



# EIBA Perspectives

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## DEAR EIBA PERSPECTIVES READERS

*Tamar Almor (Reichman University, Israel), EIBA Fellow*

*Zakaria Talouni (Poznań University of Economics and Business, Poland)*



Welcome to the **Spring/Summer 2026 Issue** of **EIBA Perspectives** – EIBA's publication since 2004 (published twice a year in May/June & November/December).

As the editors of the EIBA Perspectives, Zakaria Talouni and I are pleased to share this issue with you, and we hope you will enjoy reading it as much as we enjoyed preparing it.

As you may have noticed, together with the Board, it was decided to change the name of this publication to EIBA Perspectives, as its focus is shifting from being a newsletter to a publication that presents new research and state-of-the-art ideas.

We put this issue together at a moment when the world feels anything but stable — geopolitical fault lines are shifting, AI is reshaping how we work and think, and the assumptions that once underpinned global business are being tested daily. You will find these tensions running through every contribution in these pages, and we think that makes this a particularly timely read.

Our EIBA Chair and Vice Chair, Ana Teresa Tavares-Lehmann and Filip De Beule, open with a message.

The scholarly contributions kick off with Ram Mudambi and Marcelo Cano-Kollmann's piece on "Demography, Mass Migration, and the Knowledge-Driven Global Economy," a sweeping and data-rich analysis of three forces reshaping our world simultaneously: mass migration on a scale not seen since the 19th

century, the geographic spread of innovation beyond the traditional Western triad, and the remarkable reduction of poverty in countries like China and India. They argue these forces are not separate trends but a tightly interconnected cycle, and that policymakers ignoring the human capital mismatch at the heart of migration are missing the point.

Pervez Ghauri, Axèle Giroud, Jorge Carneiro and colleagues then bring us closer to the ground with insights from the MNEDEVELOP project, examining how European MNEs actually engage, or fail to engage, with disadvantaged communities in Brazil and Colombia, and what genuine social value creation looks like beyond corporate reporting.

Charlotte Daugreilh and Diana Filipescu take on the thorny intersection of sanctions and banking, showing how niche independent banks, rather than major institutions, are quietly keeping humanitarian trade channels alive in sanctioned markets.

Pratik Arte offers an interesting geopolitical reading of the EU's recent pivot toward Mercosur, India and Indonesia, arguing this is less routine diplomacy than a hard-learned response to being let down — by Britain, by the United States, and to some extent by its own members.

Constantina Kottaridi reports back from EIBA 2025 in Athens, and EIBA President Svetla Marinova sets the intellectual scene for EIBA 2026 in Aalborg with a provocative position paper on "structural fickleness" — challenging the field to stop explaining instability and start questioning who produces it and who bears the cost.

Tina Ambos and colleagues from Copenhagen Business School round out the issue with a fresh perspective on the digital divide, reframing connectivity not as an infrastructure problem but as a global coordination challenge — and showing what IB scholarship can contribute to solving it.

We also spotlight the second edition of **Constructive Intercultural Management** by Christoph Barmeyer, Madeleine Bausch and Ulrike Mayrhofer, a textbook as practically useful as it is theoretically grounded.

We warmly invite you to join us this December in Aalborg for the 52<sup>nd</sup> EIBA Annual Conference, hosted by Svetla Marinova, which promises to be an inspiring event bringing together participants from across the world.

We would like to thank all contributors profusely and would like to encourage you, the reader, to send your feedback and interact with the various authors. We would be very happy to receive your feedback and suggestions, and of course your contributions, ideas and news about your new projects that involve EIBA. Please contact the editorial team by email at Tamar Almor [tamar.almor@runi.ac.il](mailto:tamar.almor@runi.ac.il) or Zakaria Talouni [Zakaria.Talouni@ue.poznan.pl](mailto:Zakaria.Talouni@ue.poznan.pl) with your suggestions, materials and ideas.

*Remember, this is your EIBA publication, so please do get in touch with the EIBA Perspectives editorial team and be involved with its bi-annual production!*

## MESSAGE FROM THE EIBA CHAIRS AND VICE CHAIR

**Ana Teresa Tavares-Lehmann** (*Faculty of Economics (FEP), Porto, Portugal*),  
*EIBA Chair*

**Filip De Beule** (*Faculty of Economics and Business, Belgium*), *EIBA Vice Chair*



Dear EIBA Members and EIBA Community,

It is a pleasure to reconnect with you after a very demanding, yet gratifying, half year. As the world economy and International Business (IB) are navigating through challenging times, so has been the reality of EIBA: facing relevant challenges, but focusing on turning these into important opportunities and foundations for a successful and sustainable future.

In December 2025, we enjoyed a superbly organized conference in the extraordinary city of Athens. Congratulations to EIBA President Constantina Kottaridi, who led a fabulous team, including Conference Co-chair Dimitris Kyrkillis and respective teams from the Universities of Piraeus and Macedonia, as well as other colleagues involved in an outstanding academic program, as well as an unforgettable cultural and social experience for all of us (of which Zorba the Greek would be proud of!).

Important matters for our common future were discussed and decided in December, by the EIBA Board and by the General Assembly. At the Board level, we had a crucial discussion on the need and urgency, due to administrative and legal constraints, to review the EIBA Statutes. There are several existing aspects that must be revised, taking advantage of this opportunity to institute some novelties as well. This initial debate on the Statutes' revision (which led to unanimous decisions by the EIBA Board) will culminate in the next

December General Assembly, where we expect to approve the new Statutes and start implementing a new, streamlined and more effective composition of the Board, also formalizing a new and important body (the Ethics Committee) and clarifying and introducing several relevant aspects. We expect that the revised Statutes will give a new lease of life and dynamic to the EIBA National Representatives, while also strengthening the already very productive coordination we have with the EIBA Fellows. We are grateful to Marina Papanastassiou (Chair) and to Jens Gamelgaard and Tamar Almor (Members) who agreed to serve EIBA in the newly created Ethics Committee, which we anticipate will be a very active and important body of our Academy.

In December, we also worked with the Board to clarify the mandates and duration of appointments of the ex-officio Board members, agreeing that such mandates should have a similar duration (3 years) of other officers' roles. Principles and criteria governing EIBA Awards, which proliferated in recent years, were also agreed, supporting transparency, consistency, and academic excellence.

Regarding future annual conferences, two very solid offers were received and unanimously approved. In 2027 EIBA will convene in Budapest, hosted by Miklós Kozma (EIBA President-Elect) and his team at Corvinus University. This decision fulfils a longstanding desire to hold our annual conference in a major Central and Eastern European city, a region where we see great potential for EIBA to grow and develop. In 2028, it will be Glasgow's turn to host EIBA, notably the Stephen Young Institute (University of Strathclyde), led by Emma McDonald, who will be EIBA President and Chair in that year. It will be very appropriate to go to such a foundational city for IB studies, honoring the memory of Stephen Young - and also Neil

Hood, seminal contributors to our field and whose legacy persists.

Other than these decisions, the Board also elected new officers, approved the 2024 accounts (a record year in profit, adding around 30k euro to reinforce our financial sustainability). Worthy of note is also the deepening of EIBA relations with leading international institutions, with two panels in Athens organized by Philippe Gugler, who leads this area in the EIBA Board, dedicated to IB Policy and International Institutions (including speakers from the OECD, UNCTAD and from the World Economic Forum), and a presentation of the latest UNCTAD World Investment Report. A reference also to Lucia Piscitello, who is organizing another Summer School which will happen this July in the idyllic setting of Lake Como, and will constitute an important stimulus to conquer, on a merit basis, new researchers to our Academy.

2026 started with a remarkable challenge for us as Chair and Vice-Chair when we were informed in February that EIASM (European Institute for Advanced Studies in Management), our longstanding provider of key services (secretariat, IT, website, legal, accounting, audit liaison, inter alia) for several decades was going through a severe financial crisis. Immediately involving the Board after a more precise update we received in March, we were informed that EIASM filed for voluntary insolvency on April 1st. Since then, and duly supported by Board decisions, and in a very fruitful dialogue with other Associations similar to EIBA, we are taking care of all necessary steps to guarantee a smooth transition of all relevant items (seat, secretariat, IT, website, etc.) and ensuring that the best interests of our Academy and of its membership are safeguarded. We are pleased to report that all is under control (documents, finances, assets) and this process is going well, and ask your support and trust in these trying times. We, as well as the Board at large, see this as an opportunity to implement important

changes, some that were already planned, and other new areas where we see margin for improvement in the way we function.

At the beginning of May, we had the opportunity of holding the EIBA Interim Board Meeting in Aalborg, impressively conducted by EIBA President Svetla Marinova, Conference Co-chair Evis Sinani and their committed team. We reviewed key institutional matters, approved several initiatives and courses of action and prepared decisions for the next General Assembly. Until the end of 2026 we will convene, in addition to the ordinary General Assembly, at least one extraordinary General Assembly. Stay tuned for this, as we count on you to be involved and express your position.

Svetla and her team at Aalborg also presented to us in loco the excellent facilities where the EIBA 2026 Annual Conference will take place. We are pleased to report that we will have the best possible conditions and that significant progress was made on the dossiers opened in December, like the revision of the Statutes, as well as other governance, institutional and strategic issues. The meeting was marked by the depth of the strategic discussions, reflecting the timely opportunity to advance decisive changes considering these developments.

We look forward to seeing you in December in the dynamic and lovely city of Aalborg for the 52nd EIBA Annual Conference, that Svetla and Evis are organizing, bringing also together in an innovative way the significant Danish IB community, and a variety of international stakeholders from academia, business and other institutions. Do not forget to send your submissions on time by July 15th. We are sure this year's conference, focused on the exciting theme "Sustainable IB and Shared Value in a Fickle World", will be a memorable event and certainly a stimulating forum for discussion on contemporary IB topics. See you all in Aalborg!



# DEMOGRAPHY, MASS MIGRATION, AND THE KNOWLEDGE-DRIVEN GLOBAL ECONOMY

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## INTRODUCTION

As the global economy advances through the third decade of the 21st century, it is increasingly defined by structural shifts that are as disruptive as they are transformative. Some of these forces represent the return of historical dynamics not seen for over a hundred years, while others are entirely without precedent in human history. In this article we identify three dominant pillars reshaping the global landscape: the resurgence of mass migration, the unparalleled velocity of global innovation systems, and the historic eradication of poverty in emerging economies.

The first major force is global mass migration, a phenomenon of a magnitude not witnessed since the "Great Atlantic Migration" of the 19th century. During that era, roughly 55 million Europeans migrated to the Americas, fundamentally altering global demographics and labour markets (Hatton & Williamson, 2005). Today, international migration has reached a similar critical mass, albeit with a more diverse geographic footprint. According to the United Nations (2020), there are now approximately 281 million international migrants—representing 3.6% of the global population. This movement of people serves as a primary driver of demographic balancing between aging Western societies and youthful emerging nations.

Simultaneously, the nature of innovation has undergone a radical shift. While technological progress has long been the engine of economic

growth, the current pace of advance—characterized by the "Fourth Industrial Revolution"—is unparalleled. Furthermore, the geography of innovation is no longer restricted to the traditional "Triad" of the US, Europe, and Japan. We now see the rise of truly global innovation systems where Research and Development (R&D) is fragmented across Global Value Chains (GVCs). As noted by the World Intellectual Property Organization (2024), emerging hubs in Asia now account for a majority of international patent filings, signalling entry of vast new populations into the domain of technology creation that is historically unique.

Perhaps the most startling trend is the rise of giant emerging economies, most notably China and India. In less than a single human lifespan, these nations have orchestrated a scale of poverty eradication that is truly unprecedented. World Bank (2022) data indicate that since 1990, over 1.2 billion people have been lifted out of extreme poverty globally. Never before has humanity seen such a rapid and massive improvement in living standards for such a significant portion of the global population.

In this short essay, we posit that these three trends are not isolated occurrences; rather, they are tightly interconnected, mutually dependent, and mutually reinforcing. Mass migration facilitates the flow of "human capital" and tacit knowledge necessary for global innovation. Innovation, in turn, provides the productivity tools that allow emerging economies to scale their growth and lift their citizens out of poverty. Finally, the rise of these emerging economies creates new centres of demand and talent that further fuel migration patterns and innovative research. Together, these forces form a virtuous—yet volatile—cycle that will determine the future of the 21st-century global marketplace.

## GLOBAL MASS MIGRATION – DEMOGRAPHIC DRIVERS

The 21st-century global economy is currently being reshaped by a profound demographic divergence between the wealthy countries of the “Global North” and the poorer nations of the “Global South.” Countries vary significantly in their fertility rates and age structures, creating distinct demographic profiles that serve as the primary engine for international migration. Empirically, poorer and emerging market economies often exhibit “pyramid-shaped” age

distributions, characterized by high fertility rates and a massive “youth bulge.” For instance, in many Sub-Saharan African nations, the median age remains below 20, creating a vast surplus of labour entering the market annually (World Bank, 2023).

In stark contrast, wealthy, industrialized economies have shifted toward “top-heavy” age distributions. In these nations, fertility rates have plummeted well below the replacement level of 2.1, while advancements in healthcare have extended life expectancy, resulting in a population where a large—and growing—percentage is elderly. These demographic differences fuel modern migration patterns through a classic supply-and-demand mechanism: emerging economies possess an excess supply of youthful labour, while wealthy economies face an excess demand for workers to sustain their pension systems and productivity. Critically, this migration is not merely a movement of people; it is inherently associated with the international flow of capital through remittances and the transfer of “tacit knowledge” across borders (Clemens, 2011).

### DIFFERENCES ACROSS COUNTRIES OF ORIGIN

While the drivers of migration are diverse, the destinations are remarkably uniform. Migrants are overwhelmingly drawn to wealthy OECD countries, which currently face systemic labour shortages across all sectors. While shortages in low-skilled labour—such as routine manufacturing or basic services—can increasingly be mitigated through

technological remedies like automation and robotics, the shortage of high-skilled labour presents a more formidable challenge. High-skilled roles in STEM, healthcare, and strategic management require complex cognitive capabilities that remain difficult to replicate even with current technology (OECD, 2024).

The strategic challenge for destination countries is that migrants' human capital varies widely by country of origin. There is a significant correlation between the strength of an origin country's “knowledge infrastructure”—its schools, universities, and technical institutes—and the human capital of its emigrants. In the current global flow, those with low formal human capital constitute the vast majority of migrants. This represents a critical predictor of their long-term economic contribution, as destination countries are almost exclusively high-knowledge, innovation-driven economies (Docquier & Rapoport, 2012).

Migrants from origin countries with relatively developed knowledge infrastructures, particularly in Asia (such as India, China, and Brazil), tend to possess higher average human capital. These individuals are often able to alleviate the crucial high-skilled labour shortages in the West, integrating into high-value sectors like software engineering and biotechnology. In contrast, migrants from regions with underdeveloped infrastructures, such as parts of Africa, often possess lower formal human capital. While they can alleviate immediate shortages in low-skilled sectors, they face a shrinking job market. As technological advances continue to automate entry-level roles, a structural mismatch is emerging: the global migrant supply remains predominantly low-skilled, while the economic demand of the 21st century is pivoting almost exclusively toward high-skilled human capital.

### A FRAMEWORK FOR ANALYSING DEMOGRAPHIC-ECONOMIC PRESSURE

The foundational logic of spatial interaction in the social sciences is often rooted in the “gravity model.” It is a framework borrowed from Newtonian physics and adapted for



economic analysis (Tinbergen, 1962; Anderson, 1979). It has become one of the most robust empirical frameworks in international economics. It is used to explain bilateral trade flows and generates remarkably precise estimates across countries, time periods, and levels of development.

The gravity model posits that the volume of trade between two nations is directly proportional to their economic size and inversely proportional to the costs of transacting across borders (Helpman and Krugman, 1985). Within this model, a larger Gross Domestic Product (GDP) translates into both a larger volume of exportable goods and a greater domestic demand for imports. Essentially, the direction and intensity of trade are determined by the productive capacity of the exporting country and the purchasing power of the importing country. As these two measures increase, the potential for trade grows. However, the “friction” of national borders—comprised of geographic distance, regulatory barriers, and transaction costs—serves as a restrictive force, determining how much potential trade translates into actual economic exchange.

We utilize the tools of demography to extend this framework to the domain of human migration. We argue that the same fundamental logic governs demographic flows between nations. Here, “origin” and “destination” countries mirror the “exporting” and “importing” roles in trade. However, a critical distinction exists: unlike inert goods or services, migrants are human agents with preferences regarding their environment and future.

The transition from potential migrant to actual migrant requires both the ability and the willingness to relocate. Ability is highly correlated with demographic factors, particularly age; younger individuals generally possess the physical energy, cognitive flexibility, and long-term horizon necessary to endure the hardships of relocation. Willingness, conversely, is inversely related to local economic prospects. As job opportunities in a home country stagnate or decline, the psychological and economic barriers to

departure weaken, increasing an individual’s readiness to migrate.

Consequently, origin countries are characterized by large pools of potential migrants, a “supply” side that is fuelled by two primary drivers. First, the size and growth of younger population cohorts are paramount. In countries with high fertility rates, the demographic structure takes on a pyramidal shape, ensuring large and rapidly growing numbers of young people entering the labour market. Second, a relatively low GDP ensures that local job opportunities remain both scarce and unattractive. When a high-fertility youth bulge meets a low-growth economy, the result is a significant excess supply of labour—predominantly unskilled or semi-skilled—which creates a high-pressure “push” toward international mobility.

These features are systematically reversed in destination countries. These nations typically have fertility rates that have long remained below the replacement level of 2.1, leading to a shrinking youth cohort and an aging population. Simultaneously, their high GDPs generate plentiful and attractive job opportunities. Because these high-income nations are typically characterized by knowledge-intensive economies, their labour markets are heavily skewed toward high-skill roles.

The intersection of these two distinct demographic-economic profiles creates a powerful “gravitational” pressure. Destination countries face a great excess demand for highly skilled labour to fuel their innovation-driven systems, due to their shrinking youth cohorts. They simultaneously experience a secondary shortage of service-level labour. This creates a systemic imbalance where the demographic “youth supply” of the Global South meets the “skill and service demand” of the Global North, forming the structural backbone of 21st-century global mass migration.

Just as in the gravity model of trade, “frictions” serve to impede these flows. In this context, friction is represented by institutional restrictions on cross-border mobility. Legal

migration channels into high-GDP economies are designed to address their crucial shortage of high-skilled labour. However,

the mass of available supply from poorer economies consists of unskilled or semi-skilled labour. These individuals have limited employment opportunities in wealthy economies.

In the realm of international trade, high import duties and legal restrictions on commerce often generate pressures for illicit activities, such as smuggling and gray markets. Similarly, when stringent institutional restrictions are placed on legal migration in the face of immense demographic-economic pressure, the result is a high-pressure environment for illegal migration. The gravitational force of supply and demand does not vanish; instead, it is diverted into informal and unauthorized channels. This model explains the source of the pictures seen in headlines around the world every day—masses of unskilled and often unemployable individuals flooding the borders of wealthy nations.

### DIFFERENT FLOWS, DIFFERENTIAL FRICTIONS

This framework is grounded in a broader observation about the differential friction facing the three primary cross-border flows in the modern global economy. Financial capital, the most abstract and dematerialized of the three, faces the least friction: capital moves across borders in milliseconds, largely unimpeded by geography, language, or legal status, subject only to regulatory and tax constraints that have themselves been progressively reduced over the past four decades. Goods and services occupy an intermediate position: they face tariffs, logistics costs, regulatory compliance, and non-tariff barriers, but the architecture of multilateral trade—from the WTO to regional free trade agreements—has systematically reduced these frictions since 1945. People, by contrast, face the greatest friction of all. The movement of human beings across borders remains subject to visa regimes, language requirements, credential recognition barriers,

cultural distance, and the irreducible personal costs of uprooting one's life. While capital and goods have been progressively liberalized, the international movement of labour remains the last great protected market in the global economy.

This asymmetry has profound implications for the distribution of migration pressure. The countries generating the largest pools of potential migrants are precisely those where the friction of movement is most binding. A young worker in Lagos or Dhaka faces a constellation of barriers that a dollar of capital or a container of goods simply does not: visa denial, credential non-recognition, language disadvantage, and the financial cost of legal migration pathways that can represent multiples of annual income. The result is that migration potential, as we estimate it, represents latent rather than realized pressure. It is a stock of individuals with the economic incentive and demographic profile to migrate, whose actual movement is governed by the distance penalties our bilateral model incorporates.

Our scatterplot of median age against GDP per capita (Chart 1) provides the visual foundation for this analysis, mapping the global landscape of demographic-economic divergence from which migration pressure emerges.

**Chart 1: Source countries vs. destination countries**



Countries in the lower-left quadrant (young populations, low incomes) represent the primary origin pool. Those in the upper-right (older populations, high incomes) represent the primary destination pool. Countries in the upper-left quadrant (young populations, high

incomes) will attract migrants more selectively (e.g., for occupations locals are unable or unwilling to fill). They will impose more restrictions on immigration (i.e., Gulf countries). In countries in the lower-right quadrant (older populations with low income), the young face two opposing forces simultaneously. A “pull to stay”, because younger workers are scarce, so wages should rise, and they carry social/family obligations to aging parents, which creates a strong anchor. And a “push to leave”, due to fiscal pressure (high pension burdens, elevated taxes, expensive housing driven up by older wealth-holders), and a sense of demographic pessimism (“this country has no future”).

The vertical and horizontal reference lines demarcate the four quadrants within which the structural logic of the gravity model operates. They are set at the lower quartile of OECD median age and the world average GDP per capita, respectively. Our estimation of potential migrant stocks (Table 1) formalizes this visual intuition into a quantitative supply-side model, weighting each country's youth cohort by the depth of its economic gap relative to the OECD and adjusting for the demographic sustainability of its migration pipeline.

**Table 1: Current stock of potential migrants**

| Continent    | Countries in sample | Total Pop (M) | Youth 20-30 (M) | Migrant Stock (M) | Share of Global Total | Top 3 Source Countries (stock score)            |
|--------------|---------------------|---------------|-----------------|-------------------|-----------------------|-------------------------------------------------|
| Asia         | 34                  | 4,664         | 687.4           | 1,048.5           | 60.9%                 | India (492M), Pakistan (221M), Indonesia (211M) |
| Africa       | 24                  | 1,244         | 215.6           | 563.8             | 32.7%                 | Nigeria (92M), Ethiopia (64M), DR Congo (62M)   |
| Americas     | 19                  | 1,008         | 153.2           | 95.9              | 5.6%                  | Brazil (26M), Mexico (16M), Venezuela (9M)      |
| Europe       | 26                  | 706           | 85.4            | 14.2              | 0.8%                  | Russia (9M), Ukraine (4M), Romania (1M)         |
| Oceania      | 2                   | 32            | 4.3             | 0.0               | 0.0%                  | —                                               |
| GLOBAL TOTAL | 106                 | 7,653         | 1,146.0         | 1,722.4           | 100.0%                |                                                 |

## MIGRANT CHARACTERISTICS VS. DESTINATION COUNTRY POLICIES

To gain a comprehensive understanding of the nature of global mass migration, it is essential to integrate two distinct yet intersecting perspectives: the specific characteristics of the migrants themselves and the strategic policy objectives of their destination countries. Central to the former is the significant variation in migrants’ human capital, which traditionally categorizes them as high-skilled

or low-skilled. As we have noted, these characteristics are often a reflection of the knowledge infrastructures present in a migrant’s country of origin, determining the baseline of “tacit knowledge” and formal expertise they bring to the international labour market.

The utility of migrants’ human capital is ultimately defined by the economic realities of destination countries, which are overwhelmingly wealthy, knowledge-driven economies. As we have also noted, in these high-income jurisdictions, the shift toward advanced technology and services has generated an intense demand for high-skilled labour. Simultaneously, it has reduced the need for low-skilled labour through automation and routine-task substitution. This structural tension between the supply of global labour and the specific requirements of the host nation's innovation system is the most important aspect of global mass migration for both scholars and policymakers.

The analysis commences with an exploration of migrant characteristics, followed by an evaluation of the strategic policy frameworks governing destination countries. Integrating these viewpoints highlights a critical regulatory divide—it brings into sharp focus the increasingly consequential differentiation between legal and illegal migration.

## QUANTITY VS. QUALITY: KNOWLEDGE INFRASTRUCTURE AND HUMAN CAPITAL

Table 2 shows the knowledge infrastructure for the top 20 countries with the largest potential migrant pools. We created a Knowledge Infrastructure (KI) Index as a proxy for the potential of a country to produce high-skilled migrants. The index contains five items: the total investment in R&D, the number of universities in the world’s top 1000, the number of science papers published, the number of USPTO patents with inventors in the country, and the number of AI-related patents. A score of 100 (China in this data) means the country ranks at the top of the list in all five items. The scores are proportional (e.g., a score of 25 means the country has only 25% of the knowledge infrastructure of China, the top

country on the list).

The list shows that the countries generating the largest pools of potential migrants are, with the exceptions of China and India, precisely those with the weakest knowledge infrastructure. Of the top twenty countries by migrant supply score, eleven (Nigeria, Ethiopia, DR Congo, Tanzania, Afghanistan, Uganda, Sudan, Myanmar, Kenya, Yemen, and Mozambique) score near-zero across every knowledge indicator: top-1000 universities, research investment, scientific production, innovation output, and AI-related knowledge. For these countries, the demographic and economic

pressures driving emigration are real and large, but the human capital infrastructure required to produce internationally competitive skilled workers is largely absent. The migration flows they generate can therefore be expected to be predominantly low-skilled, oriented toward manual labour, domestic service, and informal sector employment in destination countries.

Two countries complicate this picture in instructive ways. India (by far the largest source of potential migrants, with a supply score of 492 million) presents a bifurcated profile: it hosts 37 QS top-1,000 universities, produces over 190,000 scientific papers annually, and accounts for more than 1,000 AI-related patents through inventor participation, yet its GDP per capita of \$2,700 and a youth cohort of 233 million mean that the overwhelming majority of its potential emigrants lack access to this elite knowledge infrastructure.

However, weighted against its low per capita GDP is the fact that this figure has been growing at a very high rate for several decades. In fact, India has been the fastest-growing major economy in the world since 2021 (Finger and Suphaphiphat, 2025). For instance, between 2010 and 2022, the percentage of India's population living in poverty has fallen drastically from roughly 30% to just over 5%, according to the World Bank (Waghmare, 2025). This growth has largely defused the emigration pressure from the country's mass of low-skilled labour. India's overseas diaspora is thus largely high-skilled.

China, by contrast, combines the strongest knowledge indicators in the table with GDP pressure that is mild and declining, suggesting that its emigrants are predominantly aspirational and skilled rather than economically desperate. It is worth noting that over the last few decades, China and India together account for the greatest improvement in human welfare in recorded history.

Taken together, the data support a clear thesis: the global migrant supply is quantitatively dominated by low- and lower-middle-income countries whose populations face intense economic pressure to leave but whose knowledge systems are insufficiently developed to convert that pressure into large-scale skilled migration. The excess supply of labour from the Global South largely does not meet the labour demands of the Global North (Mudambi, 2018).

#### **WEALTH CREATION VS. ETHICAL RESPONSIBILITY IN DESTINATION COUNTRIES**

The scholarly discourse and policy debates surrounding global mass migration typically bifurcate into two distinct analytical “umbrellas.” These perspectives represent the tension between the cold calculus of national economic interest and the moral weight of global inequality.

From a pragmatic standpoint, wealthy destination countries view migration as a vital mechanical tool to address existential demographic crises. Decades of sub-replacement fertility rates have left advanced economies facing a two-pronged threat to their long-term viability: (a) a chronic shortage of high-skilled labour in STEM and knowledge-intensive sectors that threatens to stall the innovation engines that drive GDP growth; (b) an aging population that creates a burgeoning demand for healthcare and retirement benefits. Without a consistent intake of younger, tax-paying workers, the social contract in many Western nations faces insolvency as the dependency ratio shifts unfavourably.

Conversely, the humanitarian perspective focuses on the stark disparity between the



“luxury” lifestyles in advanced economies and the dire poverty of low-income nations. This view, championed by international NGOs and multilateral organizations, frames migration as a matter of global distributive justice. Here, the ethical imperative to alleviate human suffering takes precedence over

national economic planning, emphasizing the moral obligation of wealthy states to provide refuge and opportunity to those born into systemic deprivation.

Both the pragmatic and humanitarian views are valid. However, when advocates of each position present their arguments, it is rare to see either side incorporating any nuance from the other. We argue that these two views are distinct, and each requires a specialized set of policies. However, the current legislative landscape in almost all wealthy economies is heavily tilted toward the pragmatic goal of high-skilled labour acquisition. This leaves a massive policy void for the majority of the world's potential migrants.

Current immigration systems are designed almost exclusively to “cherry-pick” talent through two primary mechanisms, driven respectively by supply and demand (Chand & Tung, 2019). The first are supply-driven systems that operate in practice by assigning points to applicants based on their human capital. Employed by nations like the U.K., Canada, and Australia, these systems assign numerical values to applicants based on age, education, and specific skills. This allows the state to proactively curate a migrant population that matches its strategic economic needs. The second are demand-driven systems that require the participation of employers in the domestic economy. Prevalent in the United States, this approach places the burden on the private sector. Approval is contingent upon an employer certifying that a specific migrant possesses expertise that is unavailable within the domestic labour market.

In contrast to the sophisticated machinery built for high-skilled labour, there are virtually no systematic, legal pathways for low-skilled applicants. The only existing mechanism for those without valuable human capital is the asylum framework. However, asylum is a narrow legal needle to thread, requiring

documented proof that the individual faces a credible threat of persecution or violence. The vast majority of global migrants—individuals who are low-skilled and who seek to escape poverty rather than political violence—are left entirely outside the legal architecture of the state.

The vast majority of global migrants are low-skilled migrants. Yet no systematic policy focuses on them, and they are pushed into the shadows. This policy vacuum does not stop the flow of people. It merely redirects it through illegal channels. By failing to provide a legal framework for low-skilled labour, wealthy nations have inadvertently outsourced their migration management to human traffickers. These criminal networks often extract entire life savings from vulnerable populations, turning the dream of economic mobility into a high-risk, often tragic gamble.

## **MIGRANTS’ SKILLS AND LEGAL STATUS**

The interplay between destination country objectives and migrant characteristics provides the necessary framework to understand the fundamental bifurcation of global migrant flows into legal and illegal channels. This division is primarily dictated by the skill level of the individual migrant. Legal, low-risk immigration pathways are strategically designed to attract high-skilled migrants, ensuring that this cohort has a clear, documented route to entry. Consequently, almost all high-skilled migrants maintain legal status in their destination countries.

However, for the hundreds of millions of low-skilled potential migrants residing in the Global South (Table 1), the landscape is entirely different. Because there are few, if any, systematic legal channels for economic migrants without advanced credentials, illegal or undocumented channels often represent what these individuals perceive as their only means of escaping systemic poverty.

This structural mismatch creates a reality where migrants’ human capital exhibits a strong positive correlation with legal status. This relationship is summarized in Table 3.

**Table 3: Migrant human capital vs. destination country objectives**



|                                             |                                   | Migrant human capital  |                          |
|---------------------------------------------|-----------------------------------|------------------------|--------------------------|
|                                             |                                   | High-skilled           | Low-skilled              |
| Objectives of wealthy destination countries | Inflows of valuable human capital | Largely legal migrants | Small numbers            |
|                                             | Humanitarian concerns             | Small numbers          | Largely illegal migrants |

Source: Author's own elaboration

As the table illustrates, destination countries' human capital objective is largely serviced by legal migration. However, the humanitarian objective—often the only recourse for the low-skilled—is characterized by small legal numbers and a large volume of illegal flows.

The geographic distribution of these flows further reinforces the role of regional knowledge infrastructures. Evidence suggests that the bulk of illegal migration into Europe originates from Sub-Saharan Africa and the Middle East, regions where structural instability and underdeveloped knowledge systems often limit the accumulation of formal human capital (Vespe, Natale, and Pappalardo, 2017). Similarly, the United States sees the majority of its undocumented arrivals from countries such as Ecuador, Nicaragua, Venezuela, Haiti, Mexico, and Cuba (Gramlich and Scheller, 2021).

Interestingly, as we have noted, the data reveals a significant outlier: India. While India remains one of the world's largest countries of origin for international migrants, it does not appear as a major contributor to illegal migrant flows. This suggests that the Indian knowledge infrastructure is sufficiently developed to allow its emigrants to navigate legal, high-skilled pathways, thereby bypassing the risks and costs associated with undocumented channels. This highlights the critical role that domestic educational and technical systems play in determining the legal trajectory of a country's diaspora.

## CONCLUDING REMARKS

The preceding analysis demonstrates that the structural health of advanced economies is increasingly tethered to the interlinkages amongst the demographic realities of their aging populations, their need to fuel their innovation systems and preserve their social contract, and the pressures exerted on their borders by global mass migration. Their

shortage of high-skilled labour is most visible in the STEM (Science, Technology, Engineering, and Mathematics) disciplines, which serve as the engine of modern productivity.

Today, international migrants account for an extremely high share of graduate students in the leading universities of the advanced world. Indeed, the empirical evidence suggests that many advanced STEM programs could not maintain their current scale or research output without the consistent intake of foreign students (Bound, Khanna, & Morales, 2017). Upon graduation, these individuals do not merely fill labour gaps; they become the “connective tissue” of the host nation's knowledge infrastructure (Stephan & Levin, 2001). They populate the research labs of high-tech multinational enterprises (MNEs), replenish the ranks of university faculties, and—increasingly—found the high-growth start-ups that drive the innovation engines of their adopted homes.

However, the benefits of this migration are not uniformly distributed. As shown in the data in Table 2, China and India account for the overwhelming majority of these high-skilled migrants.

**Table 2: Knowledge infrastructure index – top 20 migrant source countries**

| Rank | ISO | Country     | Region                  | Pop (M) | GDP/cap (USD) | R&D (USD bn) | QS top-1000 | English Fluency (2024) | Sci Papers (2020) | USPTO Grants (2020) | AI Patents (inventor) | KI Index |
|------|-----|-------------|-------------------------|---------|---------------|--------------|-------------|------------------------|-------------------|---------------------|-----------------------|----------|
| 1    | IN  | India       | Asia-Pacific            | 1,441   | \$2,700       | 25.6         | 37          | Low                    | 191,590           | 5,861               | 1,350                 | 24.99    |
| 2    | PK  | Pakistan    | Asia-Pacific            | 247     | \$1,600       | 2.2          | 31          | Low                    | 28,525            | 0                   | NA                    | 5.47     |
| 3    | NG  | Nigeria     | Sub-Saharan Africa      | 224     | \$1,350       | 1.0          | 0           | Moderate               | 1,382             | 0                   | NA                    | 0.50     |
| 4    | ID  | Indonesia   | Asia-Pacific            | 278     | \$1,000       | 3.9          | 11          | Low                    | 49,160            | 12                  | NA                    | 6.54     |
| 5    | ET  | Ethiopia    | Sub-Saharan Africa      | 129     | \$1,200       | 0.4          | 3           | Low                    | 6,141             | 0                   | NA                    | 0.65     |
| 6    | CD  | DRC Congo   | Sub-Saharan Africa      | 102     | \$700         | 0.3          | 0           | Very Low               | 439               | 0                   | NA                    | 0.03     |
| 7    | BD  | Bangladesh  | Asia-Pacific            | 171     | \$1,700       | 2.4          | 9           | Moderate               | 8,265             | 2                   | NA                    | 1.48     |
| 8    | CN  | China       | Asia-Pacific            | 1,432   | \$13,000      | 666          | 59          | Low                    | 144,042           | 21,428              | 38,210                | 100.00   |
| 9    | PH  | Philippines | Asia-Pacific            | 116     | \$1,700       | 0.7          | 4           | Moderate               | 6,636             | 0                   | NA                    | 1.52     |
| 10   | TZ  | Tanzania    | Sub-Saharan Africa      | 67      | \$1,200       | 0.8          | 0           | Low                    | 2,199             | 0                   | NA                    | 0.12     |
| 11   | EG  | Egypt       | Middle East / N. Africa | 106     | \$4,100       | 17.7         | 5           | Low                    | 34,575            | 36                  | NA                    | 4.29     |
| 12   | AF  | Algeria     | Asia-Pacific            | 43      | \$800         | 0.1          | 0           | Very Low               | 286               | 0                   | NA                    | 0.02     |
| 13   | UG  | Uganda      | Sub-Saharan Africa      | 49      | \$1,000       | 0.2          | 0           | Moderate               | 2,259             | 0                   | NA                    | 0.03     |
| 14   | SD  | Sudan       | Sub-Saharan Africa      | 48      | \$1,000       | 0.3          | 0           | Very Low               | 1,187             | 0                   | NA                    | 0.06     |
| 15   | BR  | Brazil      | Americas                | 215     | \$10,000      | 24.7         | 30          | Low                    | 89,241            | 494                 | NA                    | 9.17     |
| 16   | MM  | Myanmar     | Asia-Pacific            | 54      | \$1,300       | 0.1          | 0           | Very Low               | 974               | 0                   | NA                    | 0.04     |
| 17   | VN  | Vietnam     | Asia-Pacific            | 98      | \$4,300       | 5.6          | 8           | Low                    | 17,485            | 0                   | NA                    | 2.59     |
| 18   | KE  | Kenya       | Sub-Saharan Africa      | 57      | \$2,300       | 0.0          | 0           | High                   | 4,110             | 0                   | NA                    | 0.19     |
| 19   | YE  | Yemen       | Middle East / N. Africa | 35      | \$700         | 0.1          | 0           | Very Low               | 4,064             | 0                   | NA                    | 0.04     |
| 20   | MZ  | Mozambique  | Sub-Saharan Africa      | 33      | \$800         | 0.4          | 0           | Low                    | 612               | 0                   | NA                    | 0.04     |

These individuals are significantly over-represented in both advanced-country MNEs and leading technology start-ups. In the entrepreneurial sphere, migrants from these high-knowledge countries leverage a unique competitive advantage: the ability to utilize lower-cost knowledge resources and specialized talent pools in their countries of origin (Marino et al., 2020). This “transnational bridge” allows them to scale innovations with a speed and cost-efficiency that is often

unavailable to native-born citizens of high-income countries who lack these deep, cross-border professional networks (Saxenian, 2005).

The “other side of the coin” reveals a stark structural challenge. Migrants originating from countries with weak or underdeveloped knowledge infrastructures—such as parts of the Global South outside of the major Asian hubs—generally lack the specialized human capital required to enter the high-knowledge workforces of advanced economies. This skill mismatch results in a troubling overrepresentation in negative socioeconomic indicators, including higher reliance on government support and an increased presence in crime statistics. From a policy perspective, this suggests that without the necessary human capital “scaffolding” in the country of origin, migration can transition from a productivity booster to a significant strain on the destination country’s exchequer and social cohesion.

In summary, using the lens of demography enables us to shed light on the population dynamics that are generating some of the most powerful and disruptive forces in the 21st-century global economy. While the influx of talent from China, India, and a handful of other knowledge-intensive hubs provides a lifeline to the innovation systems of the wealthy Global North, the broader trends are more concerning. For many advanced economies, the supply of low-skilled migrants vastly outpaces the demand of an increasingly automated and knowledge-driven marketplace. In this context, global mass migration is currently worsening rather than alleviating structural problems. To navigate this future, policymakers must move beyond simple “open” or “closed” border debates and focus on the precise alignment of migration flows with the human capital requirements of their modern innovation-driven economies.

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# SUSTAINABLE INTERNATIONAL BUSINESS AND SOCIAL VALUE IN A FICKLE WORLD: INSIGHTS FROM THE MNEDEVELOP RESEARCH PROJECT



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## INTRODUCTION

In a world marked by overlapping crises, shifting regulations and volatile public opinion, the question is no longer whether multinational enterprises (MNEs) should contribute to social value, but how they can do so in ways that are credible, context sensitive and sustainable. Yet the specific pathways through which MNEs generate sustainable social value in complex emerging market environments remain under researched. In Latin America, where inequality, informality and institutional fragility are pronounced, this question is especially acute. Our research project, MNEDEVELOP – a collaboration between the University of Birmingham, Alliance Manchester Business School, FGV EAESP São Paulo and Universidad EAFIT Medellín – explores this question through the lens of European MNEs operating in Latin America (for more information, please visit (<https://more.bham.ac.uk/mnedevelop/>)). Drawing on multi stakeholder interviews and workshops in Brazil and Colombia, the project examines why firms choose to engage with disadvantaged communities, which strategies they use, and what outcomes emerge for communities and organisations involved. The findings suggest that the most promising pathways to social value lie not in one off initiatives, but in long-term, multi actor strategies that integrate communities into economic ecosystems while recognising power

asymmetries and institutional constraints. This article contributes to debates on sustainable international business by presenting multistakeholder empirical evidence from Brazil and Colombia on how MNEs engage with disadvantaged communities, and by proposing a research agenda focused on long term, structurally informed pathways to social value creation.

The following sections summarise key insights on disadvantaged communities, methods, drivers of engagement, strategies and outcomes, before proposing a research agenda for sustainable IB.

## DISADVANTAGED COMMUNITIES IN LATIN AMERICA

Disadvantaged communities in our research are defined as groups that face persistent constraints on meeting basic needs, on exercising agency and on participating in economic and social life, due to intersecting “place based,” “practice based” and “poverty related” disadvantages (Cathcart et al., 2026). Place based disadvantage captures communities in locations with limited infrastructure, services and economic opportunities – for example, informal settlements or remote rural areas – where spatial concentration of deprivation reinforces exclusion (ECLAC, 2022). Practice based disadvantage refers to social and institutional practices, including discrimination or

stigmatisation by race, gender or occupation, that marginalise specific groups (Calvano, 2008). Poverty related disadvantage covers material deprivation, unstable incomes and lack of social protection, which limit investments in education, health and entrepreneurship.

In Latin America and the Caribbean (LAC), these dimensions often overlap. While headline poverty fell from 45.7 per cent in 2003 to 26.8 per cent in 2024, extreme poverty declined only slightly from 12.2 to 10.4 per cent, and 55 per cent of workers were still in informal employment in 2023 (OECD, 2025). Labour productivity stands at 38 per cent of the OECD average, down from 43 per cent in 1990, reflecting low investment in physical and human capital and weak innovation capacity (OECD, 2025). These statistics underline how spatial exclusion, discriminatory practices and persistent poverty combine to constrain opportunities, even as macro level indicators show progress.

Communities situated at the intersection of “place based,” “practice based” and “poverty related” disadvantage – such as residents of favelas who are also part of stigmatised occupational groups – experience compounded vulnerability. Those affected by one or two dimensions still face significant constraints but may have more pathways to participate in formal markets.

Following this definition of disadvantaged communities, the MNEDEVELOP project focuses on communities directly or indirectly affected by MNEs’ activities and whose interests are weakly represented in formal governance processes. These include waste pickers and recyclers, Black and Quilombola communities, residents of favelas and other informal settlements, women in low income and precarious work, and micro entrepreneurs embedded in local markets. For example, waste pickers in Brazil often work in conditions of extreme informality and health risk, but they also occupy a pivotal role in emerging circular economy systems linked to extended producer responsibility (EPR) regulations. Black and Quilombola communities face entrenched racial discrimination, which translates into obstacles in accessing quality

education and formal employment, prompting firms and NGOs to develop tailored entrepreneurship and training programmes. Residents of favelas may live near industrial facilities or large consumer markets yet remain excluded from formal labour markets and basic services. Companies respond with cultural projects, sports sponsorships or digital inclusion schemes, sometimes supported by tax incentives. Women in precarious employment, such as cleaners, are targeted by initiatives that offer technical and soft skills training to facilitate career progression, while micro entrepreneurs in low income areas participate in inclusive distribution models that allow them to act as local sales agents.

By situating these groups within broader regional statistics on poverty, informality and productivity, the project shows that disadvantaged communities are not marginal exceptions but structurally embedded in Latin American economies. Sustainable IB and social value, in this context, must grapple with deeply rooted patterns of exclusion if they are to move beyond ad hoc responses.

## METHODS USED

To understand how MNEs engage with disadvantaged communities in such a complex environment, the project adopts a qualitative, multi stakeholder research design based on the Gioia methodology (Gioia, 2021). This approach combines participant driven insights with systematic coding and theory development, allowing fine grained analysis of how actors interpret their own roles and relationships in the study context.

The empirical work focuses on Brazil and Colombia, where European (including UK) investors are major players and where regulatory frameworks – such as Brazil’s environmental licensing and EPR regimes – directly shape corporate engagement with communities. The team conducted in depth semi structured interviews and focus groups with managers from European subsidiaries in Brazil and Colombia, headquarters, regional headquarters and corporate foundations, alongside NGOs, social enterprises, policymakers, trade associations, local



companies and community leaders or members. In total, we carried out 60 interviews and 2 focus groups between 2023-2025, each lasting approximately 60-120 minutes. The focus groups brought together community groups to gain richer insights into the issues they face and the extent of their interactions with MNEs.

Sampling combined initial contacts with European MNEs in Brazil and a snowballing strategy to identify additional actors, supported by case vignettes that mapped relationships between firms and communities. These vignettes revealed previously unrepresented stakeholders – such as local cooperatives or municipal agencies – who were then invited to participate. The multi stakeholder design helped triangulate perspectives and uncover governance gaps that might be overlooked in more firm centric studies.

Data analysis followed several steps. We produced detailed case visualisations of MNE-community relationships; applied structural coding, linking interview segments to research questions and emerging categories, and refined the coding scheme until inter coder reliability exceeded 80 per cent; and we grouped first order codes into second order themes and overarching dimensions that connect the data to theoretical concepts. Reliability and validity were reinforced by triangulating interview data with secondary sources, such as sustainability reports, and by presenting emerging findings in stakeholder workshops in Brazil and Colombia to check their resonance with practitioners.

This methodological approach allows the project to move beyond individual case descriptions and identify systematic patterns in drivers, strategies and outcomes of MNE–community engagement.

## OVERVIEW OF MNEDEVELOP KEY FINDINGS

The project identifies a combination of external pressures and internal strategic considerations behind MNE engagement with disadvantaged communities, with value creation (Porter and Kramer, 2011) and social licence to operate (SLO) (Demuijnck &

Fasterling, 2016) providing significant interpretive lenses. SLO refers to the ongoing acceptance of a company's operations by local communities, which depends not only on legal compliance but also on trust, perceived fairness and contributions to local wellbeing. In the Latin American context, where historical inequalities and contested resource use are common, SLO has become a critical condition for operational continuity.

External drivers include host and home country regulations, stakeholder expectations, industry norms, shocks and institutional weaknesses. Environmental licensing in Brazil, for example, often requires firms in extractive or infrastructure sectors to implement social and environmental projects in surrounding communities as a condition for operation. EPR regimes oblige companies to engage with waste pickers and cooperatives to ensure proper collection and recycling of post-consumer materials. Stakeholders - including communities, NGOs, investors and consumers - increasingly demand transparency and tangible contributions to local development, particularly in settings where public services are insufficient. During the COVID 19 pandemic, some firms and corporate foundations mobilised substantial resources: one Brazilian NGO reported receiving over 800 million reais in donations, which financed food baskets, cleaning products and SIM cards for mothers without mobile data, highlighting how shocks can trigger new forms of corporate support.

Internal drivers relate to how firms integrate social concerns into their strategies, capabilities and identities. Diversity, equity and inclusion policies, as well as local hiring priorities, are seen as ways to secure talent, reflect customer bases and enhance legitimacy. Managers described efforts to recruit from neighbouring communities and provide training to improve skill levels, both to align with corporate values and to meet workforce needs. Engagement with disadvantaged communities also provides access to detailed local knowledge about informal markets and barriers faced by low income consumers, informing product adaptation and distribution strategies,

particularly for Base of the Pyramid (BoP) segments (Prahalad, 2010). Reputational and ESG considerations further encourage visible and credible social initiatives, especially when investors and consumers monitor performance. Voluntary codes of conduct and corporate citizenship statements, supported by leadership endorsement, translate these motivations into governance structures that guide subsidiaries' interactions with communities.

Overall, the study shows that the most promising engagement emerges when external and internal drivers reinforce each other: regulatory and social pressures create incentives to act, while strategic, capability related and values based motives allow firms to integrate engagement into core business models rather than treating it as a peripheral obligation.

Our findings identify a wide range of MNE engagement strategies with disadvantaged communities, along a spectrum from business integrated to philanthropic and compliance driven, often combined in practice. Business integrated strategies embed disadvantaged communities in core functions such as human resources, supply chains and marketing. For example, some firms use targeted recruitment, training and mentoring to open pathways into formal employment for residents of nearby low income neighbourhoods or for women in precarious jobs. Supply chain strategies include sourcing from small farmers or community based enterprises and/or supporting local cooperatives through training, equipment and long term purchasing agreements. For instance, in the recycling sector, firms collaborate with waste picker cooperatives to build reverse logistics systems that satisfy EPR obligations while formalising work and increasing incomes. Marketing and sales strategies are another important channel, notably through the development of inclusive distribution models that allow micro entrepreneurs in disadvantaged communities to sell products adapted to the local market, and gain marketing intelligence, while expanding the firm's reach.

A notable finding from the project is the importance of collaborative strategies

between the MNEs and key stakeholders (e.g. NGOs, social enterprises, public agencies and sometimes competitors) to interact with disadvantaged communities. For instance, firms work with NGOs to deliver training programmes that help community members improve organisational and financial management skills, or to promote Science Technology Engineering and Maths (STEM) education in public schools in underserved areas.

Philanthropic and compliance driven strategies play supportive roles. Philanthropy includes donations of funds, products or time to support emergency relief efforts or to sustain social and cultural projects in disadvantaged neighbourhoods. Compliance driven strategies involve codes of conduct, due diligence processes and DEI governance structures that set minimum standards and shape expectations internally.

Taken together, these strategies illustrate that engagement is not a single activity but a portfolio of actions that can be integrated into business operations, enables firms to remain responsive to community priorities, and often involve partnerships. The challenge for sustainable IB in a fickle world is for MNEs to balance short term responsiveness with long term, structurally informed commitments, and to develop partnership capabilities that enhance social value creation.

These forms of engagement matter for communities involved. The MNEDEVELOP project analyses outcomes of engagement for firms, communities, partners and wider society across economic, social and environmental dimensions. For firms, effective engagement can enhance social licence, reduce regulatory and social risks, open new markets and sourcing opportunities and spur innovation in products, services and branding. These benefits are particularly important in contexts where informality and inequality raise the stakes of operating without legitimacy. Access to local knowledge through community and NGO partnerships also supports better strategic decisions, especially where formal data are limited.

For communities, positive outcomes include expanded access to formal employment and

training, support for micro entrepreneurship, improved services in certain projects and strengthened social cohesion and empowerment. Programmes that support leadership training, rights awareness or the organisation of cooperatives contribute to building community capabilities, not just delivering material resources. At the same time, our findings highlight limits to social impact: initiatives can inadvertently exclude the most vulnerable when eligibility criteria are narrow or when participants need minimum levels of education or digital skills; and dependency can arise when communities become reliant on a single firm's projects or presence, especially in sectors (such as the extractive industry) where operations are temporary.

MNE partners such as NGOs, cooperatives and local companies gain access to funding, expertise and visibility through collaboration with MNEs, enabling them to expand services and influence. However, they also face governance challenges when corporate priorities change or when power asymmetries affect agenda setting and accountability. At the societal level, engagement contributes to policy discussions on topics such as waste management and informal work, and to the diffusion of practices that can help bridge institutional gaps.

These outcomes suggest that sustainable IB and social value require genuine MNE commitment, are less about individual projects and more about the quality of relationships, governance arrangements and learning processes that evolve over time.

#### **EMERGING RESEARCH AGENDA FOR IB SCHOLARS**

Building on these insights, MNEDEVELOP sets out a research agenda for sustainable international business and social value in what seems an increasingly fickle world. Three strands stand out.

First, there is a need to move beyond binary judgements of "success" or "failure" and to develop multi-dimensional frameworks for assessing outcomes. Such frameworks should capture effects at various levels including the community and institutional levels - and pay

attention to who benefits, who loses and who remains invisible. Mixed method designs that combine qualitative depth with carefully constructed indicators can help bridge the gap between rich case studies and aggregate metrics (such as Foreign Direct Investment).

Second, more work is needed on the governance of MNE-community-intermediary relationships. Questions of representation, accountability and power run through our interviews. Future research could examine, for instance, how different partnership models allocate decision rights, how community voices are incorporated into project design, and how conflicts are managed when corporate, community and policy priorities diverge. Comparative studies across sectors and institutional contexts would be particularly valuable.

Third, the project highlights the importance of thinking about time. Many community initiatives are still relatively young, and their long term outcomes uncertain. Longitudinal research that follows specific communities, cooperatives or neighbourhoods over time - including periods of corporate restructuring, political change or economic crisis - would provide a more realistic picture of durability, path dependence and unintended consequences.

For practitioners in sustainable international business, the message is both encouraging and sobering. There are numerous examples of creative, context sensitive engagement strategies that generate tangible benefits for disadvantaged communities while contributing to firms' strategic goals. At the same time, these cases are the result of deliberate choices, careful partnership work and ongoing negotiation. In a fickle world, where political winds shift and corporate priorities evolve, the challenge is to embed community development into the fabric of international business in ways that are resilient, reflexive and genuinely inclusive.

#### **ACKNOWLEDGEMENTS**

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For more details on the MNEDEVELOP Project – please visit  
<https://more.bham.ac.uk/mnedevelop/>

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# NAVIGATING THE HUMANITARIAN-BUSINESS NEXUS: ECONOMIC SANCTIONS AS CATALYSTS FOR SOCIAL VALUE IN THE BANKING SECTOR

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## INTRODUCTION

In the contemporary era of global governance, the traditional instruments of diplomacy have increasingly been supplemented, and in some cases replaced, by the strategic deployment of economic hard power. Economic sanctions have emerged as a primary tool for international actors, ranging from the United Nations to regional bodies like the European Union, to influence the behaviour of sovereign states without resorting to armed conflict. However, the efficacy of these measures is often overshadowed by their profound socio-economic consequences, particularly for civilian populations who bear the brunt of national-level restrictions (Tourinho, 2016). As the world becomes increasingly fickle, characterized by rapid geopolitical shifts and the fragmentation of multilateral consensus, the international business (IB) community faces a critical challenge: how to reconcile the necessity of regulatory compliance with the ethical mandate to preserve social value (Meyer et al., 2023). This research addresses this tension by examining the banking system as a pivotal bridge between sanctioned environments and the provision of essential humanitarian needs. It posits that while sanctions create significant market barriers (Hufbauer, Schott, & Elliott, 2007), they also necessitate the preservation of essential trade channels by specialized actors capable of navigating restrictive regulatory environments.

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The theoretical grounding for this study is situated at the intersection of Institutional Theory and the Resource-Based View (RBV) of the firm, providing a logic for how specialized financial actors navigate the humanitarian vacuum created by geopolitical conflict.

From an institutional perspective, economic sanctions represent a sudden and often radical transformation of the regulatory environment, forcing firms to navigate a complex landscape of home-country, host-country, and international mandates (Meyer et al., 2023; Peng, Wang, & Jiang, 2008). These institutional shocks create a chilling effect on global trade (Caruso, 2003), often leading to a phenomenon known as de-risking. In this context, major financial institutions adopt a strategy of passive conformance, whereby they terminate business relationships indiscriminately to avoid the risk of severe regulatory fines or US nexus complications (Stępień & Weber, 2019). This institutional retreat creates institutional voids which are gaps in the market where essential goods (medicine, agriculture) are technically exempt from sanctions but operationally blocked due to the lack of financial channels (Akiotu, 2022). While institutional theory explains the external pressures leading to de-risking, the RBV explains how certain firms can bridge these gaps. We argue that specialized compliance expertise is a firm-specific advantage that allows niche banks to operate where others cannot. Unlike traditional banks that adopt passive strategies, specialized institutions employ a proactive approach by investing in high-level institutional literacy and dynamic capabilities (Teece, 2007). These capabilities, such as advanced four-eyes screening and specialized sanctions certifications, allow these banks to sense and seize opportunities in volatile markets while ensuring total



regulatory compliance. By transforming the cost of compliance into a specialized resource, these actors can facilitate humanitarian trade, effectively acting as facilitators within the humanitarian-business nexus. Research by various scholars indicates that this risk-averse behaviour often results in a humanitarian vacuum, as essential sectors like agriculture and medicine are cut off from international payment systems (Aloosh, Salavati, & Aloosh, 2019).

Thus, it is suggested that social value is not an automatic byproduct of sanctions, but a result of specialized firms preserving humanitarian channels within restrictive environments. By maintaining the flow of essential goods to civilian populations, these banks perform a critical function of humanitarian IB. This strategic orientation aligns with Corporate Social Responsibility in high-risk zones, where the preservation of life-sustaining trade becomes a source of long-term reputational value and ethical resilience (Lucena Carneiro & Apolinário, 2016).

## METHODOLOGY

This research adopts a mixed-methods approach to investigate the operational strategies of businesses and financial institutions active in sanctioned markets (Creswell & Creswell, 2018). The study follows an explanatory design, beginning with a quantitative phase to identify patterns, followed by a qualitative phase to provide deep contextual insights into the banking industry's role as a crossroads for implementing sanctions. The empirical data was collected between May and June 2024 through two distinct phases. First, a quantitative phase which consisted of two separate surveys conducted to gather broad industry insights. The first survey targeted 11 corporate bankers based in the Southwest of France and Spain to measure institutional risk aversion. To analyse institutional approaches to de-risking, the sample was split between traditional banks (n=4) and independent banks (n=7). The independent variables included banking policies and institutional limits, while the dependent variable measured the capacity

to operate transactions in targeted countries. The second survey was distributed to 25 European companies that are clients of a French independent bank. These firms vary in size (very small enterprises – VSEs –, small and medium sized – SMEs – and multinational ones – MNEs). In both surveys, a screening process was utilized to identify and analyse only those respondents with active engagement in sanctioned markets. Active engagement is defined here as companies whose international operations involve consistent trade in essential goods (such as medicine or agriculture) within jurisdictions under international embargoes, such as Russia or Cuba. Second, a qualitative phase meant to provide depth to the study. For this purpose, two semi-structured interviews were conducted in June 2024 with senior international banking experts from a specialized independent bank. These interviews were designed to discuss, analyse, and complete the quantitative results, specifically focusing on how firms can successfully realize operations in sanctioned countries without violating legal frameworks. Data were analysed using descriptive statistics for the surveys to identify trends and patterns, and thematic coding for the interviews to capture managerial perspectives on risk. This methodological triangulation allows for a comprehensive understanding of both the structural barriers imposed by the banking system and the strategic adaptations employed by firms to overcome them. To maintain the confidentiality required by the non-disclosure agreements in place, the specific financial institution and the participating corporate entities have been anonymized. Such anonymization is a standard and recommended practice in business research to protect participants from reputational or legal risks while ensuring the integrity of the data collected (Bell, Bryman, & Harley, 2022; Kaiser, 2009).

## FINDINGS AND DISCUSSION

The findings reveal a stark divergence between the practices of major retail banks and specialized independent financial institutions.

Among the banking respondents, 55% were from independent institutions, while 45% represented traditional multinational banks. While traditional banks operate in over five countries, the independent banks in the sample are localized, often family-held, and provide a more tailored banking experience necessary for complex compliance. Survey results indicate that 32% of the responding firms are very small enterprises (<10 employees) and 28% are MNEs. The remaining 40% is split equally between medium and intermediary-sized firms (20% each). This distribution suggests that the capacity to navigate sensitive markets is not a function of firm size, but rather of international business specialization; notably, 48% of the respondents operate in more than 10 countries.

The data indicates that de-risking is the dominant strategy for most large-scale banks, driven by the fear of substantial fines and reputational damage (Akiotu, 2022). Interviewee 1, a banking expert with experience in traditional institutions, explained the internal logic behind this retreat: "Regarding countries under sanctions: [traditional banks] don't go there because they lack the necessary competence and knowledge. Banks are overly cautious, fearing fines, and opt to disappoint clients instead". This institutional retreat creates a banking gap that disproportionately affects sectors explicitly exempted from sanctions for humanitarian reasons. The most prevalent sectors operating in these fickle environments are agriculture, medicine, energy, and telecommunications. Despite being technically authorized, 72.8% of bankers perceive these transactions as high-risk, leading many traditional banks to systematically decline corporate operations to avoid the US nexus or regulatory scrutiny. As Interviewee 2 noted regarding the compliance burden: "This is a long and fastidious process but necessary to manage the risk, which remain higher than traditional operations". To manage this, specialized independent banks have inverted traditional structures: "the bank has more staff in the compliance department than in the authorizations and credit studies department"

(Interviewee 2).

While 100% of surveyed bankers expect economic sanctions to become stricter in the future due to rising geopolitical tensions, more than 50% of the active firms expect an increase in their activity within sanctioned markets. Significantly, 30.4% of these firms indicate that targeted countries represent more than 30% of their annual turnover, demonstrating a deep strategic commitment. This suggests that firms operating in these fickle environments do not view sanctions as temporary hurdles but as permanent features of the landscape.

By investing in rigorous compliance infrastructure, such as advanced screening tools that monitor beneficial ownership and geopolitical risk, these specialized units can facilitate the flow of funds, primarily through SWIFT transfers, for essential goods while remaining fully compliant with international law (Akiotu, 2022; Teece, 2007). By maintaining these flows, firms prevent the total economic isolation of populations, thereby generating social value through humanitarian facilitation rather than sanction-busting. They provide a critical service that larger institutions are unwilling to offer, thereby creating social value by preventing the total economic isolation of vulnerable populations.

Both MNEs and SMEs demonstrated a capacity for resilience, though their strategies differed. Larger firms often used their global networks to find intermediary paths (Croset et al., 2021; Klarin & Sosnovskikh, 2024), while smaller firms relied heavily on the specialized services of independent banks (Meyer et al., 2023). For example, in markets like Cuba, which is primarily under US rather than EU sanctions, independent banks without US subsidiaries can provide essential services that traditional banks cannot. Furthermore, a significant majority of the participating firms indicated an intention to maintain or even increase their activities in these markets, viewing them as long-term strategic investments that are intrinsically linked to their corporate reputation and social responsibility.

## CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The study concludes that in a volatile world, the banking system must evolve beyond binary models of engagement or total withdrawal. The emergence of specialized banking units represents a sustainable way forward for IB, as it allows for the strategic preservation of humanitarian channels in high-risk environments. This research contributes to the IB literature by shifting the focus from the purely punitive effects of sanctions to the specific mechanisms through which financial institutions navigate restrictive regulations to support civilian needs, thereby fostering social value within institutional voids (Meyer et al., 2023). Rather than suggesting that sanctions automatically create value, we argue that value is generated by the common-sense mandate to support threatened populations without supporting their regimes.

For managers and policymakers, the findings suggest several critical recommendations based on the practical resilience of firms in the sample. First, firms must move beyond generic risk assessments. Success requires a detailed, multi-layered risk management plan that covers political, operational, financial, and reputational scenarios. Second, operating in sanctioned regions, particularly in the Middle East or Cuba, often requires navigating liquidity issues through intermediaries. Managers must prioritize rigorous Know Your Customer (KYC) processes for third parties and leverage business fairs, forums, and travels to establish a reliable physical presence and build trust within operational boundaries. Third, to mitigate reputational risks, firms should adopt a proactive communication strategy. This involves a clear market strategy indicating that the sanctioned government does not profit from the operations, thereby framing the activity as a commitment to human rights and the improvement of local living conditions. And finally, there is an urgent need for the banking sector to evolve. Rather than adopting blanket de-risking policies, traditional banks should develop dedicated expert units capable of managing the complexities of humanitarian transactions, that are currently only available through a few niche independent institutions.

## LIMITATIONS AND FUTURE RESEARCH

While this study provides valuable insights into the French banking and corporate context, its primary limitation lies in the sample size and the specific regional focus. Future research should expand these inquiries to include a broader range of jurisdictions, particularly in emerging economies that may have different institutional responses to Western-led sanctions. Additionally, as digital finance and blockchain technology continue to evolve, investigating their role in bypassing traditional banking bottlenecks for humanitarian purposes represents a promising and necessary avenue for future IB scholarship.

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## TWICE BITTEN, JUST ABOUT SHY? EU'S TURN AWAY FROM STRATEGIC NAIVETY

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### INTRODUCTION

The European Union (EU) has long cast itself as an anchor of stability, embedded within a dense web of political alliances, economic interdependencies, and institutional arrangements that have underpinned the liberal international order for decades. Yet over the past decade, this carefully constructed architecture has been unsettled by a series of shocks that revealed how fragile even the most established relationships can be. The United Kingdom's (UK) withdrawal from the EU and the United States' (US) aggressive attempt to acquire Greenland from Denmark stand out as the two most jarring moments: unexpected blows (or 'bites') delivered by partners the EU once regarded as close and reliable. Meanwhile, Russia's weaponisation of Europe's energy dependence and Hungary's participation in the newly established Board of Peace (BoP), a US-backed initiative seen by critics as challenging the United Nations-led global order (Brodén, 2026), have further complicated the geopolitical landscape and intensified pressures on the Union.

Together, these episodes reveal a sobering theme: the EU can no longer assume reliability from its closest partners, nor even unwavering solidarity among its own members. In a geopolitical environment defined by shifting loyalties and sharpening great-power competition, friends and foes alike have left their marks, each offering a reminder of how exposed EU's strategic position can be when

circumstances change.

It is in this context that EU's recent pivot towards trade diversification with Mercosur, Indonesia, and India must be understood. Far from routine economic diplomacy, these initiatives embody a new strategic pragmatism, an effort to distribute risk and widen the Union's circle of reliable partners after learning, quite literally, the dangers of placing too many eggs in a single basket. This essay examines how these disruptions converge into a moment of strategic reckoning for EU. It argues that, having been 'bitten' by allies, the Union has awakened to the necessity of hedging and diversifying its political and economic ties.

### HISTORICAL BACKGROUND: EUROPE'S CYCLES OF CONFLICT AND INTEGRATION

Understanding contemporary European insecurity requires situating it within the continent's long and often violent history of intra-European conflict. For centuries, Europe was defined by shifting alliances and cyclical struggles for dominance ranging from Roman invasions and Viking incursions to the protracted Anglo-French and Anglo-Scottish rivalries, and later the continent-wide upheavals wrought by Napoleonic ambition. These dynamics culminated in two devastating world wars that exposed the destructive potential of nationalism, militarism, and great-power competition. Historians have long noted that Europe's conflicts were driven not only by territorial aspirations but also by the economic pressures and strategic dependencies that shaped state behaviour and allegiances (Persson & Sharp, 2015). Against this backdrop, scholars argue that the European project was precisely designed as a deliberate break from this entrenched cycle of rivalry, creating an institutional order in which states could pool sovereignty to prevent renewed conflict (Moravcsik, 1998). Yet the persistence



of divergent strategic cultures and asymmetric dependencies illustrate that the integration has never fully resolved Europe's underlying structural tensions (Börzel & Risse, 2018). The EU's founding logic is rested on the belief that economic and political interdependence would anchor peace. But interdependence also generates forms of strategic leverage and friction. Russia's dominance in energy supply, Britain's centrality to European finance, and America's overarching security guarantee each created embedded dependencies that were long assumed to be benign. For decades, these arrangements appeared stable, sustained by the alignment of interests among partners. But the fundamental flaws of the Eurozone architecture exposed the fragility of these assumptions (Wyplosz, 2016). Therefore, present predicament of EU is less an anomaly than a reminder that alliances, much like empires, are historical constructs whose durability can never be taken for granted.

### **BREXIT: A BITE FROM A LONG-STANDING ALLY**

Brexit marked the first major rupture in EU's assumption of enduring political cohesion among Western democracies. For decades, Britain had positioned itself as a champion of market liberalisation and external trade engagement, exerting significant influence over EU's global economic outlook. Its departure, therefore, signalled not only a rejection of supranational governance but also a deeper divergence in strategic worldview. The implications were immediate: Brexit diminished the Union's geopolitical weight by removing one of its largest economies, a capable military actor, and, alongside France, the only former EU member holding a permanent seat at the United Nations Security Council (Biscop, 2016).

Beyond these institutional consequences, Brexit delivered a symbolic shock with long-term strategic significance. It shattered the once-stable assumption that EU membership was 'permanent', an assumption that had underpinned integration theory and informed Brussels' confidence about the Union's cohesion. If Britain, a long-standing liberal ally embedded in Europe's post-war architecture,

could walk away from the project, the precedent threatened to embolden Eurosceptic actors elsewhere.

### **THE AMERICANISATION OF GREENLAND**

If Brexit exposed internal vulnerability, the aggressive US pursuit to acquire Greenland from Denmark revealed external vulnerability. Although initially dismissed as political theatre, subsequent economic and diplomatic engagement by Washington suggested that the proposal was strategically linked to intensifying competition in the Arctic and reflected broader great-power geopolitical dynamics (Institute for Applied Geopolitics, 2026). Some commentators have argued that any attempt by the US to forcefully 'Americanise' Greenland would fit the 'Russian' mold (Shapiro, 2026), raising concerns about a possible future threat to EU sovereignty.

For EU, the Greenland episode was profoundly unsettling. It demonstrated that even its most trusted ally, the US, could pursue strategic and self-serving objectives in ways that disregarded EU sovereignty. While past tensions in transatlantic relations have been well documented (Marianne Riddervold, 2018), the Greenland proposal crossed a symbolic threshold by targeting the territorial integrity of an EU member, and more importantly America's NATO ally. The episode served as a wake-up call, demonstrating that Washington does not always view Brussels' interests as aligned with its own, particularly in domains such as the Arctic, where where great-power competition supersedes alliance politics.

### **RUSSIA'S ENERGY POLITICS AND VISIBLE INTERNAL FRACTURES**

Russia was never truly politically aligned with the EU. Yet its role as the Union's principal energy supplier fostered a dependency that for years appeared manageable and, at times, mutually beneficial (Krickovic, 2015). That assumption unravelled with the annexation of Crimea in 2014 and Russia's full-scale invasion

of Ukraine in 2022, which exposed the risks inherent in asymmetric interdependence (McWilliams, Sgaravatti, Tagliapietra, & Zachmann, 2023). Further, Moscow's attempt to weaponise energy as a tool of coercion exposed the EU's economic vulnerability in relying on a single supplier for an essential resource.

Internal divisions within the Union are compounding external geopolitical pressures, raising concerns about the bloc's strategic coherence. Hungary's decision to join the new BoP initiative, rejected by most EU member states, including its four largest economies Germany, France, Italy and Spain, has highlighted sharply diverging threat perceptions and foreign policy priorities. Critics within Europe argue that the BoP serves as a vehicle for US geopolitical influence and risks undermining the UN (Le Monde, 2026). Hungary's participation has exposed deeper structural tensions within the Union, including inconsistent views on US leadership, persistent coordination challenges in foreign policy, and strains on the Union's normative identity. These internal fractures undermine EU's ability to present a unified strategic posture at a time of heightened external uncertainty.

## **TOWARDS STRATEGIC AUTONOMY THROUGH DIVERSIFICATION**

The cumulative effect of Brexit, American assertiveness, Russia's weaponisation of energy, and visible internal fragmentation has catalysed a shift in the EU's external strategy. Increasingly, Brussels is embracing diversification as a means of reducing strategic vulnerability and strengthening resilience in an era of geopolitical uncertainty (Ioannides, 2022). This pivot is evident in recently negotiated trade agreements with Mercosur and India, alongside deepening engagement with Indonesia. For decades, negotiations with these partners stalled over environmental concerns, regulatory disputes, and market-access disagreements. Their recent acceleration reflects a growing recognition that economic security can no longer rest on dependence upon a narrow circle of traditional allies.

In this context, trade diversification has become closely tied to the EU's broader pursuit of strategic autonomy, a concept that has gained prominence in European policy discourse since the mid-2010s (Helwig & Sinkkonen, 2022). Strategic autonomy does not imply isolation from allies, but rather the capacity to act independently when partners diverge from European interests.

By expanding ties with India, Indonesia, and Mercosur, the EU is seeking to distribute economic and strategic risk across a wider network of partners rather than simply replacing one dependency with another. This multi-alignment strategy reflects a broader philosophical shift in European thinking. It is an acknowledgment that alliances are fluid, adversaries opportunistic, and interdependence double-edged. In an era increasingly shaped by great-power rivalry and transactional politics, the EU's pragmatic turn toward diversification represents an adaptive response grounded in lessons painfully learned.

## **IS EU FINDING THE RIGHT FRIENDS?**

Alliances are rarely permanent, and history offers few guarantees of enduring alignment (Walt, 1997). Yet replacing one dependency with another risks repeating the same mistake twice – it becomes a habit. For EU, the experience of relying heavily on Russian energy, only to substitute part of that dependence with American liquefied natural gas, has underscored the dangers of concentrating critical vulnerabilities within a single geopolitical bloc. Meanwhile, Washington is increasingly proving itself to be a less reliable partner, particularly demonstrated by its ambitions to annex Greenland and its courage to meddle with elections of EU members (Matthijs & Tocci, 2026). Having already learned the costs of excessive dependence, Brussels can only be naïve to put all its eggs in the same basket, again!

Policymakers in Brussels appear increasingly conscious of this reality, while recent calls for EU to 'de-risk' and 'find new friends' underscore the growing urgency of the matter

(Financial Times, 2026). In response, the Union is gradually embracing a more pragmatic posture centred on diversification and strategic hedging. Expanding ties with Mercosur, India and Indonesia are a case in point, reflecting a drive to reduce strategic dependencies and strengthen geopolitical resilience.

With combined population of approximately 2 billion and GDP of \$29 trillion, India, Indonesia, and Mercosur offer something scarce: scale without direct strategic threat. They represent vast consumer markets, expanding middle class, abundant natural resources, and some of the fastest-growing economies in the world. India alone is projected to remain one of the principal engines of global economic growth and offers EU opportunities to accelerate export growth in key sectors such as defence, clean energy, and digitalisation (European Commission, 2025). Indonesia's abundant wealth of natural resources and geographic location have elevated its strategic importance within the Indo-Pacific (Sultan, Kunath, Förster, & Matthes., 2024). Mercosur, meanwhile, provides the EU access to agricultural capacity, diversified source of energy, and alternative supply chains (European Commission, 2026).

Still, diversification is not without complications. India's growing geopolitical assertiveness has occasionally clashed with European normative priorities (Gieg & Müller-Brandeck-Bocquet, 2025), while concerns persist regarding climate and environmental standards in Indonesia (Runkat & Arif, 2026). Mercosur presents perhaps the greater challenge. Critics have raised concerns over deforestation, protection of European agriculture, a most importantly export of pesticides to the region that are banned in the EU (Ganter, 2026). Internal political divergence within Mercosur also complicates matters. Argentina's Milei has embraced a strong pro-American posture (Fatimah, 2026), whereas Brazil's Lula has been critical of US interventions in Venezuela and Iran (Al Jazeera, 2026).

These challenges may ultimately prove manageable if the EU embraces a more pragmatic, less moralistic, and strategically

flexible approach. Having been bitten by its close friends, with a looming Russian threat, a coercive and interventionist US, and visible internal fractures, Brussels may just be finding the right friends at the right time.

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## EIBA 2025 IN ATHENS: STRATEGIC REALITIES AND THE EXPERIENCE OF HARMONY

*Constantina Kottaridi (University of Piraeus, Greece), Conference President, EIBA 2025*



The 51st Annual Conference of the European International Business Academy (EIBA 2025), held in Athens from 11 to 13 December 2025, marked a particularly meaningful moment for the EIBA community. Returning to Greece after more than two decades, the conference brought together a diverse and engaged group of scholars, practitioners, and institutional representatives in a setting that combined academic rigor with a distinctive sense of openness and connection.



Set against the backdrop of a remarkably mild Athenian winter, the conference unfolded in an atmosphere that was both intellectually vibrant and genuinely welcoming. From the very beginning, it was clear that this was not simply a large academic gathering, but a space where ideas, people, and perspectives met in ways that extended well beyond formal sessions. High-level panels featuring representatives from international organisations such as UNCTAD, the OECD, and the World Economic Forum further connected academic debate with policy and practice.



The opening ceremony set the tone for the conference. It began with a symbolic and innovative element: a short video featuring an avatar of the ancient Athenian statesman Pericles, who “welcomed” participants and introduced the conference theme, before inviting the Conference President, Professor Constantina Kottaridi, to the stage. This creative opening connected the contemporary challenges of international business with Athens’ historical legacy of dialogue and democratic thought. The Mayor of Athens Mr. Haris Doukas welcomed participants to the city, highlighting Athens as a place of dialogue and outward-looking engagement. This was complemented by contributions from the Governor of the Bank of Greece, Mr. Ioannis Stournaras, Professor Charoula Apalagaki, Secretary General of the Hellenic Bank Association, and Ms. Konstantina Svinou, President of Greece’s Tourism Research Institute who collectively set the tone for Greece’s position within the international business landscape. The Rector of the University of Piraeus also addressed delegates, reinforcing the academic foundations of the conference and the institutional commitment behind its organization, while Professor Dimitris Kyrkilis, co-chair of the conference, also addressed delegates from the University of Macedonia.

Throughout the programme, discussions reflected the conference theme “The Myth of Harmony – Strategic Realities in International Business Practices.” Rather than assuming convergence or stability, participants engaged



critically with fragmentation, uncertainty, and the evolving role of firms and institutions in a changing global environment. These debates were not confined to formal sessions. They continued organically in corridors, over coffee, and during shared meals—often becoming more candid and interdisciplinary outside the structure of panels.



In parallel, Athens marked the development of the forthcoming Progress in International Business Research (PIBR) volume, co-edited by Professor Constantina Kottaridi and Professor Rob van Tulder, entitled “Corporate Values as Strategic Compasses for MNEs? Resilience and Progress in a World without Harmony.” Building directly on the conference theme, the volume explores how multinational enterprises rely on core values—such as trust, integrity, and openness—as strategic anchors in an increasingly fragmented and contested global environment. Drawing inspiration from the Athenian tradition of dialogue and debate, it positions values as central mechanisms through which firms navigate complexity, sustain legitimacy, and redefine their role in society.

The conference also introduced and strengthened several initiatives that enhanced interaction within the community. Among these, the EIBA Fellows’ Cafés stood out as a particularly successful innovation. Despite their early timing, they attracted strong participation and created an informal space where Fellows and delegates could engage directly, exchange ideas, and discuss research paths in a relaxed and accessible setting. Alongside these, the integration of the Fellows’ presence into the core programme, as well as dedicated “Meet the Editors” sessions, contributed to a more open and connected academic environment.

Equally important was the attention given to the overall experience of the conference. The

welcome reception and conference lunches were accompanied by live music, most notably the presence of an electric cello, which added a refined and memorable dimension to these gatherings. These moments were not peripheral; they played a central role in shaping the rhythm of the conference, allowing participants to connect in ways that complemented the intensity of academic exchange.



Athens itself contributed decisively to this atmosphere. The combination of good weather, Mediterranean light, and a culinary experience that consistently impressed delegates created a setting in which engagement felt both focused and enjoyable.

The social programme reached its peak during the Gala Dinner, which emerged as one of the defining moments of the conference. Held in a particularly warm and celebratory atmosphere, the evening combined formal recognition with cultural expression. The Distinguished Fellow Award was presented to Mr. Nikos Nanopoulos, an exceptional business leader with a distinguished academic background, including a PhD in International Business. His career, bridging management, engineering, and economics, reflected the very connection between theory and practice that EIBA seeks to promote.

The ceremony was further marked by the

presence of Mr. Yannis Hatzitheodosiou, President of the Athens Chamber of Tradesmen, who personally congratulated Mr. Nanopoulos. The Chamber, as a key sponsor of the conference, along with other partners, played an important role in supporting the conference and reinforcing its links with the local business community.

The cultural dimension of the evening was equally memorable. Traditional Greek dance and live performances created a shared experience that extended well beyond formal networking. A particularly symbolic moment was the performance by a University of Piraeus band of “Ta Paidia tou Piraia” by Manos Hadjidakis, connecting the conference to the cultural identity of the host city. The evening concluded with a lively gathering, blending classic and contemporary music, and reflecting the strong sense of community that had developed over the course of the event.

The conference continued with post-conference workshops on qualitative and quantitative methods, offering participants the opportunity to engage more deeply with emerging analytical approaches and methodological challenges in international business research.

In total, 695 participants attended EIBA 2025 in Athens, including delegates from a broad range of countries, alongside accompanying guests and a dedicated team of student volunteers. While these figures reflect the scale of the event, they only partially capture its significance. What stood out more clearly was the quality of engagement: sessions were consistently well attended, discussions were sustained and substantive, and interactions extended naturally across formal and informal settings.

EIBA 2025 ultimately succeeded in combining intellectual depth with a strong sense of community. In a field increasingly shaped by complexity and fragmentation, the conference demonstrated the continued importance of bringing people together—not only to debate ideas, but to share experiences, build relationships, and engage with the broader purpose of international business research.

Athens, in this respect, did more than host the conference. It shaped it—through its culture, its energy, and its capacity to bring together diverse perspectives in a way that felt both rigorous and genuinely welcoming.

# SUSTAINABLE INTERNATIONAL BUSINESS AND SOCIAL VALUE IN A FICKLE WORLD - A CRITICAL POSITION PAPER



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



**EIBA 2026, 10-13 December, 2026, Denmark**

<https://www.eiba2026.aau.dk/>

## 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 52<sup>nd</sup> 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 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, 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     | 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***

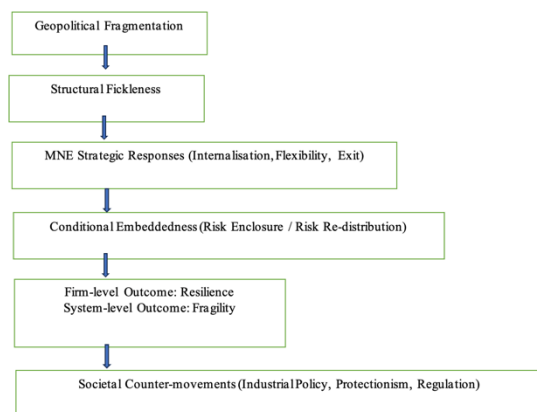
International business research must move beyond treating MNEs as neutral co-ordinators of cross-border activity. Firms are political actors whose strategies shape institutional outcomes, labour markets, and development trajectories.

## ***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.

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 conditionalized, 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.

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— *“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.

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— *“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.

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— *“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.

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— 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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## BRIDGING THE DIGITAL DIVIDE: A GLOBAL COORDINATION CHALLENGE

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### INTRODUCTION

Connectivity provides access to information, learning, employment, and participation. Yet it remains unequally distributed across global contexts, with 2.2 billion people still offline in 2025 (ITU, 2025). This persistent digital divide constitutes a major structural barrier to participation in the global economy, especially in low-income, rural, and institutionally under-resourced settings.

Importantly, the digital divide extends beyond access to infrastructure. Meaningful participation in the digital economy depends on the ability to use digital technologies effectively, requiring digital literacy, organizational capabilities, and institutional support. Where these remain weak, individuals and organizations struggle to participate in cross-border markets, locations struggle to attract digital investments, entrepreneurial firms face barriers to international scaling (Aparicio et al., 2021; Appiah et al., 2025; Luo & Bu, 2016), and local actors rarely join global value-creation processes (Fraccastoro et al., 2025; Luo, 2022; Oliveira et al., 2021).

We argue that bridging the digital divide should therefore be understood not merely as an infrastructure challenge, but as a global coordination challenge. Delivering connectivity depends not only on physical networks, but also on regulatory frameworks, financing arrangements, implementation capacity, and the knowledge for its meaningful use. Achieving this requires coordination among governments, regulators, telecom operators,

financiers, international organizations, and local implementation partners across sectors and borders, each contributing interrelated components.

For International Business (IB), this makes connectivity a structural issue (Schmeisser et al., 2026; Teece, 2025): it shapes how cross-border activity is organized, how ecosystems emerge, and how location advantages evolve in the digital economy (Luo, 2021; Meyer et al., 2023). IB scholarship has advanced our understanding of digitalization, internalization choices (Banalieva & Dhanaraj, 2019), global platforms, and ecosystems (Nambisan et al., 2019; Stallkamp & Schotter, 2021), as well as encouraged stronger engagement with grand challenges (Buckley et al., 2017; Cuervo-Cazurra et al., 2026) and organizations operating at the intersection of market activity, institutional change, and public purpose (Ciulli & Kolk, 2023). However, despite these important developments, existing IB research still struggles to capture the full complexity of complex challenges such as the digital divide. In particular, our ability to formulate the most relevant research questions and generate robust empirical insights remains constrained by an incomplete understanding of real-world implementation challenges, as well as by the limitations of our traditional data sources available to researchers.

To explore this challenge, this article draws on insights from the Geneva Research Lab for Digital Impact (GRL), a collaborative initiative between the Geneva School of Economics and Management at the University of Geneva and

the Digital Impact Division of the United Nations Children's Fund (UNICEF). Positioned at the intersection of academia and practice, GRL serves as a platform dedicated to advancing knowledge on sustainable digital impact through collaboration between academia, international organizations, and private and public sector actors engaged in global connectivity initiatives. To date, it has brought together a growing European research network, including collaborations with scholars at academic institutions such as Copenhagen Business School (CBS), INSEAD, University College London (UCL), and the University of Lausanne (UNIL).

GRL's work is anchored in the Giga initiative (<https://giga.global/>), a partnership between UNICEF and the International Telecommunication Union (ITU) that supports governments in connecting every school in the world to the internet. Through this collaboration, GRL has unique access to global implementation processes and data, enabling the study of connectivity as an evolving international phenomenon (Tatarinov & Ambos, 2025). Its research agenda focuses on the enablers, pathways, and outcomes of connectivity, examining, for example, how country engagement facilitates implementation across heterogeneous contexts, how ecosystems for school connectivity are orchestrated to enable scaling pathways, and how connectivity outcomes in remote communities can be assessed to capture broader socioeconomic effects.

Building on this context, we develop a perspective on connectivity as a global coordination challenge. We position connectivity as a central analytical concern for IB by showing that bridging the digital divide is not merely a digital infrastructure challenge alone, but a cross-border coordination challenge that shapes ecosystem formation, implementation processes, and the evolution of location-specific advantages. Building on this broader perspective, we advance IB research in three more specific ways. First, we show how connectivity implementation depends on multi-level coordination across heterogeneous institutional contexts, extending IB discussion on HQ-subsidiary relations, selective attention, and embeddedness to the implementation of global connectivity

initiatives. Second, we extend IB scholarship beyond its traditional focus on firm-centric internationalization and commercially driven ecosystems by examining how heterogeneous actors coordinate across sectors under conditions of institutional complexity, uneven development, and partially conflicting objectives. This shifts attention away from relatively aligned, firm-led ecosystem settings toward forms of orchestration that depend on legitimacy-building, negotiation, and incentive alignment across public, private, and mission-driven actors. Third, we show how the connectivity context opens new empirical and methodological opportunities for IB research by enabling the measurement of localized and long-term developmental effects through geospatial and satellite data. This expands IB's ability to study how connectivity reshapes socioeconomic activity, market formation, and the evolution of location-specific advantages in institutionally under-resourced environments. To structure these contributions, we focus on three interconnected dimensions: (1) implementation enablers, (2) ecosystem scaling pathways, and (3) connectivity outcomes.

### **ENABLING CONNECTIVITY: HOW TO ENGAGE COUNTRIES IN THE QUEST TO BRIDGE THE DIGITAL DIVIDE**

A central challenge in global connectivity initiatives lies not in defining global ambition, but in translating broad goals into coordinated implementation across distributed organizational systems. Recent work on maverick organization design highlights how some organizations operate through lean structures and distributed authority rather than a single command center (Tatarinov & Ambos, 2025). Giga exemplifies this logic through a dual-headquarters configuration, with one hub in Barcelona focused on technology and another in Geneva coordinating management and partnerships, both embedded within UNICEF's broader network of regional and country offices. While such distributed structures enable local responsiveness and contextual adaptation, they also introduce fragility, as implementation depends on alignment across multiple

organizational levels. Changes in country-office personnel, for instance, can quickly disrupt headquarters–subsidiary relationships and slow implementation progress.

Within this context, country engagement emerges as a critical implementation enabler. Mobilizing connectivity initiatives is not a straightforward top-down process, but rather a multilevel coordination challenge in which central actors must first align internal priorities before country offices, government counterparts, and delivery partners can be activated effectively. Country engagement therefore shapes where managerial attention is directed, where legitimacy can be established, and where viable implementation coalitions can emerge.

In practice, these decisions involve substantial trade-offs. Giga, for example, may face choices between engaging a country with strong political commitment but weak infrastructure and one with stronger technical capacity but less ministerial momentum. The challenge is therefore not simply identifying where need is greatest or where implementation appears administratively easiest. Rather, it concerns how a complex international organization sequences action across heterogeneous host-country contexts while maintaining sufficient consistency to scale effectively.

This challenge closely resonates with IB research on headquarters–subsidiary relations, selective attention, differentiated embeddedness, and multilevel coordination (Ambos & Birkinshaw, 2010; Kostova et al., 2016; Meyer et al., 2020). However, the connectivity context extends these concerns further because school connectivity is not a short-cycle intervention. Sustained implementation requires coordination around regulation, financing, procurement, maintenance, data governance, and long-term political commitment well beyond initial deployment. Country engagement decisions must therefore assess not only immediate readiness, but also the long-term viability of implementation efforts. The critical question is thus not merely where to begin, but where implementation can be sustained over time.

Once initial implementation traction is achieved, however, a second challenge emerges: how can organizations incentivize diverse stakeholders to support, co-invest in,

and scale connectivity initiatives across contexts? Addressing this question shifts the focus beyond intra-organizational coordination toward the broader ecosystem dynamics and cross-sector pathways through which connectivity can expand sustainably.

### **SCALING CONNECTIVITY: CROSS-SECTOR VALUE PROPOSITIONS AND ECOSYSTEM ORCHESTRATION**

Connectivity is often framed a technical issue, but in practice it constitutes an ecosystem challenge (Jacobides et al., 2019; Li et al., 2019; Nambisan et al., 2019; Tatarinov et al., 2023). Connecting schools at scale requires the coordinated involvement of public authorities, regulators, telecom operators, donors, and implementation partners, each controlling only part of the resources and capabilities necessary for delivery. Unlike many ecosystems traditionally studied in IB, which are often relatively aligned, commercially driven, and organized around inter-firm complementarities, connectivity ecosystems involve heterogeneous public, private, and mission-driven actors pursuing only partially aligned objectives. Governments may prioritize educational inclusion, digital sovereignty, and public sector delivery; telecom operators may focus on commercial viability and infrastructure utilization; international organizations and donors may emphasize equitable development outcomes; while local communities may prioritize affordability and contextual relevance. These ecosystems also frequently operate in institutionally under-resourced environments where market mechanisms alone are insufficient to sustain coordination. As a result, ecosystem governance depends less on hierarchical control or purely market-based incentives and more on orchestration processes centered on legitimacy-building, negotiation, and incentive alignment across heterogeneous actors.

School connectivity, therefore, depends on constructing a sufficiently compelling shared value proposition that motivates sustained participation despite divergent priorities. In some contexts, these priorities may conflict directly, particularly when commercially unattractive rural areas are simultaneously those with the greatest developmental need. Scaling connectivity thus requires translating

heterogeneous and sometimes competing interests into shared incentives that enable actors to co-invest in and support long-term implementation.

This places ecosystem orchestration at the center of connectivity expansion. While tools such as ecosystem mapping can help identify key actors, roles, and goals, effective orchestration extends beyond simple actor identification. It requires understanding the interdependencies, complementarities, and power dynamics that shape how ecosystems function and evolve (Casprini & Palumbo, 2022). However, scaling alone is insufficient to ensure lasting impact. For connectivity to create durable value, the surrounding ecosystem must also support the broader enabling environment necessary for meaningful and sustained use. School connectivity is unlikely to be transformative if electricity is unreliable, maintenance arrangements are absent, devices are unusable, or schools lack the organizational capabilities needed to integrate connectivity effectively into everyday practices. Demand-side anchoring - particularly through ministries of education and other government actors - therefore becomes critical in embedding connectivity into teaching, administration, and local service delivery. The challenge is thus not merely to increase the number of connected schools, but to ensure that connectivity becomes durable, functional, and integrated into broader systems of use.

This shifts the analysis beyond scaling toward the broader question of ecosystem viability (Nambisan et al., 2019). A viable ecosystem is one that can sustain itself over time without relying on continuous external mobilization (Savaget et al., 2025). Achieving such viability requires governance arrangements, incentive structures, and stakeholder commitments that render connectivity operationally, financially, and politically sustainable. In practice, this may involve recurring maintenance routines, clarifying public-private role allocations, coordination across ministries, or embedding connectivity within long-term public budgeting structures.

When these conditions are established, connectivity initiatives may generate self-reinforcing socioeconomic effects, including improved access to information, services, and

market opportunities that strengthen the rationale for continued investment. This, however, raises a further question: how can organizations assess whether connectivity initiatives generate meaningful and lasting impact across diverse contexts? Addressing this question shifts the focus beyond ecosystem design and scaling toward the broader challenge of understanding, measuring, and evaluating connectivity outcomes.

#### **CONNECTIVITY      OUTCOMES:      SYSTEMIC PERSPECTIVES AND NEW WAYS OF MEASURING**

Ultimately, the value of school connectivity depends not only on how effectively it is organized and scaled, but also on the outcomes it generates. The most immediate and visible of these are educational outcomes. Connectivity can improve access to digital learning materials, facilitate communication between schools and education authorities, support teacher training, and strengthen the administrative coordination. In doing so, it has the potential to enhance both the quality and reach of education by linking remote schools to broader educational resources and systems.

Yet empirical findings on the educational effects of school connectivity remain mixed (see, for example, Belo et al., 2013; Derksen et al. 2019; Malamud et al., 2019; Vigdor et al., 2014). This highlights an important challenge: connectivity alone does not automatically generate positive outcomes. Its impact depends on how deeply it is embedded within organizational practices and whether complementary capabilities and support structures are in place. Robust empirical evidence is therefore essential for initiatives like Giga to understand the conditions under which connectivity translates into meaningful impact.

Importantly, the effects of connectivity often extend beyond educational settings alone. In many remote areas, connected schools function as broader community hubs, providing access to information, enabling communication beyond the local context, and stimulating wider socioeconomic activity (Caldarola et al., 2023). Connectivity, therefore, has ripple effects across surrounding domains and sectors, shaping



information flows, human capital development, and local market dynamics. This broadens the lens through which connectivity should be understood; not as a technical issue, but as a broader systemic development mechanism (Bansal & Birkinshaw, 2025).

The broader developmental implications of connectivity make impact measurement essential. However, assessing such outcomes remains methodologically challenging. While prior research has explored the effects of connectivity on online trade (Hjort & Tian, 2025), measuring offline socioeconomic outcomes has proven considerably more difficult. Traditional data sources are often incomplete or unavailable, particularly in rural and institutionally under-resourced contexts, while on-site data collection is inherently difficult.

These constraints create a compelling case for the use of geospatial data and related methods as timely, objective, and globally comparable for impact assessment. Rather than relying solely on lagged or incomplete administrative indicators, geospatial approaches can help track changes in the surroundings of connected schools over time (Agrawal & Gupta, 2026). Satellite imagery and related spatial data, for example, may provide insights into whether school connectivity is associated with observable signs of socioeconomic activity, such as the emergence, density, or evolution of local marketplaces. Building on Giga's data on school location and connectivity, GRL is combining such information with temporal and visual signatures of offline market activity (von Carnap, 2023) to examine whether connectivity through schools as communal hubs contributes to broader physical market development. This provides a novel opportunity to assess whether, where, and under what conditions connectivity generates broader developmental effects.

For GRL, this represents a promising research frontier. By examining how accessibility to connectivity shapes socioeconomic indicators in remote communities, the Lab can generate insights that inform more effective strategies for prioritizing connectivity expansion in rural regions. Its unique access to implementation and spatial data creates opportunities to link educational effects within schools to broader community-level outcomes, thereby enabling

methodological innovation in impact measurement. More broadly, this analytical capacity shifts the focus from assessing whether connectivity is merely delivered toward understanding whether it generates durable and meaningful value.

For IB, these outcomes matter because connectivity may reshape the location-specific advantages (Narula & Santangelo, 2012) of previously peripheral regions by improving human capital, strengthening information flows, and facilitating market formation. School connectivity thus has implications not only for developmental outcomes, but also for how remote locations become increasingly viable for future partnerships, sourcing, and market development.

## CONTRIBUTION AND CONCLUSION

The preceding sections have argued that connectivity should be understood not as a technical intervention, but as a global coordination challenge. Addressing the digital divide requires more than infrastructure deployment; it depends on how heterogeneous actors align across sectors and borders, how ecosystems scale under conditions of institutional complexity, and how outcomes are generated and sustained over time.

To structure this challenge, we have outlined three interconnected dimensions through which connectivity can be analyzed. First, implementation depends on country engagement and multilevel coordination, as organizations must sequence action across heterogeneous institutional contexts. Second, scaling depends on ecosystem orchestration, whereby actors with diverse objectives must align around shared value propositions to enable sustainable expansion. Third, outcomes depend not only how connectivity is embedded in organizational and societal contexts, but also on the ability to assess its broader developmental effects through new methodological approaches, including geospatial and satellite-based remote sensing data.

Taken together, these dimensions suggest that bridging the digital divide is best understood not as a dynamic and recursive process. Early implementation decisions shape the formation

and structure of connectivity ecosystems, whose configurations subsequently influence the scale, depth, and durability of resulting outcomes. These outcomes, in turn, affect perceptions of legitimacy and effectiveness, thereby reinforcing or weakening stakeholder commitment to future scaling efforts.

For IB, this perspective contributes in four broader ways. First, it positions connectivity as a central analytical concern for IB by showing that the digital divide is not merely an infrastructural challenge, but a cross-border coordination challenge that shapes ecosystem formation, implementation processes, and the evolution of location-specific advantages (Narula & Santangelo, 2012). Second, it extends IB discussions on headquarters–subsidiary relations, selective attention, and embeddedness (Ambos & Birkinshaw, 2010; Kostova et al., 2016; Meyer et al., 2020) by examining how global connectivity initiatives are implemented across heterogeneous institutional contexts through multilevel coordination processes. Third, it extends IB ecosystem research beyond relatively aligned, commercially driven, and firm-led ecosystems (Jacobides et al., 2018; Nambisan et al., 2019) by examining how orchestration depends on legitimacy-building, negotiation, and incentive alignment across public, private, and mission-driven actors operating under conditions of institutional complexity and uneven development. Fourth, connectivity opens new empirical and methodological avenues for IB research by enabling the study of longitudinal, localized developments through geospatial and satellite-based remote sensing data.

More broadly, connectivity provides a valuable empirical setting for theorizing how solutions to complex societal challenges move from initial mobilization to durable and far-reaching societal impact. Because such challenges cannot be solved through isolated investments or one-time interventions, they require sustained coordination, institutional adaptation, and outcomes strong enough to maintain long-term stakeholder commitment. The challenge ahead is therefore not only to connect more places, but to understand how connectivity can generate lasting and inclusive value in an increasingly complex and fragmented world. In this regard, the GRL aims to serve as a platform for advancing research

and collaboration at the intersection of connectivity, cross-sector initiatives, and societal impact. As part of this broader mission, it seeks to foster continued scholarly and practitioner engagement around these themes, including through initiatives such as its forthcoming Academic Forum on Digital Impact in Geneva in August 2026, which will convene researchers and practitioners to further explore questions related to digital connectivity, impact measurement, and cross-sector collaboration.

The call for contributions is currently open, inviting work that engages directly with these challenges across systems and scales: <https://genevaresearchlab.org/en>.

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## CONSTRUCTIVE INTERCULTURAL MANAGEMENT: INTEGRATING CULTURAL DIFFERENCES SUCCESSFULLY - 2ND ED., CHELTENHAM, EDWARD ELGAR, 2026

**EIBA** European  
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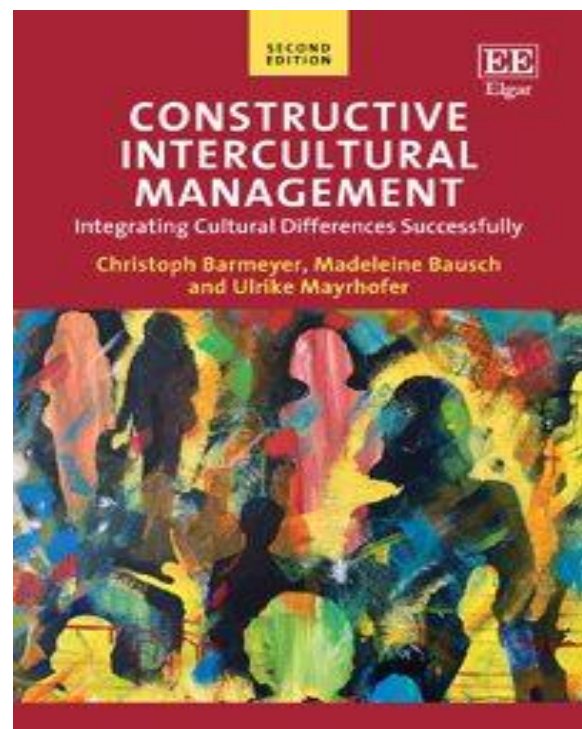
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This book offers novel insights into the way organizations can navigate cultural differences constructively. The innovative approach aims to help individuals, teams and organizations understand interculturality in a fast-changing multipolar world. The authors explain how organizations can constructively design interculturality and complementarity. The complementary side of interculturality is developed through the lens of resource and solution orientation. The constructive approach is based on the humanistic conviction that individuals and teams are able to learn and develop. Consequently, they can influence the social environment of their organizations in a positive way. The authors highlight the dynamic aspects of culture and interculturality, in which actors adapt their behaviours to interaction partners and situations. These positive dynamics can be implemented in multiple organizations and social environments. The authors present numerous frameworks and share practical recommendations for understanding, experiencing and designing cultural diversity. The second edition integrates recent research, data and case studies as well as examples from cultures in mature and emerging economies. It also addresses new challenges such as digitalization, artificial intelligence (AI), sustainability, geopolitical polarization and migration. The book provides valuable knowledge on constructive intercultural

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