Ahoy There! Toward Greater Congruence and Synergy Between International Business and Business Ethics Theory and Research

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ABSTRACT: The literatures of business ethics and international business have generally had little influence on each other. Nevertheless, the decline in the power of nation states, the emergence of non-governmental organizations, the proliferation of self-regulatory bodies, and the changing responsibilities, roles, and structure of multinational corporations make constructive engagement between these two disciplines imperative. This changing institutional landscape creates many areas of common concern. In this article, we describe the changing institutional context of global business and suggest ways in which both business ethics and international business may inform each other more fruitfully.

Ships that pass in the night, and speak each other in passing;
Only a signal shown and a distant voice in the darkness;
So on the ocean of life we pass and speak one another,
Only a look and a voice; then darkness again and a silence.
—Henry Wadsworth Longfellow, Tales of a Wayside Inn

INTRODUCTION

ALTHOUGH A GREAT MANY BUSINESS ETHICS ISSUES deal with international business and multinational enterprises, surprisingly the two disciplines of business ethics (BE) and international business or international management (IB) rarely speak to each other. When they do, they speak in different languages. In a review of the international management literature (which overlaps substantially with the IB field), Egri and Ralston (2008) found that fewer than seven percent of the articles published between 1998 and 2007 addressed questions of ethics, social and environmental responsibility, and corporate governance. Only 2.6% of the articles published dealt directly with ethics, an overwhelming proportion of which focused on corruption. Although it is difficult to determine the extent to which IB informs BE research, an analysis of the Social Science Citation Index (SSCI) found that in 2008, Business Ethics Quarterly (BEQ) cited only two articles from the Journal of International Business Studies (JIBS), the leading IB journal, and no articles from the Journal of World Business (JWB) or International Business Review (IBR), two other prominent IB journals listed with SSCI. The Journal of Business Ethics (JBE)
cited 94 articles from JIBS, 19 from JWB, and five articles from the IBR for the same year; however it should be kept in mind that JBE publishes over ten times as many issues and pages as BEQ.¹

This lack of communication among the disciplines creates a number of problems and missed opportunities. First, there is a significant misalignment between the subject matter of ethics scholarship and IB scholarship. While BE scholars write about child and “sweatshop” labor in Pakistan and the role of business in promoting peace in the war-torn countries of Africa, international business researchers focus on multinational entry mode, international joint ventures, and knowledge transfer, although there is increasing attention in some IB outlets to ethical and social issues. Second, even when the same subjects are being addressed, there is a lack of congruence and compatibility in theoretical approaches. IB scholars frame their work in perspectives such as the “knowledge-based view of the firm” and the “eclectic paradigm,” while BE researchers use a variety of philosophical and social-scientific approaches which usually are founded on wholly different theoretical premises, such as Kantian ethics or micro-organizational behavior. In short, it seems as though these disciplines are akin to Longfellow’s ships passing in the night: “Only a look and a voice; then darkness again and a silence.”

Despite the lack of integration to date, there are reasons to hope for greater collaboration in future research. To begin with, IB and BE face common challenges within business studies. Both are broad and inclusive fields that are diffuse and lack central organizing principles, other than “International” in the case of IB and “Ethical” in the case of BE (see, as an overview, Rugman & Brewer, 2001; Bremkert & Beauchamp, 2009). Both until recently have struggled for legitimacy within the larger field of business scholarship. In the past some have questioned whether IB constituted a separate field of study because nearly all business issues have an international dimension anyway; hence, IB is ubiquitous (Janavaras, 1975). The philosophical basis of much BEQ research sometimes leads to its being dismissed by more empirically oriented researchers in business studies. For example, in Hambrick and Chen’s (2008) analysis of the emergence of the business policy and strategy (BPS) division of the Academy of Management and strategy as a field, they observe that neither the international management nor social issues in management (the two divisions of the Academy most closely analogous to the IB and BE fields) have risen to first-tier status in the management discipline. Both BE and IB borrow heavily from and draw extensively on core philosophical and social science fields—economics, sociology and political science in the case of IB, and political philosophy philosophical ethics, and social psychology in the case of BE, although BE scholars have certainly incorporated social science approaches and topics in their research with increasing frequency. This tendency to “borrow and integrate” from foundational disciplines is a common feature—and a potential source of opportunity for exploring closer connections and potential integration of topics and themes across these two vital areas of business research.

In this article, we describe how these literatures may constructively engage each other. We begin by reviewing the changing institutional context of global business, including a discussion of the phenomenon of globalization itself and its
many implications. We identify several broad trends that mark this institutional transformation—the decline in power of nation states, the emergence of non-governmental organizations, the proliferation of self-regulatory bodies, and the changing responsibilities, roles, and structure of MNCs—all within a broader discussion of globalization and its efficacy. We then identify areas of common concern for BE and IB raised by this changing institutional landscape, and we suggest ways in which IB research might help to inform how BE scholars approach these issues. Although our primary objective is to identify areas where IB and its disciplinary antecedents may usefully inform BE research, we also explore how BE scholars can contribute to IB research.

THE CHANGING INSTITUTIONAL CONTEXT OF GLOBAL BUSINESS

Globalization has changed the very nature of business in the twenty-first century. Driven by advances in information technology and communication, growth in cross-border trade and investment, global capital flows, immigration and emigration and many other forces, globalization has profoundly affected—and been affected by—business conduct. These forces have transformed the way we think about the nation state, global governance, and cultural differences among and within groups and societies. Recognizing that there are myriad antecedents to and consequences of globalization, here we identify several specific institutional trends important to business operating globally. These examples are not exhaustive; rather they are identified as archetypes of the kinds of institutional changes that affect business and are important to both IB and BE scholars.

Perhaps the most far reaching institutional change in recent decades has been the steady decline in the political power of the nation state that has accompanied globalization (Beck, 2000). In particular, nation states are increasingly powerless to control the activities of MNCs (Chandler & Mazlish, 2005). The free flow of capital, services, and goods that characterizes the economic aspects of globalization has enabled MNCs to nimbly structure their international operations to take advantage of the weak, uncoordinated regulatory powers of declining nation-states (Dunning, 2003).

A related institutional trend is changes in the nature of citizenship, identity, and cultural affiliation that have caused individuals and populations to affiliate less with the nation state where they happen to reside, and more with their class, tribe, or other personal or professional classification. Increases in mobility across countries—for example as a result of the deeper integration of the European Union—has direct implications for individuals and their attachments—or lack therefore—to a particular culture or community.

An additional broad institutional trend has been the transformation of the responsibilities, roles, and structure of MNCs themselves. Operating in a "regulatory gap" where states can no longer effectively control them, it has been argued that MNCs have become political actors in the sense that they inevitably become involved, for better or worse, in the making of public policy (Ruggie, 2004; Scherer, Palazzo & Matten, 2009). MNCs even have assumed many of the same public functions and
responsibilities—e.g., public health, labor rights, and security—that once were solely the province of nation states. In late 2009, for example, there were more U.S. citizens in Iraq working for private security companies and related services than were serving in the armed services (Elms & Phillips, 2009). Pharmaceutical companies are not only providing HIV/AIDS drugs in sub-Saharan Africa, they are in many instances constructing the distribution systems and taking charge of administering the drugs (Doh, 2009). Chinese multinationals are providing basic infrastructure and services in many African countries (Michel & Beuret, 2009).

The emergence of new actors on the international stage—especially the rise of the non-governmental organization (NGO)—constitutes another important institutional trend in global business. Sometimes called pressure groups (to the political scientists), social movement organizations (in sociology) or nonprofits (in public administration), these organizations have emerged as partners in multi-stakeholder organizations such as the Fair Labor Association, as gadflies such as Greenpeace, or as consultancies providing compliance and monitoring services such as Accountability, the NGO has emerged as an important element of the international business environment (Yaziji & Doh, 2009).

A fourth broad—and related—institutional development has been the proliferation of self-regulatory organizations. The Marine Stewardship Council and the Forest Stewardship Council are but two examples of a wide array of independent, non-governmental certification systems intended to promote ethically responsible business practices (See Doh & Guay, 2004). In the labor rights area, multi-stakeholder organizations such the Ethical Trading Initiative, the Fair Labor Association and Social Accountability 8000 have similarly attempted to fill the regulatory void by creating a private system of self-regulation. From diamonds to oil and coffee to rugs, there is hardly an industry that doesn’t have some form of private self-regulatory certification of responsible business practices. This flurry of self-regulatory instruments and regimes shows no sign of diminishing, with the U.N. Global Compact—to date signed by over 5,000 businesses—as just one prominent example (Rasche & Kell, 2010). Waddock (2008) reviews the emerging institutional infrastructure of global CSR, documenting and classifying the myriad codes and standards which have arisen over the past decade.

More broadly, the overall impact of globalization, and the specific institutional changes outlined here, have created cleavages among countries and societies and resulted in sharply different perspectives about the efficacy and benefits of globalization itself. Indeed, a vast popular and academic literature has emerged about globalization, and these discussions and debates have informed—and been informed by—scholarly analysis, including that of BE and IB researchers (Barber & Schulz, 1996; Friedman, 1999; Graham, 2000; Soros, 2002; Stiglitz, 2002). In particular, Singer’s (2002) succinct analysis of several specific critiques of globalization using a practical consequentalist perspective offers a useful primer for some of these debates and how they might be addressed through ethical reasoning.

In the following section we outline areas currently of common concern for business ethicists and IB researchers raised by the changing institutional structure of global business. We will also suggest ways that IB research can help to inform how
BE scholars approach these issues and also highlight in some cases how BE scholars can make contributions to the IB field.

**IMPLICATIONS OF THE CHANGING INSTITUTIONAL CONTEXT FOR GLOBAL BUSINESS ON BUSINESS ETHICS AND INTERNATIONAL BUSINESS SCHOLARSHIP**

IB and BE scholars are engaged in active research investigations that leverage the institutional phenomenon described above, within the context of their respective conceptual and theoretical traditions. Here we outline those areas and propose how questions raised by these phenomenon can be addressed through expanding the scope of established traditions and integrating insights from one tradition to the other.

**MNC Legitimacy and Accountability in a Globalized World**

Both BE and IB scholars have had longstanding concerns about the responsibilities of MNCs operating within developing countries where relatively low standards in areas such as the environment and human rights persist. From Coca Cola in South Africa, to Shell Oil in Nigeria, to Google in China, this has been a subject of significant scrutiny and scholarship in the BE and IB disciplines (Donaldson, 1996; Vemon, 1971). However, in recent decades, these kinds of concerns have reached greater urgency and frequency because nation states are increasingly powerless to control the activities of MNCs. The case of China has been somewhat anomalous in that serious and pervasive human rights issues for MNCs have presented themselves not only from weak governmental enforcement systems as in the case of labor rights, but also from all too effective and vigorous state interventions such as in the case of internet censorship (Santoro, 2010). The system of MNC accountability and regulation resulting from these broad trends in institutional transformation—consisting as it does of voluntary, weakly enforced, non-hierarchical mechanisms among various non-state actors, including the self-regulatory efforts of MNCs themselves as well as non-governmental organizations—presents problems of both legitimacy and accountability that are of concern to both IB scholars and business ethicists (Bemstein & Cashore, 2007). The China example is broadly illustrative of the kinds of questions that are of mutual concern to both BE and IB scholars. How credible and effective are voluntary and multi-stakeholder efforts such as the Fair Labor Association and the Ethical Trading Initiative in protecting labor rights? How and by what ethical standards can Google, Yahoo, and Microsoft be held accountable for their complicity in internet censorship (Santoro 2010)?

In thinking about how to bring greater accountability and legitimacy to MNCs in a globalized world, BE scholars can look to several research streams that IB researchers have been mining for some time. Institutional theory has provided a broad and rich conceptual backdrop for exploration of how management and organizations adjust and adapt to the broad social and political environment in which they operate. There are at least two relevant variants of this research: the institutional (sometimes called "neo-institutional") theory perspective derived from work by North American sociologists (e.g., DiMaggio & Powell, 1983; Oliver, 1991; Tolbert
& Zucker, 1983) and the national business systems approach (e.g., Whitley, 1999) or varieties of capitalism approach (e.g., Hall & Soskice, 2001), often dubbed “European institutionalism.”

In the IB literature, these two perspectives have gained considerable traction, especially the former, with a number of special issues in the leading IB journals devoted to this topic over the past decade (see Henisz & Swaminathan, 2008, for an overview and introduction to a JIBS special issue on the topic). The latter perspective has been less present in the IB literature, with some notable exceptions (Jackson & Deeg, 2008; Redding, 2005). Each of these two related streams could enrich the exploration of ethics and corporate responsibility in the international context. American institutionalism elucidates how companies increasingly face a similar set of ethical expectations as the result of pressures from the (globalized) organizational field of businesses, such as consumers, NGOs and global civil society. European institutionalism highlights the relevance of national institutions in shaping different ethical expectations and different ethical dilemmas for international business operating in different countries globally (Matten & Moon, 2008).

A related research stream has developed around questions of global governance and the emergence of non-state market-driven (NSMD) regulations (Cashore, 2002). The proliferation of transnational social and environmental standards developed by non-state governance systems potentially poses a challenge to established national governmental and global inter-governmental institutions (Bernstein & Cashore, 2007). Most of this research has emanated from political science and international relations; IB scholars have been somewhat slow to incorporate these “meta” level perspectives in their research. Nonetheless, this broad perspective on global governance could feasibly enrich BE research concerned with issues of the legitimacy and accountability of the MNC in a globalized world (Scherer et al, 2009). Conversely, BE scholars have much to offer in informing current debates about the very nature of global governance, including issues of institutional adequacy and representativeness, justice, transparency, and the role of non-state actors (Santoro 2010). For example, there is much to be gained from applying and expanding the idea of stakeholder theory in a globalized world (Elms & Phillips 2009; Goodstein & Wicks, 2007). And in the case of China, a focus on human rights can help to illuminate questions about the impact and sustainability of China’s rise as a global economic and political power (Santoro, 2009).

One of the more interesting “second stage” developments of economic globalization has been the emergence of multinational enterprises from emerging economies, many of which have not received the same level of stakeholder pressure over their social and environmental conduct. Chinese oil and gas companies, for example, have been very active in Africa as a result of that country’s rapidly growing energy needs, and have been quite willing to do business with countries that Western firms have been pressured to avoid (Michel & Beuret, 2009). This kind of global activity from MNCs based in nations with weak regulatory systems raises many questions about comparative accountability among MNCs globally, and the potential competitive effects of one set of MNCs adhering to relatively higher standards and another maintaining lower ones. Other emerging market MNCs are moving toward developed
world standards and practices, and, at the same, responding to consumer needs of developing countries in a manner that many developed country MNCs overlook, as in the case of Tata’s $2500 Nano “people’s car” that offers affordably and (reasonably) safe transportation for the masses.

Some IB scholars, particularly those who focus on issues of global political economy, have applied a particular variant of critical management studies to issues of global political economic and international business production relationships. This approach has drawn on the work of Antonio Gramsci to explore power and influence in global production chains. In IB research this neo-Gramscian perspective on hegemony is represented in Levy (2008), who offers a critical framework on international management that views global production networks as integrated economic, political, and discursive systems in which market and political power are intertwined. He applies this framework to contested political and social issues, such as “sweatshops” and incomes for coffee growers. Once again, such a perspective may be leveraged in internationally oriented BE research to explicate how crossnational systems of ethical or unethical behavior become intertwined and mutually reinforcing. This perspective might also help researchers clarify the normative questions raised about “sweatshop” labor.

Another later and emerging stream of research of potentially mutual interest to IB and BE derives from critical management studies (CMS). CMS has, in some ways, done for management what critical legal studies has tried to do for law, by challenging basic assumptions and criticizing historic perspectives. CMS “has emerged as a movement that questions the authority and relevance of mainstream thinking and practice,” one which “challenges prevailing relations of domination—patriarchal, neo-imperialist as well as capitalist—and anticipates the development of alternatives to them” (Alvesson, Bridgman & Willmott, 2009: 1). Lately, CMS has focused extensively on issues related to global governance and distributive justice between and within societies (Hanlon, 2008; Kuhn & Deetz, 2008). IB research has been slow to embrace the perspectives of CMS. Specifically, Banerjee (2003, 2009), drawing from post colonial and cultural studies, has explored crucial aspects of the impact of MNCs on the basic entitlements of indigenous people. This work highlights the political nature of IB and would be particularly useful for IB research in terms of enlarging the understanding of the complexity of factors and processes with regard to why and how firms internationalize successfully or not.

Cross-Cultural Values and Norms

John Dunning (2009) observes that differences in social values create enormous institutional distance between MNCs and governments, domestic firms, and local NGOs. Such “distance” constitutes a significant obstacle to effective international collaboration. Yet, globalization has, in part, lessened—or at least transformed the nature—of some of these differences.

The problem of cross cultural values has been an important topic in international business ethics research. Indeed, the example of integrative social contracts theory (ISCT) as specified by Donaldson and Dunfee (1994) aptly illustrates how
IB and BE might potentially enrich each other. ISCT, which has been one of the more influential ideas in the field of BE in the past decade, posits the existence of "hypernorms," which Donaldson and Dunfee define as "principles so fundamental that, by definition, they serve to evaluate lower order norms, reaching to the root of what is ethical for humanity. They represent norms by which all others are to be judged." However, the debate over what constitutes a hypernorm has impeded the application of ISCT in real-world empirical settings, with some notable exceptions (Bailey & Spicer, 2007).

This debate about hypernorms can profit from consideration of the growing IB literature on convergence, divergence, and crossvergence across cultures as developed by David Ralston (2008) and his colleagues. The crossvergence perspective was advanced as a way to better understand the evolution of managerial values around the world (Ralston, 2008). Tom Dunfee himself (2006), one of the architects of ISCT, called for further study by BE scholars specifically on convergence as it relates to the identification of hypernorms, as well as on the evolution of lower order "authentic norms" in local communities, another key concept in ISCT. The work of IB scholars on crossvergence, which provides insight into the evolution and hybridization of values, directly addresses some of the most fundamental issues on the ISCT research agenda.

The crossvergence hypothesis is a response to a long-standing debate in the IB literature with respect to the nature of the formation and evolution of individual-level values. Convergence theory argued that the spread of similar technologies and the adoption of free-market capitalism around the world would drive individual-level values to more similar values, especially increasingly individualistic work values (Kerr, Dunlop, Harbison, & Myers, 1960; Webber, 1969). In contrast, unique sociocultural influences would resist change and thus sustain continued divergence among individual-level values (Lincoln, Olson, & Hanada, 1978; Meyer, Boli-Bennett, & Chase-Dunn, 1975; Webber, 1969). In response to this dichotomy, the crossvergence perspective postulates that socio-cultural influences, which are unique to specific societies, together with business ideology, which transcends specific cultures, drive the formation of new values, so that we observe neither a convergence nor divergence of values, but rather crossvergence—a kind of hybridization of values (Ralston, 2008).

The implications of this work have rarely been recognized in the BE literature (see Donaldson, 2001, and Dunn & Shome, 2009, as important exceptions). Some research indicates that different psychological processes like moral reasoning and attitude formation are affected differentially by globalization (Husted, Dozier, McMahon, & Kattan, 1996). Given that values do evolve over time, Ralston (2008) emphasizes the necessity of longitudinal research. For example, Ralston and colleagues (Ralston, Pounder, Lo, Wong, Egri, & Stauffer, 2006) compared data collected in 1989 and in 2001 and found evidence of values evolution strongly consistent with a pattern of crossvergence. Still there exists a wealth of resources from cross-cultural psychology awaiting exploitation by BE researchers interested in cross-cultural ethics (Husted & Allen, 2008; Triandis, 1995).
BE also has much potentially to contribute to IB research on cross cultural values. In his seminal analysis of the field, Child (2000) has argued that the cross-national study of organizations suffers from a dichotomy of what he terms "low context" and "high context" approaches. Low-context approaches put forces of economic universalism, technology and psychological universalism at the center of explaining international business activity, which is seen as inevitably moving towards increasingly convergent and uniform organizational structures in MNCs. High-context approaches, on the other hand, see cultural and institutional factors as the dominant drivers which lead to organizations that are deeply adapted to national and regional specifics. One could argue that most of the issues BE scholars have been interested in fall into the realm of high context approaches, stressing the importance of institutional and cultural specifics of the international business environment. Recent examples from the pages of *BEQ* include Hiss's account of the idiosyncrasies of CSR in Germany (Hiss, 2009) or Smith, Simpson, and Huang's study of the social and cultural context of bribery (Smith, Simpson, & Huang, 2007). While Child's analysis still holds some water with regard to IB research in general, this lack of focus on context has been addressed over the last ten years and the institutional context has now become one of the most prominent thrusts in IB research (see Kostova & Roth, 2002; Kostova, Roth, & Dacin, 2008). Nevertheless, IB research on international issues could be enriched by BE perspectives such as ISCT. A core concern of such BE scholarship has long been to navigate the Charybdis of "low context" universalism and the Scylla of "high context" relativism. For example, BE scholars have asked whether Google should practice a "high context" corporate policy and censor its search results in China, or whether it should follow a "low context" entry into the Chinese market by refusing to do so (Santoro 2009). Moreover, considering the two fields as business management subdisciplines, there are other ways in which BE could inform research in IB. For example, scholarship in the latter field, perhaps in its effort to emulate strategy research, has tended to be "values neutral," with some important exceptions (see Dunning, 2003). Given the events of the past several years which have called into question some basic assumptions about the neoclassical economic model, the appropriateness and limits of U.S.-style capitalism, and the shifting views about the efficacy of the state and its important role as a regulator, IB scholars would do well to consider some of the broader moral implications of their topics and approaches, considerations BE scholars have embraced for some time.

*Theory Development Related to the Nature of the Multinational Enterprise*

A third area of mutual concern to BE and IB is the interaction of ethics and international business strategy. In a globalized context, strategic decisions by firms are at every turn either guided by ethical considerations or result in ethical consequences. The theory of the multinational enterprise incorporates a number of related questions. First, why do MNCs exist? Second, how should they best organize globally?

Regarding the first question, IB scholars have consistently drawn attention to the fact that MNCs not only import and export, but more importantly, engage in foreign
direct investment (FDI), sometimes via alliances and joint ventures with other foreign firms. Hence, the theoretical response to this first question has coalesced around the ownership, location, and internalization paradigm, which argues that the decision to engage in FDI depends on ownership or firm-specific advantages, location or country-specific advantages, and internalization advantages from the reduction of transaction costs through hierarchical or market forms of organization (Dunning, 1980). The location factor is particularly important, but as Dunning (1998) noted over a decade ago, it had been largely neglected by IB researchers despite the rich tradition within economic geography, one of IB’s foundational fields.

One of the factors that affects location or country-specific advantages is the institutional environment, which obviously includes business ethics (Dunning, 2009). Donaldson (2001) has discussed the kinds of competitive advantages that ethics can create for countries. Institutional differences due to corruption, environmental regulation, and human rights policies will increasingly have an impact on the entry mode decision of MNCs (Dunning, 2009). Research indicates that corruption influences FDI, especially FDI designed to seek firm resources, rather than new markets (Brouthers, Gao, & McNicol, 2008).

New kinds of FDI have strong ethical implications. One area here is clean development mechanism investments under the still-to-be-renegotiated Kyoto Protocol, which link investments by countries and firms in developed countries to projects which reduce greenhouse gas emissions in developing countries. This arena of FDI has largely been ignored both by IB and BE scholars, despite the observation by Dunning (2009) that climate change will have an enormous influence on globalization and international business and concerns by noted philosopher Michael Sandel (1997) that emissions trading schemes are fundamentally immoral (see also Eykmans & Kverndokk, 2009).

In another area, some MNCs have become interested in initiatives at the base of the pyramid (BOP), which focus on the poorest of the poor as both consumers and producers in order to create economic value for the firm and benefit for the least advantaged (Hart & Sharma, 2004; Prahalad, 2006). These initiatives can occur simply as trading relationships, but more frequently involve equity relationships of different types (FDI, alliances, etc.). Although a more self-critical approach has arisen within the IB and strategy literatures regarding the effectiveness of the BOP literature (Karnani, 2007a), input from BE scholars is sorely wanting (see Hahn, 2009, as an important exception). As Karnani (2007b) has argued, there is a fundamental flaw inherent in much of the BOP thinking as it focuses mostly on turning people in least developed countries into consumers rather than providing them with a meaningful place in production and income generation processes. Given those and other significant criticisms, BOP investment needs to be linked to public policy objectives. Dunning (2009) believes that as a result of collaboration between MNCs, government, and the social sector, FDI to the very least developed countries could increase significantly.

The second big question surrounding the theory of the multinational enterprise deals with how the MNC should organize itself to manage activities over diverse locations. Here the discussion has revolved around a typology of multinational
organizational strategies in which MNCs can be organized as global firms to maximize coordination and economies of scale, as multi-domestic companies to focus on flexibility to adapt to local markets and MNCs attempt to unite the advantages of both by combining economies of scale and responsiveness (Bartlett & Ghoshal, 1989; Prahalad & Doz, 1987; Yip, 1992).

This second question has been treated by some BE researchers as follows. First, how does MNC strategy and structure affect ethical policy and CSR initiatives? Integrative social contracts theory is the most creative response to arise from BE as it attempts to deal with the tension between universal hypenorms and local authentic norms. Yet ISCT does not confront the possibility of ethical pluralism within organizational reality. For example, what does ISCT mean in terms of global, transnational, or multi-domestic MNCs? It would seem to fit best with transnational and multi-domestic MNCs as these types of multinational organization tend to be more sensitive to local contexts and decentralized decision making. It would however appear less well suited to global MNCs, which seek economies of scale and tend to run a globally homogenous set of organizational structures and decision principles across their operations, regardless of the idiosyncrasies of specific local contexts. In the context of CSR initiatives, Husted and Allen (2006) describe how global firms tend to adopt global CSR, while multidomestic firms tend to focus on local CSR. These tendencies certainly make sense, but are they ethically adequate responses on the part of MNCs? Do not global companies also need to be good local corporate citizens (Husted, 2002)?

A further set of questions related to MNC structure is the issue of technology transfer. How do MNCs transmit knowledge from the parent company to the local subsidiary? A great deal of discussion has surrounded the transfer of manufacturing practices, for example, but the literature is silent with respect to CSR knowledge transfer. How should CSR practices developed in the parent company be transferred to the subsidiary? What kinds of resources and capabilities are needed to facilitate this transfer? In the technology transfer literature, a great deal of discussion has surrounded the concept of absorptive capacity as the ability of the subsidiary to assimilate new knowledge (Cohen & Levinthal, 1990). Certainly the literature of technology transfer should be studied carefully to examine the extent to which these concepts can be applied to the transfer of social knowledge and ethical practice. These applications have barely been scratched in the BE literature. Meaningful ways to explore these perspectives could include a closer examination of how MNCs implement their global standards (e.g., codes of conduct) or study of the drivers of and barriers to global dissemination of responsible practices within a large MNC.

Business, NGOs, and other Non-State Actors in a Globalized World

A fourth area of mutual concern to BE and IB is the increasing interactions among corporations and non-state actors, especially NGOs, in the global context. Research on the role, operation, and strategies of NGOs in the international relations and nonprofit management fields has a rich and extensive record (Florini, 2003; Fox & Brown, 1998; Lindenberg & Bryant, 2002). In addition, there are several nascent
efforts that have begun in management research (Dahan, Doh & Guay, 2006; Doh & Teegen, 2003; Rondinelli & London, 2003; Schepers, 2006; Teegen, Doh, & Vachani, 2004; Yaziji, 2004; Yaziji and Doh, 2009). These include exploration of the broader role of NGOs in the process of global management and policy (Doh & Teegen, 2003; Teegen, Doh, & Vachani, 2004) and practitioner-oriented literature that provides guidance regarding corporate-NGO interactions, especially cooperative or collaborative partnerships (Hess, Rogovsky, & Dunfee, 2002; Pearce & Doh, 2005; Rondinelli & London, 2003; Yaziji, 2004). To date, however, there have been few systematic efforts within the IB domain to fully explore the constructs and contexts relevant in understanding the role of NGOs in business, government and political relations, and in society more broadly.

To the extent that this research emphasizes the differing organizational structures, strategies and orientations among business versus NGOs in the international setting, and the interesting challenges presented when NGOs or MNCs from the developed world enter and operate in developing countries (see Oetzel & Doh, 2009), BE research could integrate some of these cross-sectoral and cross-national differences to enrich and enhance existing approaches. Perhaps more interestingly, the challenging relational interactions that result from these differences and that have been explored in the emergent literature on NGO-corporate interactions globally (see Yaziji & Doh, 2009) could complement BE research by demonstrating the dynamic nature of cross-sectoral engagement and its implications for comparative organizational ethics and the evolution of cross-national ethics and CSR by corporations and nonprofits.

The Dialectics of Globalization

The institutional changes we identified at the beginning of the paper as well as our discussion so far might suggest that the set of challenges for IB and BE research are rather straightforward and well defined. In fact however, there are some fundamental differences in the two perspectives that could be termed the "dialectics" of the globalization process itself (Sorge, 2000, 2005). As discussed in the previous section, globalization itself poses profound questions for business and society, and this is also true for the academy, including for IB and BE scholars.

On the one hand, many of the changes we discussed so far are due to new "transnational social spaces" (Pries, 2001) where business, alongside other actors and institutions, plays a new role, with implications for both IB and BE research. This often leads to a hyperbolic view of globalization, perhaps most forcefully popularized by Thomas Friedman's "Flat Earth" hypothesis (Friedman, 2006). At the same time, however, the very process of globalization has accentuated the importance of local institutions, actors and cultures, commonly popularized by Samuel Huntington's "Clash of Civilizations" hypothesis (Huntington, 1998). These dialectics have found some reflection in both the IB and the BE literature. The most prominent example in IB is the ongoing contestation about convergence and divergence of business practices (see, e.g., Geppert, Matten, & Walgenbach, 2006, for an overview) while the debate and criticism of the above mentioned ISCT approach has generated a
similar debate in the BE literature (see, e.g., Van Oosterhout, Heugens, & Kaptein, 2006, for an overview). Here we briefly review some of the dialectical aspects of globalization and their relevance for broader discussions regarding potential complementarities among IB and BE scholarship.

Perhaps the most prominent dialectical phenomenon is the role of national governments in a globalized world. As we argued so far, global business has outstripped the ability of governments to regulate it; nevertheless, governments are playing catch up (van Tulder, 2006: 73–91). In the United States, for example, the Alien Tort Claims Act (Stephens, 2007) and the Foreign Corrupt Practices Act (Weiss, 2009) have been applied to extraterritorial behavior and with increasing vigor. The European Union has demonstrated a willingness to use its antitrust law in a manner that forces big companies like Microsoft and Intel to rethink strategies that might have been workable only under U.S. law (Forelle & Kiviniemi, 2009). This trend is also evident in other policy fields relevant to IB: the fallout from the global financial meltdown of 2008 has also spurred international governmental cooperation. At the Pittsburgh G-20 meeting of September 2009, meaningful discussions began on the construction in the not-too-distant future of a mechanism for regulating international financial markets (Pittsburgh Summit, 2009).

One of the most conspicuous areas where these dialectics have been studied at the intersection of the IB and BE literature is the phenomenon of climate change (e.g., Begg, van der Woerd, & Levy, 2005; Hoffman, 2005; Kolk & Pinkse, 2005; Kolk & Pinkse, 2007; Stern, 2007). While climate change can be regarded as a truly global phenomenon, responses have so far been the result of governmental regulation (such as Kyoto or the EU Emission Trading System). This included a rather intricate and active role for business (alongside other actors). Further, the specific reactions of business firms globally have highlighted the persistent relevance of local political context of business strategies for addressing a global challenge, even of the most globalised MNCs (Eberlein & Matten, 2009; Levy & Kolk, 2002). This field of inquiry has contributed significantly to our understanding of global strategizing of MNCs (from an IB perspective) as well as understanding the complex political context and role of private business in addressing ethical issues (from a BE perspective).

A new and omnipresent aspect of the international environment is the threat of global terrorism. First, this has resulted in new business opportunities for a number of firms in the fast growing private security industry globally (Elms & Phillips, 2009). On a more dialectical note though, while globalization has in some respects facilitated global terrorist activities, it also imposes more restrictions on business and has re-invigorated nation states in their power to restrain the global flow of goods, services and capital (Jain & Grosse, 2009). The controversy about the sale of US ports to a Dubai-based holding company in the late 2000s underscored this resurgent state. These developments raise specific questions about the limits and risks of global business activities for IB and BE research. Finally, terrorism, and of even greater salience, international organized crime, have in recent years presented threats to the financial markets and many products and services (Nordstrom, 2007). Such threats raise additional research questions regarding the extent, nature and limits of business responsibility for the wider public good, in particular public security.
CONCLUSION

In describing some of the areas of mutual concern to IB and BE scholars, we by no means claim to have been exhaustive. In fact, our hope is that our analysis will spur thought about other areas of potential synergy. Nevertheless, there are a number of aspects in which IB and BE can mutually inform each other.

Examined from the potential contribution of IB to BE, we documented how IB has leveraged and integrated robust and broadly applicable theoretical traditions from the social sciences—in particularly, institutional theory approaches—that have strengthened and provided greater rigor and relevance and we have argued that BE research could benefit from such a strategy. Our point is not that these social science traditions should replace the fundamental moral perspectives at the core of BE concerns. Rather we have tried to show how the varied theoretical approaches in IB can help to clarify and illuminate questions already being posed by BE scholars and in some cases may suggest wholly new questions that need further moral inquiry. We have also seen that IB has a strong empirical tradition specific to cross-border phenomena that has helped to legitimize and validate many of its theoretical and conceptual understandings of the world and the interactions of stakeholders within it; to the extent that BE researchers are interested in speaking to a broader social science audience, such approaches could bolster its broader acceptance and adoption within business research generally. In other words, to the extent that BE research turns to more empirical approaches, IB scholarship presents a useful model for rigor and conceptual clarity.

Conversely, there are numerous ways in which BE could inform research in IB. Most importantly, BE scholars who approach global issues from a philosophical perspective can add a much needed moral dimension to IB studies. As we have noted, scholarship in IB, perhaps in its effort to emulate strategy research, has tended to be “values neutral,” with some important exceptions (see Dunning, 2003). Given the events of the past several years which have called into question some basic assumptions about the neoclassical economic model, the appropriateness and limits of Anglo-Saxon forms of capitalism, and the shifting views about the efficacy of the state and its important role as a regulator, IB scholars would do well to consider some of the broader moral implications of their topics and approaches, considerations BE scholars have embraced for some time. BE, by virtue of their training and orientation in moral discourse, can make an important contribution to the great debates and controversies of globalization. In this article we have tried to show that by engaging with some of the more prominent streams of IB research, BE scholars can bring their much needed voices to the twenty-first-century discourses on globalization.

In conclusion, we would suggest a field of inquiry where IB and BE scholars jointly could benefit from cooperatively venturing into new fields of empirical analysis and conceptual advancement. In our discussion above, in particular with regard to the MNC legitimacy and accountability, or the role of NGOs for global business, we have identified a field which so far has met limited attention by both IB and BE scholars. The relevance of the changing role of business in global governance, in
particular for a “values free” IB perspective, has been underscored by none other than GE CEO Jeffrey Immelt (Roberts, 2010). Finding himself drawn into a discussion on US culture and politics while trying to sell GE products to Chinese President Jiang Zemin, he commented: “That was the first time I realized that the job was more than just selling aircraft engines.” Learning this lesson quickly, GE has now a “quasi diplomatic corps” of more than 200 people globally, to, as Immelt puts it, “connect the dots for the company in the eyes of the governments.” For large MNCs such as GE, the realization that they are deeply embedded in the political sphere is just sound business. While there has been work on “corporate political action” (e.g., Hillman, Keim, & Schuler, 2004) in management and IB, Mantere, Pajunen, and Lamberg (2009) have shown that this literature features a fairly blatant disregard of its ethical implications and the political nature of firms. Conversely, while we hinted to some recent work in BE that has tried to address these political dimensions of corporations, the nature and status of this role is anything but uncontested—as, for instance, the current controversy on the pages of BEQ earlier this year shows. Main arenas of contestation include the Western bias in conceptualizing business responsibilities (Michaelson, 2010), unresolved questions about the boundaries between the private and the public sphere as well as the appropriate design of effective and legitimate global regulation (Van Oosterhout, 2010) or, more radically, questioning the context of corporate power and the potential of reinvigorating democratic leverage in the contemporary institutional context (Banerjee, 2010). While IB traditionally has drawn especially from economics, psychology and sociology, BE typically has drawn from philosophy and more recently social psychology, we suggest that a closer dialogue with the disciplines of political science and international relations might be beneficial for both IB and BE scholars. Such a dialogue may even become a fascinating future avenue of more integrated and collaborative research in both fields.

NOTE

1. In 2009 JBE published 46 issues and supplements totaling 7298 pages. BEQ was 4 issues totaling 629 pages.

REFERENCES


TOWARD GREATER CONGRUENCE AND SYNERGY


