

How do intergovernmental organizations embed themselves in global value chains: A case study of Gavi

Melodena Stephens, Immanuel Azaad Moonesar

ABSTRACT

Objective: The article's objective is to understand how non-MNE actors in the global arena, like intergovernmental organizations (IGOs) embed themselves in the global value chain by using their strong ties to states.

Research Design & Methods: For this study, a qualitative methodology approach investigates an underexplored area of research using a single case study, GAVI, that utilizes thick data.

Findings: The paper contributes to our understanding of IGOs and how they internationalize. New motives are identified, and the concept of soft power has been extended to IGOs.

Implications & Recommendations: IGOs in the humanitarian or developmental sector use soft power strategies to embed themselves in the global value chain. The paper's implications are for policymakers and practitioners in the third sector, including those who invested interest at state-represented foreign direct investment. Future studies can look at how networks are leveraged, spillover occurs from a personal level to an institutional level, and vice-versa combining diplomacy, bargaining, and legitimacy.

Contribution & Value Added: The study highlights new areas of research like that of soft power. The current internationalization models of SMEs and MNEs may not neatly fit in the context of IGOs (which are born global). We reiterate that existing IB theories need to be applied to other state actors like sovereign wealth funds and non-governmental organizations. The above case study, a detailed historical analysis using thick data, is a methodology not often published.

Article type: research article

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INTRODUCTION

The 'global factory' is a concept introduced by Peter Buckley (Buckley, 2004). He argues that globalization has led to multinational enterprises (MNEs) using the global arena to distribute their business in such a way to ensure maximum profits (Buckley, 2009a). While much of international business (IB) using the concept of global value chains in regards to the private sector, nations, and non-profits also use this concept. The earliest example is the Dutch East India Company (VOC), founded in 1602, and the English East India Company (EIC), founded in 1600. These organizations moved from private initiatives to institutional state-funded organizations, to later Company-State (Weststeijin, 2014), with VOC being the first to be listed on a stock market. Other state-funded global firms are state-owned enterprises (SOEs) or sovereign wealth funds (SWFs).

However, intergovernmental organizations (IGOs) are a neglected category in IB literature (Milner, 1999) and often clubbed with non-government organizations, which may not all be international. The number of institutions of 7658 influence foreign direct investment (FDI) (Union of International Associations [UIA], 2018) or trade (Ingram *et al.*, 2005). Research finds that IGOs impact member countries

more than non-member countries (at least in trade) through a relationship of direct exercise of organizational and bureaucratic control, often through NGOs and MNCs (Ingram *et al.*, 2005). This research category falls into the area of an “institutional abyss,” with most studies focusing on the World Trade Organisation and International Monetary Fund (Alacer & Ingram, 2013, p. 1056). IGOs tend to signal relational governance and overcome trade distance through transactional costs (Alacer & Ingram, 2013; Ingram *et al.*, 2005). Suddaby (2010) finds part of the challenge is that institutional theory may not be enough to explain how NGOs operate. The theory needs to be refocused “*to explore more fully the interpretive capacities of organizations and consider closely the possibility that organizations are much more sophisticated managers of symbolic resources than organizational theory presently admits to*” (p. 18).

IGOs are an outcome of economic and political factors globally and nationally (Lee, 2010). Teegeen *et al.* (2004) highlight the importance of non-governmental organizations (making no distinction between them and IGOs) in value creation and governance from the lens of institutional theory and the bargaining model. However, they state there are similarities with MNEs, especially if you look at the purpose as “value creation and distribution,” where profits are just one outcome (Teegeen *et al.*, 2004, p. 476). The value IGOs create maybe debatable. Moore *et al.* (2019), in their study of IGOs, looked at 272 country-year panel observations across 68 countries from 2000 to 2011 and found that IGOs promote formal entrepreneurship but hindered informal entrepreneurship in the least developed countries, irrespective of the type of IGO (social, political, or economic). Shenkar (2004) and Teegeen *et al.* (2004) call for more research in this area and encourage a revisit of theories like that of ownership, location, and internalization factors (OLI) (Dunning 1988, 2001), to see its relevance in international business, primarily as they operate as multinationals.

IGOs are global by membership. IGOs strongly influence member state economic policies, including FDI and knowledge flows (Jandhyala, & Phene, 2015). Contrary to the perceptions that IGOs are neutral, there is the field of thought that IGOs are vehicles of states used to mold the global system (Mearsheimer, 1995). This was reinforced in the study of IGOs working for peace, where the authors concluded, “*The contribution of IGOs to peace depends not so much on forging common bonds or on converting international anarchy as it does on creating conditions that encourage effective interstate bargaining*” (Boehmer *et al.* 2004, p. 28). This paper aims to understand how other influential actors in the global arena like IGOs embed themselves in the global value chain to using their strong ties to states (Moore *et al.*, 2019). The paper will look at existing theories on motives, strategic seeking FDI, legitimacy, and soft power concerning how IGOs embed themselves in the global value chain. Soft power is a relatively unexplored concept in IB literature.

The paper’s structure is as follows: first, we will recap the current research on IGOs. This will be followed by a brief introduction to the literature on strategic asset-seeking FDI, networking, soft power, and legitimacy, areas that IGO literature does not fully explore from a global supply chain perspective. Then the methodology will be discussed, and the case analyzed. Using thick data (qualitative/case-rich), we will open a “black box” of how and why IGOs internationalize (Doz, 2011). Finally, a conceptual model will be presented, followed by a brief discussion.

LITERATURE REVIEW

Internationalizations of IGOs

IGO are entities created by treaty, involving two or more nation-states to work in good faith, on issues of common interest, and subject to international law. Often, they consist of memberships of states. IGOs are significant actors in the diplomatic arena, providing ties that more formal diplomatic missions may not be able to create (Vabulas & Snidal, 2013). IGOs are embedded into the global value chain. The development of strategic location bases is often attributed to IGO-IGO linkages (Ingram *et al.*, 2005). It is estimated that trade between countries increases by 58%, doubling the strength of IGO connections between the nations, and increasing economic effect for social/cultural IGOs to 24% to 80% (Alacer & Ingram, 2013; Ingram *et al.* 2005). This may appear to be preconditioned by the salience of the field of activity of the IGO, or the degree of similarity between two actors (Lorrain & White, 1971).

Motives of IGOs

Some work on IGOs and motives exists depending on purpose, membership, or logic of behavior (see Table 1).

Table 1. Motives of IGOs

| Classification | Categories | Author |
|--------------------|---|----------------------------|
| Purpose | (1) general-purpose (2) military, (3) economic or (4) social/cultural. | Jackson (2006) |
| Membership | (1) universal – allows membership from all nations like the UN (2) international, across countries and continents like ASEAN (3) regional, across countries in the same continent like EU and (4) purpose defined (single purpose or multi-purpose), can be selective in membership, like NATO and OPEC. | Hough <i>et al.</i> (2010) |
| Logic of behaviour | (1) Functional IGOs focussing on pragmatic legitimacy (immediate target audience's self-interest – donor states). (2) Normative IGOs focus on moral legitimacy (broader societal welfare of the community over donors). | Suchman (1995) |

Source: own study.

In terms of purpose, IGOs may be exclusive. The fact that many more prosperous states belong to IGOs (e.g., Beckfield, 2003) may be in line with the Demographic-Structural theory that highlights the oversupply of elites (and elites' aspirants), leading to the creation of vehicles for the maintenance of status and wealth (Goldstone, 1991; Turchin & Nefedov, 2009). Membership is restricted to ensure compliance with institutional rules (Koremenos *et al.*, 2001). This may lead to a perception that IGOs may act like cartels and control the prices of world commodities (Haynes *et al.*, 2017). Surprisingly little research exists in the field of IGOs in the arena of international business, though they influence non-member states and can benefit member states.

In IB literature, strategic asset-seeking FDI is crucial for internationalization to create or gain access to resources and capabilities complementing the existing core competencies (Dunning, 1993; Dunning & Lundan, 2008). It is used as a strategy to manage assets and resources via (1) leveraging or augmenting existing assets (e.g., Meyer *et al.*, 2009; Narula, 2006; Narula & Dunning, 2000; Narula & Zanfei, 2004); or asset exploration (Meyer, 2015) or accumulating new strategic assets (e.g., Narula, 2006). This may be upstream or downstream (Pananond, 2015), which gives a strategic competitive advantage. But the challenge in applying this concept to IGOs is highlighted by the central premise of strategic seeking FDI. Dunning believes that “*a firm's ability to benefit from such activities must be related to the assets which it possesses before the act of internalization*” (Dunning, 2001, p. 175), which limits its application to IGOs as they are not investing in either horizontal or vertical FDI in the conventional meaning of the terms, as they do not create subsidiaries and often do not exploit markets in the terms with which we refer to MNEs. In one of the few studies that exist, an IGO contributed to local, national innovation by leveraging external knowledge (Jandhayala & Phene, 2015). Hence this is an area for further research.

Networks: Sources of Legitimacy and Soft Power

The global factory presupposes global differentiated networks (Buckley 2009a, 2009b). In these networks, the state often becomes an active partner (Gereffi & Korzeniewicz, 1994). It will lobby for trade, help build capabilities, give access to resources, or protect at an incentivized rate, making the organization more competitive in the global marketplace. Many well-known IGOs are strategically based in Washington, New York, Geneva, or Brussels, so location matters. However, they do not directly get involved in manufacturing but can facilitate it. Since they can attract enormous resources and reallocate them – this is significant. For example, the three largest IGOs are the United Nations (UN), the World Trade Organization (WTO), and the North Atlantic Treaty Organization (NATO) (See Table 2). IMF, which has its HQ in Washington, and 189 members, gives loans at reduced interest rates to member countries and for 2018 had a budget of US dollars 1,104 million (majority for personnel) and gave US dollars 91 billion to four countries and US dollars 2.4 billion to low-income countries (IMF,

2018). World Bank has 189 member countries, and in the financial year, 2017-18 committed US Dollar 67 billion in financing, investments, and guarantees. WB works through other organizations like The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). There is little research available on the global networks of IGOs – donors, affiliated organizations, or locational choices that affect how they impact, influence, or do international business of money management, investments, human resources management, or its impact on GDP.

Table 2. Funding of the Three Largest IGOs and IMF and WB since its inception

| Organisation | Creation | Members | 2018 Budget (€ million) | Mission | Headquarters |
|--------------|----------|---------|-------------------------|------------------|--------------|
| UN | 1945 | 193 | 2 295 | Peace & Security | New York |
| WTO | 1995 | 164 | 173.5 | Trade | Geneva |
| NATO | 1949 | 29 | 1 546.5 | Defence | Brussels |

Source: European Parliament (2020).

In the country-of-origin studies in IB, we see the impact of the country's reputation; however, for IGOs, legitimacy is more critical (Deephouse & Carter, 2005) as it is considered a capital asset of the state (Gallarotti, 1989). Buckley (2009a) mentions that the global factory strategy is designed to achieve global legitimacy but does not give details on the process discussed above. IGOs have to achieve legitimacy as an entity, and they gain legitimacy from their donor countries, which gives them influence in markets that they work in or with. As in WB or IMF, the recipient countries are at a lower economic status than funding countries. In some cases like NATO, funding members will take decisions that will also impact countries not aligned to their interests. This concept is in line with the quality of hard power – the ability to coerce another country to do what is in its interest.

Most IGOs work with soft power – the ability to influence other countries to do what is in their interest (Nye 1990, 2009), which is tied to legitimacy (Nye, 2008). This concept of soft power is relatively new in IB theory. IGOs are exposed to (1) their domestic political arena, (2) the national political arenas of recipient economies, and (3) the international public policy arena-making (Behrendt, 2009). In addition, (4) the third sector political arena and (5) the impact policy arena. There is a need to focus on building legitimacy as an asset through the role of soft power.

In conclusion, the literature on the internationalization of IGOs is scarce. Therefore, there is a need to understand how motives like strategic seeking FDI with few case examples are needed.

RESEARCH METHODOLOGY

A qualitative methodology to work in an underexplored area of research (Birkinshaw *et al.*, 2011) using a single case study (Bourdieu 1990; and Grant, 2003). The case study is Gavi, the Global Alliance for Vaccines and Immunization, a Switzerland-based IGO, was chosen for analysis. The case had access to thick data and a history of global expansion (Eisenhardt & Graebner, 2007; Yin, 1994). The detailed case data came from a historical analysis (see Stephens Balakrishnan & Moonesar, 2011; Stephens Balakrishnan, 2016). Gavi, the Vaccine Alliance, was documented from 1998-2018 through interviews and secondary research (See Table 3).

Research Methods

The process used for analysis is a meta-synthesis, which is defined as an “exploratory, inductive research design to synthesize primary qualitative case studies to make contributions beyond those achieved in the original studies” (Hoon, 2013, p. 523). The data analysis units are (1) motives and (2) networks for legitimacy and soft power. These were cross-referenced with the theoretical perspectives highlighted above. The original case was written using multiple perspectives, triangulated with secondary data, and the sequence and context verified internally for fact-checking. Since the phenomena are dynamic, the cases were updated using secondary research (Corbin & Strauss, 2008). The case was then individually analyzed using the theoretical paradigms, then compared against each other for similarity and differences (Corbin & Strauss, 2008). Below is a brief description of the case, looking at

origins, locations, market, resources, arena, employees, focus areas, competencies, rent, industry, growth, and governance (Table 4). The membership is representative yet selective. Finally, the overarching theoretical framework is presented.

Table 3. Data Sources for Case Analysis: Gavi (2000-2020)

| Analysis | Gavi, the Vaccine Alliance |
|---|--|
| Secondary Sources referenced (not including those that were reviewed but not used in the development of the case) | 141 secondary sources (articles, the internal document, annual reviews, partner reviews) and multiple websites of alliance members. |
| Interviews and data verification contacts (function & level) | Interviews and data verification (Senior Manager, Resource Mobilization & Private Sector Partnerships; Analysts (monitoring & consultation); & Communication team; expert in Epidemiology, Infectious Diseases and Oncology working with INFUSE; Head, Strategic Innovation – Resource Mobilization, Private Sector Partnerships, & INFUSE, and Gavi’s external consultant). |
| Published Cases | Gavi, the Vaccine Alliance: Saving Lives One Vaccine at a Time (53 pages) + Gavi, the Vaccine Alliance: reshaping the vaccine market (7 pages). |

Source: own study.

Table 4. A brief synopsis of Gavi, the Vaccine Alliance 2000-2018¹

| | |
|------------------|---|
| Facts | Gavi, The Vaccine Alliance |
| Origins | USA: Initiative by the Bill & Melinda Gates Foundation (BMGF). |
| Employees | 450 + |
| Locations | Headquarters: Geneva Switzerland, with an office in Washington DC; Innovative finance administered by World Bank (USA) through IFFIm (UK). Anchor Founding member is BMGF (USA). R&D: dynamic – based on need and qualified applicants. Locations – coordination in the group with partners and through their offices across all Gavi eligible countries. Markets of Manufacturing: 5 vaccine manufacturers in 2001; by 2017, 17 vaccine manufacturers of which 11 are based in Africa, Asia, and Latin America. [Based on tenders administered by UNICEF (Switzerland), pre-qualified by World Health Organisation (WHO) (Switzerland)] |
| Market | Global Markets of Impact as of 2017: direct impact: over 690 million children vaccinated and over 10 million deaths averted. Countries of impact: 77 countries carry out nearly 400 vaccine introductions and campaigns at the end of 2017, prices of vaccines reduced. |
| Resources | Markets of Funding as of 2017: Two funding streams- direct contributions (76%) and innovative finance (24%), funding more than 90 million vaccine doses through global stockpiles at the end of 2017 European Commission and 21 donor governments: Australia, Canada, China, France, Germany, Ireland, Italy, Japan, the Kingdom of Saudi Arabia, Luxembourg, the Netherlands, Norway, the Principality of Monaco, the Republic of Korea, the State of Qatar, the Sultanate of Oman, Spain, South Africa, Sweden, the United Kingdom and the United States of America. Contributions from India, the Republic of Korea, and the United Arab Emirates were renewed during the year. Foundations, organizations: Alwaleed Philanthropies, Bill & Melinda Gates Foundation, His Highness Sheikh Mohammed bin Zayed Al Nahyan, OPEC Fund for International Development (OFID), Absolute Return for Kids, Anglo American plc, The Children’s Investment Fund Foundation (UK), China Merchants Group, Comic Relief, ELMA Vaccines, and Immunization Foundation, Girl Effect, International Federation of Pharmaceutical Wholesalers (IFPW), Gulf Youth Alliance, “la Caixa” Foundation, LDS Charities, Lions Clubs International Foundation (LCIF) Corporations: Deutsche Post DHL, JP Morgan, Majid Al Futtaim, Orange, Philips, Unilever, UPS, Vodafone Gavi works with Bill & Melinda Gates Foundation, International Finance Facility for Immunization (IFFIm), UNICEF, WHO, Pfizer, GSK, Merck, AMC, PAHO, World Bank, civil society organizations. There are 60 partners in the partners’ engagement framework. |

¹ The Gavi Alliance by the World Bank Group. Retrieved from: <https://documents1.worldbank.org/curated/zh/928871468197087690/pdf/The-World-Bank-s-partnership-with-the-GAVI-alliance.pdf>

| | |
|----------------------|---|
| Rent | <p>Total Funding from 2000-2017: USD 15.4 billion</p> <p>Through legitimacy, Gavi is able to acquire innovative financing (24%):</p> <p>(1) Advanced Market Commitment (AMC) – USD 1.5 billion [Governments of Italy, UK, Canada, Russian Federation & Norway and B&MGF]</p> <p>(2) Matching Fund – USD 87 (Includes INFUSE which is supported by the Governments of Canada and the United Arab Emirates with USD 21 million)</p> <p>(3) Vaccine Bonds/Social Bonds (IFFIm) – since 2006, using USD 6.5 billion in sovereign pledges and to front-load vaccine delivery to the tune of USD 2.6 billion. Loan buydown for Sahel region with Gavi, the Bill & Melinda Gates Foundation and the French Development Agency- since 2016, pooled €100million.</p> <p>In addition, to direct funding & contributions (76%). Advocacy helps get vaccines on the agenda. Impact: USD100 billion in terms of economic benefit of vaccinations.</p> |
| Industry | <p>Co-opetition: UNICEF itself represents 40% of the global volume, Gavi is 50% of this procurement & increased supply base from 5 manufacturers to 13 (2010) with 7 in developing countries. Gavi countries represent 60% of the world birth cohort.</p> |
| Growth | <p>Phase 1- (1999-2005)</p> <p>Protoboard creates GAVI, GAVI Board meets, Vaccine Fund is created, GAVI Alliance Secretariat formed and funded by Bill & Melinda Gates Foundation who make the preliminary grant.</p> <p>GAVI Alliance and Vaccine Fund are officially “launched” Vaccine Fund create Executive Committee Gates Foundation, UK and other private foundations contribute.</p> <p>Vaccine Fund hires management staff Denmark, the Netherlands, Norway, Sweden, the US make initial contributions to Injection Safety (INS) window is introduced.</p> <p>Decision made to merge GAVI Alliance Secretariat and Vaccine Fund management. New GAVI Executive Secretary appointed, effective 2005.</p> <p>Phase 2- (2006-2010)</p> <p>Gavi added two new vaccines to its portfolio: pneumococcal and rotavirus; a new vaccine investment strategy and a platform for accelerating the introduction of new vaccines in developing countries (Accelerated Vaccine Introduction) were developed;</p> <p>it became increasingly clear that parallel investment was needed in health systems and delivery systems, with the Vaccine Alliance extending its support to health system strengthening and civil society organizations; several fundamental policies and programmes were developed and reviewed, including co- financing, gender, and eligibility as well as innovative financing mechanisms such as the Innovative Finance Facility for Immunization (IFFIm) in 2005 and the Advance Market Commitment (AMC).</p> <p>Phase 3- (2011-2015)</p> <p>The vaccine goal: accelerate the uptake and use of underused and new vaccines;</p> <p>The health systems goal: contribute to strengthening the capacity of integrated health systems to deliver immunization;</p> <p>The financing goal: increase the predictability of global financing and improve the sustainability of national financing for immunization;</p> <p>The market-shaping goal: shape vaccine markets.</p> <p>Phase 4 (2016-2020)</p> <p>The vaccine goal: accelerate equitable uptake and coverage of vaccines;</p> <p>The systems’ goal: increase the effectiveness and efficiency of immunization delivery as an integrated part of strengthened health systems;</p> <p>The sustainability goal: improve the sustainability of national immunization programmes;</p> <p>The market-shaping goal: shape markets for vaccines and other immunization products.</p> |
| Registered as | <p>International institution based in Switzerland and public charity status in the United States.</p> |

Source: (Gavi, 2019).

Motives

Gavi is an IGO focused on bringing together the public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world’s poorest countries. The motives of Gavi change slightly from each 5-year plan (see Table 5). From reaching the

world’s most impoverished children to ensure essential vaccinations, the age base has changed, as has the markets. In 2020 due to the global pandemic – the COVAX, a multilateral approach to procuring vaccines was introduced. COVAX has the support of 190 participating economies and will benefit 92 lower-income countries. The motives slightly changed the current situation to (1) include more vaccines (2) extend the coverage to adults (3) focused more on innovative financing (4) market shaping and systems approach to go beyond vaccines to supply chain with a focus on sustainability. Of course, some events were shaped by the 2014 Ebola and 2020 COVID pandemics. From a theoretical lens, looking at Table 1, the motive of health needs to be added to the purpose (it is more specific than general), and the focus on motives is normative.

Table 5. Gavi Motives during the period of 2000-2025

| Pre-formation | Phase 1- (2000-2006) | Phase 2- (2007-2010) | Phase 3- (2011- 2015) | Phase 4- (2016- 2020) | Phase 5- (2021-2025) |
|--|--|--|--|--|---|
| To reach some of the poorest children and get them basic vaccinations (6 vaccines) | GAVI’s vaccine strategy in Phase 1, based on the assumption that creating and demonstrating a market for vaccines in developing countries would attract new suppliers, create competition, and lower prices. | Goals - Strengthen capacity for health system - Accelerate vaccines - Increase predictability and sustainability - Increase and assess the added value of Gavi (8 vaccines) Innovative funding mechanisms through AMC and IFFIm. | Goals - vaccine goal - health systems goal - financing goal - market-shaping goal Additional focus on Monitoring & Evaluation; Advocacy, Communication & Public policy and policy Stockpiling for future pandemics or outbreaks. | Goals - vaccine goal - systems’ goal - sustainability goal - market-shaping goals (During Ebola epidemic) | Goals - To introduce and scaleup vaccines - strengthen health systems to increase equity in immunization - Improve sustainability of immunization programs - Ensure healthy markets for vaccines and related products |

Source: own study.

Through seeking funds strategically (think of the Sukuk) or COVAX, working on diversifying vaccine manufacturing, Gavi has been strategic in seeking and deploying funds. This is because Gavi gives advances funds to research and development by guaranteeing procurement. This has worked well in creating a global factory (see Figure 1). At the time of Gavi’s formation, most of the aid, research, and manufacturing capabilities were based in developed countries, and the impact countries were in developing countries. In 2001, Gavi bought vaccines through UNICEF from five manufacturers, but by 2016, it was purchasing vaccines from 15 manufacturers – 8 of which were based in Asia, Latin America, and Africa. By accumulating orders, R&D to find more cost-effective ways for delivery and manufacture, Gavi was able to bridge the price gap that often contributed to vaccine inequality. Gavi captured “sticky capabilities” through public-private partnerships – for example, WHO would pre-qualify vaccines, World Bank used its financial expertise to help design, implement and manage innovative financing, UNICEF worked on the ground in delivering vaccines, and CSOs in local communities helped in ensuring the vaccines were delivered correctly.

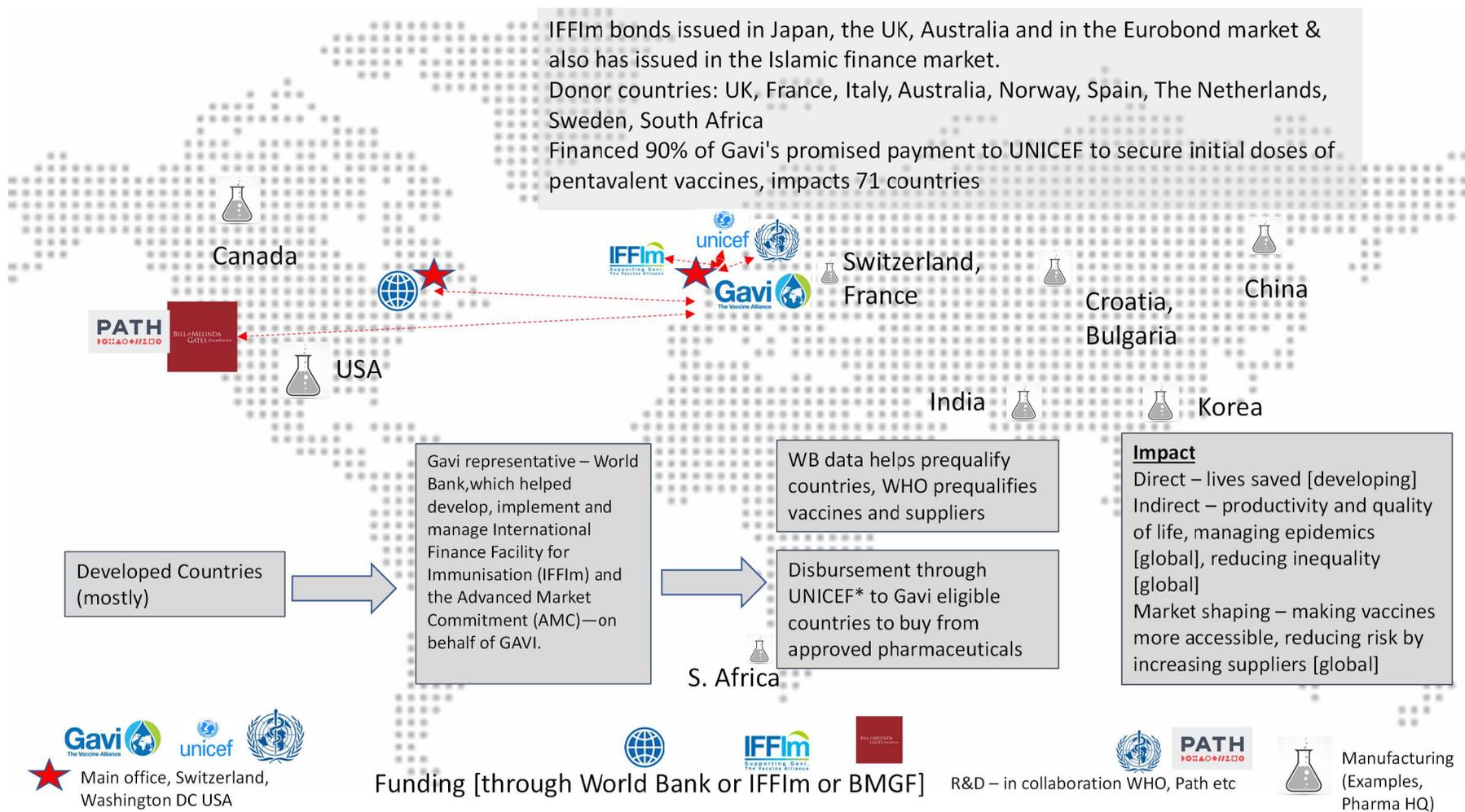


Figure 1. Gavi, the vaccine alliance – An example of networking using the Global Factory concept, 2000-2016

Source: own study

Networks: Sources of Legitimacy and Soft Power

The networks of Gavi are other IGOs, Governments, and private sectors (see Table 6). UNICEF housed Gavi’s early initiative in Geneva until it became an independent foundation in 2008. It is clear that even in the beginning, the vision for Gavi was global with a partnership model. The Board is comprised of 28 seats (nine seats for unaffiliated members, five seats for donor countries, five for developing countries, one seat for research and technical health center, one seat for a vaccine manufacturers from a developed country, one seat from a vaccine manufacturer from a developing country, one seat for a Civil Service Organization (CSO), one seat for the Gavi CEO, four founding members (Bill & Melinda Gates Foundation, UNICEF, World Bank, and WHO). This ensures the partnership or ‘alliance’ brought together key stakeholders needed to reach the vaccine agenda.

The six largest donors of Gavi contribute more than two-thirds of these resources. They are the United Kingdom, Bill & Melinda Gates Foundation (significant player in vaccine market), Norway, United States, France, and Italy. Gavi tapped into existing pools of vast experience using market-shaping strategies and industry consolidation of sorts. A network effect is evident in smaller firms in previous literature (Freeman *et al.*, 2006) and applies to IGOs, which can mobilize vast sums of money and tap into existing resources held by other players in the market. Further, we see how the network effect moves from Gavi through local health ministries and CSOs working with UNICEF, WHO, and World Bank. Unlike MNEs, here, the HQ-subsiary impact is not relevant.

Table 6. Gavi Networks: examples for the 2000-2020 period

| Pre-formation | Phase 1- (2000-2006) | Phase 2- (2007-2010), | Phase 3- (2011-2015) | Phase 4- (2016-2020) |
|---|---|---|--|--|
| Announced at a 2nd Vaccine Summit convened by World Bank in Italy as Informal partnership of UN agencies, bilateral aid organization, vaccine industry. Another Significant Advocate is the Bill & Melinda Gates Foundation. | Set up in Geneva in 1999 hosted by UNICEF. UNICEF is one of the largest procurers of vaccines. Officially launched in WEF 2000. 5 manufactures of vaccines (developed countries). AMC idea presented to G8. G7 looks at feasibility with WB. DFIF (UK) seeds the idea for IFFIm, which is registered as a charity in UK and formal collaboration in 2004. | *2008 became independent Swiss Foundation under Swiss National Law and two offices – Geneva and Washington. *WB HQ is Washington *WB is the Treasury Manager for International Finance Facility for Immunisation (IFFIm), provides the financial platform for the Advanced Market Commitment (AMC). Further, WB is a development partner at the global and country levels. AMC launched in 2007. IFFIm launched in 2006. | IFFIm diversified and raise a Sukuk in 2014 – half of Gavi countries are Muslim. The UK sponsored the first Gavi Pledging conference in 2011. Germany sponsored the second Gavi Pledging Conference in 2015. | 15 vaccines manufacturers (2016) – 8 in Asia, Africa, and Latin America <i>“A new model for sustainable development: how Gavi aims to put itself out of business”</i> |

Source: own study.

Gavi has tremendous power: In terms of vaccine producing volume, UNICEF is 40% of the global volume, and Gavi is 50% of this procurement. Gavi countries represent 60% of the world’s birth cohort. Not only did Gavi redress the imbalance in vaccine manufacturing, but it was also able to bring down costs. An HPV vaccine for cervical cancer, which was available for US dollar 100 in developed countries, was made available through Gavi for US dollar 13.

Gavi was able to achieve these tremendous results with an accrual of legitimacy (Bianchi & Arnold, 2004; Bianchi & Ostale, 2006). Legitimacy, a strategic resource (see Pfeffer, 1981; Suchman, 1995), was accrued by Gavi through key players like people (such as Bill Gates), or organizations (UNICEF, WB, and IFF) and expert knowledge (PATH, WHO, WB), using specialized resources (Pharma and R&D companies for vaccine manufacturing) to make integration easier across the world, industry-shaping (through innovative financing to change the competitive landscape), and showed dominance (as a significant player in their industries now not to be ignored).

Legitimacy was used as a strategy used to acquire resources where Gavi worked with World Bank using accounting for legitimacy (Covaleski & Dirsmith, 1991) to enter entered the Sukuk market in 2014. This is significant, as 50% of Gavi countries are Muslim countries. This is in line with the propositions outlined by Meyer and Rowan (1977).

Knowledge spillovers can occur at both horizontal (competitors) and vertical levels (across the supply chain) and can be intentional or unintentional (Ha & Giroud, 2015; Hallin & Lind, 2012). In the case of Gavi, to increase the supply chain resilience and contribute to the SDG agenda, and by its governance structure, there was an intentional focus on competency enhancing competence-creating resources, which can take more than a decade to affect technology (Kappen, 2011).

The concept of soft power from an organizational perspective is also observable as Gavi can influence governments. Gavi strategically based itself in Geneva (near UNICEF and WHO) and Washington DC (near the World Bank). In this case, we see soft power extended by donor countries on recipient countries (via vaccine pledges) or institutions in other countries (Gavi and UNICEF). This suggests soft power is multidimensional. The Aid Transparency Index (2020) scores GAVI at 80.8 in the 'very good' category (11th out of 47 major international development organizations).

Soft power or inverse country-of-origin (COO) can be translated through various channels like people and MNEs (or institutions), brands, and aid (Fan, 2008; White, 2012). In this case study, this is observed through Bill Gates (USA), UNICEF and WHO (Switzerland), World Bank (USA), and Gavi (Switzerland/USA) and their influence on other countries.

As mentioned before, Gavi's global expansion leveraged the networks of its partners. This multi-stakeholder model is not unusual for IGOs and requires diplomacy to reach its objectives. Often, stakeholders are acquired based on interest and expertise or even persuaded to be 'stakegivers' or 'staketakers' (Hocking, 2006). Gavi diversified risks by spreading the risks across at least three continents, following much of what we know is the internationalization strategy of born global (Oviatt & McDougall 2005).

Findings and Discussion

The case above clearly finds an IGO can play a prominent role in the global supply chain using motives like Strategic Asset Seeking FDI, networking for legitimacy, and soft power. Our current IB theories are not sufficient to explain all the reasons for the successful internationalization of these categories of organizations. According to the Global Factory theory, HQ retains the brand and associated functions. In the case of Gavi, care was taken to leverage associated stakeholder brands as it was vital for legitimacy. Gavi has two key offices – Switzerland and New York and these are very strategic. However, partner brands are significant, as seen by the name change – Gavi was first called Gavi, and then renamed Gavi, the Vaccine Alliance in Balakrishnan (2020). Gavi began with a powerful global vision and had access to powerful and legitimate resources, grounding their aspirations.

Further, the game was long-term. The effect of soft power is evident in Gavi, which requires a high level of diplomacy – high technology in a sector often restricted by governments. Gavi works on the health agenda with strong players in the development space, which are other IGOs and through donor countries on the boards of several of these IGOs. This is done without a clear articulation of roles. This process of internationalization is a careful act of diplomacy, and corporate diplomacy theories are not enough to explain the IGO internationalization strategy. We suggest the process of internationalization of IGOs works in three phases (1) creation of a market for impact (2) identifying a market for resources, and (3) managing governance (and hence reputation). This is done through a careful strategy of soft power (see Figure 3).

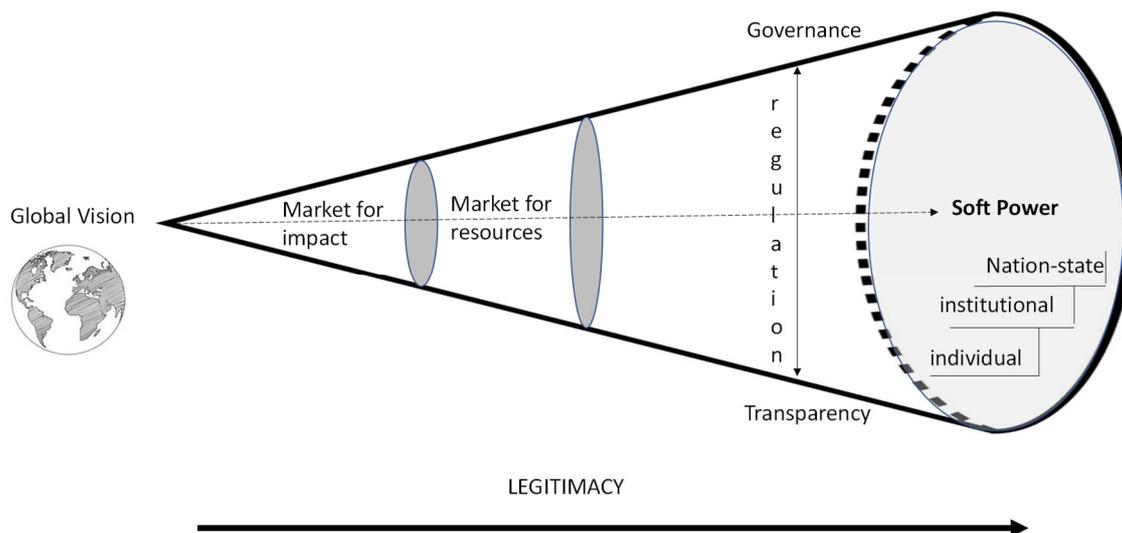


Figure 3. The process of Internationalization of IGOs

Source: own elaboration.

CONCLUSIONS

This research's objective was to push the boundaries of IB theory and contribute to both policy and academia, which often seem to exist in different spheres (Newman *et al.*, 2016). The paper adds to our understanding of how IGOs internationalize. It highlights new areas of research like that of soft power. The current internationalization models of SMEs and MNEs may not neatly fit in the context of IGOs (which are born global). We reiterate that existing IB theories need to be applied to other state actors like sovereign wealth funds and non-governmental organizations. The above case study, a detailed historical analysis using thick data, is a methodology not often published.

The paper's implications are for policymakers and practitioners in the third sector, including those who invested interest at state-represented foreign direct investment. Future studies can look at how networks are leveraged, spillover occurs from a personal level to an institutional level, and vice-versa combine diplomacy, bargaining, and legitimacy. The limitation of this study is that it is based on a single case. More empirical studies could focus on more institutions and organizations that operate globally, adding to large organizations' sensemaking with huge portfolios and strongly articulated portfolios.

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Authors

The contribution share of authors is equal and amounted to 50% for each of them. MS – conceptualization, literature writing, case data collection, MS & IAM – methodology, results, discussion, and conclusion.

Melodena Stephens

Professor of Innovation Management at Mohammed Bin Rashid School of Government (UAE). Ph.D.in Management Studies (2004, Bharati Vidyapeeth University, India). Her research interests include branding, country soft power, social impact, and scaling.

Correspondence to: Prof. Dr Melodena Stephens, Mohammed Bin Rashid School of Government, Convention Tower (Level 7), P.O. Box 72229, Dubai, United Arab Emirates, e-mail: melodena.stephens@mbrsg.ac.ae

ORCID  <http://orcid.org/0000-0001-7933-2750>

Immanuel Azaad Moonesar

Associate Professor of Health Administration and Policy at Mohammed Bin Rashid School of Government (UAE).Ph.D.in Health Services-Leadership (Walden University, USA). His research interests include international business policy, health policy, public policy, social policy, policy analyst, maternal and child health care policy.

Correspondence to: Dr Immanuel Azaad Moonesar, Mohammed Bin Rashid School of Government, Convention Tower (Level 7), P.O. Box 72229, Dubai, United Arab Emirates, e-mail: immanuel.moonesar@mbrsg.ac.ae

ORCID  <http://orcid.org/0000-0003-4027-3508>

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Conflict of Interest

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