The Full Canvas: Exploring the Bright and Dark Sides of International Business Strategy

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1 Introduction

> [...] there is no consistent, enduring link between the adoption of modern science and technology on the one hand and the progress of reason in human affairs on the other. If anything, new technologies can give a new lease of life to the side of human nature that is not and never will be rational. The Taliban commander directing military operations from his cellular telephone is a familiar late 20th-century figure. Neither the modernization of the economy nor the spread of new technologies leads to the adoption of what we like to think of as a modern, rational worldview. John Gray (1999)

The quote above, written at the close of the last century by (then) Professor of European Thought at the London School of Economics, John Gray, has arguably been confirmed fully by the events of the last two decades. The "modernization of the economy" that Gray alludes to created an integrated worldwide financial system through which the "contagion" of the US subprime mortgage crisis was able to spread, bringing the global economy to its knees in 2008. Less than a decade later, geopolitics returned with a vengeance during the twenty-teens as Trump-era trade wars led to the erection of new tariff barriers between large blocks of the global economy: Europe, Asia, North America, and the emerging economies. Most recently, in 2020, the COVID-19 outbreak saw the interruption of critical global

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H. Merchant (ed.), *The New Frontiers of International Business*, Contributions to Management Science, https://doi.org/10.1007/978-3-031-06003-8_2

value chains, including those necessary for the production of basic personal protection equipment and pharmaceuticals. For many developed country consumers, the pandemic-induced shortages were the first time they had not been able to easily access once abundant products such as computing components (e.g., graphics processing units, or GPUs), recreational equipment (e.g., bicycles), and—perhaps most distressingly—toilet paper.

These recent trends and events—from the resurgence of economic nationalism in the West to the (likely short-term) disruption of global value chains (GVCs) during the pandemic—have highlighted that the risks and uncertainties that accompany international business (IB) operations have not been "solved" by advances in scientific and technological discovery. If anything, progress in the technological sphere has added layers of complexity, and thus uncertainty, to the decisions faced by managers of multinational enterprises (MNEs). As alluded to by John Gray, bounded rationality and bounded reliability[1] challenges faced by economic actors remain—even in the face of scientific and technological progress.

On the other hand, the doom and gloom predictions regarding the future of IB—i.e., the impending retreat of globalization and the imminent death of GVCs, precipitated by ongoing macro-level trends and sealed by disruptions from the global pandemic—are similarly unrealistic. Essentially, these predictions do not account fully for the indispensable, unique, and positive role of the MNE in restoring global economic order and the MNE's ability to mitigate risks while continuing to create economic value (Contractor, 2022). Only by being aware of new economic developments and technologies, and their associated opportunities and risks (i.e., their "bright" and "dark" sides), can managers be sufficiently equipped to make and adjust decisions capitalizing on the prospects that modern developments present while avoiding potential pitfalls.

In the pages that follow, we will examine ten topics of contemporary relevance to MNE managers and IB scholars:

1. Digital globalization and the MNE
2. Headquarters-subsidiary relationships and the tyranny of the back office
3. Cultural diversity and global teams
4. New forms of nationalism
5. External disruptions and risk mitigation in GVCs
6. The role of boards in firm governance
7. Environmental, social, and governance (ESG) performance and the role of private equity
8. Global innovation ecosystem and institutional fracture

[1] Bounded rationality describes economic actors' behavior that is "intendedly rational, but only *limitedly* so" (Simon, 1961: xxiv). Bounded reliability refers to the failure of economic actors to make good on open-ended promises, irrespective of intent (Kano & Verbeke, 2018). Bounded reliability represents an extension of the assumption of opportunism—a central construct in Williamsonian version of transaction cost economics, defined as "self-interest seeking with guile" (Williamson, 1981: 1545)—that also accounts for non-malevolent intentions.

9. Contemporary corporate social responsibility (CSR) expectations and approaches
10. The role of the MNE in climate change mitigation

In analyzing each phenomenon, we start with a position that dominates present scholarly and/or managerial conversation (whether "bright" or "dark"), and follow with the alternative viewpoint, so as to give scope to the "full canvas" of opportunities and challenges of each topic. Our analysis is summarized in Table 1. We then conclude with some reflections on the current state of IB scholarship and how a *full canvas* approach, which explores both the bright and dark sides of IB phenomena, can enhance the quality of IB scholarship and better prepare managers for the decisions they face in an increasingly volatile, uncertain, complex, and ambiguous (VUCA) world.

2 Digital Globalization and the MNE

In a recent *Academy of Management Perspectives* article, Verbeke and Hutzschenreuter (2021a) examine the impacts of digital globalization on MNEs. The authors suggest that, while digital globalization has in many cases allowed firms to increase their digital intensity and extend their global reach (the bright side), it has also given rise to new costs and challenges (the dark side).

Citing the work of Azmeh et al. (2020), Verbeke and Hutzschenreuter (2021a: 3) describe digital globalization as "[. . .] the changes in world trade and foreign direct investment resulting from the deployment of digital assets." The power of digital globalization lies in its ability to offer firms a virtually infinite economy of scale within certain domains. Information, in the form of visual and audio media, financial transactions, and communications, can be replicated and/or transmitted an infinite number of times instantaneously at zero marginal cost.

At the firm level, incorporation of digital assets that can then be mobilized as firm-specific advantages (FSAs) has enabled MNEs to experience increased internationalization and has fueled economic growth and led strategy and IB scholarship to focus on the "bright side" of digital globalization. Digital assets include resources and capabilities such as technologies, data, infrastructure, and business models that support the development and delivery of the firm's products and services.

2.1 The Bright Side Opportunities of Digital Globalization

The extent to which a firm relies upon a digital asset base is referred to as its "digital intensity." Drawing upon the work of Nambisan et al. (2019), Verbeke and Hutzschenreuter (2021a) identify three elements of digital intensity: governance, resources/assets, and customer value focus. Verbeke and Hutzschenreuter (2021a) suggest that increased digital intensity can enhance FSA-infusing properties of the

Table 1 The full canvas approach to contemporary IB issues

Contemporary issue in IB	Bright side: Functional aspects that facilitate value creation and capture	Dark side: Dysfunctional aspects that hinder value creation and capture
1. Digital globalization	• Fast and accurate information sharing • Technological channels enable externalization of activities • Efficient coordination of global operations through advanced predictive analytics • Access to geographically dispersed resources/customers • Positive network externalities	• Risk of unwanted knowledge appropriation • Overestimation of transferability of digital assets/underestimation of the need to recombine home country digital FSAs with LB FSAs in host markets • "Winner-takes-all" or "winner-takes-most" scenarios/reduced consumer choice
2. *HQ-S* relationships	• Subsidiary can be a source of profitable local initiatives due to their access to local knowledge/ ability to develop LB FSAs in host markets • Potential to upgrade and transfer subsidiary-specific advantages to the entire MNE network	• Potential dysfunctional motivations on the part of HQ and bounded reliability problems may lead to a tyranny of the back office • Vicious cycles of bounded reliability throughout the organization • Threshold level of knowledge, skills, and experience is required to efficiently orchestrate subsidiary initiatives
3. Cultural diversity and global teams	• Multiple perspectives improve decision-making quality, creativity, and innovation • Broader cognitive base facilitates distance-bridging in host markets • Diverse teams signal equity, diversity, and inclusion (EDI) commitment to employees and external stakeholders	• Bounded rationality problems: Reduced information flows due to different cultural norms related to knowledge sharing; diverging interpretation of information • Bounded reliability problems: Identity-based discordance, enabled biases • Diverging interpretations of and levels of importance attached to aspects of work • Various types of diversity (surface versus deep) yield various types of benefits and challenges for team effectiveness • Diversity affects different intermediate processes (creativity, conflict, communication, satisfaction, social integration) differently, with positive and negative effects canceling each other out; the overall effect of cultural diversity on team performance is zero
4. New forms of nationalism	• Retreat of globalization may not be possible or desirable due to the present level of interconnectedness	• Risks to labor-intensive manufacturing GVCs that rely on efficiencies of offshoring

(continued)

Table 1 (continued)

Contemporary issue in IB	Bright side: Functional aspects that facilitate value creation and capture	Dark side: Dysfunctional aspects that hinder value creation and capture
	of the global economy acting as a structural barrier to nationalism • Deglobalization may prove inefficient at the MNE level as well as too costly at the national level, providing additional barriers • Deglobalization is likely to be marginal rather than fundamental • Globalization of trade is overstated, with most MNEs being regional rather than global • Marginal risks can be addressed at the firm level through changes in strategy • Technology acts as a countervailing force to deglobalization trends	• Barriers to specialized knowledge access • Increased cost of exports and interruption of trade (SMEs are particularly vulnerable) • Forced redistribution of FDI and jobs
5. External disruptions and risk mitigation in GVCs	• Lead firms can mitigate external risks through managerial governance adjustments, making GVCs efficient for the long term • GVCs are designed with a degree of flexibility and severability and are therefore more resilient in the face of external shocks than individual actors that comprise them or vertically integrated firms • Lessons learned from responding to the pandemic will help lead firm managers in building reliable GVCs in the future • The pandemic is a catalyst for productive multi-layer, cross-GVC collaborations	• Predicted structural reshaping of GVCs: Reshoring, vertical (re)integration, reduced geographic footprint • Changes in ownership and control may be difficult to implement/lead to inefficiencies and therefore unlikely to materialize • A large number of spatially dispersed loci of potential disruption make GVCs inherently susceptible to supply and demand shocks • End of GVCs and replacement by regional value chains
6. The role of boards in firm governance	• Effective board oversight prevents value-destroying activities such as executive underperformance, executive overcompensation, overpaying for acquisition, and corruption • Quad-qualification of directors (the simultaneous presence of four traits: independence, expertise, bandwidth, and motivation) significantly increases monitoring effectiveness	• Even quad-qualified directors face severe bounded rationality and bounded reliability challenges when overseeing complex operations • Increasing complexity of international operations further complicates the oversight function • Corporate boards may only be more effective at closing resource gaps and supervising punctuated events
7. ESG and the role of private equity	• Wide-ranging positive externalities of MNE operations	• Unreasonable/unrealistic/ill-informed ESG pressures threaten

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Table 1 (continued)

Contemporary issue in IB	Bright side: Functional aspects that facilitate value creation and capture	Dark side: Dysfunctional aspects that hinder value creation and capture
	• MNEs are uniquely able to promote international ESG norms and objectives • Positive ESG performance facilitates social contracts in host countries • Helps MNEs overcome host country vulnerabilities • Catalyst for correcting dysfunctional routines/improving governance practices • Catalyst for new LB/NLB FSA development • ESG focuses on reliability toward international stakeholders/ facilitates access to host country resources	the MNE's growth and survival • Actions taken in response to unreasonable demands harm local communities • Only private equity provides an efficient antidote to unreasonable ESG demands, but at the expense of public equity markets • Publicly listed firms disappearing from the market, even though—back to the bright side—they can be replaced by private equity firms contributing governance capabilities, improving firm performance, and creating positive spillovers for the global economy
8. Global innovation ecosystem and institutional fracture	• Global enterprise growth, increased FDI, dissemination of advanced technology, and sophisticated management practices • Has increased welfare of much of the world's population	• Increasingly VUCA conditions for MNEs • Misappropriation of IP by "rule of ruler" governments • IP protection requires development of complex dynamic capabilities (knowledge buffering)
9. Contemporary CSR expectations and approaches	• Core CSR approach improves employee engagement, firm reputation, and societal/ environmental benefits • Core CSR reduces fragmentation and increases efficiency of CSR efforts • Peripheral CSR leads to better local CSR performance and greater value capture from CSR activities at the firm level • Peripheral CSR facilitates FSA development	• Core CSR does not mitigate the full range of negative externalities • Core CSR requires a globally integrated company/is costly and difficult to implement • Core CSR reduces local responsiveness and may ultimately lead to the tyranny of the back office • Peripheral CSR is only applicable if a number of boundary conditions are met
10. The role of the MNE in climate change mitigation	• Benefits include environmental sustainability, energy security, and energy accessibility • Long-term energy (LTE) transition drives new capability development in MNEs • Consumer demand growth and increased profits • Multi-actor collaborations result in simultaneous reduction of	• Missing link between imposition of LTE transition at the macro-level and enactment at the firm level • Policy does not consider firm-level constraints • Bounded reliability on behalf of both policymakers and affected firms (virtue signaling; political rent-seeking; greenwashing/ ceremonial adoption)

(continued)

Table 1 (continued)

Contemporary issue in IB	Bright side: Functional aspects that facilitate value creation and capture	Dark side: Dysfunctional aspects that hinder value creation and capture
	carbon footprint and development of new technologies	• Potential value destruction at the firm level

Source: Compiled by authors

firm's governance, resources/assets, and customer value focus as well. We discuss each below.

FSA-inducing properties of governance refer to the ability of digital technology to disseminate fast and accurate information across all areas of the value chain. The digital integration of MNE headquarters (HQ) with value chain partners has enabled externalization of activities that once needed to be internalized economize on bounded rationality and bounded reliability. Digital technologies such as advanced analytics and artificial intelligence (AI) enable lead firms in a GVC to forecast supply and demand and predict disruptions so as to efficiently map out its global operations (Kano et al., 2021).

FSA-inducing properties of resources and assets are due to the advantage of allowing managers greater discretion over foreign direct investment (FDI) decisions. Because the global spread of digital technologies allows firms more direct access to international markets (for both inputs and outputs), MNE managers can be more selective about where they locate their portfolio of physical (and usually more capital-intensive) assets. Technological tools further aid managers in monitoring and managing physical inventory and communicating with workers, suppliers, intermediaries, and customers across dispersed locations, thus overcoming potential bounded reliability issues (Kano et al., 2021).

FSA-inducing properties of customer value materialize through the creation of positive network externalities that accrue to customers when firms orchestrate their activities through digital networks (e.g., Airbnb, SkipTheDishes, eBay, etc.). The increasing returns to scale created by digital networks on the supply side are mirrored by increasing value to customers on the demand side, as customer value increases through the addition of new customers to networked digital platforms. Verbeke and Hutzschenreuter (2021a) point out that these positive network effects accruing to customers can be further amplified by the use of AI and machine learning that can optimize consumer experiences by, for instance, reducing search costs as well as other transaction costs related to payment and delivery.

2.2 The Dark Side Challenges of Digital Globalization

The bright side advantages of digital globalization described above must be qualified—and tempered—by their dark side counterparts. For each bright side opportunity presented by the three FSA-infusing elements of digital globalization, there is a potential or actual dark side threat that must be accounted for by management scholars and MNE managers.

The dark side of governance. One increasingly recognized dark side threat in the era of digital globalization is the risk of appropriation of FSAs that derive from intellectual property (IP) rights protection (see also Sect. 9). The same features that give digital assets infinite scalability at zero marginal cost (i.e., instant transmission and replication) also make them highly vulnerable to appropriation by other firms and/or political regimes. Thus, while the speed and quality of digital information give MNE managers greater control over value chain activities, the vulnerability of digital information to external appropriation provides a counter-pressure to keep FSA-supporting digital assets (at least partially) under firm ownership (Verbeke & Hutzschenreuter, 2021a).

The dark side of resources/assets. In the same way that traditional brick and mortar firms with international ambitions can be subject to “global illusions” about the redeployability of their FSAs abroad, digital firms can overestimate the extent to which their FSAs can be deployed in a host country market without significant adaption to local conditions. Early unsuccessful attempts by MNEs such as Google, Amazon, and eBay to expand into the Chinese market highlight that digital business models are not always transferable across international borders with little or no modification. Even firms with high levels of digital intensity must often rely upon the availability of local resources with which to recombine their digital assets, so as to compete successfully with local firms. This need for recombination with local assets (whether transacted within or outside of the boundaries of the firm) will often require the deployment of physical assets (including human capital) in the host country (Narula & Verbeke, 2015; Verbeke & Hutzschenreuter, 2021a; Verbeke & Kenworthy, 2008; Wu & Gereffi, 2018).

The dark side of customer value. Although the positive network externalities (economies of scale) that accrue to customers of digital platforms and ecosystems (DPEs) can create significant demand-side value for them, the same forces can also lead to “winner-takes-all” or “winner-takes-most” scenarios where smaller players can no longer compete with dominant MNEs that come to occupy hub positions within the DPE. This reduction in interfirm competition limits consumer choice and creates concomitant negative network externalities in the form of higher switching costs. Furthermore, authoritarian regimes can appropriate local or regional DPEs for political surveillance purposes, though not without unintended consequences that further diminish customer value. For example, it has been suggested that the Chinese Communist Party (CPP) requires domestic firms to have “weak security” that facilitates state access to “email and social media” and as a consequence is also prone to online crime and leaks from domestic and foreign actors (Economist, 2021a).

2.3 Summary

Each of the elements of digital globalization—governance, resources/assets, and customer value—has both a bright and dark side. While digital integration across value chains can help economize on bounded rationality and bounded reliability challenges, it can also add layers of complexity and risk that may counteract these economies. For example, managers may overestimate the extent to which they can deploy digital assets abroad without needing to recombine these with complementary assets (through either direct FDI or contracting). Governance decisions regarding host country selection and the boundaries of the firm must still be assessed soberly by considering local contexts and the recombination requirements necessary to convert home country location-bound FSAs into non-location-bound FSAs or to develop new location-bound FSAs in the host country.

3 Headquarters-Subsidiary Relationships and the Tyranny of the Back Office

One of the most prominent themes within IB research since the field's inception has been the relationship between the MNE's central or regional headquarters (HQ) and its host country subsidiaries. Whereas early studies on headquarters-subsidiary (HQ-S) relationships tended to view subsidiaries as relatively undifferentiated extensions of the firm's home country operations, more recent research sees subsidiaries as potential sources of new, context-specific knowledge which can also benefit the whole MNE network. Here, the corporate HQ plays a central role in orchestrating subsidiary initiatives for the benefit of the MNE. In this section, we examine the bright side opportunities and dark side challenges of HQ-S relationships or, more specifically, of HQ involvement in subsidiary initiative management.

3.1 The Bright Side Opportunities of HQ Involvement in Subsidiary Initiatives

In a survey examining the past and present state of research on *HQ-S* relationships, Kostova et al. (2016) identify five dominant themes that have informed HQ-S research over the past 50 years. The authors group the approaches that IB scholarship has taken to the study of HQ-S relationships into the following, chronologically ordered categories (i.e., historical to most recent dominant approaches): (1) organizational design and control systems; (2) home and host country context; (3) subsidiary roles and regional structures; (4) knowledge creation and transfer; and (5) expatriate management and global human resource management (HRM). The common narrative across these historically dominant categories is a move from an HQ-centric view of HQ-S relationships toward approaches that recognize the knowledge creation potential of subsidiaries. Accordingly, the core unit of analysis in IB research has shifted from the firm to the subsidiary and the subsidiary manager (Rugman et al., 2011). It is increasingly recognized in IB literature that subsidiaries can possess idiosyncratic FSA bundles that can be important sources of knowledge and innovation for the MNE. Their context-specific knowledge of host country markets allows them to react more quickly to local demands. Similarly, their proximity to local knowledge hubs can lead to product and service innovations that may be transferrable within the wider MNE network. In this context, the role of the HQ is to orchestrate and exploit autonomous subsidiary initiatives and to channel knowledge in order to generate maximum value for the MNE network. However, this task comes with challenges, namely, (1) how to successfully assess subsidiary initiatives; (2) how to support initiatives that have the potential to create and capture value; and (3) how to transfer knowledge between HQ and the subsidiary in a way that allows successful initiatives to benefit the entire MNE network. Achieving these objectives entails overcoming significant challenges from bounded rationality (e.g., information gathering, selection, and processing) and bounded reliability (i.e., motivational challenges and competing priorities faced by MNE managers in performing these tasks).

3.2 The Dark Side Challenges of HQ Involvement in Subsidiary Initiatives

Recent IB research acknowledges that managerial analysis of the MNE, especially such complex relational aspects of MNE governance as subsidiary management, should be conducted from a microfoundational perspective, with sufficient attention paid to the behavior of individual managers (Kano & Verbeke, 2019). Accordingly, in a recent conceptual paper, Verbeke and Yuan (2020) explore the microfoundations that inform HQ-S relationships; they suggest that much of the variance among MNEs in their management of HQ-S relationships can be explained by the motivations and abilities of the individual HQ managers. Drawing upon the motivation and ability framework of Mitchell and Daniels (2003), Verbeke and Yuan (2020) propose that the effectiveness of MNE HQ involvement in subsidiary initiatives is determined by a combination of two individual-level attributes of HQ decision-makers: (1) motivation and (2) ability. Insufficient presence or dysfunctional expression of either of the two factors is likely to lead do “dark side” consequences of HQ involvement in subsidiary management.

The dark side of motivation. Verbeke and Yuan (2020) highlight four types of motivation that can inform a HQ manager’s approach to subsidiary initiatives: (1) benevolent service of the firm; (2) self-interested service of private objectives; (3) other motivations related to bounded reliability; and (4) controlled responses to MNE stakeholders in line with perceived normative expectations. Of these, only the first—benevolent service of the firm—is likely to promote a positive approach to subsidiary initiatives. The other three (self-interested service of private objectives, other motivations deriving from bounded reliability, and controlled responses to perceived expectations) are all dysfunctional motivations likely to lead to negative impacts on HQ-S relationships and subsidiary initiatives. In cases of strongly dysfunctional motivation, sub-goal pursuit or a desire to exercise authority (either for its own sake or to implement perceptions about how HQ-S relationships should unfold) can lead to a "tyranny of the back office," "i.e., cases whereby individual decision-makers at CHQs choose to intervene for the wrong reasons" (Verbeke & Yuan, 2020: 7). This in turn leads to the demoralizing and demotivation of subsidiary managers and can even result in a vicious cycle of bounded reliability, whereby disgruntled subsidiary managers may pursue sub-goals of their own (Verbeke & Yuan, 2020).

The dark side of ability. Three dimensions of ability that influence the actions of HQ decision-makers in their interactions with subsidiaries are (1) knowledge; (2) skills; and (3) experience.

The ability to collect and process the knowledge needed to properly assess a proposed subsidiary initiative is the most important of the three dimensions. The knowledge that undergirds a new subsidiary initiative is highly context-specific and will often be encumbered with high levels of complexity and ambiguity. Transferring this knowledge from the subsidiary to HQ often involves the traversing of significant cultural, administrative, geographic, and economic (CAGE) distance (Ghemawat, 2001).

While knowledge is the most important dimension of ability, experience and skills also play an important role in determining how a HQ manager will approach subsidiary initiatives. However, the experience HQ managers bring to the table when approaching subsidiary initiatives can be a double-edged sword. While a broad international experience can assist with bridging the CAGE distance required for knowledge transfer from subsidiary to HQ, deeply ingrained patterns of behavior can also lead to identity-based discordance—an expression of bounded reliability whereby managers fail to deliver on commitments due to a personal commitment to a particular identity which may be incongruent with corporate or unit identity. Thus, both the types of experience and skills decision-makers possess *and* their ability to reflexively use and adapt these to the required situation are critical to successfully evaluating and supporting subsidiary initiatives.

3.3 Summary

Subsidiaries may have a strong potential to contribute to the creation of new FSAs within an MNE. However, HQ decision-makers bring a mixed bag of motivations and abilities to the table when assessing and supporting subsidiary initiatives. Individual motivations can be either functional or dysfunctional and of a weak or strong intensity. Only in cases where a strong, functional motivation to serve the firm is paired with a high level of ability is the impact of HQ involvement in a subsidiary initiative likely to contribute to a positive outcome for the firm. Unfortunately, when motivations are dysfunctional, or below threshold levels, the HQ-S relationship will be a negative one, potentially even developing into a "tyranny of the back office." It is crucial that IB scholars and MNE managers alike understand both these bright side opportunities and dark side challenges of HQ-S relationships if they are to reap the benefits of subsidiary knowledge and innovation.

4 Cultural Diversity and Global Teams

A prominent stream within IB and organizational behavior research examines the impact of diversity upon team performance. While these studies have addressed various aspects of diversity (e.g., gender diversity, age diversity, functional diversity, etc.), the most popular theme for scholarly analysis has been the impact of cultural diversity on team performance. In this section, we examine the bright and dark sides of this phenomenon.

4.1 The Bright Side Opportunities of Cultural Diversity

Concomitant with the globalizing trends discussed above has been a growing prevalence of culturally diverse teams within the MNE (at both inter- and intra-national levels). "Diversity is our strength" has become a common political mantra, with both American President Joe Biden and Canadian Prime Minister Justin Trudeau using those words in their own government communications and/or campaigning materials. Top strategic management consulting firms such as McKinsey and Boston Consulting Group have produced reports highlighting the performance-enhancing benefits of diverse teams (Dixon-Fyle et al., 2020; Lorenzo et al., 2018). Culturally diverse teams are argued to benefit from multiple perspectives to bear on problems, and thus make better-quality decisions. Access to various perspectives also facilitates greater creativity in culturally diverse teams, yields broader and more accurate customer insights, and ultimately leads to better innovation outcomes (Grant & Rock, 2016). Specifically in the context of an MNE, diversity of managers' cultural backgrounds broadens the firm's cognitive base and can thus help the MNE bridge various dimensions of distance between home and host countries, particularly if managers have cultural affinity with relevant host markets (Verbeke, 2013). Finally, cultural diversity of teams signals the firm's commitment to equity, diversity, and inclusion (EDI) goals to both employees and external stakeholders and thus increases employee satisfaction and improves the firm's global reputation (Dixon-Fyle et al., 2020).

A quick perusal of the website for any large MNE will almost certainly reveal a statement or even a complete portal devoted to the firm's efforts toward nurturing a diverse working environment. Indeed, in 2021, many of the world's top global firms have dedicated senior executives with the word "diversity" in their title (e.g., Google's "Chief Diversity Officer"). The narrative in the internal and external communications of top global firms, in the business press, and in management consulting reports is clear: diversity has a positive impact on firm performance.

4.2 The Dark Side of Cultural Diversity

Management scholars, however, have not been quite so Panglossian in the reporting of their findings on the impact of cultural diversity on the performance of teams. Indeed, much of the research conducted over the past decade has found that diversity (specifically cultural diversity) can be a double-edged sword when it comes to its impact upon team performance.

In their award-winning meta-analysis examining the impact of cultural diversity on team performance, Stahl et al. (2010) found that the mean effect size of cultural diversity on performance was close to zero (it was in fact slightly negative). This finding mirrors those of the studies encompassed in their meta-analysis, which found the correlation between cultural diversity and performance to be either ambiguous or close to zero. Some studies show a significant, negative relationship between cultural diversity and certain aspects of performance: for example, Gibson and Gibbs (2006) found that national diversity inhibits innovation through differences in norms, expectations, and behavior. Diverging cultural values within a team lead to inconsistent definitions of such core concepts as teamwork and hierarchy, as well as different importance attached to various dimensions of work. Diverging cultural norms around knowledge sharing and communication potentially reduce information flows (Gibson & Gibbs, 2006). Diversity can be responsible for severe bounded rationality problems, whereby managers with different cultural backgrounds select different facets of information as the basis of strategic decisions and/or interpret the same information differently (Verbeke & Yuan, 2005). Differences in cultural values can naturally lead to identity-based discordance (Kano & Verbeke, 2019) and facilitate further bounded reliability challenges by enabling biased behavior (Verbeke et al., 2020).

What explains this gap between the positive diversity narrative that the media and large firms espouse and the empirical findings of management scholars? Reflecting upon this paradox, Stahl et al. point out a rather crude and unidimensional conceptualization of cultural diversity by both practitioners and academics. The authors argue that future research and management practice should move away from the "all or nothing" approach to diversity: ". . .in our own experience with leaders in organizations, the message 'diversity is always good' does not fit with most people's lived experience. . . The [exclusively positive] message itself has the potential to shut down the very dialogue it needs to open up by denying any possibility that diversity can lead to lower performance, and dismissing the importance of contingencies" (Stahl & Maznevski, 2021: 18).

Stahl et al. (2010) propose a model whereby the effects of cultural diversity upon performance are mediated through process gains and losses and moderated by structural contingencies. The authors tease out further nuances in their model by distinguishing between two types of cultural diversity: surface-level versus deep-level cultural diversity.

Stahl et al. (2010: 694) define surface-level diversity as "differences among team members in overt demographic characteristics, such as . . . racio-ethnicity and nationality." Deep-level diversity, on the other hand, refers to the "differences among team members' psychological characteristics, including personality, values, and attitudes" (Stahl et al., 2010: 694). The level and type of cultural diversity represent the "input" or independent variables in Stahl et al.'s model.

The intermediate processes specified in Stahl et al.'s model are creativity; conflict; communication effectiveness; team satisfaction; and social integration. They group these processes into convergent and divergent categories and specify the effect on each process in terms of a gain or loss. Creativity and conflict are divergent processes, with creativity producing a gain and conflict producing a loss. Communication, team satisfaction, and social integration are all convergent processes that yield process gains. As diversity is (by definition) a divergent state, the authors predict that diversity will yield gains for creative processes while yielding losses for the others.

While the authors' meta-analysis finds that cultural diversity does indeed yield process gains for creativity and process losses for task conflict and team integration, they find no significant effect of cultural diversity on communication and (counter to expectations) a positive effect on team satisfaction. With the overall effect of cultural diversity on team performance being close to zero, positive and negative effects of cultural diversity on performance appear to be cancelling each other out. As such, managers should consider which aspects of performance are strategically important and subsequently establish desirable levels of cultural diversity required to match relevant performance objectives.

4.3 Summary

Cultural diversity contributes to convergent and divergent processes that can be either beneficial or detrimental to team performance. Reflecting on the findings of Stahl et al.'s (2010) meta-analysis, Minbaeva, Fitzsimmons, and Brewster note that "diversity per se is not necessarily a strategic resource unless it is mobilized and deployed in such a way that differentiates the firm from its competitors" (Minbaeva et al., 2021: 51). Here, Stahl et al.'s (2010) findings provide clear guidance to managers seeking to mobilize cultural diversity as a strategic resource: maximize process gains from creativity (a critical resource for innovation) while mitigating process losses in the areas of conflict, communication, and integration.

5 New Forms of Nationalism

Over the past several years, scholars have been observing signs that the era of (relatively) unfettered global free trade may be waning, in large part due to a corresponding rise in protectionist politics and policies. The earlier optimism of the 1990s suffered ideological setbacks with the 1999 anti-globalization protests in Seattle and the terrorist attacks on the World Trade Centre in 2001. The so-called Washington consensus was proving less than universally popular, contrary to the predictions of some of its more enthusiastic proponents (Stiglitz, 2002). With the benefit of over a decade of hindsight, it now seems that the financial crisis of 2008 and the ensuing Great Recession were, at the very least, a major setback to the economic globalization project. In the intervening years since the "sub-prime mortgage crisis" submerged the global financial system into turmoil, there has been a resurgence of economic nationalism in ways not seen since the Cold War era. In this section, we will examine some of the bright side opportunities and dark side challenges of these emerging trends and their implications for business scholars and managers. Given the generally pessimistic outlook that these trends entail for global business and trade, we will first examine the dark side prognosis before suggesting some possible bright side mitigating factors.

5.1 The Dark Side of New Forms of Nationalism

In a recent publication, Kobrin (2021) reflects on the prevailing sentiments among business scholars at the close of the twentieth century. "Neomedievalist" scholars (among whom Kobrin counted himself) believed that the advent of digital globalization represented a systemic change in the global economic system similar in significance to what the Western world experienced when transitioning from the medieval to the modern era. Fundamental to the proposed epochal scale of this transition was the belief that:

> [. . .] the digital revolution, the scale and complexity of technology, and the emergence of electronically integrated global networks would render geographic borders, territorial sovereignty, and the entire edifice of the post-Westphalian international state system problematic [. . .] a new 'transnational' order was emerging comprised of diffuse borders, overlapping authority, and multiple political actors. (Kobrin, 2021: 63–64)

Looking back at these beliefs from the vantage point of 2021, Kobrin argues that the second wave of globalization, which began with the collapse of the Soviet system in the 1980s, in fact, reached a high-water mark in the early 2000s before hitting what is at the very least a significant setback in the recession of 2008/2009. Measures of global financial integration have still not reached their pre-recession peak, and new barriers to trade have sprung up all around the globe, as states implement national economic protectionist policies. Kobrin goes on to highlight the fact that two of the nations which seem to be abandoning the global trade movement with the most enthusiasm, the USA and Great Britain, are the very ones that played the greatest role in establishing the post-war consensus that drove the second wave of economic globalization. Brexit, President Trump's "America first" foreign policies, a reconfiguration of NAFTA, and the US-China trade war are symptomatic of a widespread backlash against globalization and renewed protectionism (Kano et al., 2021).

These recent developments create significant risks for international business, particularly in relation to GVCs, whose very existence is predicated on the liberalization and deregulation of international trade, and the lead firm' ability to seamlessly move knowledge, goods, and people across international borders. Those risks are particularly salient in labor-intensive manufacturing GVCs, where lead firms rely on cost efficiencies from offshoring operations to low-cost countries. Similarly, MNEs that rely on highly specialized knowledge or location-bound assets (e.g., natural resources) in host countries stand to lose significant value due to newly erected trade barriers. The full impact of renewed protectionism on international business will likely take some time to materialize, as the patterns of MNE responses are currently in a state of flux (Kano & Oh, 2020). Yet, preliminary evidence suggests that new nationalism is likely to have winners and losers and that protectionist regimes are unlikely to be the ones to come out on top. Consider, for example, a Brexit-induced boom in investment and jobs in the Netherlands. The Dutch logistics and warehousing industry is growing significantly, with many American and Asian firms shifting operations away from the UK and into the Netherlands, so as to serve European customers seamlessly and efficiently. Meanwhile, thousands of UK firms, particularly SMEs, have been forced to discontinue exports to the EU due to increased shipping costs, logistical bottlenecks, and the sudden addition of duties and tariffs (Partridge, 2021).

5.2 The Bright Side Opportunities of the Interconnected World

Despite the alarming rise of nationalism, it is possible that the global integration of complex value chains may not in fact be reversible without causing severe destruction of value in ways that are not politically palatable to the nations calling for increased national economic isolation (Kobrin, 2021). At the most obvious level, constituents calling for the reshoring of geographically dispersed value chain activities may be unwilling to pay for the increased costs of labor inherent in such a move when these costs are passed along to them in the prices of their favorite consumer goods. Moreover, many of the value chains that produce goods now considered to be staples (the smartphone being a prime example) are so complex and finely sliced at present (Buckley, 2009) that it may not be possible to re-internalize these activities. The knowledge and capabilities required are held, often tacitly, across a disaggregated GVC network. Commenting on the potential impossibility of renationalizing geographically dispersed economic activity without destroying their value creation potential, Kobrin notes that:

> GPNs [global production networks] are relational: the value of any given node flows from the pattern of relationships within the network rather than the attributes of the node itself. That implies mutual dependence: the disaggregation of design and production into relatively narrow 'tasks' increases the dependence of each operation on the system as a whole. The narrower the individual operation, the less likely it will have intrinsic value, and the more likely that its value will depend on integration into the global network. (Kobrin, 2021: 68)

Thus, national governments attempting to reshore disaggregated value chain activities back inside the boundaries of "national champion" firms may find that their levels of mutual dependence upon the economic activity of other nations are simply too high, and thus too costly, for their citizens to stomach.

It should also be noted that, in terms of the actual trade across national borders, the extent of economic globalization is likely exaggerated. Empirical data show that few modern MNEs are truly global in a sense of having a balanced distribution of operations across various regions of the world (Rugman & Verbeke, 2004); in fact, international trade was far more regionalized than globalized even during the height of globalization in the early 2000s. As such, the predicted retreat of trade from global to regional is hardly a radical shift from the status quo.

It follows that changes to the global economy stemming from the new forms of nationalism are quite likely to be marginal, rather than fundamental (Contractor, 2022). The basic efficiency rationale that guides international investment remains, even in the face of renewed protectionism. While economic nationalism certainly creates additional risks for MNEs, these risks can be partially addressed by fine-tuning and adjusting international strategy at the firm level (Contractor, 2022), as we will discuss in the following section. In addition, and as discussed earlier, emerging technologies can serve as a "countervailing force" (Buckley, 2020: 1582) to deglobalization trends.

5.3 Summary

The "second wave" of globalization that began with the collapse of the Soviet system in the 1980s appears to have reached a high-water mark with the onset of the Great Recession of 2008/2009. Since then, the world has seen a resurgence of the types of economic nationalism that characterized the Cold War era, though this time from some of the earlier champions of free markets. The instigation of protectionist and isolationist economic policies in countries which were previously leaders of the global free-trade movement is part of an ideological and political trend that appears to be hostile to many aspects of economic globalization. Many of these countries are now enacting policies aimed at renationalizing production activities that were previously geographically dispersed. However, due to the complexity and mutual interdependence of modern GVCs, it is not yet clear whether these nationalist economic objectives can be achieved without destroying value, and thus national prosperity, at levels that are too high to be politically feasible. The economic rationale for international business remains even in the face of new nationalism, and as such, changes to globalization are likely to be incremental rather than fundamental.

6 External Disruptions and Risk Mitigation in GVCs

Over the past several decades, GVCs have emerged as the dominant form of organizing global economic activity. GVCs have been described as "the world economy's backbone and central nervous system" (Cattaneo et al., 2010: 7) and have been analyzed extensively by scholars, consultants, and practitioners. As discussed in the previous section, slowly unfolding multi-decadal geopolitical changes have sharpened scholars' and other analysts' focus on GVCs. Most recently, the COVID-19 pandemic has delivered a serious and sudden shock to cross-border trade and has amplified this focus, with much popular and academic press predicting significant changes in GVC configurations.

GVC disruption by exogenous events is not a new phenomenon. GVCs have experienced multiple prior shocks, including the 2008 Sichuan earthquake, the 2008–2009 global economic recession, the 2011 Tōhoku tsunami, as well as disruptions associated with government-level economic policies discussed above (Kano & Oh, 2020). However, the COVID-19 pandemic has been described as "an exogenous shock of uncommon magnitude" (Verbeke, 2020: 444), whose intensity, duration, and pervasiveness exceed those of any previous crisis. The pandemic thus shifted scholarly and practitioner attention toward the resilience of GVCs, their susceptibility to disruption, their risk management capacity, and, ultimately, their long-term viability as an international governance form.

Given some of the highly visible disruptions that have occurred during the pandemic, the literature on GVC resilience and risk mitigation may be an area of IB where scholars are currently *overemphasizing* the dark side to the neglect of some broader positive trends and opportunities in GVC governance, as we discuss below.

6.1 The Dark Side Challenges of External Disruptions in GVCs

The profound external shock that COVID-19 represents may be unique in terms of both its global reach and level of impact. No country or economy has been left unscathed by supply-side shocks from outbreaks and lockdowns. Similarly, demand-side shocks due to lockdowns and unemployment have drastically shifted the need for many consumer goods. In parallel, and as discussed in the previous section, macro-institutional factors in the form of geopolitical tensions have seen the re-emergence of trade barriers across some of the world's largest regions and countries. This combination of pandemic-related shocks and the resurgence of economic protectionism have led many popular and scholarly commentators to predict a radical reconfiguration of GVC structures in response to a "new normal" (Verbeke, 2020). It has been argued that COVID-19 illuminated the underlying fragilities of GVCs (Silverthorne, 2020) and is likely to push lead firms to reorchestrate their GVCs by reshoring and by vertically integrating. The GVCs of the future are argued to have a smaller geographic footprint, be regionally focused, and rely less on outsourcing, particularly where strategically important supplies are concerned. Some business reports go so far as to predict an impending end of GVCs (Fortune, 2020; FT, 2020; The Atlantic, 2020).

6.2 The Bright Side Opportunities of Risk Mitigation in GVCs

While acknowledging the profound impact that the COVID-19 pandemic has had on GVCs, some IB scholars have argued that overly pessimistic prognostications on the future of the GVC are premature. To adapt a quote famously attributed to Mark Twain, “rumors of [the GVC’s] death are greatly exaggerated.”

Some structural changes, such as supplier diversification, reduced Sino-dependence due to trade wars, reduced irreversible commitments abroad, and regionalization of value chains, may indeed occur and are in fact already underway. However, these changes may be marginal and gradual rather than pervasive and urgent (Kano et al., 2021; Verbeke, 2020), because the lead firm’s ability to implement these changes hinges on numerous conditions (as noted in Sect. 4). It follows that, in many instances, predicted structural changes may hinder, rather than facilitate, efficiency gains from operating a GVC and as such are unlikely to materialize.

Commenting on the impact of the COVID-19 pandemic on GVCs, Kano et al. (2021) and Verbeke (2020) suggest that lead firm managers in GVCs can respond to such external disruptions by deploying managerial and relational governance tools, particularly when structural reconfigurations are not economically feasible. Specifically, lead firms can mitigate exogenous risks, inter alia, by increasing their investments in predictive analytics, implementing greater contracting safeguards in relationships with suppliers (including greater reliance on equity), increasing their reliance on relational governance, supporting supplier upgrading, engaging in broad-based stakeholder management and corporate diplomacy, and developing advanced resource recombination capabilities (Kano et al., 2021; Verbeke et al., 2021).

Such managerial tools are within the lead firm’s proximate control to a greater extent than structural changes in location and ownership and serve long-term strategic considerations (as opposed to reacting to short-term supply and demand disruptions caused by the pandemic). Importantly, lessons learned from responding to the COVID-19 pandemic through changes in governance can help lead firm managers increase GVC resilience in the face of likely future exogenous disruptions.

Finally, the global pandemic may have acted as a catalyst for increased cooperation and innovation across GVCs. Large-scale, multi-layer global R&D collaborations to develop vaccines and therapies exemplify such innovation and represent “happy exceptions” to the isolationist tendencies of firms and governments—as reinforced by the pandemic (Guimón & Narula, 2020). Such multi-stakeholder collaborations increase the long-term efficiency of GVCs by facilitating resource and knowledge sharing (Kano et al., 2021).

6.3 Summary

External disruptions can pose significant dark side challenges to the survival of a GVC. Yet, a GVC’s raison d’être, and its ultimate advantage over a vertically integrated firm, is in its ability to orchestrate its evolving network of actors as a response to changing circumstances. As such, it can be argued that a certain degree of resilience is built into the very fabric of a GVC. Admittedly, COVID-19 has disrupted the flow of goods and services across GVCs. However, as lead firm managers recover from the initial shock, they can make governance decisions that target long-term GVC efficiency. By exercising managerial governance mechanisms such as those discussed above, lead firm managers can bolster the resilience of their GVC networks in ways that both substitute and complement (often unfeasible) structural changes. On the bright side, the pandemic has focused managers' attention on strategies to enhance long-term GVC resilience. Responding to the pandemic has forced lead firm managers to broaden their managerial toolkit and has equipped them to build GVCs that are efficient and reliable for the long term.

7 The Role of Boards in Firm Governance

One area of significant interest to business scholars across a range of disciplines (finance, accounting, organizational behavior, and IB) is the role of corporate boards in firm governance. IB scholars have investigated the role of boards in internationalization decisions of MNEs (Sanders & Carpenter, 1998). This line of inquiry is particularly developed in family firm internationalization research, where independent board members are often seen as contributing relevant internationalization knowledge, strategic planning competencies, and objective outside scrutiny of international governance decisions (Arregle et al., 2012; Calabrò & Mussolino, 2013).

Theoretically, the two perspectives which have dominated much of the scholarly discussion about the role of boards are agency theory (Fama & Jensen, 1983) and resource dependence theory, or RDT (Pfeffer & Salancik, 1978). Correspondingly, the dominant conceptions of the role of boards are monitoring and resource provisioning, with the former being the subject of the most scholarly research (Hillman et al., 2009). Board monitoring is argued to prevent such value-destroying activities as executive team underperformance, CEO overcompensation, overpaying for acquisitions, and fraudulent behavior. However, the near-daily news coverage of corporate failures and scandals calls into serious question the ability of boards to perform this monitoring function effectively, and recent scholarship echoes this skepticism (Boivie et al., 2016). In this section, we will examine the role of the board in terms of its monitoring and resource provision functions.

7.1 The Bright Side Opportunities of Board Monitoring

In their review of the literature on board monitoring, Hambrick et al. (2015) note that the bulk of the scholarship in this area adopts a structural approach to the analysis of boards and their ability to carry out the monitoring function. The key structural variables commonly identified are (1) the size of the board; (2) the relative composition of the board (the ratio of independent board members versus members of the top management team); and (3) the existence of various board sub-committees, e.g., audit, nomination, compensation, etc. However, Hambrick et al.'s (2015) analysis of extant empirical studies yields no compelling evidence that board structure affects its ability to perform its oversight function. Similarly, a meta-analysis by Dalton et al.

(1998) finds no significant relationship between firm performance and structural features of boards.

Hambrick et al. (2015) propose an alternative framework. They draw upon the organizational psychology literature to identify the *individual* variables which may increase a board's effectiveness in monitoring. They propose a model consisting of four traits (the "quad model") which they argue will significantly increase the likelihood that a board will be effective in its monitoring function: (1) independence; (2) expertise; (3) bandwidth; and (4) motivation. Crucially, Hambrick et al. argue that all four quad model factors must be present in a single director—that is, it is not enough for these four factors to be distributed in aggregate across the directors which comprise the board.

Perhaps the most interesting implication of this proposition is that the presence of even one board member with all four attributes will supposedly greatly increase a board's ability to monitor effectively monitor the firm's operations. The quad model has found some recent empirical support. In a study published in the *Journal of Corporate Finance*, Gorshunov et al. (2021) show that the presence of at least one quad-qualified audit committee director decreased the probability of financial corruption in a public firm by 72%. This has led Hambrick et al. (2015) to conclude their paper with optimism about the potential for quad-qualified directors to improve the oversight capability of boards.

7.2 The Dark Side Challenges of Board Monitoring and the Case for Alternative Board Functions

At the dark side end of the spectrum, Boivie et al. (2016) are more skeptical. They point to the regular and high-profile failures of boards to prevent executive underperformance or misconduct and argue that business journalists, academics, and shareholders alike may be expecting too much from boards and their directors. Like Hambrick et al. (2015), Boivie et al. (2016) also conclude that the extant research on the impact of board characteristics on monitoring performance has failed to produce any significant findings.

Boivie et al. (2016) concede that the lack of significant findings *may* be due to the focus on structural variables rather than individual characteristics. However, they suggest that the more likely reason for a lack of convincing evidence is that, in most situations, it simply is not possible for a board to effectively monitor a large and complex organization in the way its role is conceived by agency theory. Boivie et al. (2016) argue that boards face insurmountable barriers to effective monitoring which arise at multiple levels: individual, group, and firm. These barriers exist due to compounded information processing challenges (i.e., bounded rationality). To succeed in their monitoring role, boards must be able to obtain, process, and share information effectively. Standing between the board and the effective execution of these information-based activities are barriers that include individual capabilities and external commitments (i.e., bounded rationality and bounded reliability challenges); group structure and dynamics (e.g., independence of the board, frequency of meetings, diversity challenges, etc.); and the complexity deriving from the firm's size and scope of operations. Boivie et al. (2016) argue that the barriers to effective information processing at each level compound to make the execution of effective monitoring a highly unlikely event, hence the paucity of empirical findings supporting the effectiveness of boards in monitoring. Although Boivie et al. (2016) do not comment specifically on the impact of the level of firm internationalization on successful board oversight, it seems reasonable to assume that the informational barriers to effective monitoring would increase in firms with internationally dispersed operations. Internationalization adds significant complexity to the firm's operations, whereby geographic dispersion of units, cross-country differences, and specialized knowledge requirements introduce additional dimensions of bounded rationality, namely, multifacetedness of information and divergence in judgement on identical information (Verbeke & Yuan, 2005). International dispersion also amplifies bounded reliability challenges faced by corporate boards, by increasing the likelihood of preference reversal and identity discordance (Kano & Verbeke, 2019). As such, barriers to effective monitoring identified by Boivie et al. (2016) are likely to be particularly pronounced in MNE boards. This contention is partially supported empirically: Sanders and Carpenter (1998) argue that the increased complexity arising from international operations may be responsible for the positive relationship they find between board size and firm internationalization.

Given their pessimism regarding the ability of boards to effectively perform their monitoring role, Boivie et al. (2016) argue that scholars and practitioners should turn their attention to the two other functions that boards can fulfil: resource provision and the supervision of "punctuated events." Resource provision includes, inter alia, the provision of network connections beneficial to the firm, knowledge and advice deriving from directors' domains of expertise, and the legitimacy which can be conferred by the appointment of highly regarded directors. The supervision of punctuated events refers to the board's role in, for instance, audit committees, executive appointments, and financial restatements. Because punctuated events are, by definition, of an occasional and limited nature, they impose less of a cognitive burden upon directors and are more likely to have successful outcomes. This approach is consistent with IB scholarship, where boards (especially those of family firms and international new ventures) are often seen as the origin of important resources required for successful internationalization, such as international knowledge, sophisticated managerial capabilities, reputation, and host country network connections (Arregle et al., 2021).

7.3 Summary

The extant literature on board governance has focused primarily on two functions that boards can fulfil: monitoring and resource provision. In both the academic and popular business press, the focus has generally been on the monitoring function of boards. However, research has not discovered any significant connections between structural variables of board composition and the effectiveness of board monitoring.

Whereas board monitoring effectiveness can be improved by the targeted recruiting of quad-qualified directors, it appears that even quad-qualified boards face insurmountable bounded rationality and bounded reliability challenges in overseeing complex operations. These challenges are amplified in an MNE, where cross-border distance and increased operational complexity further hinder the board's monitoring function. Rather than focusing exclusively on the board's monitoring role, practitioners and researchers should consider other functions of corporate boards: resource provision and supervision of punctuated events. MNE board members can contribute important internationalization resources, including international knowledge, access to local networks, reputational resources, and management capabilities.

8 ESG Expectations and the Role of Private Equity

MNEs are unique in their ability to create economic value for immediate stakeholder groups (**i.e.,** owners, employees, suppliers, and customers) while also developing and disseminating innovative products and practices which produce positive externalities for society. Often, these positive benefits fall under one or all of the following categories: environmental, social, and governance (ESG). While ESG initiatives by MNEs can often be Pareto-improving (i.e., provide net benefits to all parties), they can also, when driven by irrational ideology rather than facts, threaten the very survival of the firm. In this section, we examine the bright and dark sides of ESG initiatives undertaken by MNEs and the role that private equity can play as an antidote to irrational ESG requests by activist media and other pressure groups.

8.1 The Bright Side Opportunities of ESG Pressures on the MNE

Verbeke and Lee (2021) refer to the unique ability of MNEs to create "win-win" scenarios for the firm and its societal stakeholders as "benevolent resource recombination." The capability to perform benevolent resource recombination, they argue, derives from the unique governance abilities of MNEs. Successful large MNEs are able to facilitate resource recombination across product and geographic space while reconciling international and local pressures and priorities, increasing the world's economic welfare as a result. According to Verbeke and Lee:

> MNE governance models could therefore, subject to necessary qualification, serve as best practices for the future, public institutions of international and global governance that will become increasingly important, as pressure mounts from the type of problems described by the 'tragedy of the commons'. (Verbeke & Lee, 2021: 433)

At the same time, MNEs (even the large, globally successful ones) are inherently vulnerable when crossing international borders into host country locations. Verbeke and Lee highlight five types of such vulnerability: (1) vulnerability to competition from existing or new international rivals; (2) vulnerability deriving from the bounded rationality and bounded reliability challenges of running dispersed internal affiliate networks; (3) vulnerability to actors supplying required complementary resources; (4) vulnerability to the decisions of sovereign governments and other host country stakeholders; and (5) vulnerability to the scrutiny of international media and pressure groups. These vulnerabilities force even the most successful MNEs and their managers to enter (either implicitly or explicitly) into social contracts in host countries, seeking a so-called "social license to operate" from local stakeholders. The pressures of competition, media and NGO scrutiny, and compliance to local and international rules and norms require that MNEs respond to criticisms and correct dysfunctional routines and behaviors if they are to grow and survive. Paying attention to ESG expectations in host countries facilitates development of important, location-bound FSAs in these areas. These FSAs can potentially be upgraded and transferred to other units, thus helping the MNE overcome its host country vulnerabilities across different locations. In turn, a global reputation for ESG leadership signals reliability to the MNE's stakeholders and thus facilitates access to a range of resources and capabilities in host locations.

8.2 The Dark Side Challenges of ESG Pressures on MNE and the Case for Private Equity

While MNEs are uniquely able to respond to international pressures and promote ESG norms and objectives through resource recombination, the benefits of an ESG focus are subject to qualification. Stakeholder pressures to achieve ESG objectives can become detached from reality, leading to unreasonable expectations and pressure on MNE managers. Large institutional investors such as public sector pension plans and sovereign wealth funds, as well as foreign-owned MNEs, seem to be particularly vulnerable to these types of unreasonable ESG demands by activist media and other pressure groups. This pressure is often applied to public firms through their shareholders and through equity markets, further amplified through social media. Ultimately, unrealistic, unreasonable, and ideology-driven ESG demands may threaten the firm's growth and survival. Moreover, MNEs' response to ill-informed ESG pressures may in fact harm, rather than improve, community welfare. For example, Narula (2019) convincingly demonstrates that MNEs' efforts to enforce strict labor standards in emerging economies in response to stakeholder demands may limit local enterprise growth and reduce employment prospects among the most vulnerable local population.

When MNEs are faced with unreasonable demands that are detrimental to both the firm's survival and the community's welfare, private equity can provide an effective alternative. Verbeke and Lee (2021: 436) suggest that "private equity can be a powerful antidote against the tyranny of unreasonable demands for ever stronger ESG-performance that can threaten growth and survival." The move to private equity supports shifting the focus (and resources) from externally imposed ESG performance parameters to economic value creation and capture through efficiency. In the future, MNEs' global activities are likely to be increasingly financed by private equity firms such as The Blackstone Group, The Carlyle Group, Kohlberg Kravis Roberts (KKR), and CVC Capital Partners. Verbeke and Lee (2021) suggest that private governance is likely to prove stakeholder-centric: private equity firms can contribute superior governance capabilities that facilitate global competitiveness and thus better performance and, consequently, greater positive externalities of MNE activities. Extant research has already shown evidence to the positive spillovers of private equity (Levinson, 2006).

8.3 Summary

MNEs possess unique governance capabilities and resource bundles that allow them to create value for stakeholders (owners, employees, suppliers, and customers) while also creating positive externalities which promote global ESG objectives. However, pressure by activist media and stakeholder groups to achieve unrealistic levels of ESG performance can threaten MNE growth and even survival. When this happens, MNE owners and managers may resort to a private equity purchase as an antidote to irrational and ideologically driven ESG pressures. Paradoxically, a change to private ownership may, in fact, promote better social outcomes by saving (rather than killing) the "goose that lays the golden egg," thereby allowing the firm to continue providing value to its societal stakeholders through ESG initiatives grounded in facts rather than misinformation or irrational ideology.

9 Global Innovation Ecosystem and Institutional Fracture

> "I think it's well documented that the Chinese government steals technology from American companies." Facebook Founder and CEO Mark Zuckerberg answering to questioning by Congressman Greg Steube during a congressional antitrust hearing on big tech in 2020 (Wall Street Journal, 2020)

One of the most significant features of economic globalization has been the growth of the once peripheral economies outside of North America, Europe, and Japan. Among these developing economies, the meteoric rise of China stands out above the rest. One of the assumptions of neoliberal economists and political scientists, writing in the 1990s following the collapse of the Soviet system, was that the global triumph of the free-market capitalist economic system would inevitably lead to the global triumph of the liberal democratic political system (Fukuyama, 1989). With 30-plus years of hindsight, it seems safe to say that this global flourishing of political liberalism has not materialized. While the CCP has embraced aspects of private enterprise (or, at least, a version of it), China's political institutions show no sign of moving toward a liberal democratic system of government. If anything, recent years have seen an increase in political oppression internally (e.g., increased surveillance and police presence in Hong Kong; state-sponsored internment and mistreatment of Uyghur Muslims; repression of Christians) and military aggression externally (e.g., in the South China Sea) (Economist, 2021b; Guardian, 2021; Lendon, 2021; Mead, 2020).

One of the hallmarks of China's unique "variety of capitalism" (VoC) (Jackson & Deeg, 2008) is the subordination of all aspects of economic policy to the objectives of the CCP. This includes strict regulation of both inbound and outbound FDI: inbound FDI is subject to restrictions that ensure high levels of local partnership/ownership, while outbound FDI is often directed through state-owned enterprises (SOEs) for the achievement of national/strategic (rather than purely economic) objectives. While the mobilization of tariffs and trade policy for the pursuit of national political objectives is certainly not unique to China, scholars have voiced concerns about the CCP's willingness to violate IP norms and laws in order to appropriate proprietary technologies and innovations. Petricevic and Teece (2019) argue that the CCP's approach is creating a bifurcated global economic system characterized by IP protection challenges that threaten global open innovation.

9.1 The Bright Side Opportunities of the Global Innovation Ecosystem

Commenting on the character of global economic development during the second half of the twentieth century, Petricevic and Teece (2019) note that the post-World War II period has been the time of peace and prosperity, characterized by enterprise growth, increased global investment, and transfer of advanced technology to different parts of the world. As a result, the welfare of much of the world's population has been lifted. Petricevic and Teece (2019: 1487) credit the MNE for the creation of this global innovation ecosystem: "At the micro-level, the transfer of managerial best practices in a variety of functional areas, and in overall firm-level governance, may well have been the greatest contribution of the post-WWII system—in a downward cascading motion—to the functioning of the world economy, and it was brought about by multinational enterprise (MNE) investment and capability transfers."

They further note that micro-level best practices and capabilities also cascaded upward to macro-level political institutions, promoting beneficial practices in the areas of, for example, governance, accounting, and transparency. This apparently virtuous circle, whereby unfettered global trade disseminated managerial best practices to developing countries, while simultaneously lifting those countries out of poverty and spreading the values of the European enlightenment, led to optimistic declarations of "the end of history" (Fukuyama, 1989) and that "the world is flat" (Friedman, 1953). The central belief expressed in these statements is that national borders and, increasingly, national differences were diminishing in importance.

The driving force behind these changes was the MNE. It is therefore unsurprising that contemporary management scholarship in the decades following World War II assumed the continuation of liberal trade policies and the expansion of the role of the MNE and its class of international managers. This is not to imply that management scholars naively assumed that national differences had vanished. Indeed, many influential papers have highlighted the continuing importance of institutional differences when crossing national borders. These differences were conceptualized variously as, inter alia, "distance" (Ghemawat, 2001), "varieties of capitalism" (Jackson & Deeg, 2008), "core and periphery" (Benito & Narula, 2007), etc. What these scholars did not necessarily foresee at the time, however, was the possibility that the wealth-generating power of global free trade and open innovation could be mobilized by an autocratic regime like the CCP in open defiance of the rules and norms which supposedly governed the global economic system. Petricevic and Teece (2019) argue that opportunistic economic policies such as those pursued by the CCP are creating a bifurcated global system characterized by "rule of law" countries on the one side and "rule of ruler" countries on the other.

9.2 The Dark Side Challenges of a Bifurcated Global System

Petricevic and Teece (2019: 1491) define a rule of law country as one in which "government decisions require applying legal and moral principles in a non-discriminatory way." Concerning economic activity, a key aspect of rule of law government is the protection of IP rights. Historically, IP rights have been deemed a foundational element of free societies which allows entrepreneurs to profit from innovations and encourages innovators to pursue risky ideas. In contrast, the economic policies of rule of ruler governments such as the CCP subordinate rule of law principles to strategic political objectives, including the acquisition of proprietary innovations and technology. While this acquisition often happens through legal market mechanisms such as international merger and acquisition activity and the upgrading of value chain activities located in China (e.g., Haier, HTC, and many others), the CCP also used non-market means to acquire technologies. These means often entail either asymmetric enforcement or violations of IP rules and norms. Specifically, Petricevic and Teece (2019) point to the use of cyber-enabled industrial surveillance, the requirement that foreign firms transfer sensitive IP rights to Chinese joint venture partners, and the active involvement of CCP members in the workplaces of foreign subsidiaries. China's use of industrial espionage in order to access technology is now well-documented (Blumenthal & Zhang, 2021; Canadian Press Staff, 2021; Guardian, 2020; Reuters, 2021; United States Department of Justice, 2021). Such systematic and competitive linking of cross-border technological exchanges to a nation-state's geopolitical objectives (typically at the expense of other countries' technological capabilities) has been termed the "new techno-nationalism" (Luo, 2021) and has arguably compromised and destabilized the open global innovation ecosystem.

Leaving aside the geopolitical considerations caused by the rise of the new techno-nationalism, the bifurcation of the global economic system into rule of law and rule of ruler countries creates significant challenges for managers governing international business activities, with a key consideration being how to prevent the misappropriation of sensitive IP. Petricevic and Teece argue that navigating the changed global innovation ecosystem successfully will require the careful nurturing of new dynamic capabilities (DCs) aimed at both adapting to and shaping these changes. Key among these new DCs is a capability for "knowledge buffering" (Petricevic & Teece, 2019: 1500), which entails the dispersion of knowledge across the MNE value chain while protecting sensitive IP.

Developing these capabilities is challenging given that large MNEs operate in complex ecosystems with multiple and multi-layer linkages. Some MNEs have been able to successfully buffer knowledge by increasing social complexity of their internal networks (Yan et al., 2021), dispersing sensitive knowledge across multiple foreign units (Gooris & Peeters, 2016), or explicitly structuring intangible resources so as to obscure the sources of innovation to external parties (McGaughey et al., 2000). Successful implementation of such strategies requires significant entrepreneurial acumen and relational competency on behalf of MNE managers.

9.3 Summary

The global economic norms and institutions that informed the liberalizing trade policies of the late twentieth and early twentieth century are showing signs of fracture. The international economic system is becoming bifurcated into "rule of law" and "rule of ruler" countries. The violations of international trade rules and norms by rule of ruler countries are amplifying VUCA conditions for MNEs. Of particular concern is the misappropriation of sensitive IP by political actors such as the CCP operating under the principles of new techno-nationalism. Firms wishing to profit from innovation and costly IP investments must cultivate dynamic capabilities (DCs) that allow them to implement *knowledge buffering* practices within their value chains. Only by cultivating such DCs can firms both adapt to and shape the new, bifurcated, global system.

10 Contemporary CSR Expectations and Approaches

In recent decades, both managers and scholars have increasingly focused on what has come to be known as corporate social responsibility (CSR). The increased visibility of the consequences of MNE activities in previously distant corners of the globe (e.g., the Rana Plaza disaster in Bangladesh) has made the management of reputational risks across all value chain activities a top priority of MNE managers. However, this increased commitment toward reducing the negative externalities of MNE activities raises additional questions about how firms should strategically approach their CSR initiatives.

Van Balen, Haezendonck, and Verbeke (2021: 2) identify two dominant approaches to CSR activity within both business practice and theory: (1) core CSR strategies and (2) peripheral CSR strategies. The core CSR approach focuses on initiatives that build upon a firm's extant capabilities and are linked firmly to the firm's core business model. Peripheral CSR strategies, on the other hand, view CSR activities as deliberately divorced from the firm's core business objectives.

Historically, much of the management scholarship has argued in favor of the core CSR approach and disparaged the peripheral CSR approach. In the following sections, however, we argue that the core CSR approach can be unnecessarily limiting and result in sub-optimal outcomes for both the firm and its societal stakeholders.

10.1 The Bright Side Opportunities of the Core CSR Approach

The core CSR approach has many advocates in the management scholarship (see, e.g., Aguinis & Glavas, 2013; Burke & Logsdon, 1996; Kytle & Ruggie, 2005; Laszlo & Zhexembayeva, 2011; Porter & Kramer, 2007). These scholars argue for a view of CSR that is bound up in the core capabilities and business model of the firm.

In their paper arguing in favor of the core CSR approach, Aguinis and Glavas (2013) contend that a core approach builds upon sound psychological foundations such as enhanced employee pride in their work and increased meaningfulness. These benefits arise, they argue, because staff engaging with core CSR initiatives are able to "present more of their whole selves" (Aguinis & Glavas, 2013: 319). The beneficial outcomes of a core CSR approach include improved employee engagement, improved firm reputation, improved societal and environmental benefits, and increased consumer purchase intention. From a global coordination perspective, a core CSR strategy is more efficient in that it avoids complexity and fragmentation of geographically dispersed, local CSR efforts, amplifies global benefits of CSR, and shields the MNE from potentially unsuccessful or unproductive subsidiary-level/ peripheral CSR initiatives.

In contrast to these purported benefits of the core CSR approach, Porter and Kramer (2007: 7) (quoted in van Balen et al., 2021: 3) describe the peripheral CSR approach as a "hodgepodge of uncoordinated CSR and philanthropic activities disconnected from the company's strategy that neither make any meaningful social impact nor strengthen the firm's long-term competitiveness."

10.2 The Dark Side Challenges of the Core CSR Approach and the Case for Peripheral CSR

In their article examining core and peripheral CSR approaches toward plant closures, Van Balen et al. (2021) challenge the purported dominance of a core CSR strategy. The authors review several studies on core versus peripheral CSR approaches and find that "there is no conclusive evidence that the core CSR initiatives are intrinsically more valuable than initiatives more peripheral to the firm's main business operations" (van Balen et al., 2021: 3). On the societal stakeholder side of the value equation, there is no reason to expect a core CSR approach to be sufficient to mitigate the full range of negative externalities caused by the firm's activities: for example, an automobile manufacturer is unlikely to have the core competences necessary to mitigate the negative psychological impact a plant closure may have on a local community.

Further, implementing successfully a core CSR approach requires an internally integrated firm, with tight linkages across units. Without such integration, a core CSR system could be incredibly difficult and costly to operate in an international environment. Most importantly, a centralized CSR system does not account for host country context: that is, core CSR approach limits the extent to which host country stakeholders can be consulted, discourages subsidiary initiative in addressing local CSR needs (Muller, 2006), and ignores subsidiary-specific CSR competencies. In extreme cases, top-down implementation of core CSR can cause negative consequences discussed in the preceding sections of this chapters, such as the tyranny of the back office and/or significant, negative externalities in host communities.

As such, peripheral CSR approach is likely to provide superior value to a firm's local stakeholders in most situations. This contention is supported by empirical evidence: for example, Muller (2006) finds that decentralized CSR practices result in higher local CSR performance. The question then remains whether a peripheral CSR approach provides superior value to firms versus a core CSR approach. Drawing conclusions from an in-depth case study analyzing the closure of a large Belgian industrial plant, van Balen et al. (2021) find that a peripheral approach can provide superior value to the firm in the form of reputational benefits, new unique competences, and superior financial performance. However, the superiority of a peripheral CSR approach depends upon four necessary conditions: (1) the presence of institutional penalties and rewards which incentivize firms to take on CSR projects; (2) the presence of external knowledge networks which can be tapped into for the development of competences required for the CSR initiative in question; (3) the presence of favorable market conditions; and (4) a long-term CSR investment horizon.

10.3 Summary

Mainstream management scholarship has tended to make the normative argument that firms can adequately fulfill their CSR commitments through a core approach, which only pursues centralized initiatives that align with the core business model. However, this approach fails to respond to a diverse range of international stakeholders, inhibits local initiatives, and can ultimately leave many negative societal externalities unaddressed. Unmitigated social externalities can accumulate and eventually harm the firm's stakeholders and damage its reputation. Firms with a long-term investment horizon should therefore also take a long-term view of CSR activities and cultivate peripheral competences which address the full range of negative externalities cause by their activities and establish a better fit with diverse stakeholder needs. Doing so will not only provide superior value to societal stakeholders but will shore up a firm's reputation-based FSAs and lead to new capability development.

11 International Business and the Fight Against Climate Change

In a highly cited *JIBS* article, Buckley et al. (2017) call for a "renaissance" in IB scholarship. The authors argue that, in order to maintain its position as a relevant and exciting area of the social sciences, IB must seek to address the "grand challenges" confronting business leaders and policymakers in our present age. One such challenge is the global fight against climate change.

The primary vehicle through which individuals, businesses, and governments are seeking to combat climate change is through a shift away from hydrocarbon fuel sources (i.e., coal, oil and gas, and their derivatives) toward renewables such as wind, solar, and hydro. Over the past 20 years, the role of the MNE in tackling the long-term energy (LTE) transition has become a vibrant area of IB research.

In their review of the IB scholarship on the LTE transition, Bass and Grøgaard (2021) highlight two dominant approaches in the way IB scholars view MNEs with respect to the LTE transition. In the first approach, MNEs are seen as producers of renewable energy. Research taking this first view focuses on the innovation processes through which MNEs develop new products and routines that advance both the capacity and accessibility of renewable energy generation. In the second approach, MNEs are viewed as consumers of energy that may or may not be attempting to shift the balance of their energy consumption from high-carbon toward low-carbon and/or renewable sources. Here again, however, we find that there is a focus on the bright side narrative (or, perhaps, a "naïve" side narrative) and a somewhat neglected dark side.

11.1 The Bright Side Opportunities of the Long-Term Energy Transition

The long-term benefits of LTE extend beyond environmental sustainability and include such desirable outcome as energy security (i.e., safeguarding against attacks, instabilities, and energy supply manipulations, Finley, 2019) and energy accessibility (i.e., assuring reliable sources of energy outside of resource-rich countries). Worldwide recognition of these benefits has translated into rapid growth of renewable energy markets and, consequently, entrepreneurial opportunities for MNEs (Bass & Grøgaard, 2021).

The changing global energy landscape has served as an impetus for new capability development. In an empirical paper examining the imposition of carbon capture and storage (CCS) technology requirements on Canadian energy producers, Verbeke et al. (2017) introduced the concept of "imposed innovation." Verbeke et al. define imposed innovations as those which are undertaken by profit-seeking firms under the coercion by non-market actors (e.g., governments, NGOs, social activists, etc.). Interestingly, the coercion by non-market actors through imposed innovation can sometimes lead to the creation of new FSAs. In these cases, new CCS technologies and processes resulting from imposed innovations created new consumer demand

and allowed the innovating firms to capture Schumpeterian rents (i.e., higher-than-normal returns deriving from successful innovation projects). Similarly, Bass and Grøgaard (2021) suggest that energy industry incumbents can upgrade their existing FSAs to exploit opportunities in low-carbon and renewable energy sectors. Examples of MNEs that have applied their extant capabilities to re-focus on renewables include Denmark-based Ørsted, UK-based BP, and many others.

LTE transition has driven a focus on reduced carbon footprint and has given rise to creative collaborations between large energy consumers and suppliers of alternative energy sources. For example, Facebook has invested into a solar project as part of its commitment to switch to renewable energy; Microsoft is collaborating with oil and gas MNEs to develop a new CCS system (Bass & Grøgaard, 2021). These examples show how a variety of actors, including large MNEs from both within and outside the energy industry, technology start-ups, and non-market actors, can collaborate to achieve a joint objective of reducing energy consumption while developing alternative energy solutions.

11.2 The Dark Side Challenges of the Long-Term Energy Transition

Unfortunately, the linkage between LTE transition intention (typically imposed at the macro-level) and firm-level action does not always materialize as hoped for (Verbeke & Hutzschenreuter, 2021b). MNEs are assumed to engage in innovation as a result of externally imposed LTE transition commitments, but in reality, imposed innovations are not necessarily enacted at the firm level. Moreover, enacting commitments mandated by powerful non-market actors may destroy both shareholder and stakeholder value (Verbeke et al., 2017). Both policymakers and affected firms face severe bounded rationality and bounded reliability challenges when attempting to impose and enact LTE commitments. Policymakers do not understand firm-level transition processes nor the level of capital investment required on behalf of the firm to enact an imposed commitment. MNEs, in turn, are expected to enact regulations that are designed without firm-level considerations in mind and are therefore ambiguous and potentially unrealistic. Further, both sides assume bounded reliability on behalf of the other party. For example, MNEs suspect "virtue signaling" on behalf of regulators, while regulators (as well as the general public) frequently accuse MNEs seeking to enact (or rather circumvent) imposed commitments by greenwashing and political rent seeking (Swanson, 2020).

As a result, there is a strong possibility of a disconnect between the objectives of the macro-level forces imposing the transition and the actual enactment of LTE transitions by the affected firms (Verbeke & Hutzschenreuter, 2021b). When firms resist unrealistic or ill-informed commitments, no tangible innovation outcome is likely to result.

Addressing this disconnect is an important direction for future research in IB. Some preliminary evidence suggests that effective LTE transition programs should take into account firm-level features when establishing the timing and scope of imposed commitments (Andreou & Kellard, 2021) and that affected firms should be given greater latitude in enactment approaches: specifically, decisions about innovation processes and investment should be left in the hands of managers who have the necessary competences in the relevant knowledge areas (Verbeke et al., 2017).

11.3 Summary

The global LTE transition represents a "grand challenge" of contemporary IB research. Firms undergoing energy transition face a number of opportunities and challenges, including entering new markets, developing new capabilities, forming new partnerships, and, importantly, addressing expectations of powerful macro-level actors who drive LTE objectives. A direct link between imposed macro-level commitments and firm-level enactment is often assumed, yet poorly formulated policy is likely to meet resistance or marginal compliance (rather than valuable innovation) at the firm level. In this case, LTE transition benefits for either the firm or the society/environment will not materialize. Firms facing imposed innovation requirements from non-market actors must consider their strategies carefully if they are to avoid destroying value. Likewise, policymakers seeking to promote the LTE transition should leverage realistic policies that are most likely to illicit responses of active engagement from firms.

12 Conclusion

In this chapter, we have attempted to present a full canvas approach to contemporary IB phenomena by exploring both the bright and the dark sides of each issue. We posit that to compete successfully in the increasingly VUCA world, MNE managers need to achieve a more comprehensive and dynamic understanding of both the opportunities and challenges presented by new developments in their operational environments. Such intelligence is required to maximize economic value from the potential positive contributions of each development while safeguarding against negative consequences. Doing so will not only facilitate the MNE's survival and longevity, but it will also support its unique and constructive role in society and the broader environment.

The full canvas approach advocated here requires that IB scholars fully embrace the complexity of the MNE and its environment (Eden & Nielsen, 2020). Fortunately, IB theory is versatile and sophisticated, with a unique ability to simplify complex problems (Verbeke et al., 2021). Armed with the powerful tool that is IB theory, academia and management should be able to address complex, real-world phenomena in a more comprehensive way, to advance IB scholarship and improve managerial practice in internationally operating firms.

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