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Sustainable International Business and Social Value in a Fickle World

A Critical Position Paper

Svetla Marinova *(Aalborg University, Denmark), EIBA President*

From Volatility to Structural Fickleness

International business (IB) scholarship has long been grounded in the assumption that global economic integration, although periodically disrupted, unfolds along a broadly stabilising trajectory. Uncertainty and risk have been treated as episodic challenges, arising from political instability, institutional distance, or market imperfections, that firms can manage through superior governance structures, diversification, and internalisation (Buckley & Casson, 2009; Dunning, 1988). Even within critical debates, instability was typically framed as temporary rather than structural.

Recent developments challenge this assumption. Geopolitical rivalry, trade and investment securitisation, industrial policy activism, and the fragmentation of global governance point toward a more fundamental transformation of the international business environment. As Witt et al. (2023) argue, the global economy is no longer characterised by linear globalisation but by processes of de-globalisation, decoupling, and strategic re-alignment. I propose that these developments are best understood not as heightened volatility, but as ***structural fickleness***: a condition marked by reversible commitments, politicised markets, and weakened institutional predictability.

By introducing this concept, this paper aims to reposition international business theory and practice within a post-globalisation context. Drawing on a neo-Polanyian political-economy framework (Polanyi, 1944; Block & Somers, 2014), it provides the intellectual framing for the 52nd EIBA conference theme "Sustainable International Business and Social Value in a Fickle World". In this context, I re-examine the role of multinational enterprises (MNEs), foreign direct investment (FDI), and global value chains as both responders to - and producers of - instability. In doing so, the paper challenges efficiency-centric narratives that treat firm-level resilience as unambiguously beneficial and calls for renewed attention to legitimacy, social value, and institutional embeddedness.

Core International Business Theories and the Stability Assumption

Internalisation Theory and the Management of Uncertainty

Internalisation theory conceptualises the multinational enterprise as an organisational response to market imperfections, with firms internalising cross-border transactions to reduce uncertainty, opportunism, and coordination costs (Buckley & Casson, 1976; Buckley & Casson, 2009). Uncertainty appears here as a technical problem to be contained within corporate hierarchies.

While this overall framework remains powerful in explaining why firms expand across borders, it implicitly assumes that internalising risk enhances not only firm performance but broader economic efficiency. In a structurally fickle world, however, internalisation increasingly functions as a mechanism of **risk enclosure**, enabling firms to stabilise internal operations while redistributing uncertainty to external actors - such as suppliers, workers, and host societies. What internalisation theory explains well at the firm level thus becomes analytically incomplete at the systemic level.

The OLI Paradigm and the Conditionality of Location Advantage

The eclectic (OLI) paradigm provides an integrative explanation for FDI by linking ownership, location, and internalisation advantages (Dunning, 1988). Location advantages have traditionally been conceptualised as relatively durable features derived from institutional quality, market size, and factor endowments.

In an era of industrial policy competition, investment screening, and geopolitical alignment, location advantages have become increasingly dependent on *industrial policy, subsidy competition, and conditional embeddedness, i.e., politically conditional and reversible.*

Recent waves of industrial policy, particularly in technologically and politically strategic sectors (rare minerals, electronics, space, energy, to name a few), provide a revealing lens into the changing nature of FDI. Large-scale subsidy programmes, investment screening regimes, and localisation requirements have fundamentally altered the institutional environment in which multinational firms make location decisions.

From an international business perspective, these developments are often framed as external antecedents or shocks to which firms have to adapt rationally by re-optimising their location portfolios. From a neo-Polanyian perspective, however, they signal a deeper transformation: the politicisation of location advantage and the erosion of long-term investment trust and embedded commitment.

Public subsidy offers are pitted against one another, with firms explicitly or implicitly threatening relocation - should policy support weakens. While such strategies enhance corporate bargaining power and risk resilience, they simultaneously undermine the credibility of FDI as a vehicle for durable capacity-building, skill formation, and regional development.

This pattern illustrates *conditional embeddedness*: firms are locally present but weakly socially embedded, maintaining exit options that constrain host governments' regulatory autonomy. In Polanyian terms, market mechanisms expand while social protection remains contingent and fragile, intensifying political backlash against both MNEs and the liberal investment regime itself.

Thus, governments actively construct and withdraw locational incentives, while firms consider entry and exit options in response to shifting policy signals. Although the OLI paradigm captures these strategic adjustments, it is largely silent on their implications for long-term commitment, trust, and social value creation.

Regionalisation, Fragmentation, and Strategic Retrenchment

The recognition that MNE activity is often regionally rather than globally embedded has been a major contribution of IB research (Rugman & Verbeke, 2004). Yet regionalisation under current geopolitical conditions increasingly reflects strategic retrenchment rather than optimisation. Fragmentation, once treated as a rational response to bounded rationality and institutional complexity, is now intertwined with security concerns and political alignments.

Here again, adaptation-centric explanations risk normalising outcomes that may undermine the legitimacy of cross-border economic activity.

A Neo-Polanyian Reframing of International Business

Karl Polanyi's analysis of capitalist development foregrounds the tension between *market expansion and social protection,* conceptualised as a recurrent "double movement" (Polanyi, 1944). When markets expand beyond the capacity of social institutions to absorb disruption, counter-movements emerge to re-embed economic activity within political and social constraints.

Applied to international business, a neo-Polanyian lens highlights how global market integration has outpaced the development of supranational mechanisms of social protection. While capital and firms move globally, labour protections, welfare systems, and democratic accountability remain nationally bounded. Block and Somers (2014) emphasise that this institutional asymmetry generates instability not as an anomaly, but as a structural outcome.

From this perspective, structural fickleness reflects unresolved contradictions in the global economic order rather than exogenous shocks to an otherwise stable system.

Multinational Enterprises as Political Actors

As global governance fragments, multinational enterprises increasingly operate in politically charged environments where strategic decisions carry explicit political implications. Corporate diplomacy - engaging with governments, regulators, and societal actors, has become central to international strategy (Henisz, 2016). Firms' choices regarding compliance, alignment, and exit are deeply entangled with questions of authority and legitimacy.

Kobrin (2009) argues that MNEs exercise forms of private political authority that generate corresponding public responsibilities. In a fickle world, claims of neutrality or purely economic decision-making become difficult to sustain. MNEs are not merely adapting to political constraints; they are shaping institutional trajectories and redistributing risk across societies.

Structural Fickleness in Global Value Chains: Supply-Chain Securitisation and the Redistribution of Risk

Research on global value chains has demonstrated how lead firms govern dispersed production networks and capture value through asymmetric power relations (Gereffi et al., 2005). To date, supply-chain reconfiguration in response to geopolitical tensions represents another key site where structural fickleness becomes visible. In sectors such as semiconductors, pharmaceuticals, energy technologies, and critical minerals, multinational firms have pursued strategies of regionalisation, redundancy, and "friend-shoring". From a GVC perspective, these moves are readily interpreted as governance adjustments to heightened risk. Lead firms alter sourcing patterns, duplicate production networks, and impose stricter compliance requirements on suppliers. While such measures can reduce vulnerability at the firm or national level, they often intensify volatility elsewhere in the value chain.

Smaller suppliers, contract manufacturers, and upstream producers - frequently located in emerging or peripheral less-developed economies, absorb the adjustment costs through cancelled contracts, tighter margins, and heightened uncertainty. Employment becomes more precarious, investment horizons shorten, and opportunities for upgrading diminish. Empirical work on global production networks shows that strategies such as redundancy, regionalisation, and supplier substitution stabilise lead firms while intensifying volatility for upstream and downstream actors (Yeung, 2022).

Neo-Polanyian analysis highlights a structural asymmetry: flexibility is concentrated at the top of the value chain, while insecurity is pushed downward. The celebrated adaptability of global production networks thus operates as a mechanism of risk transmission, reinforcing uneven development and eroding the social foundations of globalisation.

Thus, under the fickle geopolitical conditions, value-chain reconfiguration increasingly reflects securitisation rather than efficiency. Flexibility at the centre translates into precarity at the periphery - dynamics that standard GVC frameworks describe but rarely normatively interrogate.

Sanctions, Exit, and the Crisis of Multinational Legitimacy

Sanctions regimes and geopolitical ruptures provide another empirical domain in which the limits of conventional IB theory become apparent. Corporate withdrawals from sanctioned or politically controversial markets have accelerated, often framed as unavoidable compliance decisions.

Yet the manner, speed, and selectivity of these exits raise deeper questions about corporate commitment and legitimacy. In many cases, multinational firms have disengaged rapidly from host economies in which they had long benefited from local labour, infrastructure, and institutional support.

While exit may be legally or commercially justified, its social consequences—job losses, supplier collapse, and community disruption—are borne almost entirely by local actors. This reinforces perceptions of multinational firms as footloose and politically opportunistic, weakening their social licence to operate even in stable markets.

From a neo-Polanyian standpoint, such episodes crystallise the erosion of the implicit post-war social contract underpinning international business: that openness and investment would be accompanied by shared responsibility for social outcomes.

Sustainability, Social Value, and the Limits of Firm-Level Responsibility

Sustainability and ESG concerns have gained prominence in IB research, often framed as sources of competitive advantage or legitimacy. Yet, social value creation is frequently operationalised at the firm level, abstracted from the institutional contexts that shape outcomes (Sinkovics, Sinkovics, & Yamin, 2014).

In a fickle world, the limitation of firm-centred approaches becomes evident. Resilience strategies that enable survival under instability may simultaneously erode employment quality, local capability building, and trust in cross-border business. As Van Tulder, Verbeke, and Jankowska (2020) argue, volatility and uncertainty require rethinking the societal responsibilities of international business, not merely improving managerial tools.

Table 1. Mainstream IB Theories vs Neo-Polanyian Re-interpretation

Core Construct	Mainstream IB Assumption	Neo-Polanyian Re-interpretation
Internalisation	Efficiency-enhancing	Resk enclosure and displacement
Location advantage	Relatively stable	Politically contingent and reversible
GVC flexibility	Functional optimisation	Asymmetric risk transmission
Resilience	Unambiguously possible	Produces Precarity elsewhere
MNE legitimacy	Derived from performance	Contested and politically negotiated

Implications for EIBA's International Business Scholarship

International business no longer operates within an expanding and stabilising global order. Structural fickleness reflects unresolved contradictions between global market expansion and territorially bounded social protection. By integrating neo-Polanyian political economy with core IB theory, I argue that MNEs both adapt to and produce instability.

If structural fickleness is a defining feature of contemporary international business, adaptation-centric frameworks are no longer sufficient. By continuing to theorise adaptation without interrogating its societal consequences, international business scholarship risks becoming an apologist discipline - explaining instability rather than questioning its reproduction. We need to re-politicise the MNE, foregrounding how corporate strategies shape, and are shaped by, power, institutions, and social protection mechanisms. Recent debates on the future of international business already point in this direction (Witt et al., 2023). A neo-Polanyian perspective strengthens this agenda by explicitly linking firm - level resilience to system - level fragility and by treating legitimacy as an outcome of institutional embeddedness rather than performance alone.

This leads us to the need for:

a/ Re-politicising the MNE

International business research must move beyond treating MNEs as neutral co-ordinators of cross-border activity. Firms are political actors whose strategies shape institutional outcomes, labour markets, and development trajectories.

b/ Questioning the Moral Neutrality of Resilience

Resilience should be theorised as a distributional phenomenon, not a technical one. We should ask: resilience for whom, achieved at whose expense?

c/ Re-embedding International Business

Neo-Polanyian analysis suggests that sustainable international business requires institutional arrangements that constrain exit, enforce responsibility, and redistribute risk more equitably across actors and regions.

The overall logic of this perspective is summarised in Figure 1:

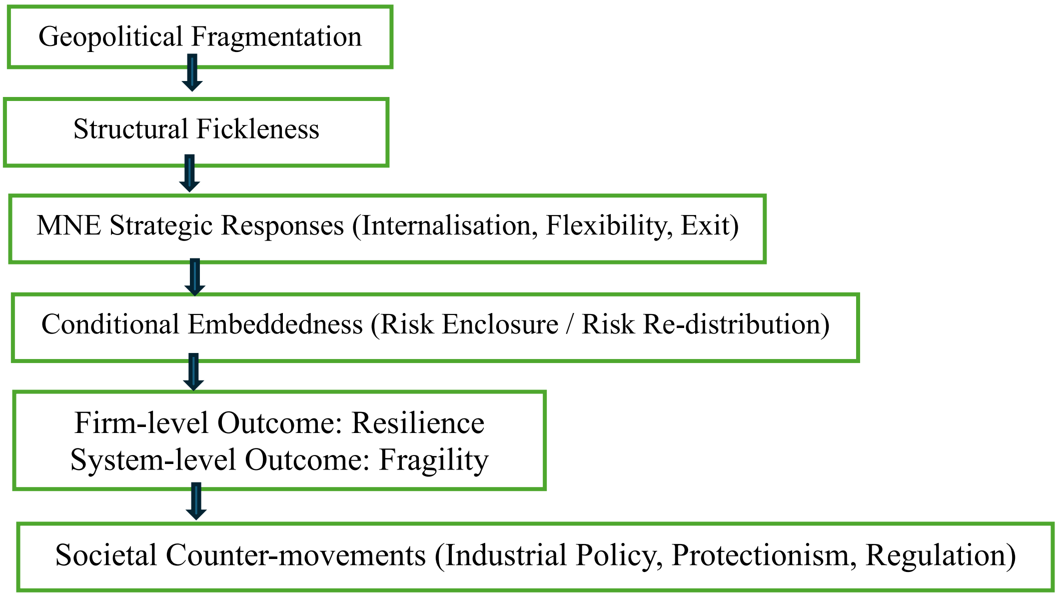

Figure 1. Structural Fickleness and the Neo-Polanyian Dynamics of International Business.

From this logic follow the central propositions advanced in this paper:

- **P1:** Structural fickleness constitutes a defining condition of post-globalisation international business rather than a transient form of uncertainty.
- **P2:** Multinational strategies that enhance firm-level resilience systematically redistribute economic and social risk to external stakeholders.
- **P3:** Increasing political conditionality of FDI weakens long-term social embeddedness in host economies.
- **P4:** MNE adaptation strategies contribute endogenously to systemic instability in global production and trade.
- **P5:** The prioritisation of exit over commitment erodes the social legitimacy of multinational enterprise.

This critical position paper in EIBA Perspectives is in explicit and critical dialogue with recent debates in EIBA's journal *International Business Review* (IBR), that have redefined geopolitical tensions and risk, fragmentation, and institutional disruption as structuring conditions of contemporary international business rather than exceptional shocks. Important IBR contributions have advanced understanding of how firms respond strategically to geopolitical risk, adapt internalisation and co-ordination under disruption, reassert social value creation under uncertainty, and examine how corporate nationality shapes firm responses to geopolitical risk through organizational design, global value chain configuration, and non-market capabilities (Sinani et al., 2025), this paper argues that such responses may simultaneously generate *legitimacy deficits* at the system level.

Many resilience strategies celebrated within international business research, i.e., flexibility, reversibility, modularisation, and selective embeddedness, can be interpreted as forms of *quasi-extractive adaptation*. Even when motivated by organisational survival rather than opportunism, these strategies stabilise firm performance by externalising uncertainty, volatility, and adjustment costs onto workers, suppliers, communities, and host states. In extending IBR's engagement with power and uncertainty, this paper reframes legitimacy not as an ex-post reward for responsible conduct, but as a politically fragile condition increasingly eroded by how multinational enterprises manage instability in a post-globalisation world.

EIBA's Role in Advancing Academic Enquiry

Since its inception, the European International Business Academy (EIBA) has been a forum for grappling with the *big questions* of international business: the changing nature of the multinational enterprise, the relationship between firms and institutions, the social consequences of cross-border activity, and the evolution of global economic order. EIBA's intellectual tradition has always combined analytical rigour with openness to plural perspectives, interdisciplinary dialogue, and sustained engagement with practice.

The theme of EIBA 2026 ***- Sustainable International Business and Social Value in a Fickle World****,* continues this tradition by responding to a profound shift in the global environment for international business. What firms, governments, and societies are experiencing today goes beyond periodic turbulence. It reflects a condition of *structural fickleness*: rapid policy reversals, provisional commitments, fragmented governance, and politicised markets in which stability can no longer be assumed as the baseline.

From Uncertainty to Fickleness: A Shift in the Problem Frame

Classic and contemporary IB theories - many debated and refined within the EIBA community, have long addressed uncertainty, risk, and institutional diversity. Yet, these concepts presuppose an underlying trajectory of integration or convergence (Baldwin.

Fickleness signals something different: the weakening of shared rules, expectations, and social contracts that once underpinned global economic activity. Trade arrangements are increasingly securitised, investment regimes conditionalised, and global value chains reorganised in response to geopolitical pressures rather than functional efficiency. Commitments to markets, production sites, suppliers, and employees are more easily reversed. This emerging reality invites the kind of foundational questioning for which EIBA has historically provided space.

Importantly, international business actors are not merely responding to this environment; they play a role in shaping it. To understand this dual role, international business scholarship must engage not only with abstract models, but also with *the lived realities of firms operating under fickle conditions.*

Re-examining MNEs and Social Value

EIBA scholarship has long examined the multinational enterprise as an embedded actor - situated in institutional, social, and political contexts, rather than operating in a vacuum. In a fickle world, this embeddedness becomes more ambiguous. FDI increasingly resembles a negotiated and reversible presence. Supply-chain reconfiguration enhances agility in the centre and increasing at the periphery. Corporate exits from politically sensitive markets may be defensible, yet they often leave local stakeholders bearing disproportionate costs.

These dynamics invite renewed reflection on *MNE legitimacy and the societal role of international business,* a theme that resonates strongly with EIBA's enduring interest in institutions, responsibility, and the broader consequences of cross-border activity. Rather than treating sustainability and social value as firm-level attributes alone, EIBA 2026 encourages analysis of how these outcomes emerge - or fail to emerge- under conditions of instability and fragmented governance.

EIBA 2026 as a Space for Dialogue and Reflexivity

Consistent with EIBA's identity, EIBA 2026 is not positioned as a forum for prescribing simple solutions. It is a space for dialogue - between theories and evidence, between scholars and practitioners, and between critical reflection and practical engagement.

Listening carefully to businesses operating under fickle conditions does not entail endorsing all corporate strategies. Rather, it allows scholars to better distinguish between adaptation that is unavoidable and adaptation that is choice-laden; between resilience that stabilises systems and resilience that merely redistributes risk. Such dialogue strengthens the relevance and credibility of international business scholarship.

Conference Tracks as Interconnected Perspectives

The thematic tracks of EIBA 2026 reflect this integrative ambition. They should be read not as discrete domains, but as intersecting perspectives on a shared condition of fickleness See the thematic conference tracks, their co-chairs and descriptions at: **https://www.eiba2026.aau.dk/submissions/conference-tracks**

Listening to Firms under Fickle Conditions: Why Engage with Business Practice?

The need to engage with business practice is not new to EIBA, but fickleness sharpens its urgency. Short illustrations from practice reveal the dilemmas firms face and the trade-offs they navigate.

"We are told we need to be resilient, but resilience has become a moving target."
(Senior Operations Manager, European manufacturing MNE)

Following repeated disruptions and shifting regulatory signals, the firm duplicated parts of its supply chain across regions. While this reduced exposure to geopolitical shocks, it also led to shorter supplier contracts and reduced commitments to training and upgrading - choices described internally as "necessary," yet recognised as socially consequential.

"Every investment decision now comes with an exit plan."
(Strategy director, multinational energy firm)

Industrial policy incentives encouraged local production, but changing political priorities made long-term planning difficult. The firm remained locally present while explicitly preserving the option to scale down or relocate, raising questions internally about what "commitment" to a host region still meant.

"We want to do the right thing, but the rules keep changing—and not just economically."
(Founder, internationally active SME)

Operating across multiple jurisdictions, the firm struggled to reconcile compliance obligations, sustainability commitments, and survival under shifting trade and data-governance regimes. Flexibility was framed not as opportunism, but as a prerequisite for staying in business.

These indicative vignettes underscore a central concern of EIBA 2026: firms often experience fickleness not as strategic freedom, but as a condition that *constrains choices, forces difficult compromises, and reshapes the meaning of responsibility and sustainability*.

Such engagement enhances the relevance, credibility, and reflexivity of international business scholarship.

Epilogue: EIBA's Intellectual Responsibility

Most international business scholarship treats the environment as unstable and firms as reactive. This is *safe*. However, *"Fickleness" is not Context - it is the Indictment.* The core problem is not instability around international business, but instability produced through international business. Thus, fickleness could be viewed not as a *background condition* but as a *systemic outcome*. We can flip the coin by not analysing turbulence any longer; but questioning the *political economy that normalises turbulence as acceptable as long as firms survive.*

This paper deliberately refuses to *treat "resilience" as morally neutral.* Too often resilience represents the systematic displacement of instability from firms onto societies. The critique advanced here is not that firms fail to be responsible, but that the *moral grammar of adaptation itself demands scrutiny.*

By invoking quasi-extractive adaptation, this paper does not allege intent but *identifies a structural effect*: even when driven by survival rather than opportunism, multinational strategies frequently retain value at organisational centres while exporting uncertainty and adjustment costs outward. This continuity - between extractive political economy, contemporary multinational flexibility, and post-colonial dependency logics - demands a critical stance.

The question facing international business scholarship is no longer how firms navigate a fickle world, but whether the field is willing to confront its own role in legitimising a global economic order that renders fickleness normal, acceptable, and unevenly borne.

This is not just *a conclusion* – it is *a challenge*.

This is *not a provocation for its own sake*. It is *reclaiming international business* as:

- a field that once took embeddedness seriously,
- once debated power and responsibility openly,
- and once saw instability as a problem, not a managerial opportunity.

If this EIBA critical position paper makes some of us uncomfortable, that is not a flaw. It is evidence that it is doing its job.

For policymakers, this reframing implies that rising regulatory backlash - manifest in investment screening, industrial policy activism, localisation mandates, and the politicisation of trade, should not be understood merely as protectionist deviation, but as a rational response to perceived legitimacy gaps created by international business models that privilege mobility and exit over commitment and social accountability.

EIBA 2026 *invites the international business community to treat fickleness not simply as a problem to be managed, but as an opportunity for collective reflection on the future role of international business in society.*

EIBA 2026 *in Denmark continues a long-standing tradition: addressing the evolving realities of international business while questioning the assumptions on which the field itself is built.*

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