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ORIGINAL PAPER

Bridging Different Institutional Logics: The Role of Institutional Work in Translating Sustainable Product-Service Systems Across Contexts

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Abstract

Product-service systems (PSS) are increasingly adopted by firms seeking to pursue environmental and social responsibilities alongside commercial goals, often with near-term trade-offs. Yet, their implementation across diverse national contexts is often fraught with tensions between competing institutional logics, constraining the scalability and robustness of PSS strategies. While institutional theory highlights how logics guide organizational behavior, less is understood about how firms transfer global sustainability logics across organizational and national boundaries and translate them into locally viable practices in differing institutional environments. This study addresses this gap through a comparative qualitative case study of a global heating system provider, drawing on 43 in-depth interviews and complementary field data from its headquarters in Japan and its subsidiary and customers in Türkiye. We identify three institutional logics—sustainability, state, and commercial—that jointly influence PSS adoption but interact differently across contexts. Our findings reveal three mechanisms of institutional work that underpin the transfer and translation of logics: strategic creation of sustainability practices, tight and loose coupling of logics under varying institutional conditions, and negotiation of disruption trade-offs between environmental and profitability priorities. We develop a conceptual model that specifies the mechanisms through which sustainability logics are transferred across organizational and national boundaries and translated into locally enacted practices, leading to either tight, incremental, or symbolic integration of PSS strategies. Theoretically, this research advances institutional theory by demonstrating that institutional logics are not fixed determinants of behavior but resources that actors actively interpret, recombine, and sometimes only nominally adopt when transferring them across contexts. Practically, it provides guidance for managers and policymakers on designing harmonization strategies, aligning incentives, and overcoming infrastructural barriers to enable substantive sustainability transitions.

Keywords Product-service systems · Institutional logics · Institutional work · Sustainability

Introduction

Amid the daunting challenges of climate change, resource scarcity, and geopolitical uncertainty, firms increasingly grapple with simultaneously enhancing product and production sustainability while catering to diverse and complex customer demands (Jiang et al., 2023; Yang et al., 2019). As such, original equipment manufacturers (OEMs) face tensions in balancing profit, environmental conservation, and social responsibility considerations—core principles of ethical business conduct (Dahlmann & Grosvold, 2017; Glavas & Mish, 2015)—under customer demand for advanced solutions to increasingly complex problems (Hahn et al., 2015; Financial Times, 2023). These tensions are compounded by differences in the interpretation and applications of these considerations across different institutional environments

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(Seo & Creed, 2002). To address this, OEMs increasingly integrate services into their offerings, forming product-service systems (PSS) that help solve complex problems customers face, enhance profitability, and reduce environmental impact (Kühl et al., 2023; Vezzoli et al., 2017). PSS aim to meet complex client needs holistically, cost-effectively, and sustainably, in line with servitization principles (Doni et al., 2019), which emphasize shifting from product-centric business models to integrated solutions that combine products and services to deliver higher value and long-term customer relationships. Strategically designed PSS often reduce the ecological footprint, facilitate sustainable materials, foster innovative designs, and enhance circular economy practices (Doni et al., 2019; Kohtamäki et al., 2023; Paiola et al., 2021). Nonetheless, their adoption and implementation are profoundly influenced by differing institutional logics (Dahlmann & Grosvold, 2017; Yin & Jamali, 2021), defined as the socially constructed values, norms, rules, and practices shaping organizations and societies (Reay & Hinings, 2009; Thornton et al., 2012).

However, a significant gap exists in understanding the process of delivering PSS across different institutional logics. PSS are often framed in the literature as mechanisms to pursue environmental goals alongside economic goals, emphasizing performance delivery over ownership and reducing material consumption through integrated solutions (Kohtamäki et al., 2023; Kühl et al., 2023). However, their application varies widely across national contexts due to differing institutional logics (Dahlmann & Grosvold, 2017; Yin & Jamali, 2021). These logics influence the design, adoption, and implementation of PSS and their acceptance by local stakeholders, who operate under distinct cultural, economic, and regulatory conditions. Nevertheless, the processes through which competing logics are managed, bridged, and adapted remain critically underexplored, leaving an important gap in the broader discussion of firms' sustainability transitions. While many firms have adopted sustainable business models and invested substantial effort, they often face persistent challenges in aligning these models with coordinated activities that effectively balance environmental, economic, and social goals (López-Cabarcos et al., 2025; Visnjic et al., 2025). Although PSS emphasizes circularity, total cost of ownership (TCO), and resource efficiency, their implementation can be hindered by different supplier practices and market conditions across different institutional logics (Diebel et al., 2024; Kok et al., 2019; Zampone et al., 2023). Despite PSS' potential to drive sustainability transitions, the literature has yet to fully address differences in institutional logics that impede their successful implementation and how businesses enact their agency to bridge different institutional logics, i.e., juggling between, synthesizing, and strategically steering diverse and often competing logics, namely commercial, state, and sustainability logics, in the pursuit of sustainable PSS adoption.

The complexity of PSS, compounded by differences in institutional logics, requires balancing sustainability, competitiveness, and profitability while managing multiple interdependencies and conflicting objectives. To this end, institutional work, the deliberate actions taken by individuals and organizations to create, maintain, or disrupt institutional structures (Greenwood et al., 2018; Lawrence & Suddaby, 2006), is pivotal in understanding how businesses respond to these pressures and how PSS evolve. Institutional work as a manifestation of organizational agency provides a useful lens for examining how businesses actively shape, maintain, and transform institutions, contrasting with traditional institutional theory, which focuses on how institutions influence actions (Lawrence & Suddaby, 2006). This concept is critical when actors encounter competing institutional logics (Thornton & Ocasio, 1999). Effectively bridging these diverse institutional logics requires understanding and managing their interactions, conflicts, and synergies (Greenwood et al., 2011; Seo & Creed, 2002). Accordingly, understanding how firms respond to these challenges through institutional work, particularly across heterogeneous institutional environments, and bridging conflicting institutional logics would offer valuable insights into building robust, scalable, and context-sensitive PSS models that can meet both environmental and economic objectives across institutional logics.

In this study, we explore how institutional logics influence the adoption and implementation of PSS and examine the role of institutional work in bridging these competing logics to translate PSS across country contexts and facilitate sustainability transitions. We address the following research questions: *How do different institutional logics influence the adoption of PSS? How are PSS transferred and translated across contexts, and how does institutional work shape these processes?* In so doing, we rely on rich qualitative data from a large Japanese OEM, its Turkish subsidiary, and its key customers. We triangulate different data sources to identify and examine the interplay of three specific institutional logics—state, commercial, and sustainability—and corresponding institutional work in developing and delivering PSS. These logics reflect broader ethical debates around managing tensions between short-term economic gains and long-term societal and ecological well-being (Dahlmann & Grosvold, 2017; Pesterfield & Rogerson, 2023; Yang et al., 2019; Yin & Jamali, 2021). To this end, our study advances the literature by outlining three distinct logics that shape PSS and ensuing institutional work undertaken by managers in transferring and translating PSS across institutional contexts. It bridges important research gaps by examining how firms operating in different countries adopt and implement

PSS while managing competing objectives of sustainability, competitiveness, and profitability.

Accordingly, this study makes three key contributions. First, it examines how varying institutional logics, characterized by distinct cultural, regulatory, and economic norms, impact the adoption and implementation of PSS. Second, it sheds light on the pivotal role of institutional work as a dynamic process in implementing PSS and enabling organizations to create, maintain, or disrupt institutional structures, offering a nuanced perspective on how actors influence and respond to institutional logics. Finally, our study presents a model that illustrates the interplay of institutional work when PSS are transferred and translated across different institutional logics embedded in different countries, offering a nuanced understanding of the institutional work involved. It advances research on PSS—typically examined in single-country environments and rarely expanded to international contexts (Gölgeci et al., 2021)—and links its applications across national boundaries.

Beyond its theoretical contributions, this study also carries important policy implications. As institutional logics influence the diffusion and acceptance of sustainable business models, policymakers play a pivotal role in either enabling or constraining such transitions. Building on regulatory governance work on responsible innovation and global sustainability governance (Voegtlin & Scherer, 2017) and on corporate accountability beyond reputation-only approaches (Carroll & Olegario, 2020), our findings indicate that scaling PSS can be more effective when hard-law mandates are paired with orchestrated soft-law, multi-stakeholder standards that create forums and incentives for the institutional work required to translate global sustainability logics locally. We extend these streams by showing how the interaction of sustainability, state, and commercial logics conditions tight, loose, or symbolic PSS integration across borders, refining accountability frameworks that emphasize the interplay of legal rules, transparency, and reputational discipline. Our findings showcase how competing institutional logics can impede the effective scaling of PSS across borders. Our study indicates that policymakers can design more coherent regulatory frameworks vis-à-vis institutional work that firms engage in to bridge institutional logics and promote cross-sector dialog toward sustainable PSS.

The remainder of the paper proceeds as follows: First, we provide the theoretical underpinnings, followed by a section outlining the adopted research approach. Then, we present the findings detailing the institutional logics at play across contexts and how these are transferred and translated through institutional work mechanisms. Based on our findings, we propose a theoretical model. Finally, the discussion and conclusion sections provide theoretical contributions, managerial implications, and directions for future research.

Theoretical Background

Sustainability and Product-Service Systems (PSS)

The concept of sustainability is inherently multidimensional and sometimes ambiguous, encompassing ecological, social, and economic considerations that are not always aligned (Du Pisani, 2006). While early work linked sustainability to the long-term management of natural resources, the idea gained global prominence through the Brundtland Report's definition of sustainable development and subsequent formulations (WCED, 1987), such as the triple bottom line, which emphasize balancing environmental, social, and economic goals (Borland & Lindgreen, 2013; Porritt, 2012). Since its formal introduction, sustainable development has become a guiding concept in environmental research and policy (Alvarado-Herrera et al., 2017; Gore, 2015). However, despite broad agreement on its long-term, multidimensional character, scholars remain divided on how firms should implement sustainability (Adolph & Beckmann, 2024).

Against this backdrop, businesses face intensifying environmental challenges, evolving societal expectations, and regulatory pressures to adopt greener practices (Jiang et al., 2023; Yang et al., 2019). Climate change, resource depletion, and the mounting problem of electronic waste (Vezzoli et al., 2017) heighten the need not only for cleaner technologies but also for business models that integrate environmental, social, and economic value (Hahn et al., 2015). Sustainable business model and "business case" research offer one such design lens, clarifying how value creation, delivery, and capture can be reconfigured at the network level (Evans et al., 2017; Schaltegger et al., 2016; Schaltegger & Burritt, 2018).

PSS emerged as a response to the environmental and social limitations of conventional product-based models (Roy, 2000; Tukker, 2004). In sustainable business model terms, PSS is a canonical pathway: the integration of products and services into service-intensive offerings, lifecycle responsibilities, and partner collaboration (Evans et al., 2017; Rabetino et al., 2024). These architectures can reduce waste, extend product lifecycles, and enable environmentally and socio-ethically sound solutions while remaining commercially viable (Kohtamäki et al., 2023; Kühl et al., 2023). Evidence on the profitability of sustainability is nuanced: meta-analytic work indicates a generally positive association between corporate environmental performance and corporate financial performance but emphasizes that the effect is contingent on factors such as the type of environmental performance, firm characteristics, and measurement approach (Dixon-Fowler et al., 2013). Complementing this, firm-level analyses of leading global sustainability performers show higher sales growth, return-on-assets, profit before tax, and operating cash flows than matched peers over time,

suggesting that, when appropriately designed and implemented, sustainability practices can complement financial performance (Ameer & Othman, 2012). For PSS specifically, these findings imply that profitability gains are most likely where PSS initiatives are proactive and aligned with organizational capabilities and market context.

For manufacturers, PSS frequently entails redesigned value propositions (efficiency and low emissions), service-based value delivery (maintenance, diagnostics), and value capture grounded in reliability and performance (Bocken et al., 2014; Evans et al., 2017), representing a paradigm shift that combines economic efficiency with sustainability commitments (Hahn & Pinkse, 2022; Kühl et al., 2023). However, PSS enactment is shaped by both institutional context and ethical stance. Business case research on sustainability differentiates between symbolic and substantive sustainability; internal, proximate stakeholders tend to propel substantive decarbonization, whereas external audience pressures can induce more reputational or certification-driven responses (Block et al., 2024; Schaltegger & Burritt, 2018).

Ethically, this maps onto "reactionary" and "reputational" versus "responsible" and "collaborative" business cases, where the latter embed environmental and social responsibilities into core operations even at near-term cost (Schaltegger & Burritt, 2018). Cross-national PSS rollouts may traverse phases of decoupling, translation, or even dehybridization as the salience of competing logics shifts, raising risks of mission drift if governance is weak (Yang et al., 2023).

Finally, the assumption that PSS invariably yield substantial sustainability benefits is contested (Hahn & Pinkse, 2022; Hahn et al., 2015). The heterogeneity of institutional logics, encompassing divergent standards, regulations, and practices, may not always be congruent with sustainability objectives, posing integration and implementation challenges that slow or constrain broader adoption (Milosevic et al., 2023; Yin & Jamali, 2021). This positions PSS not merely as a site where competing logics must be actively bridged, requiring strategies to integrate environmental, economic, and societal goals and seize the potential of sustainable innovations within their operations.

Institutional Logics

Institutional theory is among the conjectures that shed light on the dynamic interplay of logics within the context of sustainability (Chen et al., 2024; Yin & Jamali, 2021). Accordingly, North (1990) posits that institutions function as societal 'rules of the game,' shaping interactions through humanly devised constraints. These institutions are tangible through their structures and practices (Kok et al., 2019) and are given life through institutional logics, which Thornton and Ocasio (1999, p. 804) describe as "*the socially constructed patterns of symbols and material practices, assumptions, values, beliefs, and rules by which individuals and organizations produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.*" Importantly, institutional logics are distinct from institutional forces: whereas institutional forces, such as coercive, normative, and mimetic forces, highlight how conformity and legitimacy are externally imposed (DiMaggio & Powell, 1983), institutional logics illuminate the internal meaning systems that actors draw upon to make sense of and justify action (Thornton & Ocasio, 1999). Studying logics rather than forces allows us to attend to the plural, and often conflicting, value systems within organizations, thereby capturing the nuanced, agentic responses to sustainability demands that a focus on isomorphic pressure alone would obscure. Friedland and Alford (1991) view institutional logics as a combination of material practices and symbolic constructions that serve as organizing principles. The diversity of logics corresponds with varied organizational principles, necessitating distinct, considered behaviors from individuals (Reay & Hinings, 2009; Thornton et al., 2012). Institutional logics underpin the shared assumptions within an institution, providing frameworks for organizing activities and interpreting cues for appropriate behavior (Lounsbury et al., 2021; Reay & Hinings, 2009). These logics are essential and guide the adaptation of organizational practices to enhance social and environmental impacts (Milosevic et al., 2023).

The institutional logics perspective has been applied to a wide range of empirical studies, focusing on the consequences of these logics and the management of competing logics within organizations (e.g., Chen et al., 2024; Kok et al., 2019; Smets et al., 2015).[1] Among the different logics, commercial logic, state logic, and sustainability logic are central in shaping organizational decision-making and the design and delivery of PSS (Grinevich et al., 2019). Below, we conceptualize these logics to set the stage for understanding the interplay and tensions between them, bridging multiple institutional logics, and achieving sustainability objectives in PSS. In this paper, with bridging institutional logics, we essentially refer to the dynamic process

[1] Although the coexistence of institutional logics is often framed as competing, it can also serve as a foundation for mutual reinforcement (Milosevic et al., 2023). Real-world examples show how environmental logics can, in some instances, support commercial success by turning ecological challenges into viable business opportunities. For instance, the platform-based organization Too Good To Go has aligned its revenue model with food waste reduction, earning income through commissions and partnerships while creating a significant environmental impact (Ho & Nguyen, 2024). Another example is Patagonia's commitment to sustainable practices, which has allowed it to maintain premium prices and strong brand loyalty in a competitive market (Allal-Chérif et al., 2023).

of juggling between, synthesizing, and strategically steering diverse and often competing logics toward the advancement of PSS. As explained below, this is accomplished through institutional work, which enables actors to manage tensions and translate PSS across varied contextual settings.

The discourse on institutional logics in business literature frequently centers on commercial logic, which is primarily concerned with decisions that maximize economic returns (Pesterfield & Rogerson, 2023; Thornton et al., 2012). Commercial logic—characterized by a profit imperative, market efficiency, and competitive advantage as guiding principles for organizational practices and decision-making—is integral to organizational strategies aimed at enhancing efficiency and reducing costs (Dahlmann & Grosvold, 2017). Studies have examined the influence of commercial logic on other logics, notably professional and community logics, observing its tendency to overshadow them (Diebel et al., 2024; Smets et al., 2015). The pursuit of competitive advantage, efficiency, and profit underpins commercial logic, suggesting economically driven behavior (Kok et al., 2019). Mimetic isomorphism, as proposed by institutional theorists, describes organizations imitating successful practices from others to mitigate uncertainty, thereby legitimizing certain behaviors (Zampone et al., 2023). Commercial logic's pervasiveness in global commerce underscores a commitment to profitability and efficiency, often prioritizing shareholder interests over other stakeholders, including environmental considerations (Diebel et al., 2024; Thornton et al., 2012). This logic has been noted to significantly influence business strategies and practices globally (Greenwood et al., 2011; Kok et al., 2019; York et al., 2018), emphasizing shareholder value and profit maximization. However, this focus can conflict with sustainability logics, as profitability-driven actions may not align with sustainability investments (Glavas & Mish, 2015). Consequently, commercial logic can impact decisions regarding PSS.

Sustainability logic—emphasizing achieving environmental and social objectives, such as reducing ecological impact, promoting resource efficiency, and fostering long-term societal well-being—seeks to steer behaviors toward social equity and environmental stewardship (Arenas et al., 2020). This logic, which advocates for reducing emissions and fostering clean energy (de Clercq & Voronov, 2011), is part of a broader institutional logic supporting environmental protection and pollution mitigation (Sine & Lee, 2009). Although not yet established as a societal-level institutional order, the presence and variability of sustainability logic in different contexts have been subjects of study (Vedula et al., 2022). These practices provide frameworks for stakeholders to align their actions with evolving definitions of sustainability (Silva & Figueiredo, 2020). From a business ethics perspective, this alignment is critical to ensuring that sustainability is not treated as an afterthought or mere compliance measure but is integrated into core business strategies and operations (Dahlmann & Grosvold, 2017; Yin & Jamali, 2021). The pervasiveness of sustainability logic is increasingly recognized, especially as corporate sustainability concerns like climate change become central to business strategy (Hahn & Pinkse, 2022; Thornton et al., 2012). This contrasts with commercial logic, where the economic interests of customers and clients influence decisions.

The concept of state logic, which prioritizes public welfare and compliance with regulations, policies, and governance frameworks imposed by governmental or state institutions, centers on the societal expectation for organizations to adhere to legal and regulatory frameworks (Pesterfield & Rogerson, 2023; Yin & Jamali, 2021). These frameworks typically establish baseline standards for organizational conduct (Pesterfield & Rogerson, 2023). State logic encompasses efforts to preserve political and social stability by controlling business and societal entities (Liu et al., 2016). Greenwood et al. (2011) argue that while laws and regulations set definitive standards, they also allow businesses to interpret and extend their roles and responsibilities, suggesting a balance between compliance and discretionary practices. Table 1 compares the three logics.

Institutional logics are rarely singular or stable; instead, they can conflict or align in unpredictable ways (Durand & Thornton, 2018; Reay & Hinings, 2009). Individuals within organizations respond by selectively engaging with these

Table 1 Comparing different logics

	Commercial logic	Sustainability logic	State logic
Specific domain	Market (Thornton et al., 2012)	Environmental agenda (Kok et al., 2019)	Regulations (Yin & Jamali, 2021)
Goals	Creating profit from activities (Dahlmann & Grosvold, 2017; Kok et al., 2019)	Maintaining the environment (de Clercq & Voronov, 2011; Sine & Lee, 2009)	Ensuring order and processes (Greenwood et al., 2011)
Management principle	Profit maximization, legitimacy (Zampone et al., 2023)	Environmental impact (Diebel et al., 2024; Vedula et al., 2022)	Legal compliance (Luo et al., 2017; Pesterfield & Rogerson, 2023)
Source of specificity	Market demands (York et al., 2018)	Ethical principles (Silva & Figueiredo, 2020)	

logics through practices such as hybridizing, segmenting, or resisting (Jay, 2013; Smets et al., 2015). Pache and Santos (2013) show how selective coupling enables organizations to manage competing logics while preserving legitimacy across cultural contexts. Academic inquiry into institutional logics has evolved from recognizing a singular dominant logic to acknowledging the dynamism of multiple coexisting logics (Dahlmann & Grosvold, 2017; Greenwood et al., 2011; Lounsbury et al., 2021). While some logics may become predominant, the interplay among them can lead to the creation of new institutions or the amalgamation of existing logics (Jarzabkowski et al., 2013; Reay & Hinings, 2009). Accordingly, a dominant institutional logic can coexist with others (Thornton & Ocasio, 1999), and understanding this coexistence is key to managing the interplay (Besharov & Smith, 2014; Reay & Hinings, 2009). The juxtaposition of commercial, state, and sustainability logics illustrates the varying priorities of profitability, organizational growth, and environmental stability (Diebel et al., 2024).

Neo-institutional theory has long drawn attention to how institutional environments shape the adoption, meaning, and trajectory of sustainability practices across national contexts (Aragón-Correa et al., 2020; Milosevic et al., 2023), which offers a relevant lens to our study that examines institutional logics and institutional work vis-à-vis sustainable PSS across Japan and Türkiye. Comparative studies reveal that national institutions influence the adoption and interpretation of different practices, with significant contrasts observed across contexts such as Germany, Italy, and the United Kingdom (Benassi, 2024). Moreover, Uzunca et al. (2018) show that institutional strategies yield different outcomes depending on the degree of institutionalization and the dominant logic at play, with more relational approaches fostering sustainable legitimacy in highly institutionalized settings. Tashman et al. (2019) further demonstrate that stronger sustainability pressures exist in more developed host countries. Rovanto and Virtanen (2025) similarly show how institutional logics shape capabilities for slowing resource loops in small circular economy businesses in China, Japan, and Finland, with professional logics converging but market logics diverging across contexts. Building on this body of work, our study draws on a comparative institutional logics perspective to examine how companies bridge competing logics and create a balance between them across national boundaries, which we seek to do by incorporating the discussion of institutional work.

Institutional Work

Institutional work entails carefully balancing resources, stakeholder interests, and strategic responses to ensure organizational survival and performance. This involves tradeoffs, negotiations, and distinctive capabilities (Jarzabkowski et al., 2013). Recent studies have been particularly concerned with the challenge of gaining acceptance from field-level actors of various logics. Besharov and Smith (2014) categorize organizations based on logic compatibility and centrality to explain the varied implications of multiple institutional logics. However, logic may be more or less valued, leading to different levels of commitment. This introduces another dimension to the centrality and compatibility of a set of institutional logics: the degree of commitment to one logic over another (Lawrence & Suddaby, 2006). Thus, understanding how institutional logics influence businesses' commitments and actions necessitates exploring the mechanisms by which institutions are created, maintained, and disrupted. This is where the framework of institutional work offers valuable insights.

Creation, as the first category of institutional work, refers to the active processes through which new institutions are established to address emerging needs or shifts in organizational priorities. It often arises in response to significant environmental or societal changes, prompting organizations to innovate or adapt to new contexts (Lawrence & Suddaby, 2006). It is characterized by the articulation of new rules, practices, and belief systems that align with emerging institutional logics or stakeholder demands. It involves the continuous development and transformation of institutions over time, influenced by both exogenous and endogenous dynamics. For example, businesses developing circular economy business models engage in institutional creation by integrating sustainability principles into their operations. These efforts often require actively mobilizing resources, coalitions, and legitimacy to establish these new norms and practices (Lawrence & Suddaby, 2006). However, the creation process is rarely straightforward. It involves bridging competing logics and managing tensions between traditional practices and transformative objectives. Understanding its mechanisms provides a foundation for examining how businesses innovate to address complex environmental and social challenges. Thus, creation embodies how new institutions emerge and become established (Jarzabkowski et al., 2009).

Maintenance, the second category of institutional work identified by Lawrence and Suddaby (2006), examines how institutions are actively produced and reproduced through everyday practice. When multiple, potentially contradictory logics coexist (Seo & Creed, 2002), any particular institution must continuously be maintained to avoid being dominated by other competing logics. This involves adhering to rule systems and reproducing norms and belief systems (Jarzabkowski et al., 2013). The concept of loose coupling provides a "working space" for individuals bridging multiple conflicting institutional logics (Seo & Creed, 2002). For instance, businesses striving to balance profitability with sustainability must constantly negotiate to align operational priorities with long-term environmental goals. Maintenance work ensures that institutional logics remain relevant and

actionable in the face of external pressures and evolving stakeholder expectations.

Disruption, a precursor to broader change within the firm, occurs when the existing institutions and practices no longer meet the stakeholders' interests (Jarzabkowski et al., 2009). This is often the case in situations of ethical tensions. While sustainability initiatives may initially impact profitability due to investments in eco-friendly practices, the long-term benefits can be substantial. However, some companies, driven by short-term financial goals, may compromise environmental and social responsibility, leading to a clash between profitability and sustainability. Hence, actors mobilize sufficient support to challenge or undermine existing institutional structures and practices through disruption (Jarzabkowski et al., 2009). For example, quickly heightened regulatory scrutiny or substantial and accelerated shifts in public expectations can catalyze organizational transformations, compelling firms to adopt new practices that better align with emerging logics.

In sum, institutional work is critical in handling the tensions inherent in complexity stemming from different institutional logics. These processes reflect businesses' efforts to bridge competing logics while addressing stakeholder expectations and environmental pressures (Milosevic et al., 2023). Institutional work provides a dynamic lens for understanding how businesses adapt to, resist, or reshape institutional structures to remain relevant in changing contexts. However, despite its criticality, the interplay between institutional work and the competing logics of sustainability, commercial imperatives, and state policies remains underexplored. Building on comparative work on PSS and institutional logics across countries (e.g., Doni et al., 2019; Kohtamäki et al., 2023; Kok et al., 2019; Paiola et al., 2021), we carry this comparative lens into our empirical analysis, focusing on how sustainability, state, and commercial logics are translated in PSS practices as they move between institutional environments. As such, we examine how businesses balance these logics to drive meaningful transformations and adoption of PSS.

Methods

Research Approach and Case Selection

This study adopts an exploratory case-based research approach to investigate the complex dynamics surrounding the adoption and implementation of PSS. Our research approach is best described as being abductive, whereby we integrate theoretical constructs with emerging empirical insights in an iterative manner throughout the data collection and analysis (Dubois & Gadde, 2002; Kistruck & Slade Shantz, 2022). Rather than treating the data as a "clean state," we followed a *tabula geminus* ("twin slate") stance (Kreiner, 2016), moving repeatedly between empirical material and evolving theoretical ideas.

We selected HeatingCo (pseudonym), a prominent Japanese firm specializing in industrial steam and hot water boiler systems for manufacturing plants, operating exclusively in the B2B sector, as our empirical setting. HeatingCo's product portfolio focuses on modular boiler systems designed for energy-intensive industries such as textiles, food processing, and chemicals, supported by complementary maintenance services, water treatment solutions, and certified boiler chemicals. HeatingCo began producing industrial steam boilers in the 1950s, capturing over 60% of the domestic market shortly thereafter. Since entering the Turkish market in 2015, the firm has sought to expand further into Europe and the Commonwealth of Independent States (CIS) by leveraging its combined expertise in high-efficiency equipment and service-based energy solutions. HeatingCo has a turnover exceeding ¥150 billion and employs approximately 6,000 people worldwide (HeatingCo Annual Report, 2024), providing substantial empirical depth for analyzing sustainability-oriented PSS in a multinational setting.

Central to HeatingCo's business model is a strong aftermarket service orientation, operationalized through long-term maintenance contracts and preventative monitoring programs for industrial clients. Company documents report that around 1,200 technical experts are deployed across Japan and overseas subsidiaries to ensure rapid response times and continuous operational support. These service arrangements illustrate a shift from transactional equipment sales toward integrated solutions that deliver reliable thermal energy outcomes for clients, a core feature of PSS business models. HeatingCo also invests heavily in technological innovation and environmental performance improvements. Its high-pressure steam boilers are fitted with energy recovery systems that reclaim thermal energy from condensate and residual flue gases, improving fuel efficiency while reducing CO_2 and NO_x emissions; reported efficiencies reach 98–99%, offering measurable reductions in energy use relative to conventional systems. Alongside equipment provision, HeatingCo delivers energy diagnostics and water analysis services, drawing on thousands of annual site assessments in Japan to help factories identify inefficiencies and design process optimizations. This dual emphasis on advanced technology and long-term service relationships provides a theoretically relevant setting for studying how sustainability-oriented logics are transferred from headquarters to subsidiaries and translated into locally enacted PSS practices across different institutional contexts.

To enable in-depth theorization, we deliberately focused on a single network, defined as the constellation of relationships linking HeatingCo's Japanese HQ, its Turkish subsidiary, and focal customer plants in Türkiye that purchase boilers and associated service contracts. In this network, nodes

comprise relevant organizational units and roles at HQ, the subsidiary, and customer plants, while ties consist of long-term sales and service contracts, routine maintenance and diagnostic visits, and project-based collaborations around energy efficiency and sustainability. We bounded the network by concentrating on customer relationships in Türkiye where HeatingCo provided both equipment and ongoing service contracts, thereby excluding upstream suppliers and other foreign subsidiaries not directly involved in these transactions. Figure 1 depicts how these actors and ties are connected in the empirical case.

We employed a purposive sampling approach (Patton, 2015) to select participants who were directly involved in PSS-related decisions or activities at HeatingCo HQ, Türkiye subsidiary, and focal customer plants. More specifically, we sought variation across organizational levels (senior management, middle management, and operational specialists) and across core functions (e.g., sales, service, engineering), excluding employees whose roles had no substantive connection to PSS or sustainability initiatives. These categories were recorded as case attributes and later used to compare emerging themes across organizational levels, functions, and organizational affiliations (see Online Appendix 1 for an overview of the sample). Participants were chosen for their relevance to our theoretical focus on institutional logics and institutional work in shaping PSS adoption. Institutional logics and institutional work thus served as sensitizing concepts that oriented us toward how actors justified and contested practices, rather than as fixed coding categories.

Taken together, the combination of a technologically advanced, service-intensive PSS business model, a headquarters embedded in Japan's regulatory and societal context, and a subsidiary operating in Türkiye's and supplying energy-intensive manufacturers renders this HQ-subsidiary-customer constellation a particularly informative setting for examining how sustainability, state, and commercial logics are transferred, contested, and translated in practice.

Data Collection

Over two years, from 2022 to 2024, the research team engaged in over 100 interactions with HeatingCo's HQ,

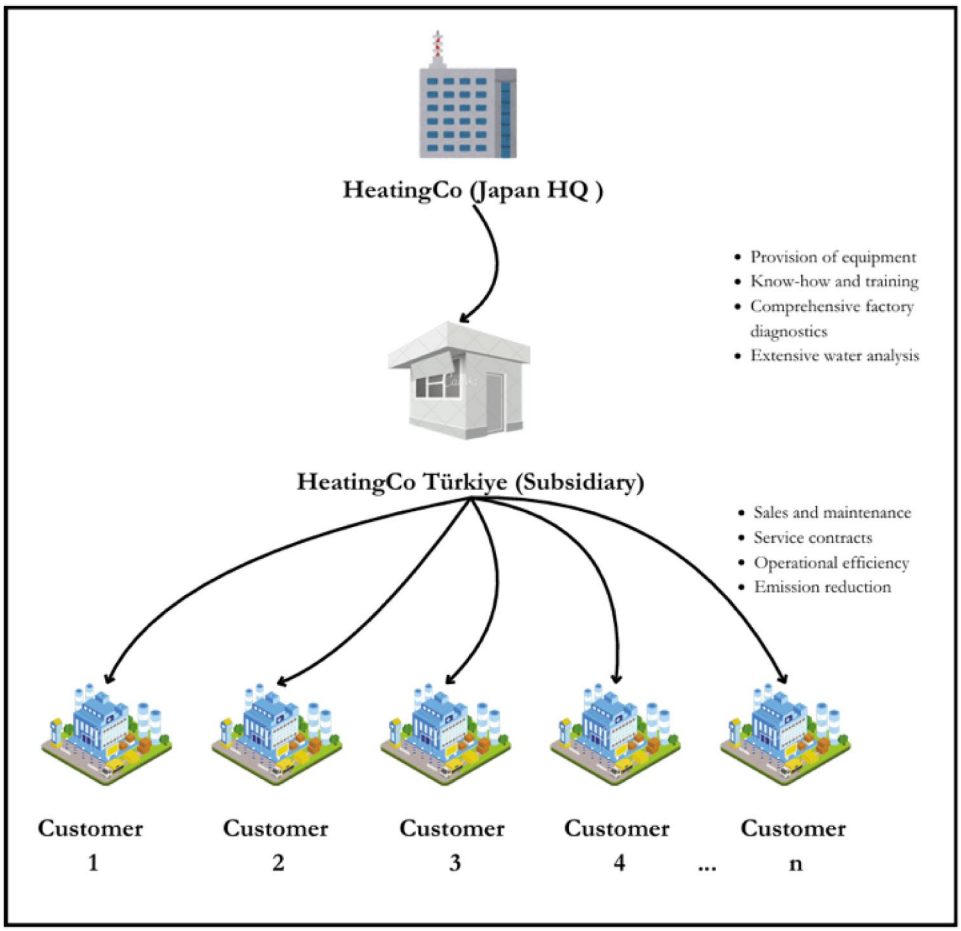

Fig. 1 Illustration of case overview

Turkish subsidiary, and customers. While the first author led the fieldwork and was physically present during all site visits and the majority of meetings, the three authors jointly designed the interview guides and observation protocols and held regular debriefings to refine sampling and questioning in light of emerging insights. These interactions included a diverse array of data collection methods, such as interviews, company meetings, conferences, executive presentations, and site observations. The length of these interactions ranged from extensive one-day visits to HeatingCo's Türkiye branch to email exchanges with company personnel. Informal email exchanges and corridor conversations were primarily used to arrange access and clarify factual details; only when such interactions were written up as fieldnotes and imported into NVivo were they treated as data for systematic analysis. Table 2 summarizes the different data sources and their use.

The primary data were obtained through 43 interviews conducted with the representatives of HeatingCo's Japanese HQ (10), Turkish subsidiary (15), and customers in Türkiye (18), each selected for their in-depth knowledge of the business operations (see Online Appendix 1 and Fig. 2 for timeline). Ten interviews were face-to-face, and 33 interviews were conducted online via Microsoft Teams to bridge geographical distances (Davies et al., 2020). Through a semi-structured interview approach, we navigated key inquiries while allowing interviewees to raise other relevant issues linked to the research. The interview questions focused on participants' approaches to PSS and sustainability (see Online Appendix 2). Within HeatingCo, the sampling frame consisted of employees who were responsible for selling, designing, servicing, or managing industrial boiler systems and sustainability-related initiatives at the Japanese HQ and the Turkish subsidiary. On the customer side, we focused on factory and unit managers responsible for production, maintenance, or energy management in plants that had adopted HeatingCo's boilers and associated service contracts. The initial set of informants was selected using purposeful sampling (Patton, 2015) in collaboration with a senior contact at HQ and the country manager in Türkiye, who acted as internal gatekeepers. We explicitly asked these gatekeepers to include individuals with differing views on PSS and sustainability and then used snowball sampling to reach additional informants, including some who voiced skeptical or critical perspectives. Although we did not systematically record refusals, our impression is that non-participation largely reflected scheduling constraints rather than active opposition.

Data collection and analysis proceeded iteratively. As interviews accumulated across HQ, the Turkish subsidiary, and customer plants, we monitored whether additional interviews introduced substantively new themes or primarily elaborated existing ones. As the study progressed, later interviews tended to confirm and nuance the codes and themes already identified rather than generating new categories. On this basis, we judged that, for our focused research aim and specific single-network case, the 43 interviews provided adequate theoretical and meaning saturation, while recognizing that different research questions or settings might warrant additional sampling.

The interviews were conducted by the first author, whose proficiency in English, Japanese, and Turkish ensured accurate communication across all focal languages (cf. Ciulli et al., 2020; Rovanto & Finne, 2023).[2] All the interviews were recorded, transcribed verbatim, and translated into English, with interviewees allowed to review transcript accuracy. To guarantee precision in translations, native Japanese and Turkish speakers were enlisted to scrutinize English translations, ensuring fidelity to the original intent (Munday, 2013)[3] (see Online Appendix 3 for additional detail).

Throughout this study, the first author conducted in-person observations at various company meetings and site operations. For example, observing sales meetings at the Turkish subsidiary provided insights into the power dynamics between Japanese managers stationed in Türkiye, the visiting manager from headquarters, and Turkish middle managers and frontline employees. These meetings revealed how authority was negotiated in practice, with Japanese managers often asserting hierarchical control while Turkish middle managers acted as intermediaries, translating and softening top-down directives. Frontline sales staff navigated these tensions by subtly resisting or reframing instructions to better fit local customer expectations. This immersion facilitated an acute awareness of the firm's operational framework, allowing direct examination of decision-making processes and the interplay of organizational dynamics. In addition to formal meetings, the first author took contemporaneous fieldnotes on contextual observations and informal conversations (for example, exchanges before and after meetings),

[2] As a notary-authorized translator and interpreter holding the JLPT N1 certification, the author possessed the formal credentials required for high-quality translation. Extensive experience living in both Türkiye and Japan provided deep cultural insight, while previous business and diplomatic interpreting roles demonstrated competence in conveying nuanced meanings in professional settings. Familiarity with secondary materials in all three languages further strengthened the author's ability to contextualize interview data within relevant literature.

[3] For example, one Japanese interview phrase was initially translated as "The best way is to buy a machine after that if you have trust in it." Following review by the native Japanese speaker, this was revised to "it's best for customers to buy after having them trust what you do," which more accurately captured the emphasis on earning customer trust through prior actions. This illustrates the attention paid to preserving meaning rather than literal wordings in cross-lingual interpretation.

which informed subsequent interviews and analytic memos. As a result of these observations, we were able to explore emerging issues and seek clarification from some of those interviewed. Observations were treated as a distinct data source, coded and analyzed alongside interviews and documents in NVivo, enabling triangulation and thematic convergence across sources. Concurrently, the research team's follow-up at the side-event sessions of the United Nations Climate Change Conferences (COP) provided insights into the firm's public portrayal of its environmental commitments and helped contextualize its strategic positioning within broader environmental discourses, thereby augmenting our understanding of its operational ethos and commitment to sustainability.

It is also important to note that data collection across Japan and Türkiye required sensitivity to cultural norms, organizational hierarchies, and patterns of deference. Power distance and indirect communication styles, especially in Japan, influenced what was said and how it was communicated in interviews and meetings. The first author, fluent in Turkish, Japanese, and English, served as a cultural and linguistic intermediary, facilitating rapport and contextual understanding (see e.g., Brannen, 1996). Although the first author conducted the interviews and on-site observations, the second and third authors—native speakers of English and Turkish, respectively—were actively involved in designing the protocols, in regular debriefings during fieldwork, and in the subsequent coding and interpretation of all English-language transcripts and translated excerpts. These complementary linguistic and cultural skills, together with independent checks by a native Japanese speaker, helped ensure that meanings were preserved and not lost in translation or filtered through a single cultural lens.

Data Analysis

We followed an abductive approach, moving iteratively between data and theory throughout the research process (Dubois & Gadde, 2002; Timmermans & Tavory, 2012). In line with a *tabula geminus* ("twin slate") stance (Kreiner, 2016), we combined inductive, line-by-line coding of interviews and fieldnotes with the gradual use of institutional logics and institutional work as sensitizing concepts, paying particular attention to how sustainability, state, and commercial logics were articulated across Japan and Türkiye and how HQ-originating PSS practices were translated, adapted, or resisted in the Turkish subsidiary and customer plants (see Online Appendix 3 for full details of the analytical steps) (Fig. 3).

Our abductive analysis unfolded in the three interlinked cycles (summarized in Fig. 4 and detailed in Online Appendix 3). In an initial cycle, we conducted largely inductive, line-by-line coding to surface recurring practices, rationales, and tensions without imposing institutional logics terminology. A second cycle drew more explicitly on institutional logics and institutional work as sensitizing concepts, guiding us to re-read the material for how actors invoked environmental goals, state regulations and incentives, and commercial pressures in justifying their decisions (Besharov & Smith, 2014; Dahlmann & Grosvold, 2017). In a third cycle, comparative coding across HQ, subsidiary, and customer accounts highlighted differences in the *pace* (accelerated vs. gradual) and *coupling* (tight vs. loose) of sustainability practices and in explicit trade-off talk, which informed the themes and aggregate dimensions reported in Fig. 3a, b.

In alignment with Corbin and Strauss (2008), our initial analysis involved thoroughly examining the transcripts to capture the evolving dynamics within the data. Initial coding focused on actors' own language and on recurring practices and value conflicts. As categories stabilized, we engaged in theoretical matching with institutional logics research (see Besharov & Smith, 2014; Dahlmann & Grosvold, 2017; Olesson et al., 2023; see also Table 1) to refine—rather than overwrite—emergent themes (Klag & Langley, 2013). In this abductive, *tabula geminus* process (Kreiner, 2016), the aggregate labels "sustainability logic," "state logic," and "commercial logic" emerged as analytic framings informed by, but not dictated by, prior theory. We also constructed case descriptions for HeatingCo HQ and HeatingCo Türkiye to facilitate comparison of emerging themes related to institutional logics and institutional work; these descriptions were refined and discussed in regular meetings among the authors.

The first and second authors independently coded an initial subset of interviews and fieldnotes, then met to discuss interpretations, merge overlapping codes, and clarify code definitions; these discussions were documented in memos and used to iteratively refine the codebook (Corbin & Strauss, 2008; Lincoln & Guba, 1986). The third author reviewed coded segments and memos, challenging ambiguous or overly theory-driven readings, and disagreements were resolved by returning to the raw material together. Observational and documentary data, including write-ups of contextual observations and relevant informal conversations, were coded in later stages and fed into the same abductive cycles as the interview data, occasionally prompting code refinements (e.g., tightening the boundaries of "state logic" after contrasting COP presentations with internal meetings). For each interviewee, we coded, occasionally prompting code refinements. Case attributes for organizational level, function, and organizational affiliation (HQ, subsidiary, customer) as case attributes in NVivo, allowing for systematic comparison of patterns across these groups. Analytically, we used this within-case heterogeneity to examine how sustainability, commercial, and state logics were articulated and enacted across HQ and subsidiary,

Table 2 Overview of data sources

Interviews			
Affiliation	Data collected	Informant info., format, duration details	Details
Japan headquarters	■ 10 interviews	Overseas executives (3), technical managers (2), branch managers (5) ■ 10 online ■ Duration: 30–60 min ■ November 2023 – April 2024 ■ 200 pages of text (transcribed verbatim)	■ Insights into how institutional logics are interpreted and enacted within the headquarters ■ Providing a baseline for comparison with subsidiary operations and customer interactions
Turkish subsidiary	■ 15 interviews	General manager (2), maintenance managers (5), business development manager (1), sales managers (2), staff (5) ■ 5 face-to-face, 10 online ■ Duration: 30–90 min ■ March 2022 – April 2024 ■ 350 pages of text (transcribed verbatim)	■ Understanding the adaptation and negotiation of institutional logics in a subsidiary context ■ Providing a focus on the interplay between sustainability and digitalization in PSS
Customers	■ 18 interviews	Factory managers (3), maintenance managers (7), chiefs (8) ■ 5 face-to-face, 13 online ■ Duration: 30–90 min ■ March 2022 – April 2024 ■ 200 pages of text (transcribed verbatim)	■ Examining how customers perceive and influence the implementation of PSS ■ Providing insights into how institutional logics and institutional work interplay in customers
	Total = 43 Interviews		
Observations			
Events	Duration	Number of meetings/sessions	Details
Internal meetings	25 h	■ 10 meetings	■ Understanding how the interrelated events unfolded in the timeline ■ In-person observations of sales and monthly meetings ■ Site visits and customer visits ■ Online participation in COP events
COP 26–28 events	10 h	■ 4 sessions of COP 26—28 ■ 200 pages of text (transcribed verbatim)	
Secondary data			
Type	Period	Number of reports	Details
Annual reports	2016–2024	■ 9 annual reports ■ 540 pages	■ Product catalog and information ■ Service catalog and information ■ Product and service manuals ■ Sustainability reports ■ Insights into sustainability strategies of the firm ■ Email to organize interviews, follow-ups, clarifications, etc ■ Triangulation of insights
Integrated reports (CSR reports)	2020–2023	■ 4 integrated reports ■ 160 pages	
IMF Reports on regulations	2023	■ 2 reports ■ 118 pages	
E-mail exchanges with companies	2022–2024	200 + emails approx	
Brochures and technical reports	2022–2024	500 + pages	

across senior, middle-management, and frontline roles, and across different customer plants, thereby surfacing patterns of convergence and divergence in institutional work within the same network.

More specifically, the iterative approach began with the first and second authors coding the raw interview data line by line, moving between existing literature and codes derived from emergent data patterns. The subsequent coding of supplementary data sources deepened our comprehension of the underlying processes (Corbin & Strauss, 2008; Lincoln & Guba, 1986). The third author read the interview transcripts and secondary sources, engaging in ongoing discussions with the first and second authors regarding emerging codes, themes, and theoretical matching. In early iterations, we used provisional labels such as "environmental stewardship," "regulatory governance," and "market

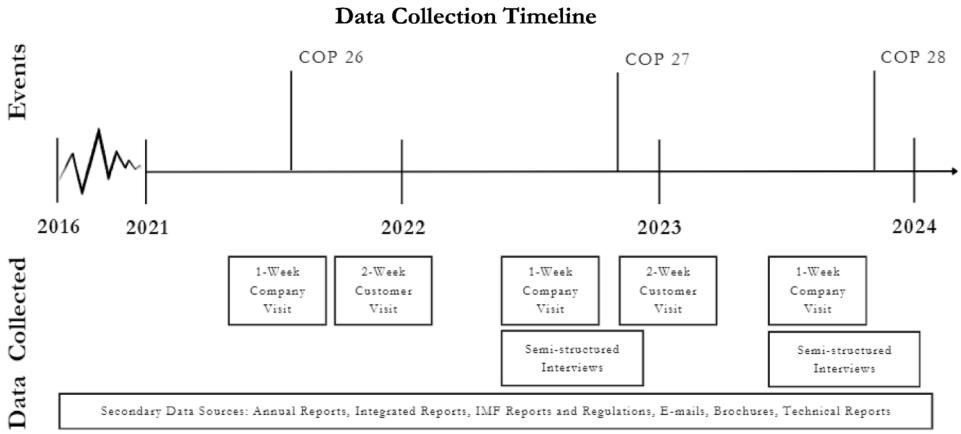

Fig. 2 Data collection timeline

competitiveness" for clusters of practices and justificatory narratives. Through repeated comparison of these clusters with both the data and the institutional logics literature, we refined these into more precise aggregate dimensions of "sustainability logic," "state logic," and "commercial logic" (see Besharov & Smith, 2014; Dahlmann & Grosvold, 2017; Olesson et al., 2023; see also Table 1).

Empirically, we coded a segment as expressing sustainability logic when actors foregrounded environmental outcomes (e.g., CO_2 reductions, resource conservation, long-term ecological impact), as state logic when regulations, standards, or state incentives were invoked as primary reasons for action or inaction, and as commercial logic when margins, price competition, sales quotas, or market share were emphasized. We also actively searched for disconfirming cases—instances where, for example, cost considerations were framed primarily as technical feasibility rather than profit-seeking—and used them to refine the boundaries of each logic (Corbin & Strauss, 2008; Lincoln & Guba, 1985). Coding examples and additional details are provided in Online Appendix 3.

As we grouped and synthesized codes into higher-level themes, comparative analysis between HQ and Türkiye revealed two distinct trajectories in how HeatingCo pursued sustainability within its PSS. We labeled as an "accelerated approach to sustainability" those instances where managers described moving ahead of regulatory timelines, rapidly adding smart service products, or reallocating resources toward sustainability projects despite short-term cost implications. A "gradual approach to sustainability" captured accounts emphasizing pilots, feasibility studies, infrastructural and investment constraints, and sequencing changes over longer time horizons. We also identified decision episodes in which actors explicitly weighed profitability against environmental outcomes. For example, accepting longer payback periods to install more efficient equipment, or postponing sustainability investments to protect short-term margins. We grouped these under the aggregate dimension of "disruption trade-off" to capture how actors prioritized either sustainability or profitability when the two came into tension. The resulting data structure is presented in Fig. 3b, with further illustration in Online Appendix 3.

Finally, based on the final coding structure, we organized the themes and aggregate dimensions into a model that captured how the institutional logics influence the adoption of PSS in an organization across two country contexts and how the institutional work undertaken shapes the translation across differing contexts. Figure 4 provides an overview of the research process (Table 2).

Trustworthiness

Following Lincoln and Guba's (1986) criteria for qualitative research quality, we implemented measures to ensure the trustworthiness of our study. Accordingly, we sought to enhance credibility, dependability, confirmability, and transferability. These measures included detailed documentation of procedures, triangulation of interviews, observations, and documents, iterative team-based coding, and insider–outsider dialogs within the author team to reduce bias. Additionally, the steps taken to uphold these standards are outlined comprehensively in Table 3, providing transparency and enabling other researchers to assess the relevance across organizational national contexts.

While a single-network design inevitably limits statistical generalizability, our aim is analytical generalization (Yin, 2014), that is, to use this analytically rich constellation to refine mid-range explanations of how competing logics shape PSS adoption in multinational settings (Eisenhardt & Graebner, 2007). As such, we do not claim direct transferability; the provision of a 'thick description' (Geertz, 1973) allows for informed comparison, facilitating analytical

generalization by highlighting the extent to which similar dynamics may be observed elsewhere.

Findings

Our analysis identifies three distinct but interrelated institutional logics influencing HeatingCo's approach to PSS adoption across Japan and Türkiye: sustainability, state, and commercial logics. While these logics occasionally overlap, they are anchored in each country's specific cultural norms, regulatory frameworks, and market conditions.

We first examine how each logic manifests within the two contexts, highlighting its significance for advancing PSS and the tensions that emerge when these logics interact. We then trace how these logics are transferred from HeatingCo's home market in Japan to its subsidiary in Türkiye, where they are translated, adapted, and sometimes contested. This analysis foregrounds the institutional work undertaken by organizational actors to navigate, negotiate, and bridge differences between contexts, offering insight into how sustainability-oriented PSS practices are enacted in practice rather than simply adopted.

The Logics Across the Two Contexts

Sustainability Logic

Sustainability emerged as a dominant organizing principle in HeatingCo's strategy and operations in both Japan and Türkiye, cutting across internal agendas and external stakeholder expectations. The sustainability logic manifested in two main ways: (1) the *imperative for sustainability* and (2) *taking steps to support the sustainability agenda*. Our analysis suggests that these themes are closely interlinked, highlighting how ecological pressures and societal expectations influence HeatingCo's approach to sustainability beyond mere compliance or opportunistic green initiatives.

The imperative for sustainability: HeatingCo's communications and informants' accounts reflect a heightened awareness of environmental degradation and resource constraints, indicating a shared belief that sustainability is a fundamental necessity for long-term viability. This emphasis was often framed in terms of water scarcity in most industrial regions and temperature increase due to industrial activities.

Corporate reports explicitly acknowledged growing environmental pressures:

> One of the profound changes in external environments that has been affecting [HeatingCo's] business over the past few years is the growing environmental concerns (HeatingCo, Integrated Report, 2022)

This demonstrates an organizational framing of sustainability as a structural shift in market and regulatory requirements, rather than a transient issue. For Japan, informants connected climate change to tangible challenges, notably the rise in summer temperatures:

> Japan is growing from north to south, and temperatures approach 40 degrees in summer... much of the energy consumed by homes comes from the use of air conditioners. (COP28-P2).

Here, high energy consumption is directly tied to climate-induced heatwaves, reinforcing how industrial activities and domestic energy use create feedback loops that exacerbate global warming.

The industrial sector's contribution to this dilemma, through substantial emissions of greenhouse gases (GHG) like carbon dioxide and methane, further aggravates and accelerates the planet's warming. The implication is that HeatingCo faces not only reputational but also operational pressures to adapt its products and services to mitigate these effects.

In Türkiye, the critical issue of water scarcity was repeatedly mentioned, with one informant articulating its escalation vividly:

> They say water used to come out at 5 meters... But over time, this has decreased to 50 meters, 100 meters, 200 meters, and so on. (CST13)

This observation highlights a structural decline in groundwater availability, signaling that unsustainable water use patterns threaten basic societal and industrial needs. Another informant linked water-intensive industries, notably textiles, to environmental harm: "Besides, for example, textile is one of the sectors that cause[s] the most damage to nature. Because there is a lot of water consumption" (CST11). Such comments suggest that HeatingCo operates within an ecosystem of interdependent industries, where shared resource constraints amplify calls for systemic sustainability measures.

Taking steps to support sustainability agenda: In response to these pressures, corporate strategies reveal a significant shift toward sustainability, a movement driven not merely by profit considerations but by the essential need to protect the environment and adapt to the planet's limited resources.

Corporate leaders framed these actions as integral to safeguarding natural resources:

> Forests not only absorb and fix carbon dioxide, but also protect biodiversity, soil, and water resources, promote human health, provide healing … (COP 27-P1, President and CEO)

This articulation situates sustainability not as an optional add-on but as foundational to organizational purpose and

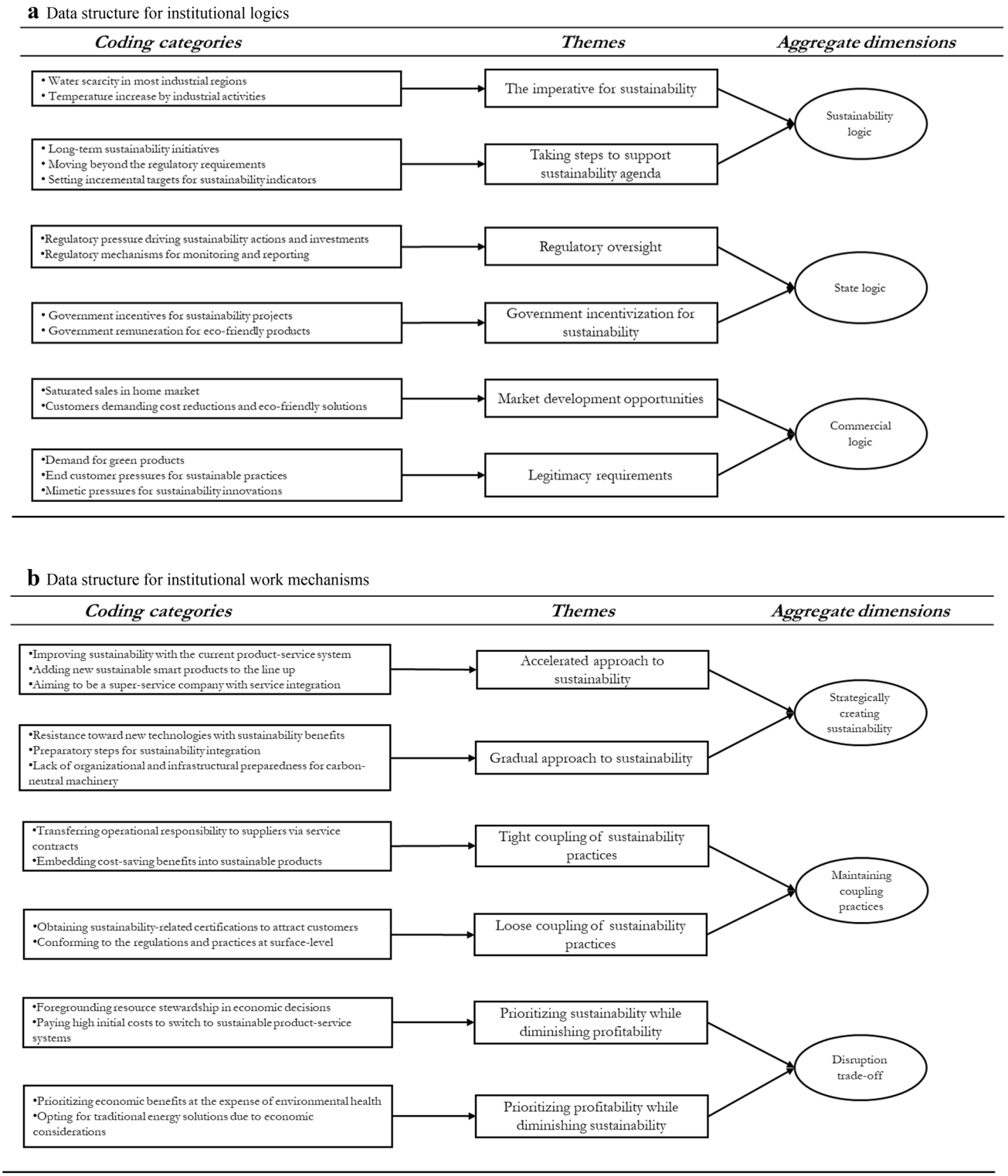

Fig. 3 Data structures

Note: The data structures in Figs. 3a and b result from an abductive analysis in which emerging codes and themes were iteratively compared with existing theory on institutional logics and institutional work (Dubois & Gadde, 2002; Timmermans & Tavory, 2012). The aggregate dimensions (e.g., sustainability, state, and commercial logics; strategically creating sustainability; maintaining coupling practices; disruption trade-off) represent the outcome of this iterative engagement with data and theory, rather than a purely inductive or post hoc relabeling exercise

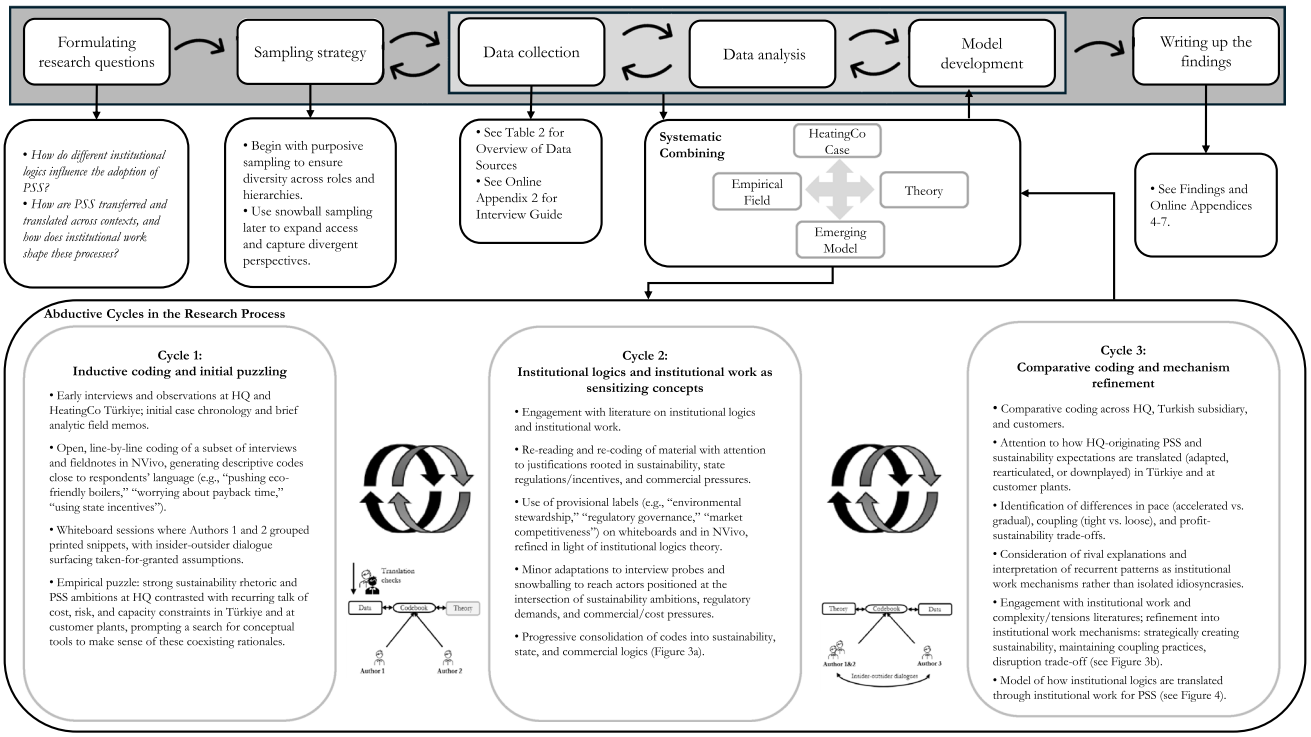

Fig. 4 Research process

legitimacy. Our findings suggest that HeatingCo HQ and Turkish subsidiary are progressively instituting sustainability initiatives with a long-term perspective. This evolution in corporate consciousness acknowledges that sustainability transcends altruistic 'doing good'; it is an imperative that underpins their desire to reduce environmental harm:

> So, well, there are many things like digitalization, but first of all, we must develop products that have less environmental impact … which I think is the minimum requirement. (JP5)

This demonstrates a shift from a compliance-driven view of sustainability to a proactive stance that embeds ecological considerations into PSS development.

In Türkiye, a participant described direct investments aimed at conserving water: "Water is very important and will be very important in the future … we planned to make such an investment [to save water]." (CST11). Customers also engaged in systemic actions aligned with HeatingCo's sustainability goals, including reducing carbon footprints, using water resources prudently, and enhancing waste recycling efforts. These measures signify a shift toward sustainable operations that are conscientious of environmental impacts and resource conservation:

> … [W]e are doing our best to save electricity. We have changed all the lamps. … So, if something needs to be done, we really do it. For example, we have reduced the use of air conditioning a lot in winter. (CST3-R2)

By setting incremental targets, HeatingCo and its customers create measurable pathways to environmental stewardship. This suggests an emerging governance structure for sustainability, where internal initiatives align with broader stakeholder expectations and collective action is mobilized across organizational boundaries.

State Logic

Our analysis indicates that state logic operates through two primary means: (1) *regulatory oversight* and (2) *government incentivization for sustainability.* Both direct HeatingCo's actions toward compliance with policy mandates and alignment with broader societal expectations.

Regulatory oversight: Across Japan and Türkiye, regulatory pressures have intensified in recent years, reinforcing the expectation that firms must adopt sustainability-oriented technologies and practices. This trend mirrors global commitments made at COP28, which set ambitious targets for emission reductions and environmental protection. One informant noted: "The state has gradually increased measures in this regard … now you can't just throw away the waste" (CST10). This statement illustrates how regulatory escalation reshapes organizational routines, making

previously tolerated practices no longer viable. It also signals that compliance now demands substantive investments in sustainable infrastructure rather than procedural adjustments.

While both countries exhibit a commitment to sustainability, their legislative frameworks differ in focus and scope. Japan has enacted laws regulating smoke, soot, and hazardous emissions from industrial sources, including targeted measures on nitrogen oxides and particulate matter from vehicles (Ian, et al., 2023). Türkiye's framework, by contrast, has broader coverage of greenhouse gas emissions across multiple sectors but lacks similarly specialized regional emission controls (Ian, et al., 2023).

Informants emphasized that regulatory mechanisms for monitoring and reporting form a critical component of oversight: "[E]nvironmental issues … are seriously monitored by the state" (CST7). These mechanisms include routine audits, inspections, and mandatory disclosures of sustainability metrics, enhancing transparency, and enabling public and investor scrutiny. However, differences in monitoring standards remain notable. Türkiye has updated its rules for GHG monitoring and reporting between 2014 and 2021, whereas Japan's JBIC (Japan Bank for International Cooperation) GREEN Operation Guidelines provide sector-specific methodologies and integrate Energy Management Systems (EMS), indicating a more differentiated approach to industrial emissions governance. This variation suggests that multinational firms like HeatingCo must navigate heterogeneous regulatory demands while maintaining consistent sustainability strategies across jurisdictions.

Government incentivization for sustainability: The second mechanism, government incentives for sustainability projects, encourages firms to invest in sustainable technologies by reducing their financial burden. One informant described how HeatingCo benefited from state-supported efficiency projects:

> … we have also invested within the scope of efficiency improvement projects—VAP (Verimlilik Artırıcı Proje). Our [parent firm] also had such an investment, and it shows this investment. There is an investment approved by the Ministry of Energy. As a result, it also shows these. In other words, incentives with government approval. Yes, yes, there are systems that have received incentives (TR8).

These incentives—tax credits, grants, or subsidies—improve project viability and accelerate the adoption of sustainable technologies across the sector.

Regulatory instruments differ between the two countries. Türkiye relies on implicit carbon pricing via fuel taxes, covering an estimated 29.9% of emissions as of 2021, with limited trading mechanisms for nitrogen oxides. Japan, by contrast, operates a national Emissions Trading Scheme (ETS) and a NO_x cap-and-trade program targeting multiple sources, including factories and power plants. These schemes create a market for emission permits, embedding sustainability objectives into corporate cost structures and strategic planning.

We also observed government remuneration for eco-friendly products in both countries, designed to stimulate green innovation and consumption. One informant in

Table 3 Research quality criteria implemented

Criterion	Strategies adopted	Measures implemented
Credibility	"Inside" researcher, insider–outsider author dialog, member check	■ Conducted iterative discussions between researchers with varying degrees of familiarity with the context; conducted member checks with key informants to validate findings
	Prolonged engagement	■ Studied firms for over 2 years
	Triangulation	■ Collected data from interviews, internal documents, external reports, and field observations to cross-verify and strengthen the analysis
	Independent check	■ Utilized an independent, native Japanese speaker to scrutinize and check transcriptions
Dependability and confirmability	Purposive sampling	■ Selected informants with deep knowledge of institutional processes and those positioned to offer diverse perspectives on the servitization practices
	Insider–outsider dialogs and data interrogation	■ Conducted regular dialogs to challenge assumptions and refine interpretations
	Records	■ Maintained comprehensive audit trails, including detailed notes on data collection, analysis decisions, and researcher reflections
Transferability	Thick description	■ Provided detailed contextual descriptions of the organizational settings and processes to enable the applicability of findings to other organizational contexts

Türkiye highlighted state support for specific technologies: "the state incentivizes flue filters,[4] almost making it a necessity" (CST8). In Japan, climate transition bonds will raise substantial funds for decarbonization initiatives:

> So, this policy certainly stimulates the industries and market change from the[ir] current status to decarbonization, and to stimulate Japan, the government … will provide ¥20 trillion. And to raise this ¥20 trillion, Japan's climate transition bond, which is a government bond, will be issued from the beginning of next year. (COP28-P2)

These policies create direct and indirect financial advantages for sustainable products, reshaping competition, and demand patterns. HeatingCo responds to such incentives by setting long-term environmental goals: "to achieve by FY2051, including reducing Scope 1, 2, and 3 GHG emissions, increasing the recycling rate of waste, and reducing water waste" (HeatingCo, Integrated Report, 2023), aligning its commercial strategy with evolving regulatory landscapes and public expectations. This alignment illustrates how state logic not only constrains but also enables firms to integrate sustainability objectives into their core value propositions.

Commercial Logic

Our findings suggest two interrelated dynamics dominate commercial logic: (1) *market development opportunities* and (2) *legitimacy requirements*. These dynamics highlight that sustainability has shifted from being a reputational add-on to a strategic necessity embedded in competitive market positioning.

Market development opportunities: HeatingCo increasingly frames sustainability initiatives as a means of creating value for industrial customers by offering solutions that reduce environmental impacts. These opportunities encompass energy efficiency, waste minimization, and the exploration of renewable energy sources and eco-friendly materials:

> Industrial customers are increasingly interested in reducing the environmental impact of their operations to help mitigate global warming. In particular, they have the challenge of reducing heat-energy usage and carbon emissions in their plants. As a leader in supplying industrial heat energy, [HeatingCo] sees a business opportunity in providing advanced heat-energy-management solutions. (HeatingCo, Integrated Report, 2023)

This illustrates how sustainability is strategically positioned as both a moral imperative and a commercial lever, opening pathways for market differentiation.

We observed that saturated sales in the home market drive HeatingCo's push into international markets. As one headquarters participant noted:

> We mainly manufacture steam boilers, but Japan is already saturated with the amount of steam used to do things. Therefore, the current amount of evaporation is not going to increase that rapidly because the various facilities are already saturated. (JP1)

This saturation compels HeatingCo to leverage its sustainability-oriented offerings as a basis for growth abroad, particularly in emerging markets like Türkiye, where industrial customers face strong cost and efficiency pressures. One customer highlighted these imperatives:

> In terms of water, electricity, natural gas, we need to be constantly efficient. We need to do projects constantly; we need to reduce their consumption. (CST6)

HeatingCo Türkiye's sales meeting revealed how these customer concerns are actively translated into PSS solutions that promise measurable reductions in resource consumption. This suggests that sustainability not only aligns with environmental goals but also becomes a core value proposition for expanding market share in resource-constrained regions.

Legitimacy requirements: Our research findings highlight the demand for green and environmentally friendly solutions within industrial markets in Japan and Türkiye. This demand is largely attributable to heightened environmental consciousness and regulatory imperatives by the state and society, compelling HeatingCo to integrate sustainability into its operations as an integral part of its operations. Concomitantly, HeatingCo progressively acknowledged the espoused advantages associated with sustainability integration by adopting practices aimed at reducing waste, mitigating carbon emissions, and enhancing resource efficiency. This trend toward environmentally conscious practices transcended diverse sectors, encompassing manufacturing, construction, and energy, in which HeatingCo supplies its products. In Japan, one participant captured the growing inevitability of sustainability standards as follows:

> Sustainability is the first thing that we need to focus on in today's world. And, of course, the environment. There is no escape from this. Everyone is taking various measures and doing various things to become carbon neutral, but if you don't make products that are geared toward that goal, you probably won't be able to participate in the competition. (JP5)

[4] A flue filter in machinery removes particulate matter and pollutants from exhaust gases before they are released into the atmosphere.

Here, sustainability functions as a threshold condition for market entry, linking product design directly to perceived legitimacy among customers and peers.

Similarly, within the manufacturing sector in Türkiye, we found that there were pressures to innovate around sustainability so that companies could emulate the successful green strategies of market leaders to bolster their competitive standing. One informant captures this dynamic, noting:

> … most of them [industrial customers] are searching [for] ways to save energy, save chemicals, save people... to increase their competitiveness by following innovations and buying new machines. (CST8)

This suggests that customers were influenced by mimetic pressures in their investment decisions regarding green innovation, providing a basis for upholding legitimacy and sustaining their competitive edge within the industry. Coupled with this, pressures from end customers for sustainable offerings are increasingly influencing business decisions. Our analysis indicates that, in both HeatingCo HQ and its Turkish operations, a substantial segment of business customers incorporates sustainability as a key criterion in procurement decisions. Observations from sales meetings reveal that some customers explicitly seek to install HeatingCo's boilers to enhance their own credibility on sustainability in the eyes of customers. Moreover, collaborations along the supply chain are facilitating the adoption of sustainable practices as firms seek to meet the sustainability requirements of their partners:

> Especially global companies … [where] environmental carbon emission is important. Companies working for Inditex, which pays a lot of attention to this... It is very important for them. As we are the boiler [firm] with the highest flue gas efficiency when carbon emission is possible, this is a great advantage for them. This is also a very big factor for them to choose HeatingCo. (TR10)

The quote suggests that, for most firms operating in today's markets, fulfilling sustainability objectives is a non-negotiable condition for being perceived as legitimate.

Our findings suggest that sustainability has become embedded within prevailing commercial logics as an essential standard by which corporate legitimacy is assessed in the market context. Accordingly, sustainability initiatives are influenced not only by formal regulatory requirements but also by informal stakeholder expectations and competitive dynamics. This dual influence creates a form of normative pressure that encourages firms to adopt sustainability practices irrespective of legal mandates. Evidence from Türkiye and Japan reveals that firms in both settings engage in such practices, though the intensity and scope vary. Notably, multinational and local firms often translate and respond to the sustainability imperative in distinct ways: multinationals tend to align with global standards, whereas local firms adapt to context-specific norms and constraints, a dynamic we explore further in the next section.

Overall, our findings suggest that HeatingCo's commercial logic is shifting toward a more integrative business model that reflects the tensions and trade-offs inherent in balancing economic, environmental, and social objectives, in line with Hahn et al.'s (2015) framework on corporate sustainability. In Japan, the firm has institutionalized a more coherent approach, embedding sustainability as part of long-term competitiveness and legitimacy. In Türkiye, by contrast, responses remain more fragmented, with sustainability primarily leveraged as a cost-saving and reputational tool in response to customer pressures. This difference underscores how commercial logic interacts dynamically with state and sustainability logics, producing varying patterns of integration and tension across organizational contexts.

Online Appendix 4 provides an overview comparison of the different logics between HeatingCo in Japan and Türkiye presented above. Further illustrative excerpts for the three logics are also available in Online Appendix 5.

Translating Competing Logics Through Institutional Work

In the preceding section, we identified three distinct but interacting logics shaping HeatingCo's sustainability journey. Here, we focus on how organizational actors translate and reconfigure these logics through institutional work in two different contexts. Our findings indicate that HeatingCo HQ demonstrates greater capacity to combine sustainability, state, and commercial logics into a coherent strategy. In contrast, within the Turkish subsidiary, these logics are enacted more unevenly, reflecting localized interpretations and context-specific constraints. This analysis highlights that institutional logics are not static impositions but subject to active negotiation and selective enactment by organizational members, leading to divergent pathways for sustainability integration.

Strategically Creating Sustainability Practices

Although institutional logics are shaped at a macro level, their realization depends on deliberate action by organizational actors. HeatingCo's experience shows that sustainability practices are strategically created, not merely adopted, as actors interpret and reconfigure external expectations within firm-specific and market-specific realities. We observe two distinct approaches: *an accelerated approach to sustainability* at headquarters, where sustainability is actively leveraged to reshape PSS offerings, and *a gradual approach to*

sustainability in Türkiye, where translation of sustainability logic is slower and more fragmented due to contextual frictions.

Accelerated approach to sustainability: At HeatingCo HQ, sustainability has been elevated from a compliance obligation to a strategic driver of innovation and market positioning with targeted initiatives for its PSS offerings. These initiatives aimed to strategically enhance energy efficiency, reduce carbon emissions, and promote environmentally conscious practices across the firm's operations. A informant highlighted the tangible environmental gains from replacing existing boilers:

> If we change the boiler to a once-through boiler that uses natural gas or LNG at 95% efficiency, the CO_2 emission reduction rate will be 64%, less than half of the current level. So, we have been making a strong effort to promote the conversion to gas. (JP3)

This indicates a deliberate reframing of sustainability logic into a calculable and commercially viable benefit, where environmental impact reduction is positioned as a clear value proposition for customers.

HeatingCo reinforced this commitment institutionally through the creation of a dedicated Sustainability Promotion Office:

> For [HeatingCo], corporate sustainability is to remain focused on using our competitive advantages to support the social infrastructure and promote environmental stewardship. To put this high-level concept into practice, we established the Sustainability Promotion Office in April 2022. This unit is tasked with visualizing and keeping track of the group-wide implementation of corporate sustainability initiatives against a set of KPIs, and keeping external stakeholders informed of the progress and outcome. (HeatingCo, Integrated Report, 2022)

By creating formal structures, HQ embeds sustainability goals into decision-making routines, enabling consistent monitoring and signaling accountability to stakeholders. These endeavors aimed to harmonize sustainability and state logics as part of the commercial logic, reflecting HeatingCo's alignment with evolving regulatory landscapes and market dynamics.

Furthermore, HeatingCo HQ developed smart, carbon–neutral equipment to support decarbonization initiatives among customers in Japan (COP26-P2). The strategy was twofold: broadening the scope of solutions offered while ensuring profitability, balancing customer value creation with the firm's bottom line. A significant stride in this direction involved integrating diverse equipment types into the service portfolio, enhancing the versatility of PSS offerings, and meeting a wider range of operational needs. HeatingCo explicitly positioned this integrated approach as a key step toward redefining itself as a "super maintenance" firm. To illustrate this ambition, corporate reports and informants framed future services as upgraded, comprehensive, and customer-oriented:

> [T]he Group will continue to offer upgraded total solutions and one-stop maintenance services and make the foundation of its legacy business more robust. (HeatingCo, Integrated Report, 2022)
>
> We are aiming for a company called 'Super Maintenance'… a one-stop shop. (JP1)
>
> In the medium term, the Company aspires to evolve from a leading manufacturer of industrial and commercial boilers into a preeminent provider of total solutions and one-stop maintenance services in Japan, assisting industrial customers in operating their entire utility and manufacturing infrastructures, including boilers, more efficiently in their plants. We intend to achieve this challenging objective by training our field service engineers to become trusted heat-energy consultants for customers. (HeatingCo, Integrated Report, 2023)

Together, these excerpts build a consistent narrative: HQ seeks to transcend product-based manufacturing toward a service-driven, consultative model that couples sustainability and commercial logics. This institutional work actively recombines environmental, regulatory, and market imperatives into a coherent strategy that strengthens competitive advantage while addressing pressing sustainability challenges.

Gradual approach to sustainability: Despite HeatingCo's efforts to transfer sustainability-focused PSS offerings to its Turkish subsidiary, adoption proved challenging. Resistance to novel technologies and services revealed tensions between competing logics, with commercial priorities frequently outweighing sustainability and state considerations due to cost sensitivity and risk aversion. As one participant explained:

> … it is a new technology. It is a technology out of the ordinary. Therefore, sometimes managers are against it. (TR2)

This highlights how decision-making in Türkiye often privileges cost control and operational certainty over environmental benefits, delaying transitions toward cleaner technologies.

Observations from sales meetings showed that unfamiliarity with advanced equipment created a trust deficit among prospective customers. Many questioned whether the systems could reliably meet production load demands, slowing purchase decisions and forcing sales teams to focus on reassurance rather than closing deals. This incrementalism was openly acknowledged:

> But while we are still using coal boilers, it is not really right to switch to hydrogen all of a sudden in most regions. So … slowly, gradually, step by step, first you will digest it, you will learn to use it, you will reach the awareness of this. After that, I think it is definitely healthier to do this gradually to a higher technology. (TR13)

The Turkish subsidiary, therefore, adopted a phased strategy, delaying the introduction of carbon–neutral equipment until existing solutions were fully embedded and accepted. This incremental progression ensured that innovation does not outpace the organization's capacity for change, thereby maintaining a balance between novel advancements and operational stability. Nevertheless, HeatingCo's potential introduction of advanced low NO_x equipment, an enhancement over existing low CO_2 technologies, was met with apathy in the Turkish market. This indifference is captured succinctly in the following:

> But unfortunately, not much attention is paid to nitrogen emissions and carbon emissions in Türkiye (TR2).

This response suggested that the Turkish market is still at a nascent stage in adopting advanced technology or that other underlying factors, such as economic considerations, a deficit in awareness, or regulatory constraints, played a role. Moreover, some HeatingCo customers expressed a willingness to adopt carbon–neutral technologies but highlighted significant infrastructural limitations that constrained feasibility. One customer illustrated how technical and environmental conditions made transitioning to renewable energy sources problematic:

> We had a lot of meetings online [with solar panel suppliers], but the systems at the location of our factory, that is, the amount of sun we receive annually, the amount of sun we receive daily, [the amount required to] meet the steam we consume, which is already sliced away at night. Therefore, it seems a little difficult to be honest. (CST6)

This quote highlights two key challenges: insufficient solar energy availability to meet high steam demands and technical mismatches between renewable installations and operational requirements. Such constraints underscore that the adoption of sustainable PSS in Türkiye is not solely a matter of willingness or awareness but depends heavily on complementary infrastructure and reliable energy inputs. Without these foundational conditions, firms are unable to progress toward carbon–neutral technologies despite expressed interest, leading to a slower and more incremental sustainability transition.

Moreover, observations from internal meetings revealed that maintenance teams regularly encountered technical challenges related to both the installation process and customers' effective use of the equipment. These difficulties often stemmed from mismatches between product specifications and on-site conditions, requiring additional post-installation adjustments. In certain regions, frictions also arose due to delays or constraints in extending gas pipeline infrastructure, which often impeded operational readiness.

While the aspiration for sustainability undoubtedly existed, practical impediments need to be surmounted to actualize PSS adoption. HeatingCo HQs accelerated its sustainability efforts, aligning with the growing adoption of such practices among customers in Japan. However, these efforts faced challenges when translated into Türkiye, where a more gradual approach to sustainability prevailed. Our findings suggest that customers in Türkiye require a set of preparatory steps before full sustainability integration becomes viable for their operations. These steps involve upgrading plant infrastructure with digital remote monitoring and PLC systems,[5] retrofitting existing facilities for energy efficiency, and training personnel in PSS-based delivery models. Financial readiness also emerged as a constraint, with some customers requiring access to blended financing mechanisms, such as green bonds, development finance, and private equity, to absorb the initial costs of smart technologies. Organizational alignment was equally important. Companies needed to synchronize strategic objectives with sustainability goals, establish cross-functional teams for service co-creation, and restructure internal processes to support outcome-based contracts and long-term service relationships.

Taken together, the distinction between accelerated and gradual approaches was not confined to the examples we highlight. Similar accounts of bringing forward decarbonization targets and rapidly adding smart-service features appeared in several HQ interviews and internal meetings, whereas managers at the Turkish subsidiary and customer maintenance chiefs repeatedly described sequencing sustainability-related changes through pilots, feasibility studies, and alignment with investment cycles. One obvious alternative explanation is that HQ simply faced fewer technical or infrastructural constraints than customers, but even in situations where similar technical solutions were technically available in Türkiye, actors framed their hesitation primarily in terms of commercial risk and alignment with local regulatory incentives. This suggests that differences in how sustainability, state, and commercial logics were combined, rather than technical feasibility alone, underpinned the divergent trajectories.

In sum, strategic creation of sustainability practices is contingent on local agency and context. While HQ actively

[5] Programmable Logic Controller systems.

reshapes offerings to integrate sustainability into commercial advantage, Türkiye is found to follow an adaptive, incremental path shaped by infrastructural constraints, risk perceptions, and market readiness. These variations highlight how institutional logics are enacted through situated practices rather than uniformly imposed, creating divergent trajectories for sustainability transitions within the same multinational firm.

Maintaining Coupling Practices

Having created sustainability practices to support PSS, HeatingCo HQ sought to bridge the competing logics at play by tightly coupling them in Japan. However, when transferred to Türkiye, these same practices were translated into a looser form, producing weaker connections between sustainability, state, and commercial logics. Our findings suggest that the degree of coupling reflects how local actors perceive risks, incentives, and legitimacy requirements, shaping the depth of sustainability integration in practice.

Tightly coupled sustainability practices: At HQ, institutional work focused on embedding sustainability more firmly within commercial operations and customer relations. One central strategy involved delegating operational responsibilities to suppliers via service contracts, thus reducing buyer hesitancy over new technologies:

> So, we would like to make good use of our maintenance organization to provide maintenance services for other products as well, and to increase the use of heat in an effective way. (JP2)

By taking ownership of maintenance obligations, HQ lowered perceived risks for customers, making adoption of sustainable technologies more attractive. This reflects a deliberate attempt to bridge commercial and sustainability logics through relational contracting, redistributing responsibility for performance and reliability across the supply chain.

HeatingCo also embedded cost-saving features into sustainable offerings, particularly targeting reductions in personnel expenses. This strategy linked sustainability improvements with tangible economic benefits, aligning with both market and regulatory pressures. The company's integrated report formalizes this alignment through a staged Scope 3 policy:

> Two-phase approach: (1) In the medium term, switch boiler fuels from oil to natural gas, improve boiler efficiency, recover and use unused and waste heat, and conduct energy-efficiency assessments of customers' equipment and plants; (2) In the longer term, switch boiler fuels to hydrogen- and ammonia-based fuels, take a methanation approach, and offer total energy solutions to customers (HeatingCo, Integrated Report, 2023)

This sequencing demonstrates deliberate coupling of logics over time: sustainability goals are incrementally integrated into commercial offerings, underpinned by regulatory expectations and long-term technological shifts toward decarbonization. HQ's institutional work thus produces tighter coupling where environmental stewardship, cost efficiency, and compliance reinforce one another.

Loose coupling of sustainability practices: In Türkiye, coupling between sustainability, state, and commercial logics was more tenuous. Our findings indicate that some customers complied with regulations and HeatingCo's sustainability initiatives primarily for symbolic reasons, without committing to deeper environmental change. As one informant states:

> Now they supply products to Inditex, so they have to do what Inditex wants, but for companies that manufacture and sell their own products, i.e., sell to local brands in Turkey, and don't pay much attention to these kinds of things [sustainability], this is not easy. (TR11).

This loose coupling reflects a pragmatic response to external expectations, where firms signal alignment with sustainability norms to maintain market access while minimizing operational disruption or investment costs.

One informant described the instrumental use of renewable electricity certificates to signal sustainability credentials to buyers:

> The remaining part of the electricity we use is certified with the I-REC certificate. It is a document stating that 100 percent of the electricity you purchase is electricity produced from renewable energy sources. We definitely buy all of them in this way, so that when we calculate the cost when we produce one meter of fabric against our customers, it looks like one meter of fabric does not consume any electricity. (CST6)

This quote illustrates how sustainability certifications can function as market-facing legitimacy tools, shaping customer perceptions without necessarily transforming production processes or environmental impacts. In such cases, certifications satisfy commercial and reputational demands but decouple from substantive ecological benefits.

Our analysis suggests that this surface-level adherence results in weaker integration of the three logics in Türkiye. Commercial interests dominate, with sustainability framed as a transactional requirement rather than a long-term strategic goal. Loose coupling may secure short-term legitimacy in supply chains but limits HeatingCo's ability to drive systemic environmental improvements, highlighting the

challenge of translating sustainability practices when market incentives for genuine adoption are weak or primarily symbolic.

More broadly, tighter coupling of sustainability practices to contracts and routines was a recurrent theme in HQ accounts and in observations of contract negotiations and performance reviews, where monitoring and reporting on efficiency and emissions were integrated into ongoing service relationships. By contrast, subsidiary and customer accounts more often pointed to loose coupling, where sustainability was emphasized in presentations or bid documents but was not tracked or followed up systematically in day-to-day interactions. While this might be attributed solely to resource constraints or immature measurement systems on the ground, we also observed instances where the capacity to monitor sustainability performance existed but was selectively used when it supported commercial arguments. This pattern led us to interpret the degree of coupling as an outcome of how commercial, state, and sustainability logics were prioritized, rather than as a simple reflection of technical capability.

Overall, our findings reveal that the coupling of sustainability, state, and commercial logics is not uniform but varies significantly across contexts. In Japan, HeatingCo HQ engages in institutional work that purposefully tightens the linkages among these logics, using contractual arrangements, cost-saving features, and staged technological pathways to align environmental stewardship with market and regulatory imperatives. By contrast, in Türkiye, sustainability often remains loosely coupled to core commercial practices, with firms adopting symbolic certifications and surface-level compliance to meet buyer expectations while limiting deeper operational change. This variation demonstrates that coupling is not a stable condition, but a negotiated outcome shaped by local interpretations of risk, legitimacy, and economic constraints. As a result, attempts to translate sustainability practices globally encounter divergent enactments, where the intended integration of logics is diluted, deferred, or contested in specific market settings.

Disruption Trade-Off

While HeatingCo has actively developed and maintained PSS aligned with sustainability goals, our findings reveal divergent implementation patterns between Japan and Türkiye. In navigating competing demands, organizational actors and customers make trade-offs between ecological commitments and commercial viability. These choices reflect different prioritizations: prioritizing sustainability while diminishing profitability in Japan versus prioritizing profitability while diminishing sustainability in Türkiye. Such differences illustrate how the enactment of sustainability practices is contingent not only on organizational strategy but also on how external stakeholders perceive and respond to the tensions between logics.

Prioritizing sustainability while diminishing profitability: In Japan, our data highlight a strong orientation toward sustainability among HeatingCo HQ's customers and industry peers. As one informant noted, companies are already "taking various measures and doing various things to become carbon neutral" (JP3), indicating that environmental responsibility has become a collective expectation shaping decision-making across industrial markets. Even when HeatingCo's products required higher upfront investments, customers demonstrated a willingness to bear these costs, anticipating long-term savings and environmental benefits:

> So, the rumor spread, and eventually, people said, 'Well, [HeatingCo] is expensive, but it saves energy, so if the price is 1.3 times as much, I'll buy [HeatingCo],' or if the price is 1.2 times as much, I'll buy [HeatingCo]. (JP2)

This highlights that economic rationality in this context is redefined: profitability is assessed not just on initial cost but on lifecycle value and environmental impact. Sustainability logic thus reshapes commercial logic, fostering a willingness to invest in cleaner solutions despite immediate financial disadvantages.

Customers' trust in HeatingCo's product quality and reliability reinforces this dynamic, with firms viewing purchases as both prudent economic choices and contributions to broader ecological goals. HeatingCo's reputation for durability and efficiency appears to mitigate risk perceptions, making sustainability-oriented investments more attractive over time.

Furthermore, our findings suggest that this approach is partly supported by state logic, where regulatory frameworks and national decarbonization agendas create expectations for firms to pursue net-zero strategies. In this setting, sustainability and state logics converge to guide market behavior, and commercial logic adapts accordingly, even if it requires short-term profit sacrifices. However, this coupling is not without challenges: the pursuit of aggressive sustainability targets can slow return on investment and place financial strain on firms competing with lower-cost, less sustainable alternatives, creating persistent tensions that HeatingCo and its customers must navigate.

Prioritizing profitability while diminishing sustainability: In Türkiye, the balance between logics differs markedly, with cost considerations frequently overriding environmental imperatives. A HeatingCo informant summarized this stance succinctly: "cost is the first thing" (TR10). Customers often expressed reluctance to allocate resources toward sustainable technologies, weighing immediate financial pressures more heavily than long-term environmental or regulatory benefits:

> The bosses are not always in favor of this. Sometimes, they look favorably. Yes, he says it is profitable for me, and sometimes he says, "Forget it, I won't give it my money now." (CST6)

This pragmatic orientation steers many firms toward traditional energy solutions perceived as cheaper and more predictable, even when cleaner alternatives are available. Several informants highlighted a broader market trend of clinging to coal and other carbon-intensive energy sources despite global decarbonization efforts:

> The whole world is moving in the direction of eliminating coal use, but in Türkiye, the opposite is true. (TR14).

Some customers reverted to highly polluting production methods to meet energy demands at lower costs:

> They stopped most of the natural gas heating boilers last year and replaced them with large coal boilers, burning coal and putting olive oil in the coal. They... increased the amount of heat and changed to a method of producing steam. (TR14)

These practices reflect a fusion of commercial and state logics that tacitly legitimizes unsustainable energy use. Weak enforcement mechanisms, coupled with limited financial support for green transitions, allow firms to privilege immediate cost savings despite their adverse environmental consequences.

This behavior is consistent with broader market conditions in Türkiye, where coal-powered electricity consumption continues to rise (Gümüş, 2024). For many firms, sustainability investments are seen as discretionary rather than essential, particularly when customers or regulators do not impose strict environmental performance criteria. As a result, HeatingCo's sustainability initiatives often struggle to gain traction, as potential buyers weigh uncertain long-term benefits against pressing short-term cost constraints.

Across the case as a whole, explicit disruption trade-offs—where managers weighed short-term profitability against longer-term sustainability outcomes—appeared in accounts from HQ executives, Turkish subsidiary managers, and factory managers in several customer plants. Interviewees described decisions to accept longer payback periods or lower margins in order to install more efficient but expensive equipment, alongside decisions to postpone or scale back sustainability investments to protect short-term cost targets. We considered whether these accounts might instead reflect a general risk aversion or a narrow focus on fuel savings, but the way actors explicitly contrasted "what we gain in CO_2 terms" with "what we lose in margin," and the fact that some were willing to accept technological risk when profitability was favored, suggests deliberate balancing of competing logics rather than generic caution.

Taken together, these findings highlight that disruption trade-offs are contextually negotiated. In Japan, environmental imperatives and state policies redefine commercial priorities, encouraging customers to accept lower short-term profitability to achieve sustainability targets. In Türkiye, market and institutional conditions tilt the balance toward profitability, sidelining environmental considerations even when cleaner options are available. These contrasting patterns underscore how institutional logics interact dynamically in practice, producing locally specific compromises that shape the pace and depth of sustainability transitions.

Online Appendix 6 provides an overview comparison of the institutional work undertaken in Japan and Türkiye. Further evidence is presented in Online Appendix 7, including illustrative data excerpts.

Toward a Model for Understanding the Interplay of Institutional Logics and Institutional Work

Based on our findings, we propose a model that captures the interplay among the competing logics—sustainability, state, and commercial—in advancing PSS, as illustrated in Fig. 5. This model underscores the divergent interactions of these logics across different national contexts. As a guiding force, the sustainability logic promotes practices that contribute to social justice, environmental protection, and economic stability, resonating with the findings of Arenas et al. (2020). It is a critical driver for change, with proactive steps taken by firms to embed sustainability into products, services, and operations. Yet translating these ambitions into practices across contexts is far from straightforward. Delivering such sustainability targets often requires firms to undertake substantial transformations in their business models (Visnjic et al., 2025). The state logic is operationalized through governmental initiatives that set eco-centric benchmarks and incentives, aligning business practices with societal and policy expectations (Pesterfield & Rogerson, 2023). This logic is variably demonstrated in the regulatory actions of the Japanese and Turkish governments to discourage non-sustainable operations while promoting sustainable ones. Concurrently, the commercial logic is influenced by market potential and the necessity to affirm sustainability's authenticity (Kok et al., 2019). It requires a strategic balance between profit generation, practicality, and ethical responsibility, ensuring that firms prosper financially and maintain their legitimacy. This logic is illustrated by some Turkish customers who demand sustainable practices from their providers, prompting these suppliers to reduce their ecological footprint to uphold their credibility.

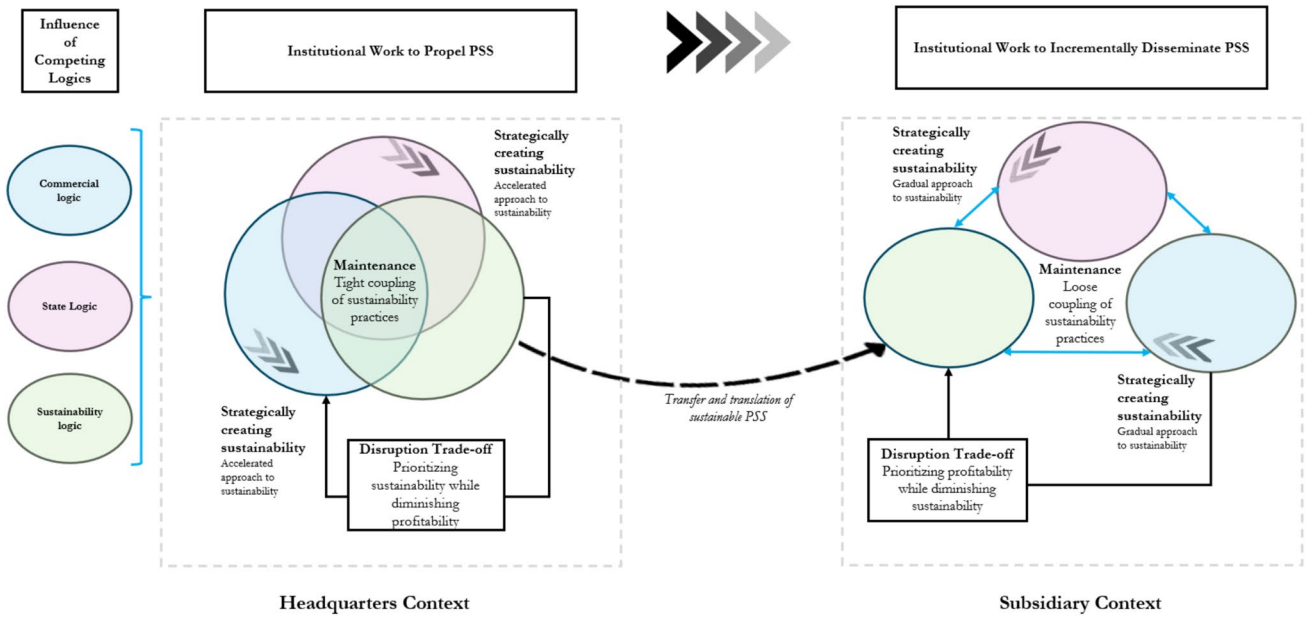

Fig. 5 A model of how institutional logics are transferred and translated through institutional work

Our research extends the discourse on institutional work mechanisms of creation, maintenance, and disruption undertaken by organizational actors to actively shape institutions (Jarzabkowski et al., 2009; Liu et al., 2016; Yin & Jamali, 2021). We observed that HeatingCo HQ, its Turkish subsidiary, and its customers engage in institutional work to cultivate sustainability, balancing the act of maintaining current practices with the trade-offs of disruptive innovation. In many developed nations, the quest for sustainability is driven by collective efforts from both the commercial sector and the state, each propelled by distinct logics (see Fig. 4). The state's ambitious net-zero targets demonstrate a commitment to environmental objectives, while the commercial sector, recognizing that consumer preferences increasingly favor sustainable practices, adapts swiftly. Our case study of HeatingCo underscores this point, as the firm recognized the necessity of integrating sustainability into its PSS for survival. The convergence of state directives and market demands leads to a strong alignment of sustainability efforts, prompting a reevaluation of traditional profit-centric models toward prioritizing long-term environmental and social gains, leading to a tight coupling of the logics. HeatingCo's initiative to develop carbon–neutral products and provide PSS exemplifies this shift. This approach, however, often entails a trade-off, where prioritizing sustainability may initially impact profitability. For instance, HeatingCo HQ faced substantial upfront costs and additional consumable expenses (e.g., parts, labor, chemicals). However, this transition is regarded not merely as compliance but as a strategic investment in securing relevance and competitive positioning.

Cultural context plays a significant role in shaping how sustainability is approached, implemented, and maintained within organizations. In Japan, long-term orientation, collective responsibility, and a strong commitment to technological advancement contribute to a proactive stance on sustainability. HeatingCo HQ, operating within this environment, integrates carbon–neutral technologies and smart systems in alignment with societal expectations. These practices are not only adopted but also maintained through structured service models and operational controls, reflecting cultural norms that emphasize duty, trust, and quality. In contrast, Türkiye's business culture, characterized by cost sensitivity and risk aversion, supports a more incremental approach. Here, sustainability initiatives often require extended preparation, including infrastructure development and workforce training, before they can be fully embedded. Maintenance practices also differ. In Japan, sustainability is tightly coupled with operational routines, while in Türkiye, compliance may be more symbolic, driven by external expectations rather than internalized values. This distinction extends to how disruption is managed. Japanese customers may accept short-term losses in favor of long-term environmental goals, whereas Turkish customers tend to prioritize economic stability, often resisting changes that threaten immediate returns. These cultural differences shape not only the pace of sustainability and PSS adoption but also its depth and resilience within organizational systems.

Our analysis has led to the development of a model that elucidates the transfer and adaptation of sustainability logic in HeatingCo across the two different country contexts (see right-hand side of Fig. 4). The process of translating

sustainability principles often encounters obstacles due to disparities in economic capabilities, technological progress, and institutional structures, which may render the direct application of sustainability practices in one country ineffective in the other. In the case of HeatingCo HQ, the transfer of sustainability logic to a market with differing commercial and state logics manifests differently, making it distinct from those in the home market. Consequently, sustainability practices must be reinterpreted to align with the local context, leading to a looser coupling of the different logics. This necessitates that while the foundational principles of sustainability are maintained, their implementation must be judiciously tailored to ensure practicality and efficacy in different countries, thereby fostering a sustainable transition that is both relevant and advantageous.

Our research suggests that sustainability practices may often be disseminated incrementally through commercial and state logics but hindered by systemic impediments. The state's ambition to achieve net-zero emissions is frequently at odds with the constraints of limited resources and infrastructural shortcomings, resulting in more lenient regulatory measures. In Türkiye, for instance, economic and infrastructural realities have necessitated a measured approach to sustainability for HeatingCo. Customers, while cognizant of sustainability concerns, may confront difficulties in procuring sustainable alternatives, leading to occasional concessions on environmental standards. Such scenarios contribute to a relaxed integration of sustainability practices, where businesses might resort to less sustainable methods for profit retention or superficially adopt green measures. Our findings suggest that HeatingCo Türkiye's customers primarily seek environmental certifications to enhance market appeal, adhering to regulations nominally. This prioritization of immediate financial returns can lead to a compromise where sustainability is relegated in favor of short-term economic benefits, as illustrated by HeatingCo Türkiye's customers who favor coal-fired equipment for their main production line while relegating natural gas-burning apparatus to a secondary role.

Our model thus advances understanding of the interplay between institutional logics and institutional work in three ways. First, it demonstrates that global sustainability logics do not simply cascade across organizational boundaries but are actively translated through creation, coupling, and tradeoff mechanisms shaped by context. Second, it highlights that institutional work can lead to divergent enactments of sustainability—proactive and tightly coupled in some settings, incremental and loosely coupled in others—depending on market, regulatory, and cultural conditions. Third, it provides a processual view of sustainability transitions in multinational firms, depicting them as ongoing, contested accomplishments rather than linear diffusions of global norms. By unpacking these dynamics, the model contributes to research on sustainability transitions and institutional theory, showing how competing logics are not just constraints on action but resources that organizational actors interpret, recombine, and prioritize differently across contexts.

Discussion and Conclusion

The growing sustainability imperative in business practices has highlighted the critical role of PSS as a transformative solution to align economic, environmental, and societal goals. Yet, implementing and transferring PSS across national contexts marked by distinct institutional logics presents significant challenges. While sustainability logic is often prioritized for its long-term benefits, it frequently intersects with commercial and state logics in ways that generate both synergies and tensions. By examining these intersections, we illuminate the forms of institutional work required to address systemic impediments and balance conflicting priorities by focusing on the dynamics of institutional logics—how they manifest, interact, and influence PSS adoption.

Theoretical Implications

This study explores how sustainability, state, and commercial logics manifest and interact in the adoption of PSS across countries (Doni et al., 2019; Kohtamäki et al., 2023; Paiola et al., 2021) by demonstrating that the transfer and translation of PSS is not merely a technical or operational challenge, but an institutional one, requiring actors to bridge multiple, and at times competing. logics. We contribute to institutional logics (Friedland & Alford, 1991; Kok et al., 2019; Lounsbury et al., 2021; Reay & Hinings, 2009; Thornton & Ocasio, 1999; Thornton et al., 2012) and institutional work research (Jarzabkowski et al., 2013; Lawrence & Suddaby, 2006; Seo & Creed, 2002) by specifying the micro-level strategies through which organizations seek to align PSS architectures with local cultural, market, and regulatory contexts.

Our findings reveal three distinct logics—sustainability, state, and commercial logics—that have emerged in different countries. While these logics share certain commonalities, they exhibit characteristics specific to each country's context, highlighting discernible differences in their progression. Our research reveals a growing trend of sustainability logic in both contexts, reflecting a shared awareness of sustainable practices and a strategic shift. Sustainability logic prioritizes environmental preservation, recognizing its importance for future generations and societal well-being, and emphasizes the interdependence of economic prosperity

and ecological health, urging businesses to integrate sustainability into their operations (Arenas et al., 2020; de Clercq & Voronov, 2011; Sine & Lee, 2009). Additionally, our findings outline state logic, which combines regulatory oversight and government incentives to guide organizational behavior, ensuring compliance with laws and encouraging practices that align with state goals (Pesterfield & Rogerson, 2023; Yin & Jamali, 2021). This logic uses the state's coercive power to enforce standards and positive inducements to promote environmentally beneficial activities. In the interplay of sustainability and state logic, commercial logic encounters distinct challenges and prospects, delineated as market development opportunities and legitimacy requirements for sustainability. Within businesses, commercial logic is driven by the imperative to optimize economic outcomes while conforming to industry standards and stakeholder expectations to be perceived as legitimate and credible (Dahlmann & Grosvold, 2017; Diebel et al., 2024; Smets et al., 2015). Our research shows how these logics interact, often presenting competing and conflicting priorities, such as profit optimization versus social and ecological responsibility. For example, the commercial drive for economic efficiency can conflict with sustainability and state requirements, creating operational and strategic tensions for businesses. Thus, a proficient and holistic combination of these logics entails balancing profit imperatives, operational viability, and social responsibility.

Additionally, our study uncovers three forms of institutional work: strategically creating sustainability practices, maintaining coupling practices, and the disruption trade-off. We reveal that PSS in Japan initially faced distinct challenges when transferred to Turkiye. To this end, the first theme relates to the institutional work of strategically creating sustainability practices manifested in accelerated versus gradual approaches to sustainability practices across different contexts. The gradual approach to creating sustainability practices shows slower adoption due to obstacles like resistance or resource scarcity. In contrast, the accelerated approach signifies rapid advancement and demonstrates how sustainability logic can be infused into commercial and state logics through strategic initiatives. This duality reflects the complex nature of sustainability implementation (Arenas et al., 2020; Hahn & Pinkse, 2022). Our findings reveal a critical divergence between the Japanese headquarters' approach of harmonizing and integrating the three institutional logics versus Turkish customers' tendency to keep these logics separate in their operations. This divergence can be further illuminated through a paradox lens (Hahn & Pinkse, 2022), which highlights the inherent and persistent contradictions within sustainable PSS models, particularly between their marketability and their substantive sustainability potential. In the Japanese context, the headquarters' institutional work demonstrates an ability to navigate these paradoxes by embracing commercial, state, and sustainability logics not as mutually exclusive but as interdependent. This is consistent with paradox scholars' emphasis on "both/and" approaches (Smith & Lewis, 2011), wherein tensions are accepted and navigated rather than suppressed or resolved. By contrast, the Turkish subsidiary appears to adopt a more "either/or" logic, addressing institutional logics sequentially or by compartmentalizing them. This strategic separation of logics may reduce short-term conflict but may also inhibit the evolution of a fully integrated PSS model, and in doing so, it inadvertently reinforces the very paradoxes that the headquarters has learned to work with. As Hahn and Pinkse (2022) argue, managing paradoxes requires proactive design strategies that acknowledge and work within these tensions, whether through contracting mechanisms, marketing narratives, or stakeholder engagement practices. Likewise, variations in institutional arrangements across countries require harmonization work that aligns organizational practices with divergent regulatory, cultural, and market logics to ensure coherence in sustainability strategies (Fortanier et al., 2011).

The second theme identified relates to two types of maintenance coupling practices: tight and loose. Loose coupling enables firms to project responsiveness to sustainability demands while aligning selectively with initiatives that offer strategic value for their business models. Our findings show that local institutional conditions and competing logics shape these coupling practices, as political shifts can recalibrate sustainability agendas. This aligns with Hahn et al.'s (2015) view that firms face persistent tensions when pursuing environmental, social, and economic goals, often requiring selective and adaptive responses. These insights contribute to institutional theory by extending our understanding of how businesses manage institutional plurality through selective engagement and phased adaptation (Jarzabkowski et al., 2013; Thornton et al., 2012). Finally, our third theme reveals that disruption trade-offs emerge when prioritizing one logic diminishes another, as in cases where short-term profitability pressures weaken commitments to substantive sustainability, leading to organizational dissonance. This dissonance can lead to broader organizational change and necessitates reevaluating existing institutions and practices to realign with stakeholder interests.

Our findings culminate in a model that elucidates the processes of transferring and adapting sustainability logic across institutional contexts, contributing to the theoretical understanding of institutional work. While prior studies have examined institutional logics in isolation, our research extends this by exploring their interaction in cross-national sustainability initiatives (Kok et al., 2019; Thornton et al., 2012). We demonstrate how disparities in institutional logics shape the direct application of sustainability principles across countries, underscoring the need for contextualized approaches to PSS implementation. These findings advance

institutional theory by emphasizing the progressive and context-dependent nature of sustainability adoption, providing actionable insights for firms responding to the complexities of global sustainability transitions.

Finally, our findings intersect with the sustainable business models and business case literatures by clarifying how firms seek to integratively create environmental, social, and economic value in varied institutional contexts and how PSS serve as a way to achieve this. At headquarters, sustainability is integrated into the value proposition (low-emission, high-efficiency solutions), into value creation and delivery via a PSS architecture (service-intensive PSS, diagnostics, long-term maintenance), and into value capture (efficiency and reliability gains), consistent with sustainable business model design principles and archetypes (Bocken et al., 2014; Evans et al., 2017; Schaltegger et al., 2016). Viewed through a business-case lens, this tight coupling of sustainability, state, and commercial logics within PSS offerings resembles a responsible or collaborative business case rooted in ethical motivations that embed environmental and social responsibilities into core operations, even considering near-term costs (Schaltegger & Burritt, 2018). By contrast, in Türkiye, short-term cost considerations and infrastructural constraints contribute to loose coupling of the PSS elements and to more symbolic or reputational adoption, for example, certification-led compliance without commensurate reconfiguration of PSS processes, which align with evidence that external stakeholder pressures tend to elicit symbolic moves, whereas proximate internal pressures more often drive substantive change and which raises normative concerns about superficial conformity (Block et al., 2024; Dyllick & Muff, 2016). Conceptually, our model specifies institutional work, namely strategic creation, coupling or decoupling, and disruption trade-offs, as the mechanisms through which sustainable business models and their PSS variants are transferred and translated across contexts; this process yields either substantive integration of PSS-based sustainability practices or selective decoupling depending on regulatory, cultural, market logics, and it frames integrative value creation as an ethical project of balancing responsibilities of multiple stakeholders.

In sum, this study advances institutional theory by explaining how sustainability logic is transferred and adapted through PSS across national contexts, and how its interaction with state and commercial logics produces both symbolic and substantive outcomes. By identifying the institutional work underpinning PSS translation—strategic creation, coupling, and disruption trade-offs—we show that effective implementation requires context-sensitive alignment of global principles with local realities. Our findings underscore the ethical imperative for businesses to bridge institutional logics responsibly, stressing the imperative of prioritizing and embedding sustainability concerns and practices within PSS design and delivery. The resulting model offers a framework for understanding how economic, technological, and institutional disparities shape pathways through which PSS can contribute meaningfully to sustainable development between countries.

Importantly, our claims are not about "national cultures" as such but about organizational mechanisms inside a particular type of multinational constellation. The unit of inference is the set of mechanisms through which institutional logics are translated and combined in a PSS-oriented HQ-subsidiary-customer network, rather than Japan and Türkiye per se. We expect the mechanism we identify—strategically creating sustainability through accelerated or gradual approaches, maintaining tighter or looser coupling of sustainability practices, and managing disruption trade-offs between profitability and sustainability—to be most relevant in multinational firms where subsidiaries face mixed sustainability, state, and commercial logics, are subject to non-trivial HQ influence, and operate in institutional environments where state regulation and incentives shape energy and sustainability decisions. By contrast, we would not expect the patterns we document to travel straightforwardly to wholly local firms with no HQ-subsidiary power asymmetry, to subsidiaries enjoying very high autonomy vis-à-vis headquarters, or to settings where state involvement in environmental or energy policy is minimal. In line with an analytical generalization logic for qualitative case studies (Yin, 2014), our aim is therefore not to claim broad empirical generality, but to offer a theoretically grounded account of how competing logics can be translated through institutional work in a particular kind of PSS-oriented multinational network, which readers can then assess for transferability to contexts that share similar organizational and institutional features.

Practical and Policy Implications

The present study provides several practical and policy implications. First, the findings highlight the need for businesses to adopt a context-sensitive approach when introducing sustainability practices. Corporations must comprehend the distinct attributes of sustainability, state, and commercial logics within these settings. Such comprehension is crucial for the formulation of corporate strategies that are congruent with these local logics. Effective implementation of these strategies is likely to enhance the efficacy of scope 3 emission reduction, especially in such countries as Türkiye. Commercial logic is primarily concerned with fulfilling market demands, whereas sustainability logic encompasses a broader spectrum, including the preservation of regional culture. These logics significantly impact supplier sustainability performance, with the process of supplier development emerging as a critical focus for supply chain managers

in the observed context. Similarly, the divergent approaches we identified across Japan and Türkiye to addressing institutional logics raise broader implications for international sustainability efforts. One key insight is that subsidiaries may require support not just in transferring PSS models structurally, but also in cultivating the cognitive framing and institutional work capacity necessary to bridge competing logics locally. If sustainable PSS are indeed fraught with paradoxes, as Hahn and Pinkse (2022) assert, then harmonizing logics is not about eliminating contradiction but about fostering organizational ambidexterity and institutional reflexivity.

Furthermore, managers must calibrate the institutional work designated for their organizations to adeptly shape and prime for interpreting sustainability logics within their particular environments. This necessitates a dialogical approach, a thorough comprehension of local socio-economic dynamics, cultural subtleties, and regulatory structures, and modifying sustainability practices to align with these factors. Such strategic adaptation ensures both the effective transfer of sustainability logics and their resonance with local stakeholders, thus promoting a more seamless shift toward sustainable operations within these economies. Finally, corporations can significantly influence the propagation of sustainability logic by offering specialized training to their managerial staff. Such educational initiatives can equip managers with the essential skills, thereby facilitating the integration of sustainability logic across their firms.

Regarding policy implications, our study underscores the importance of regulatory frameworks providing incentives and enforcement mechanisms to support sustainability logic. Policymakers should address infrastructural gaps and institutional differences that hinder the adoption of sustainable practices, such as the availability of renewable energy or advanced recycling facilities. Investments in public infrastructure, coupled with policies promoting industry-academic collaboration, can enhance local capacity for innovation and accelerate PSS adoption. Also, this research highlights the need for international coordination on sustainability policies. Cross-border sustainability initiatives require harmonized standards and practices that facilitate the transfer of sustainability logic across institutional contexts. Policymakers can foster this coordination through international agreements and forums that promote 'best practices' and knowledge-sharing.

Limitations and Further Research

The current study, while contributing to the understanding of PSS and institutional logics, has several limitations that point to avenues for further research. Our design is an in-depth, single-network case, and our claims are therefore about organizational mechanisms inside a specific type of HQ-subsidiary-customer constellation rather than about "Japan" and "Türkiye" as such. On this basis, our analysis suggests several tendencies that future comparative work could explore: in PSS-oriented multinationals where headquarters strongly champions sustainability, retains meaningful influence over subsidiaries, and operates in institutional environments with visible state involvement in energy and environmental policy, accelerated approaches and tighter coupling of sustainability practices at subsidiary level seem more likely to emerge; where subsidiaries face strong state involvement but weaker direct commercial pressure from customers, gradual approaches and looser coupling appear more common; and in parts of the network where sustainability, state, and commercial logics place conflicting demands on actors, explicit disruption trade-offs—accepting losses on one dimension to protect another—recur as a way of managing this tension. These should be read as theoretically informed conjectures derived from a single, in-depth case rather than as tested relationships, and they call for systematic examination in future research.

Building on these conjectures, there is scope for comparative extension of our findings. Future research could examine similar PSS-oriented multinationals with headquarters embedded in comparable institutional environments and subsidiaries facing mixed sustainability, state, and commercial logics, in order to explore whether accelerated versus gradual approaches, tight versus loose coupling, and disruption trade-offs manifest in analogous ways. A complementary avenue would be to purposefully select subsidiaries that vary in autonomy vis-à-vis headquarters and in the strength of state involvement in sustainability and energy policy, to probe how these conditions shape, amplify, or dampen the mechanisms we identify. Rather than seeking exact replication, such comparative work would use our model as a theoretically informed lens for examining how institutional logics are translated through institutional work in other PSS networks and for refining the scope conditions of our arguments.

While this study highlights the interplay between sustainability, state, and commercial logics in two countries, future research can broaden its scope to include additional institutional settings. Comparative studies across various countries and sectors could uncover more fine-grained variation in how these logics manifest, interact, and influence PSS adoption. This work could also examine how transnational institutional frameworks—such as global trade agreements, international sustainability standards, or global supply-chain regulations—shape or moderate local translations of PSS and sustainability, and whether stronger institutional isomorphism with headquarters enhances or constrains the effective localization of sustainability contracts, particularly given the challenges of quantifying and monetizing sustainability

impacts in a context with limited standardization and divergent stakeholder expectations (Hahn & Pinkse, 2022).

Additionally, although this study uncovers organizational-level strategies through which actors bridge competing institutional logics, we have not focused in detail on individual-level dynamics. Further research could investigate how managers, employees, and customers individually engage in institutional work, such as advocacy, coalition-building, or resistance, to influence the adoption and diffusion of sustainability practices. Longitudinal and multi-level studies tracking specific projects or relationships over time would be particularly valuable for understanding how individual efforts accumulate into organizational and network-level shifts in institutional logics and PSS practices.

Finally, we have taken particular care to provide a 'thick description' (cf. Geertz, 1973) of the research context and of the mechanisms we identify, allowing other researchers to assess transferability by comparing our case with analogous settings. We view this study as a basis for further research in diverse organizational and national contexts, which is essential for advancing the understanding of how PSS are developed, translated, and implemented across institutional environments, and for specifying more precisely when the institutional work mechanisms we identify are likely to arise or look different.

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Declarations

Conflict of interest The authors declare they have no relevant financial or non-financial interest to disclose.

Research Involving Human and Animal Participants All procedures involving human participants were conducted in alignment with ethical standards of the institutional and national context. No animals were involved in this research.

Informed Consent All participants provided consent to be involved in the research. The data from the COP conferences are from open public sessions where obtaining consent was not possible, but participants were aware that the sessions were streamed live and made publicly available.

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