

Sustainable International Business and Social Value in a Fickle World

A Critical Position Paper

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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.

This account is not naïve about distributional effects: internalisation theorists have long recognised that hierarchical governance can act opportunistically toward external parties, and later refinements extended the model to alliances, licensing, and the “global factory” – dispersed but centrally coordinated production networks in which risk is shared contractually rather than absorbed unilaterally (Coe, Dicken, & Hess, 2008; Kano, Tsang, & Yeung, 2020). On this reading, redistributing risk to suppliers is not obviously extractive: if supplier markets are competitive, suppliers can price risk into contracts, diversify their customer base, or exit unprofitable relationships, so that what looks like risk transfer is simply an efficient allocation of risk-bearing to the party best positioned to manage it.

This defence, however, presupposes conditions that structural fickleness increasingly undermines: thin, geographically mobile, price-taking supplier markets are the exception rather than the rule in sectors marked by asset specificity, long qualification cycles, or geographic concentration (rare minerals, precision components, specialised logistics). Where suppliers cannot easily diversify or exit, contractual risk transfer functions less like efficient allocation and more like unilateral cost-shifting. 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.

Dunning's own later work anticipated that location advantages could be conditioned by government action, and OLI has been extended to incorporate institutional and political variables without abandoning its core logic: firms are assumed to rationally re-optimize their location portfolios as the calculus of advantage shifts, and mobility itself is treated as an efficient corrective to policy overreach, disciplining governments that impose excessive costs on capital. On this view, an MNE that credibly threatens relocation is not eroding host-country autonomy so much as supplying market discipline against inefficient or rent-seeking policy.

This is not merely a hypothetical defence. Buckley (2020), responding directly to the US–China fracture and the disruptions of Covid-19, argues that internalization theory – the analytical core from which OLI's internalisation advantage derives – remains the best available foundation for theorising what he terms the ‘structural reshaping of globalization’: on this view, rising political risk and systemic competition are new parameters to be absorbed into an already flexible framework of nested transaction-cost reasoning, rather than evidence that the

framework itself needs replacing. Narula, Asmussen, Chi, and Kundu (2019), reviewing the frontiers of internalization theory for the twenty-first century, reach a related conclusion – while also flagging, among the very themes their review identifies as unresolved, a growing disconnect between ownership, control, and responsibility as firms bundle and recombine assets across increasingly diverse and quasi-internalised arrangements.

Yet even this sophisticated absorption of political risk changes what counts as a solved problem, not what problem is being solved. Treating geopolitical fracture as a harder optimisation constraint – more variables to price, hedge, or diversify around – still asks only whether the firm's advantages can be reconfigured to restore an efficient equilibrium; it does not ask who bears the cost of that reconfiguration, nor whether the firm's own risk-minimising strategies contribute to the fracture against which it is optimising. This is close to the *disconnect between ownership, control, and responsibility* that Narula et al. (2019) themselves flag as an open frontier rather than a solved one. Structural fickleness names that disconnect as the object of analysis rather than a residual left over once optimisation is complete: not a rival account of how firms adapt to political risk, but a different explanatory target – system-level legitimacy and distribution – that a firm-optimising framework, however extended, is not built to address.

This disciplining function, however, presumes that mobility responds to efficiency signals rather than to political bidding wars; where relocation threats are used strategically to extract subsidies regardless of underlying productivity differences, the disciplining story collapses into rent extraction of a different kind. 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 weaken. 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, 2014). 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.

This asymmetry is not unconditional. Reshoring and friend-shoring have, in some documented cases, redirected investment and employment toward secondary economies – Mexico, Vietnam, and parts of Central and Eastern Europe have recorded measurable FDI and employment gains from nearshoring and friend-shoring flows (International Monetary Fund, 2023) – complicating any simple story of universal downward precarity. Yet the same analysis shows that friend-shored and subsidy-linked investment tends to remain tied to the political alignment or policy support that attracted it in the first place, so that a location's gain is contingent on a geopolitical alignment that can itself reverse (International Monetary Fund, 2023). What shifts under structural fickleness, in other words, is not necessarily the volume of investment reaching peripheral economies but the durability and unconditionality of the commitment behind it.

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 Assumption	IB	Neo-Polanyian Re-interpretation
Internalisation	Efficiency-enhancing		Risk 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:

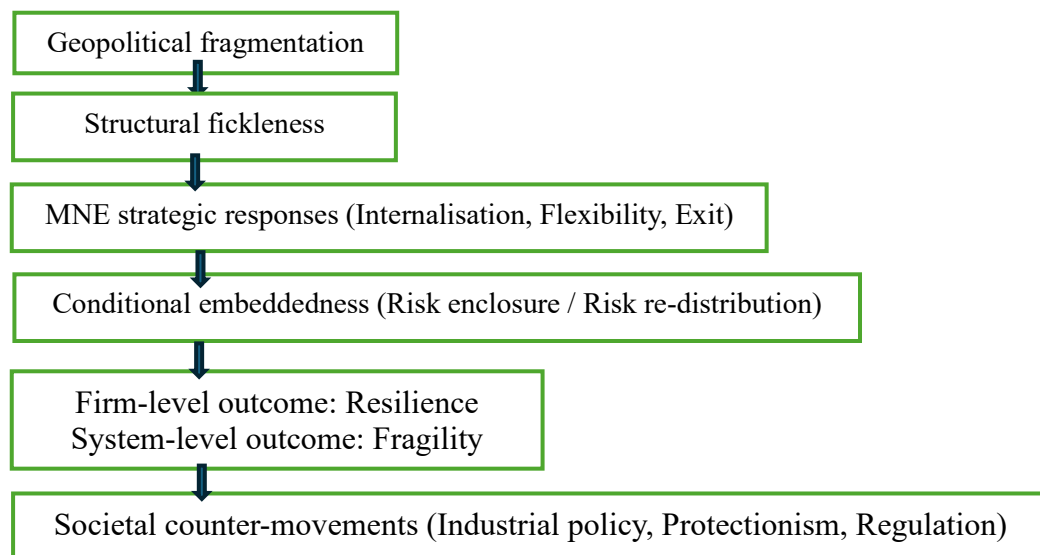


Figure 1. Structural Fickleness and the Neo-Polanyian Dynamics of International Business.

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.

These propositions are advanced as a research agenda rather than as established findings, and their critical value depends on their contestability. Each implies a pattern that could, in principle, be disconfirmed: **P2** would be undermined by systematic evidence that resilience strategies raise, rather than lower, employment quality and investment security among suppliers and host communities – a possibility that some accounts of subsidy-linked reshoring suggest may occur under favourable conditions; **P3** would be weakened if politically conditional FDI proved no less durable, on average, than FDI attracted under stable institutional regimes; and **P5** would be falsified if firms with a demonstrated propensity to exit suffered no discernible legitimacy or access costs in subsequent dealings with host governments and communities. Specifying these disconfirming conditions is intended to keep the neo-Polanyian reframing answerable to evidence rather than immune to it.

Scope Conditions

This argument is not advanced as a universal claim about all multinational activity, and it is worth being explicit about where its explanatory force is strongest and where it is weakest. It applies most clearly where the conditions identified above genuinely hold: sectors marked by asset specificity, long supplier qualification cycles, or geographic concentration (rare minerals, semiconductors, energy infrastructure); host relationships where exit is costly enough to create genuine bargaining leverage rather than a merely notional threat; and contexts where reversibility of commitment is a live political option rather than a remote one. It has correspondingly less applicability where supplier and host markets are genuinely competitive, where switching costs are low for all parties, or where institutional commitments are constitutionally, or treaty bound rather than discretionary - conditions under which classical internalisation and OLI reasoning retain most of their explanatory power on their own terms. Specifying these boundary conditions are not a retreat from the argument's ambition; it is what allows the argument to be tested against, rather than merely asserted, the diversity of contemporary international business.

Toward Measuring Structural Fickleness: Five Indicative Dimensions

Structural fickleness has so far been defined conceptually rather than operationally. Table 2 proposes five dimensions along which the construct could, in principle, be measured, together with indicative data sources already used in adjacent literatures on FDI, trade policy, and investor-state relations. These are offered as a starting point for a future measurement agenda rather than as a validated index: the aim is to show that structural fickleness is not merely a rhetorical redescription of familiar turbulence, but a condition that can be tracked, compared across sectors and periods, and set against the propositions above.

Table 2. Dimensions of Structural Fickleness and Indicative Empirical Proxies

Dimension	Definition	Indicative empirical proxies
Reversibility of commitment	The speed and cost at which firms can unwind location, sourcing, or contractual commitments.	Average duration of greenfield FDI before divestment or relocation (FDI Markets); prevalence of explicit exit or break clauses in investment agreements.
Political conditionality of market access	The extent to which location and market access depend on political alignment rather than economic fundamentals.	OECD FDI Regulatory Restrictiveness Index; volume and value of investment-screening reviews and rejections; subsidy schemes with explicit alignment or localisation eligibility criteria.
Institutional volatility	The frequency and magnitude of unanticipated regulatory or trade-policy reversals affecting cross-border business.	Global Trade Alert intervention and reversal counts by jurisdiction and year; frequency of sanctions imposition and lifting.
Risk-distribution asymmetry	The differential exposure to volatility and adjustment costs between lead firms and their suppliers or host communities.	Relative contract duration and renegotiation frequency across value chain tiers; employment volatility differentials between lead firms and lower tier suppliers.
Legitimacy contestation	Observable political and social contestation of MNE mobility and exit behaviour.	ICSID ¹ caseload and case filing trends as a proxy for contested commitments; legislative or regulatory responses explicitly citing corporate relocation or exit.

None of these proxies captures structural fickleness on its own, and several, i.e., investment-screening decisions or sanctions activity, for instance, are also compatible with legitimate policy objectives unrelated to fickleness as such; the dimensions are intended to be read jointly and interpreted in context, not combined into a single composite index. Figure 2 illustrates, in stylised form only, how sectors facing different degrees of geopolitical exposure might be expected to differ across these dimensions.

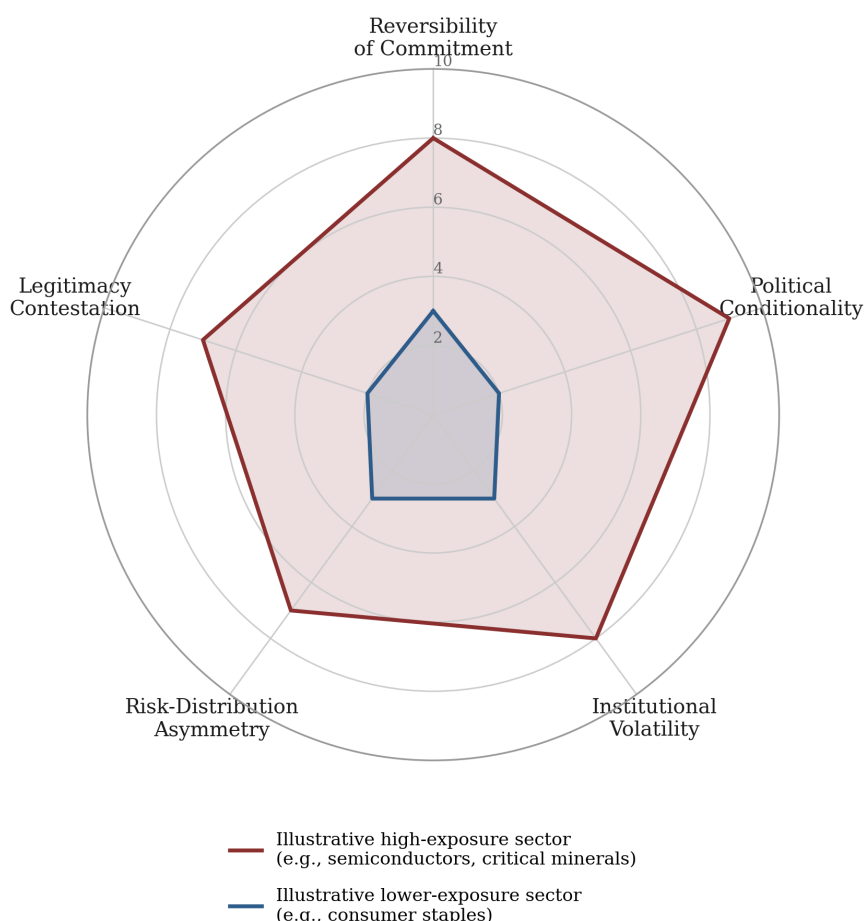


Figure 2. Illustrative Profiles of Structural Fickleness across Five Dimensions (stylised, for illustrative purposes only; not derived from measured data).

Extending the Child–Marinova (2014) Argument: Reciprocal and Reversible Capital Access

A framework developed by Child and Marinova (2014) offers a further way to sharpen this agenda. Analysing the globalisation of Chinese firms, they argued that outward foreign direct investment (OFDI) depends on the conjunction of home and host country contexts, characterised along two dimensions: *political stability* and *institutional maturity*. This conjunction determines the *institutional capital* (the ability to accommodate or manage relations with domestic and foreign institutions) and *resource capital* (the value-enhancing assets, competencies, and personnel required for successful foreign operation) available to the investing firm, and hence the firm-level learning and adaptation its internationalisation requires. Categorising host countries into four combinations of these two dimensions, Child and Marinova showed that firms investing in politically stable but institutionally immature contexts (their Category B, exemplified by China’s own outward investment into Central Asia) could rely on government-to-government understandings to supply institutional capital; that firms investing into politically stable, institutionally mature contexts (Category A: North America, north-west Europe) faced the greatest need to build both capitals independently; and that firms investing into politically unstable, institutionally immature contexts (Category D: much of Sub-Saharan Africa) required the heaviest importation of resource capital from home,

with institutional capital dependent on government-level arrangements vulnerable to periodic renewal.

The framework was developed to explain the access problem facing the internationalising firm: how does it secure the institutional and resource capital it needs to operate successfully in a foreign context? *Structural fickleness suggests this access problem is no longer confined to the investing firm.* Host countries face a parallel and increasingly acute access problem of their own: their ability to secure from inbound investors, i.e., the resource capital (technology, skills, employment, market access) and institutional capital (diplomatic standing, security guarantees, long-term partnership) that FDI has traditionally been expected to deliver is itself becoming conditional and reversible - precisely the *reversibility of commitment* identified as the first dimension of structural fickleness above (Table 2). In the original framework, capital access ran in one direction: from the country context to the investing firm. Under structural fickleness, capital access is better modelled as bidirectional and provisional in both directions. Table 3 extends the Child-Marinova (2014) categorisation accordingly, adding a host-country perspective to each category (Category C, a rare combination in the original framework, is not analysed further here, following Child and Marinova's own treatment).

Table 3. Extending Child and Marinova (2014) Argument: Bidirectional Capital Access under Structural Fickleness

Host-country category	Firm's access to host capital	Host's access to firm's capital	Effect of structural fickleness
A: High stability, high institutional maturity (e.g., North America, north-west Europe)	Low; the firm must build institutional and resource capital independently through local hiring and learning.	Historically high and durable; open, rule-of-law economies traded market access for the firm's technology, capital, and employment.	Investment-screening and national-security review increasingly condition the host's own access to the firm's capital on the investor's political alignment.
B: High stability, low institutional maturity (e.g., China, Central Asia)	Moderate; institutional capital partly supplied through government-to-government understandings.	Moderate-to-high; capital, infrastructure, and soft loans available with few conditions, but with limited technology transfer.	Understandings once treated as durable are now more easily renegotiated or withdrawn as alignments shift, tying host access to a geopolitical alignment it cannot control.
D: Low stability, low institutional maturity (e.g., Sub-Saharan Africa)	High; heavy importation of resource capital from home; institutional capital dependent on government agreements	Historically the most precarious; dependent on continuation of aid-linked investment that can be paused with a change in the investor's own priorities.	The firm's and the host's access are exposed to the same source of instability, so reversibility compounds rather than offsets across the relationship.

	vulnerable to		
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Read together, Table 3 and Figure 3 suggest that *structural fickleness collapses a distinction the original framework did not need to make: between the investing firm's access problem and the host country's access problem. Both are now hostage to the same underlying condition.* This points to a natural extension of the Child–Marinova (2014) framework: adding *reversibility of commitment* as a third axis *alongside political stability and institutional maturity*, converting a static categorisation of country contexts into one that can also register how quickly, and how asymmetrically, each category's reciprocal access relationships are likely to change.

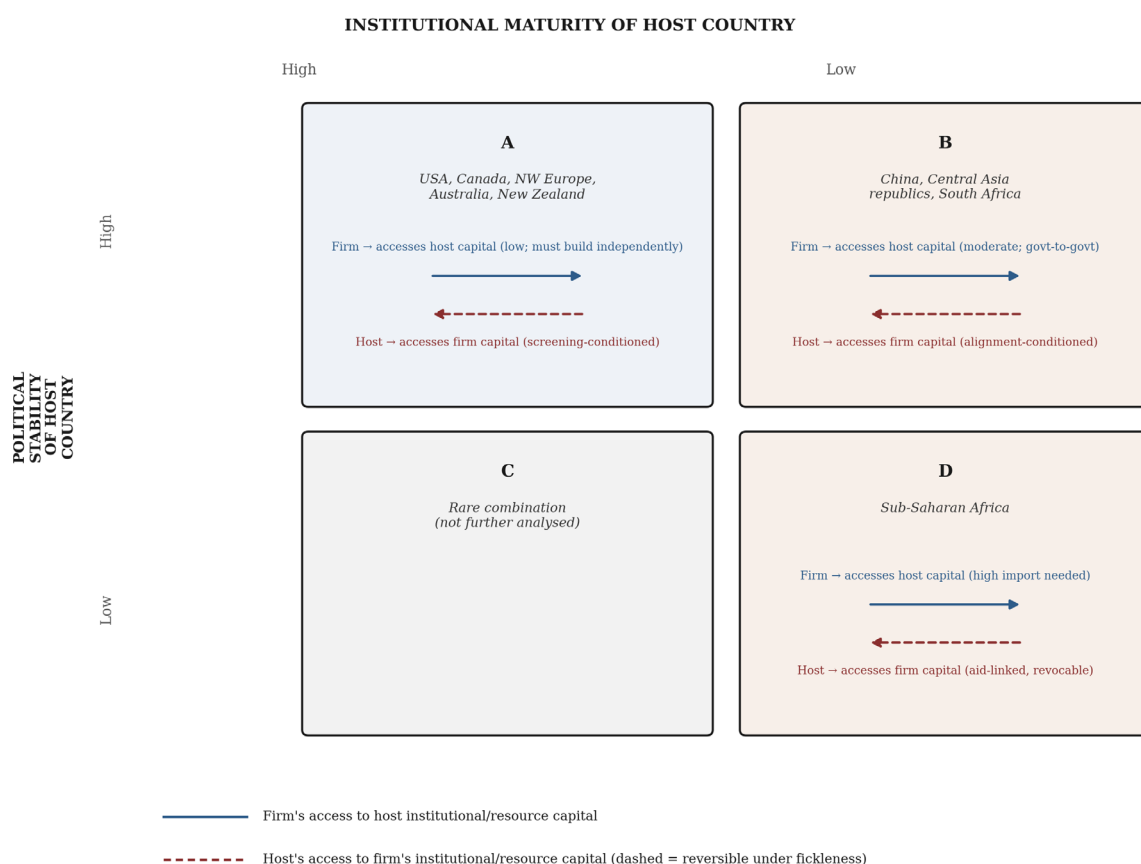


Figure 3. Extending Child and Marinova (2014): Reciprocal Capital Access across Host-Country Categories (dashed arrows denote access that is reversible under structural fickleness).

This critical position paper 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), while 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, 2016).

It is important to distinguish structural fickleness from adjacent vocabularies of turbulence. The VUCA framework popularised in management research (Van Tulder, Verbeke, & Jankowska, 2020) captures volatility, uncertainty, complexity, and ambiguity as attributes of the decision environment, but remains agnostic about their origin: instability could in principle be resolved once information improves or markets adjust. Farrell and Newman's (2019) concept of *weaponized interdependence* comes closer, showing how states exploit asymmetric control over network "chokepoints", i.e., financial clearing systems, technology standards, critical inputs, to coerce rivals; but it is pitched at the level of interstate strategy rather than the systemic reorganisation of commitment that concerns international business scholarship. Structural fickleness is narrower and more specific than either: it denotes not merely unpredictability, nor only the coercive use of networks, but the erosion of *reversibility as a norm* - the expectation, on the part of both firms and host societies, that commitments to markets, production sites, and partners may legitimately be undone at limited cost. This

distinguishes fickleness from volatility (a property of outcomes) and from weaponisation (a property of state strategy): *fickleness is a property of the institutional relationship between capital and place.*

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

IB scholarship has long examined the multinational enterprise as an embedded actor, one 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 increases the increasing precarity 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 IB scholarly 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.

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

The need to engage with business practice is not new to EIBA, but structural 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 structural fickleness not as strategic freedom, but as a condition that *constrains choices, forces difficult compromises, and reshapes the meaning of responsibility, commitment, and sustainability*.

This constrained experience of structural fickleness need not be read as absolving firms of the systemic role attributed to them earlier in this paper; the two claims operate at different levels of analysis. Individual managers, as the vignettes illustrate, typically face fickleness as a set of forced moves within rules they did not write - a claim about agency at the level of the firm. The proposition that MNE strategies collectively redistribute risk downward and destabilise the system is a claim about structure, i.e., about what happens in aggregate when many firms adopt similar defensive strategies under similar pressures, regardless of any individual actor’s intent. A supply chain manager duplicating or bifurcating sourcing to survive the next disruption is not thereby a knowing agent of *quasi-extractive adaptation*; but the aggregate

consequence of many such individually reasonable adaptations can still be a system that concentrates flexibility at the centre and increases vulnerability and instability at the periphery. Distinguishing these levels avoids a moralising reading of the argument while preserving its structural claim.

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

Before turning to this paper's concluding claims, it is worth being explicit about the objection most likely to be raised against them. Readers working within the internalisation tradition may point out that this argument has, in effect, already been anticipated and absorbed: Buckley (2020) has shown that internalisation theory can accommodate geopolitical fracture by treating it as a harder optimisation problem for the firm. That defence was engaged directly above, not sidestepped, and the response bears repeating in summary form: absorbing political risk into a firm's optimisation calculus answers a different question from the one this paper asks. It explains how firms adapt; it does not ask who bears the cost of that adaptation, nor whether firms' own adaptive strategies help produce the instability against which they are optimising. These are not two competing answers to the same question, and treating them as rivals, rather than as arguments pitched at different levels of analysis, would misread both.

Epilogue: IB Scholars' 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 reflexive demand cannot stop at the MNE. Business schools, conferences, and journals - including the ranking systems that structure academic careers - are themselves embedded in the market logic under critique, rewarded for research that helps firms adapt rather than for research that interrogates the terms of adaptation itself (Adler & Harzing, 2009). If international business scholarship is to avoid becoming, in its own practice, an instance of the adaptation it critiques in firms, EIBA and its members face a parallel question: what would it mean for the field's own institutions - review criteria, keynote selection, engagement with corporate sponsors, to be re-embedded rather than merely responsive to the incentives of a fickle academic marketplace?

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 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.

Concrete institutional experiments already point toward what re-embedding could entail. The European Union's Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760) obliges large firms to identify and mitigate adverse human rights and environmental impacts across their value chains, and to adopt climate transition plans, representing an explicit attempt to attach enforceable, cross-border responsibility to activities that firms could previously treat as externalities of an arm's-length supply relationship. Similarly, subsidy programmes that condition industrial policy support on binding local content, training, or minimum commitments, rather than on investment announcements alone, would convert conditional embeddedness into a contractually enforceable one. Such mechanisms remain contested and unevenly enforced, and firms have already begun lobbying to narrow their scope; but they indicate that constraining exit and redistributing risk are administratively feasible, not merely normatively desirable.

We invite 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.

Note:

¹ICSID stands for International Centre for Settlement of Investment Disputes – it is the World Bank institution where investor-state disputes get arbitrated. When a foreign investor believes a host government has breached an investment treaty or contract (expropriation, unfair treatment, breach of a stabilisation clause, etc.), ICSID is typically where that claim gets filed and arbitrated. In Table 3, ICSID caseload and case filing trends are proposed as an indicative proxy for “legitimacy contestation”: rising filings can signal growing friction over exit, expropriation, or broken commitments between firms and host states, which is exactly the kind of contestation the structural fickleness framework is trying to capture. The World Bank publishes annual caseload statistics.

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