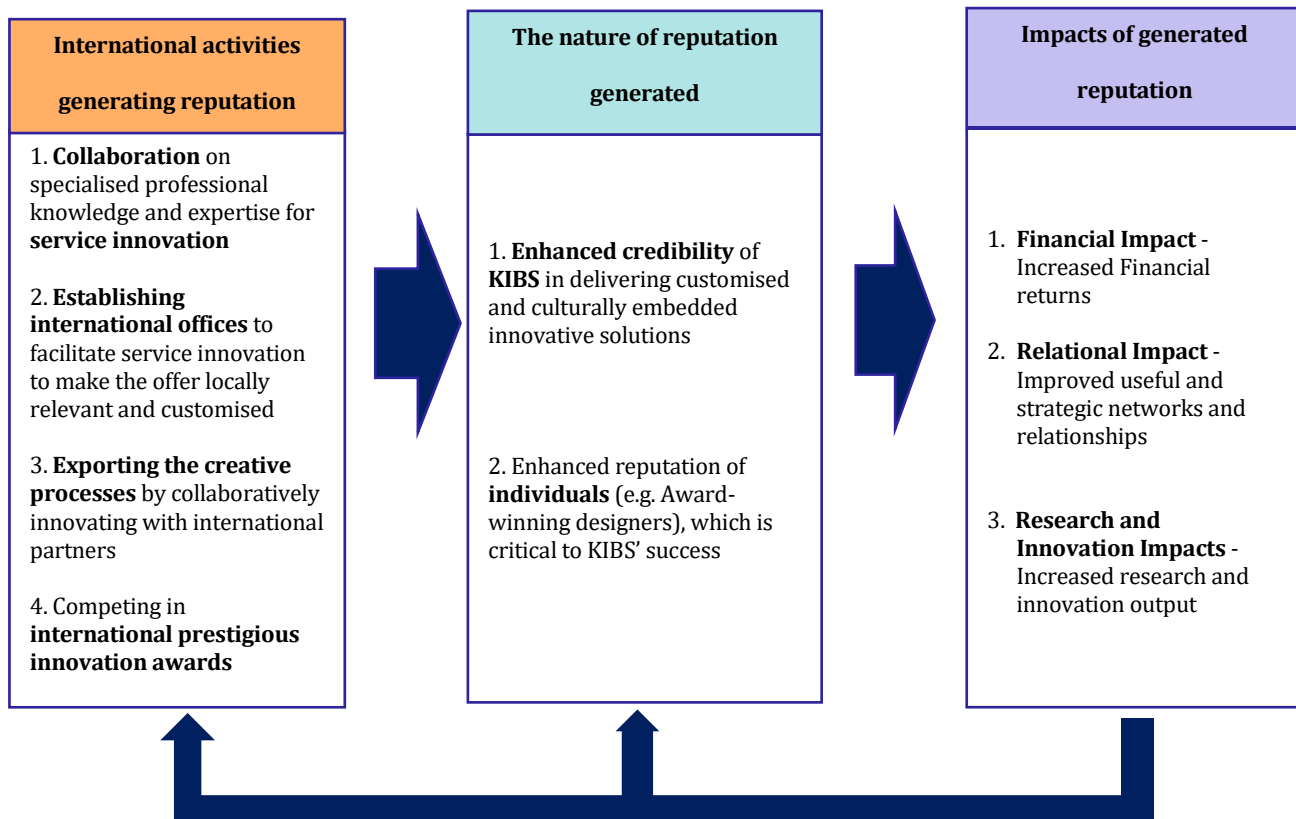
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## 2.4. Company-focused international collaboration for Knowledge Intensive Business Service (KIBS) innovation

Firms in the knowledge-intensive business services (KIBS) that heavily rely on professional knowledge – such as those in legal services, information technology, consultancy, accounting and finance, and creative industries – engage with international ecosystem actors for service-based innovations. KIBS predominantly provides knowledge-intensive support for the business processes of other organizations (Miles, et al., 2018). Due to the specific nature of their innovation associated with specialized knowledge, the generation of reputational impacts through international R&I has a greater reliance on the reputation of individuals associated with KIBS (e.g. designers). Additionally, since the knowledge has to be highly contextualised to specific localities and scenarios, the international R&I of KIBS involves greater customisation of knowledge (Abecassis-Moedas et al., 2012; Rodríguez et al., 2018; Enkel and Heil, 2014; Gertler, 2003; Herrmann, Taks, and Moors, 2012). These unique features result in the pathways for reputation building being different from other forms of R&D collaborations discussed in section 2.1 of this report.

The rising demand for international collaboration for KIBS innovation is driven, in part, by the swiftly evolving technological landscape and the increasing complexity of scientific advancements, which demand service innovation (Zieba, 2013). International collaboration for KIBS innovation may involve collaborating on specialized professional knowledge for service innovation, establishing international offices for localized and customized service innovation, exporting creative processes through international collaborations, and competing in prestigious global innovation awards. These activities enhance the credibility of KIBS in delivering customized and culturally embedded innovative solutions. Such reputation building leads to financial, relational, and research and innovation impacts (Figure 2.4).



**Figure 2.4. Company-focused international collaboration for KIBS innovation generating reputational impacts**

### 2.4.1 International activities

#### » Collaboration on specialized professional knowledge and expertise for service innovation

There is a strong link between KIBS and the overall economy's innovation and performance levels (Hipp, 1999; Tomlinson, 1999; Aslesen & Isaksen, 2007). There is a growing consensus that KIBS not only engages in innovation activities to support the service sector but also serves as "bridges of knowledge" or "innovation bridges," by collaborating with the science, manufacturing sector, and customers (Czarnitzki & Spielkamp, 2003). KIBS firms thus often engage in joint projects with other organizations to share and develop mutually valuable specialized expertise (Windrum and Tomlinson, 1999). Collaboration enables firms in non-service sectors to access resources and capabilities that are not available internally but are important for R&D success (Oxley and Sampson, 2004). Such collaborations have been demonstrated to positively impact the innovation performance of firms in both domestic (Belderbos, Carree, and Lokshin, 2004; Faems, Van Looy, and

Debackere, 2005) and international partnerships (Ebersberger and Herstad, 2013; Rodríguez and Nieto, 2012).

For example, Arm Holdings plc, a British semi-conductor and software design company, partnered with Intel, based in Silicon Valley, USA, in 2018 to share code for embedded systems through the Yocto Project. This is an open-source initiative that aims to create flexible, customizable, embedded, and specialized computing systems that are part of larger devices, such as automotive control systems, medical devices, and consumer electronics. In 2023, Arm Holdings partnered with Intel Foundry Services to bring Arm SoCs to Intel's 18A process, a fabrication technology and process node that is used to make chips ([Intel.com](https://www.intel.com)).

Studio Marco Piva, an Italian architecture firm, developed specialized competencies and a strong reputation in managing large-scale architectural projects (Abecassis-Moedas et al., 2012). They have forged partnerships with engineering firms and architectural studios worldwide (see Case study D in the case study). By working with complementary experts Studio Marco Piva was able to innovate and provide advanced architectural solutions, by leveraging the specialized knowledge and skills of both their own team and their partners.

These collaborations are clear examples of KIBS firms engaging in international joint projects that involve the sharing and development of specialized expertise across borders. These international collaborations provide access to unique expertise that wouldn't be available domestically, thereby enhancing the overall effectiveness and innovation of the projects and their ability to innovate and provide advanced solutions (Abecassis-Moedas et al., 2012).

### » Establishing international offices that support KIBS internationalisation

Establishing international offices is a strategy employed by KIBS firms to innovate to enhance their ability to provide locally relevant and customized services (Rodríguez et al., 2018). The establishment of these offices is important for KIBS due to the nature of the individual level of engagement with their international partners and/or customers. This approach aligns with the finer points of international collaboration in those types of KIBS, where the “proximity” of the partner is emphasized as a decisive factor in their operating model (Enkel and Heil, 2014; Gertler, 2003; Herrmann, Taks, and Moors, 2012).

By opening branches in different countries, KIBS firms can reduce geographical distance and enhance their proximity to clients, enabling closer and more effective R&I collaboration. A better understanding of local market needs and preferences, opportunities for

interactions and shared knowledge, and repertoire elements due to their operation in local contexts (Teixeira, Santos, and Oliveira-Brochado, 2008) foster productive international R&I (Rodríguez et al. 2018). For example, when multiple potential clients are concentrated in the same geographical area and share similar cultural approaches, establishing international offices allows design consultancy companies to gain a deep understanding of the clients through frequent interactions and collaborations, which could be used for innovating customized services. This proximity also enables the consultancy to become well-acquainted with the client's market and better understand local codes and signals (Abecassis-Moedas, et al., 2012).

KIBS firms like PwC UK (PricewaterhouseCoopers UK) - which provides a wide range of professional services including auditing, consulting, tax advisory, technology consulting and, strategy consulting, structured design processes to serve global clients - involve meticulously organized teams, collaborating with local firms, governments and institutions in the countries where it operates. PwC's collaborations involve co-developing solutions and tailoring innovative services to ensure consistent and high-quality outcomes meeting the specific needs of local markets (see further example in case study B).

#### » **Exporting creative processes by collaboratively innovating with international partners**

Certain KIBS firms can export their creative processes to international markets, not necessarily establishing international offices, but by collaboratively innovating with international partners. Unlike non-KIBS firms, due to the specific service nature of KIBS, these firms' export strategy involves collaboratively innovating with international partners. For instance, Jones Knowles Ritchie (JKR), a UK-based design company, exports their structured design processes to serve global clients (See Case study A). Their approach involves meticulously organized international teams for each project, overseen by an executive director ensuring consistent and high-quality outcomes across projects achieved through international R&I. This structured international R&I process allows them to handle numerous projects annually while maintaining quality, uniformity, and consistency across international countries. By effectively appropriating the benefits derived from creative R&I processes, the KIBS' internationalisation strategy entails exporting these processes while maintaining centralized operations to ensure uniformity and quality (Abecassis-Moedas et al., 2012).

#### » **Competing in international prestigious innovation awards**

Another unique characteristic of KIBS is that a significant amount of knowledge is held by individual experts (Starbuck, 1992), who create bespoke innovations tailored to specific

clients (Løwendahl, 2005), typically through face-to-face interactions during service delivery, making it context-specific (Blackler, 1995). A key activity facilitating such in-person international R&I is thus the credibility developed in international markets. Therefore, competing in prestigious international awards is key for KIBS firms that rely on the reputed names of individuals such as designers. For example, the Massaud agency, founded by Jean-Marie Massaud, thrives on his individual ingenuity and renown as a globally acknowledged designer. His notable projects include furniture for Cappellini and Cassina, products for Lanvin and Yamaha Offshore, and architectural projects such as the Volcano Chivas Stadium in Guadalajara and the Life Reef condominium towers (Abecassis-Moedas et al., 2012). Participation in and winning prestigious awards, such as the Red Dot Design Award, enhances the reputation of individual designers and the firms they represent by showcasing their excellence and innovation in design, which is essential to collaboratively engaging in KIBS R&I.

#### 2.4.2 The nature of reputation generated

##### » **Enhanced credibility of KIBS in delivering customised and culturally embedded innovative solutions**

The reputation of KIBS for delivering customized and culturally embedded innovative solutions is significantly enhanced by their ability to navigate and integrate local cultural, regulatory, and organizational nuances into their services, achieved through international R&I. This is crucial, particularly in contexts where deep social and institutional proximity is required to build trust and effective communication with clients (Toivonen, 2004; Miles, 2005; Corrocher, Cusmano & Morrison, 2009). KIBS are renowned for their ability to balance global reach with local relevance and excel in interpreting socio-cultural trends and customizing their offerings to meet specific regional needs, especially in settings such as KIBS legal services, accounting, bookkeeping and tax consultancy services, management consultancy services such as KPMG and PwC, and architectural, design and engineering (Verganti, 2006). By doing so, KIBS build a strong reputation for delivering solutions that are not only innovative but also deeply embedded in the cultural context of the regions they serve (Abecassis-Moedas et al., 2012).

##### » **Enhanced reputation of individuals critical to KIBS' success**

The reputation built by individual experts through international R&I and associated activities plays a pivotal role in the success of KIBS as a significant amount of knowledge within KIBS is possessed by these individual experts, who develop customized problem-solving techniques tailored to specific clients' needs (Abecassis-Moedas et al., 2012). Such

accolades showcase their excellence and innovation on an international stage, which is crucial for KIBS as it helps in generating a global reputation.

### 2.4.3 Impacts of generated reputation

**Table 2.4: Impacts of reputation generated through international collaboration for KIBS innovation**

| Types of Impact  | Specific Impacts  |
|--|---|
| 1. <b>Financial Impact</b> - Increased Financial returns                               | Improved business profit through the internationalisation of KIBS and service innovation  |
| 2. <b>Relational Impact</b> - Improved useful and strategic networks and relationships | Improved relationships with service business-to-business clients<br><br>Expanded useful international networks  |
| 3. <b>Research and Innovation Impacts</b> - Increased research and innovation output   | Increased launching of new services in new markets<br><br>Increased opportunities for collaboration in larger, international, profitable, and strategically relevant projects |

## Case Study: Three different models of international collaborations for KIBS Innovation: generating reputational impacts

Design consultancies, a type of KIBS firms, use diverse strategies to build and maintain their international reputation. The following three case studies discuss how two UK design consultancies JKR and Webb de Vlam, and a French design agency, Massaud generated reputational impacts through different models of KIBS international R&I.

### » *Case 1: International R&I teams managed through the UK headquarters:*

JKR, founded in 1990, is a leading UK design company specializing in consumer goods packaging. The firm employs a structured, formalized design process, managed by meticulously organized international and national teams and overseen by an executive creative director. Despite its global project scope, JKR operates solely from its UK headquarters to maintain process uniformity and high-quality outcomes, especially relevant to design-type KIBS innovation. JKR collaborates with a diverse range of international partners, including global consumer goods companies, leading academic institutions, and innovative technology firms. JKR has partnered with companies including Unilever, AB InBev and Kraft Heinz, through to disruptors like Hippeas, Ugly Drinks and The Gut Stuff to create work recognized by the industry's top events, award shows and publications. These partnerships enable JKR to stay at the forefront of design trends. For instance, JKR has worked with multinational corporations like Unilever and Mars, leveraging their extensive market reach and consumer insights to create impactful packaging designs. International R&I activities help JKR advance its designs by integrating the latest innovations and consumer preferences into its design processes.

### » *The nature of reputational impacts generated:*

These international collaborations and R&I activities significantly enhance JKR's reputation. Their ability to deliver high-quality, innovative designs consistently from a centralized location demonstrates their efficiency and expertise. JKR's consistent and high-quality output from centralized operations builds trust and enhances relationships with B2B clients. Especially this is because the KIBS offerings are central around specific knowledge-based capabilities, which are often difficult to replicate. This reputation for excellence attracts larger, international collaborations, as companies seek out JKR's proven track record and creative prowess. Furthermore, the ability to export its creative processes through international R&I allows JKR to introduce new services in various markets, expanding its global footprint and reinforcing its status as a leader in the design industries.

Sources: [interview with Andy Knowles and Ian Ritchie from international brand agency Jones Knowles Ritchie \(JKR\)](#); [Jones Knowles Ritchie | Creative Lives in Progress](#); Abecassis-Moedas et al. (2012)

### » *Case 2: International R&I offices:*

Webb de Vlam, founded in 1992 [and later acquired by sgsgo in 2016], is a UK-based strategic brand design firm that has expanded its operations by establishing offices in the US and Australia. This international expansion strategy aims to enhance client relationships through frequent interactions and local market research. Establishing foreign offices has enabled Webb de Vlam to build close client relationships, foster collaborative innovation, and better understand local market needs,



## Case Study: Three different models of international collaborations for KIBS Innovation: generating reputational impacts (Cont...)

### » *The nature of reputational impacts generated:*

These international collaborations and R&I activities significantly enhance Webb de Vlam's reputation. Their ability to deliver high-quality, innovative designs consistently from multiple locations demonstrates their efficiency and expertise. The local offices facilitate better market penetration and customer intimacy, which are crucial for building credibility, trust, and reputation. This enhanced reputation translates into increased business profitability, as clients are more likely to engage with a firm known for its innovative solutions and reliable service. This reputation for excellence attracts larger, international collaborations, as companies seek out Webb de Vlam's proven track record and creative prowess. Furthermore, the ability to export their creative processes through international R&I offices allows Webb de Vlam to introduce new services in various markets, expanding their global footprint and reinforcing their status as a leader in the design industry.

Sources: [Ronald de Vlam - Industrial Designers Society of America](#); [Sgsco acquires global innovation and design agency Webb deVlam - WhatTheyThink](#); Abecassis-Moedas et al. (2012)

### » *Case 3: International R&I relying on the personal reputation of the founder:*

The Massaud agency, founded by Jean-Marie Massaud in 1996 in France, operates across various design fields, including furniture, industrial products, equipment, and architecture. The agency collaborates with high-profile brands such as B&B Italia, Axor Hansgrohe, Lancôme, and Renault. The agency's reliance on the personal reputation and creativity of Jean-Marie Massaud strengthens direct client relationships. This personal approach fosters trust and long-term partnerships with high-profile clients.

Massaud collaborates with a diverse range of international partners, including luxury brands, automotive companies, and leading manufacturers. For instance, their partnership with [B&B Italia](#) involves creating innovative and stylish furniture designs that blend functionality with aesthetic appeal. As presented in the B&B Italia website, the international collaboration attributes to the world-leading individual designers, including Jean-Marie Massaud. Collaborations with Axor Hansgrohe focus on developing cutting-edge bathroom fixtures that combine advanced technology with elegant design. The website of the [Axor](#) attributes the individual designer, Jean-Marie Massaud when marketing the AXOR Massaud new design product range.

### » *The nature of reputational impacts generated:*

These international collaborations and R&I activities significantly enhance Massaud's reputation. Here the reputation is often built through the individual, Jean-Marie Massaud. While his reputation enables him to engage in these international collaborative R&I, through the output of such projects, he further develops his reputation, which is crucial for building credibility, trust, and reputation of the company. The high profile of Massaud's projects attracts international clients seeking innovative and unique design solutions, leading to profitable and strategically relevant collaborations. The Massaud agency's strategy of leveraging the founder's individual reputation and creativity, combined with strategic international partnerships and R&I activities, has led to significant reputational building and associated business impacts.

Source : Abecassis-Moedas et al. (2012).

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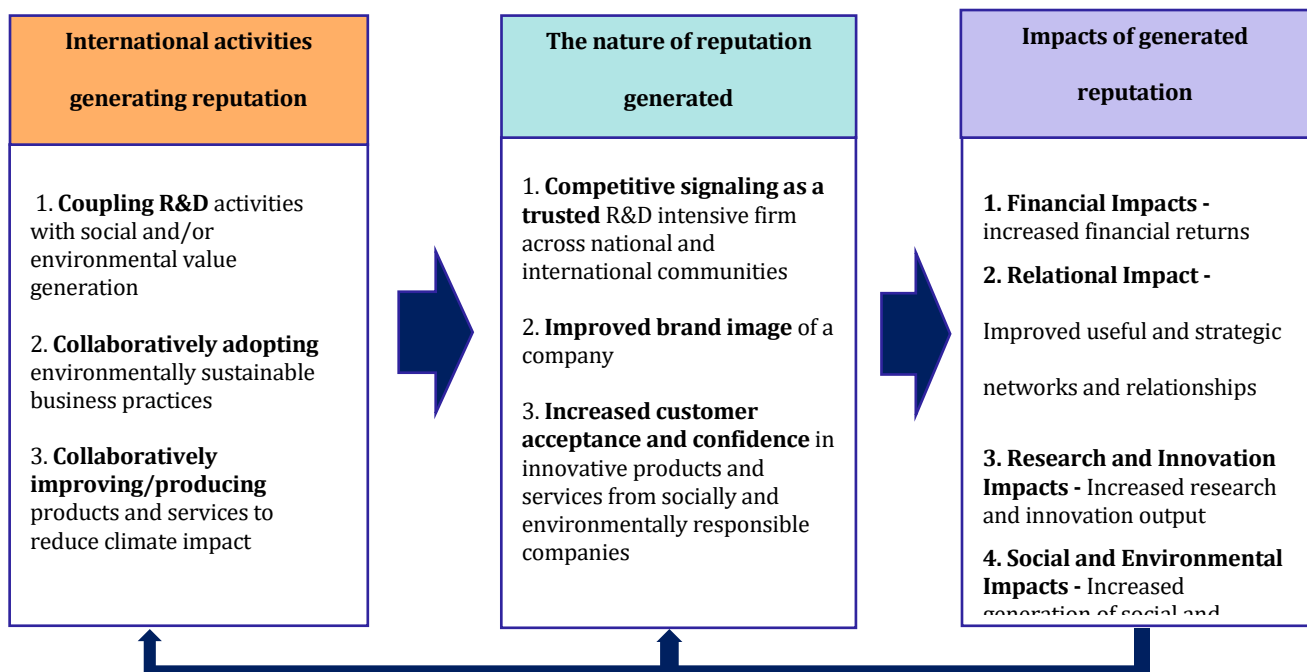
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## 2.5. Company-focused international R&I collaborations with social and environmental value

Companies integrate their collaborative R&I activities with social and environmental responsibility. This often occurs when there are international challenges that cannot be resolved or opportunities that cannot be seized through domestic collaboration. As a result, companies in collaboration with other international private and private sector organisations and communities engage in R&I activities (Hull & Rothenberg, 2008; Padgett & Galan 2010; Wagner, 2010; McWilliams & Siegel, 2000).

Coupling R&D with innovation that generates environmental and social impacts is evidenced to result in more positive corporate reputation and trust building among stakeholders, compared to only focusing on profit-oriented R&D initiatives. By positioning itself as a trusted R&D-intensive firm, the company enhances its competitive signalling across both national and international communities. This, in turn, bolsters its brand image as an innovative entity committed to creating value for society and the environment. Consequently, this leads to increased customer acceptance and confidence in its innovative products and services, as they are perceived to come from a socially and environmentally responsible company (Hull & Rothenberg, 2008; Padgett & Galan, 2010; De Silva et al 2024). Positive reputation thus generates financial, relational, research, innovation, social and environmental impacts [Figure 2.5]



**Figure 2.5: Company-focused international R&I collaborations with social and environmental value generating reputational impacts**

### 2.5.1 International activities

#### » Coupling R&D activities with social and/or environmental value generation

Research increasingly acknowledges that companies' social and environmental responsibility activities and R&D are complementary (Branco & Rodrigues, 2006; McWilliams & Siegel, 2000; Padgett & Galan, 2010), and integrating them when possible is more advantageous (Chun, 2006; Padgett & Moura-Leite, 2012). Innovations that generate high social benefits alongside private gains create a balance that motivates companies to innovate, leading to increased profits while contributing positively to society (Wagner, 2010). Especially since many social and environmental challenges are global, companies are engaged in international R&I for such coupling of diverse values.

The Tres Cantos Open Lab Foundation, where companies, universities, and public sector organisations collaborate to discover drugs for neglected diseases in the developing world, is an example of this nature. At the Tres Cantos Open Lab Foundation, GSK collaborates with researchers from the University of Helsinki, University of Minnesota, Sapienza University of Rome, Weill Cornell Medical College, Durham University, Liverpool University, London School of Hygiene and Tropical Medicine, New York University, Northeastern University, Omnia Molecular and Seattle Biomedical Research Institute, and Centre for Cooperative Research in Biosciences. In this collaboration, GSK aligns its profit generation objectives with a social mission in order to discover drugs for neglected diseases. The collaborators benefited from GSK's commercial expertise and resources and GSK benefited from other researchers advanced up to date knowledge and skills (De Silva et al 2019).

#### » Collaboratively adopting environmentally sustainable business practices

Companies engage in international R&I to reduce greenhouse gas emissions, develop climate-resilient practices, and promote the use of renewable energy, in order to address climate change and related responsibilities (Hoffman, 2005; Kolk and Pinkse, 2004; Wittneben and Kiyar, 2009). Investing in climate-resilient and resource-efficient assets offers a significant advantage under global warming pressures (Gasbarro et al., 2016). Considering the global nature of environmental sustainability practices international R&I can lead to greener business operations, offering more opportunities for companies to collaboratively discuss, share knowledge, and resources and adopt green strategies and practices (Wittneben & Kiyar, 2009). An example of such integrations is companies engaging in international R&I to reduce greenhouse gas emissions (Gasbarro et al., 2017; Patenaude, 2010; 2011) and to find solutions to the business impacts of climate change

such as disruption to their operations, supply chains, and markets (Linnenluecke and Griffiths, 2010; Porter and Reinhardt, 2007; De Silva et al 2024).<sup>3</sup>

» **Collaboratively improving and/or producing products and services to reduce climate impact**

While physical impacts from climate change pose major challenges to businesses, these challenges have also been transformed into business opportunities. Companies thus engage in international R&I to capitalize on climate-friendly market opportunities associated with green innovation (Pyke et al., 2012) and energy production methods (Gasbarro et al., 2016) can gain a competitive edge (Porter & Reinhardt, 2007). In recent years, many companies have invested in international R&I to develop new energy sources and production methods. UK-based energy companies such as ITM Power, BP and Octopus Energy are heavily involved in international R&I related to green hydrogen generation and renewable energy, engaging in multi-billion collaborative R&I projects globally. For example, BP, Aviva, Hastings Direct and Honda R&D Europe have developed a collaborative initiative in a shared research program to accelerate the evolution of future transport systems for smart cities (World Energy Investment 2020; Clean Energy Investment 2020).

By engaging in international R&I to align companies' products and services with climate-related market drivers and regulatory expectations, they can increase profit and mitigate the risks associated with negative environmental impacts (Hoffman, 2005; Kolk & Pinkse, 2004). This approach involves developing energy-efficient products and services (Wittneben & Kiyar, 2009). Improving the environmental performance of products and services can be achieved through cooperation with suppliers and customers (Zhu et al., 2008). By involving both international and national customers and suppliers in decision-making processes related to green issues, companies collaboratively innovate greener products and services (Teixeira et al., 2016).

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<sup>3</sup> [https://www.bp.com/en\\_gb/united-kingdom/home/news/press-releases/aviva-bp-hastings-direct-and-honda-r-and-d-europe-unite-to-accelerate-the-evolution-of-future-transport-systems-for-smart-cities.html](https://www.bp.com/en_gb/united-kingdom/home/news/press-releases/aviva-bp-hastings-direct-and-honda-r-and-d-europe-unite-to-accelerate-the-evolution-of-future-transport-systems-for-smart-cities.html)



### 2.5.1 The nature of the generated reputation

#### » **Competitive signalling as a trusted R&D-intensive firm across national and international communities**

Reputation is recognised as one of the most significant intangible resources that grant a firm sustainable competitive advantage (Padgett & Moura-Leite, 2012). There is a broad consensus that corporate social performance significantly influences a firm's reputation (QuevedoPueente, et al. 2007). Additionally, research indicates a positive correlation between firms' socially responsible activities, profitability, and R&D intensity (Hull& Rothenberg, 2008; Padgett & Galan, 2010; Surroca, Tribó & Waddock, 2009; Orlitzky, Schmidt & Rynes, 2003; Wood, 2010; Wagner, 2010). Therefore, R&D activities that generate social benefits have a greater positive impact on corporate reputation, image, and trust building compared to those that solely deliver R&D output. This is because R&D activities that generate social and environmental value are noticed by wider national and international stakeholders, who focus on the purpose of companies, in addition to shareholders, who predominantly focus on profitability (Padgett & Moura-Leite, 2012; Iglesias et al (2020). Many firms emphasize integrating R&D activities with social and environmental value generation as important to managing their reputation and cultivating reliability, trust, and integrity of their R&D intensity (Davies & Miles, 1998).

Additionally, joining international environmental alliances for R&I can lead companies to position themselves alongside reputed greener companies, enhancing their credibility and market signalling of their R&D capabilities to work with reputed partners (Gasbarro et al., 2016). Making the supply chain greener through international R&I partnerships and alliances demonstrates a commitment to sustainability, bolstering the company's reputation in the market (Li et al., 2014; Akhavan and Beckmann, 2017). The reputation gained by aligning a firm's R&D activities with social and environmental values thus serves as a strong competitive signal as a credible international R&I collaborator (Mackey et al., 2007).

#### » **Improved brand image of a company**

Collaboratively engaging in international R&I to implement strategies to address climate change, such as reducing greenhouse gas emissions, developing climate-resilient infrastructure, and promoting renewable energy, not only build the reputation of R&D strength of the firm, but also can significantly boost a company's public relations and brand image (Hoffman, 2005; Kolk & Pinkse, 2004; Wittneben & Kiyar, 2009). This ensures business continuity in an era of greater focus on the climate. By changing business operations and behaviour to become greener through international R&I, companies can



collectively strengthen their brand loyalty (Lash and Wellington, 2007; Wittneben & Kiyar, 2009). Implementing strategies and sharing resources to address climate change, as well as improving products and services that align with regulatory expectations and market drivers enhance the company's image (Hoffman, 2005; Kolk and Pinkse, 2004; Wittneben and Kiyar, 2009).

When companies operate across borders, they are more likely to have an international network to combine social and business elements, and thus develop levels of trust in their operations. In relation to multinational enterprises, developing trust in their host countries is crucial for success. Often host countries have a negative perception of multinational enterprises believing that they exploit host country resources. Yet, combining social activities with their host country's R&D could help multinational enterprises (MNE) overcome such negative reception and develop the brand image as a company creating value for society and the environment (Zhang et al 2024). An example is Siemens, a multinational enterprise that has established significant R&D operations in China that generate social and environmental value. Siemens collaborates with local universities and research institutions to develop advanced technologies in automation and digitalization. This collaboration has helped Siemens build a strong reputation in China as an innovator and a valuable contributor to the local economy. MNEs can leverage R&D activities in host countries to enhance their reputation and brand image by addressing local needs and contributing to societal and environmental goals (Le and Morschett, 2023).

#### » **Increased customer acceptance and confidence in innovative products and services from socially and environmentally responsible companies**

A firm's reputation is shaped by developing virtuous attributes (Chun 2006). A firm's socially beneficial R&D activities lead to greater acceptance by customers (Chun, 2006, Branco & Rodrigues, 2006; McWilliams & Siegel, 2000; Padgett & Galan, 2010). By integrating innovation activities and leveraging R&D knowledge with socially responsible attributes, firms differentiate themselves from competitors with greater appeal to customers (Ullah & Arslan, 2022; Fombrun & Shanley, 1990). Research shows that consumers prefer products with socially responsible characteristics. For example, the "Hybrid" version of Honda Accord- which has less negative environmental impact is more favored by consumers than the standard version (McWilliams, Siegel & Wright 2006). This highlights the significance of product differentiations based on social and environmental impacts in enhancing or maintaining the firm's reputation (McWilliams et al., 2006). High-reputation firms are seen as offering greater value, which often enables them to charge higher prices for their products, and their customers tend to be more loyal (Keh & Xie, 2008). Therefore,

international R&I that integrates social and environmental value offers firms the opportunity to increase acceptance and confidence in innovative products and services (Ullah & Arslan, 2022).

### 2.5.3 Impacts of reputation generated

**Table 2.5: Impacts of reputation generated through international R&I collaborations with social and environmental value**

| Types of Impact   | Specific Impacts  |
|---|---|
| 1. <b>Financial Impact</b> - Increased Financial returns  | <p>Ensure business continuity in an era of greater focus on the climate</p> <p>Improved market valuation/ stock market price</p> <p>Increased availability of funding and other financial resources available for greener companies</p> <p>Reduced costs through the leveraging of increased opportunities for shared addressing of environmental challenges affecting the business</p> |
| 2. <b>Relational Impact</b> - Improved useful and strategic networks and relationships              | <p>Enhanced opportunities to access, strengthen, collaborate with, and develop new, useful networks</p> <p>Enhanced employee satisfaction</p> <p>Stronger relationships with stakeholders</p>   |
| 3. <b>Research and Innovation Impacts</b> - Increased research and innovation output                | <p>Increased opportunities for collaboration</p>  |
| 4. <b>Social and environmental impacts</b> - Increased generation of social and environmental value | <p>Generating a stronger link between profit generation and social and environmental impacts leading to the simultaneous generation of business, social, and environmental value</p> <p>Increased opportunities for businesses to engage in policy-making and advisory roles</p>  |

## Case Study: H&M's Journey to Reputation Building through Sustainability Initiatives

Fast fashion brands – such as H&M, Zara, and Forever 21 – launch new styles weekly or even daily instead of releasing clothes only for four seasons. Increasing demand for affordable clothing led to brands relying on supply chains that produce large quantities of synthetic and petroleum-based garments in developing countries. These practices have resulted in increased levels of greenhouse gases (GHGs) and landfill waste. Following a series of controversies about the impact of fast fashion production in the early 2010s, industry leaders started adopting various sustainability initiatives to become more eco-friendly. Therefore, H&M engaged in international R&I to reduce its environmental impact and build a reputation as an eco-friendly and sustainable brand.

### » *International R&I activities:*

H&M set ambitious goals for reducing greenhouse gas emissions by joining international R&I initiatives such as the [Sustainable Apparel Coalition](#) (SAC). SAC engages in international R&I by bringing together brands, retailers, manufacturers, NGOs, academics, and industry associations. This collective effort fosters the development of new materials, processes, and technologies that reduce environmental impact and improve working conditions.

Additionally, to become greener, H&M has re-evaluated and adjusted its business operations, and taken three measures including collaborating with industry leaders on R&I to comply with external sustainability standards, engaging in corporate social responsibility (CSR) projects within national and international communities, and enhancing transparency about their suppliers. H&M has adopted criteria for its suppliers that apply to its overall supply chain. H&M not only mandated suppliers to comply with the fundamental level defined for environmental consciousness, but H&M collaborated with international suppliers on R&I projects. H&M's Sustainable Impact Partnership Programme (SIPP), which rewards suppliers for sustainability compliance, fosters strong, collaborative relationships with its supply chain partners, ensuring mutual growth and sustainability. This collaboration often includes sharing best practices and innovations in sustainable production methods, which are developed through international R&I efforts.

H&M's commitment to sustainability through SIPP involves continuous research into new materials, processes, and technologies that can reduce environmental impact. H&M's international R&I initiatives include partnerships with research institutions and participation in global sustainability projects. These collaborations enable H&M to stay at the forefront of sustainable fashion innovation, ensuring that the company can continuously improve its practices and set new standards for the industry.

### » *The nature of reputational impacts generated:*

H&M communicates its environmental effort through annual sustainability reports which highlight the company's progress in reducing its impact in various areas, such as a 21% reduction in CO2 emissions from its operations between 2017 and 2020. Moreover, consumer surveys and market analyses enhance engagement with customers and enhance its position as an environmentally friendly brand in the sector. By involving stakeholders in decision-making processes and demonstrating a commitment to ethical practices, H&M builds trust and loyalty, which are crucial for reputation building and long-term success.

Sources: Wren, B. (2022); [Sustainable Apparel Coalition - Patagonia](#); [Sustainable Apparel Coalition and Social & Labor Convergence Program Elevate Collaborative Work to Transform Global Supply Chains — Social & Labor Convergence Program](#); [HM-Group-Sustainability-Disclosure-2021.pdf](#)



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