

LETTER FROM THE EDITORS



Daniel Rottig, Ph.D.,
Editor



John Mezias, Ph.D.,
Associate Editor

This second issue of 2018 includes an eclectic set of articles which are centered on the topics of power and multinational enterprises (MNEs), modern slavery in international business, as well as the influence of national culture and leadership on entrepreneurship and organizational cultural practices.

The first article, by John Child, is part of our interactive lead article series, which we started in 2016. This series invites articles by renowned IB scholars and thought leaders to raise insightful and thought-provoking questions in an attempt to engage the AIB community in fruitful conversations that we hope will advance our field. John Child raises the question: Should your IB research deal with power? He quotes Jeff Pfeffer (1981), who noted in his seminal book on *Power in Organizations* that “politics is the study of power in action,” and refers to a recent study by Stewart Clegg (2017), in which he remarked that “the central business of MNEs is politics by other means.” Although much work has been published on the political relations between MNEs and external institutions, John Child notes that “the dynamic processes through which MNEs take political initiatives remain obscure.” He then discusses possible reasons for this lack of knowledge in the literature, sketches out interesting angles IB researchers can take to explore the topic, and presents some tools for analyzing power in MNEs.

We invite you to respond to the author through our interactive ‘Comments’ feature on the *AIB Insights* website at <https://aib.msu.edu/publications/insights>. We will publish replies by John Child to your comments in an upcoming issue of the journal. We hope that you will continue to find this interactive lead article series valuable and would like to thank Jean Boddewyn, who contributed the inaugural article to this series (Boddewyn, 2016), for his continued commitment and great efforts to work with AIB Fellows and thought leaders in our field to solicit and refine contributions to this series.

In the second article, Snezhina Michailova and Christina Stringer draw attention to “the ugliest phenomenon of our times”: modern slavery in international business. They note that an estimated more than 40 million people worldwide are in some type of modern slavery situation, which includes forced labor, bonded labor, involuntary servitude, human trafficking, and other forms of exploitation. The authors provide examples for modern slavery in international business, point out the disturbing fact that IB research has largely been silent on the issue, and provide an initial explanation and examination of the subject through the lens of institutional theory. Snezhina Michailova and Christina Stringer then ask, “What conversations on modern slavery can and should the IB scholarly community address?” and so encourage you, our valued *AIB Insights* reader, to learn more about the topic and integrate it into your IB teaching and possibly also your research agenda. In order to facilitate this worthy cause, we invite you to submit papers on modern slavery in IB for a special issue on the topic, which we plan on publishing in 2019. Please find more detailed information in the Call for Papers at the end of this issue.

The third article, by Saurav Pathak and Etayankara Muralidharan, examines how culturally endorsed leadership theories (CLTs) from the GLOBE project (House et al., 2004) may inform cross-country entrepreneurship research. The authors discuss several theoretical perspectives that may facilitate a better understanding of the influences of CLTs on entrepreneurial behaviors across cultures, examine some of the mechanisms by which CLTs may influence cross-cultural entrepreneurship, and sketch out implications for IB research, pedagogy and business practice.

The fourth article, by Rob Bogosian, also examines leadership practices across cultures from the perspective of influencing organizational cultural practices in different national cultural environments. More specifically, he examines the interesting organizational cultural phenomena of voice and silence, and conceptually explores the national cultural dimensions of power distance as well as individualism and collectivism as direct antecedents of cultures of voice and silence, and the moderating effects of participatory and directive leadership behaviors.

Daniel Rottig

John Mezias

References

- Boddewyn, J. 2016. Is Your “IB” Research Truly “International”? *AIB Insights*, 16(2): 3-5.
- Clegg, S. R. 2017. The East India Company: The first modern multinational? In C. Dörrenbächer & M. Geppert (eds.) *Multinational Corporations and Organization Theory: Post millennium perspectives*. (Research in the Sociology of Organization, Volume 49): 43-67.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. 2004. *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*. Thousand Oaks: Sage Publications.
- Pfeffer, J. 1981. *Power in Organizations*. Marshfield, MA: Pitman.

Should Your IB Research Deal with Power?

John Child, University of Birmingham, UK

There has been a long-standing interest in the political behavior of multinational enterprises (MNEs). Yet international business (IB) research still has to come to grips with the key dynamic of such behavior—namely, *the exercise of power*. So, yes, in many cases you should deal with power in your IB research, but this is easier said than done. Here are some suggestions on a way forward and a question for you to answer.¹

The MNE Is a Political Actor

Stewart Clegg (2017) recently claimed that “the central business of MNEs is politics by other means.” This phenomenon has long been recognized in the theorization of the MNE and of its relations with governments (Boddewyn, 1988, 2016) as well as in the emerging perspectives of corporate political activity, political CSR, and non-market strategy. Nevertheless, despite considerable progress in *framing* the political relations between international firms and external institutions, the *dynamic processes* through which MNEs take political initiatives remain obscure. These processes have essentially to do with *the exercise of power*, because, as Jeff Pfeffer put it (1981: 7): “politics is the study of power in action.” Therefore, we need to take account of power and to think about how to do so.²

We Have Been Skirting Around Political Issues

The majority of studies on MNE–institution relations have conducted variance analyses employing databases and, less often, surveys as empirical sources. However, by eschewing a process model,³ researchers have distanced themselves from direct insights into the interactions between MNEs and institutional agencies—that is, into the how and why of what happens—so that *political processes are implied but actually not investigated*. Many articles in JIBS and other leading journals exhibit this limitation. To take two recent examples, both Edwards et al.

(2016) and Rathert (2016) raise the question of how national institutions affect MNE practices, and they develop full and enlightening theoretical rationales for addressing it. However, they are constrained by the inability of the data employed to throw light on the processes central to their theoretical rationales.

In a nutshell, most IB research has not been able to explain how governmental and other institutions matter for MNEs and what firms do about it so that the mechanisms behind many observed effects of institutions on MNE behavior remain ill-known (Van Hoorn & Maseland 2016: 379). A major problem lies in the fact that key constructs such as power and influence are normally assessed through *indirect* measures.

Two instances of such indirect approaches are: (1) assessing MNE power to resist institutional constraints by measuring the extent of the standardization of MNE international practices among host countries as an indication of the MNE’s ability to avoid national adaptations (Edwards et al., 2016) and (2) measuring host country institutional pressures on inward-investing enterprises by reference to the strength of the host country’s rule of law and its technological endowment which governments will seek to protect from MNE acquisition (Meyer, Ding, Li, & Zhang, 2014). *Both examples rely on proxies for power*. In the first one, limited institutional power is imputed to the high standardization of MNE practices which, however, might actually be welcomed in some host countries as “international best practice.” In the second case, it is assumed that host country conditions are necessarily converted into effective pressures on MNEs.

Addressing the Challenges

Fortunately, a few studies have examined the politics of MNE institutional relations at closer range, and they point to a way forward. They generally focus on MNE initiatives and reactions vis-à-vis the constraints, threats, or opportunities present-