

# TOWARDS A MORE COMPREHENSIVE ASSESSMENT OF FDI'S SOCIETAL IMPACT

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## **TOWARDS A MORE COMPREHENSIVE ASSESSMENT OF FDI'S SOCIETAL IMPACT**

### **ABSTRACT**

Societal actors increasingly expect multinational enterprises (MNEs) to positively impact the host countries in which they operate. While these expectations have prompted IB scholars to engage more extensively with the societal impacts of foreign direct investment (FDI), our collective knowledge of these impacts is limited. Early IB literature investigated FDI's aggregate impact but generally confined the scope to economic effects. Contemporary, strategy oriented IB scholarship broadened the scope of impact types to include social and ecological effects, yet mostly limited the scope of the impacted actors to MNEs themselves. We argue that IB research should more comprehensively assess FDI's impact by incorporating social and ecological effects in addition to economic ones and by accounting for a broader set of stakeholders beyond MNEs. IB scholars should challenge the assumption that FDI's economic impacts spill over to positive societal outcomes and that MNEs' interests parallel those of host countries. A more comprehensive assessment will require IB scholars to question "win-win" assumptions about the complementarity of corporate societal and financial performance, examine FDI's societal impact over longer time horizons, leverage innovative approaches from allied sciences, and consider interactions among different types of societal effects in order to appreciate their sometimes countervailing effects.

### **Key Words**

FDI, Societal Impact, MNEs, Development

## INTRODUCTION

The impact of foreign direct investment (FDI) on the welfare of recipient countries has been of interest to social scientists for decades. The attainment of positive social and ecological<sup>1</sup> improvement across societies and generations, captured under the banner of “sustainable development” (World Commission on Environment and Development, 1987), was codified in the 2015 United Nations (UN) Agenda on Sustainable Development Goals (SDGs) and the 17 goals that emanate from it. Higher-level goals such as abating poverty, ensuring quality education, and combating climate change were translated into concrete targets like eradicating extreme poverty, attaining free and equitable primary and secondary education, and strengthening resilience to climate-related natural disasters by 2030. New organizational forms, including special purpose corporations such as “B” or benefit corporations (Lucas, Grimes, & Gehman, 2022) and cross-sectoral collaborations among businesses and nonprofits work toward achieving social and ecological goals as outlined in UN SDG 17, “Partnership for the Goals.” These trends have even been anchored in legislative initiatives mandating that firms consider a broader range of stakeholders, such as the recently amended French Civil Code’s Article 1833, which requires firms to respond to social and environmental issues that relate to their business operations. While governments are expected to play a key role in their implementation, the SDGs have been widely adopted by other types of organizations, including MNEs, which have integrated them into their sustainability strategies (van Tulder, Rodrigues, Mirza, & Sexsmith, 2021). Unfortunately, many of these commitments have proved elusive.

These priorities have also manifested in scholarly academic associations, including the Academy of International Business and the Academy of Management, as well as academic journals such as the *Journal of International Business Studies (JIBS)*, as they have embraced the notion that research should foster a prosperous, inclusive, and sustainable world. While the relevance of societal issues has increased in management research and practice, existing IB literature has only partially incorporated FDI’s societal impact. An early research stream, proliferating especially in development economics but also in IB scholarship, has been largely concerned with understanding FDI’s economic consequences for host countries’ firms and workers. As scholars in other fields became increasingly interested in FDI’s social and ecological impacts, IB scholars, drawing inspiration from the strategy

literature, began to also consider the impacts of corporate social responsibility (CSR) and sustainability-related practices for MNEs. While these more contemporary studies have incorporated social and ecological impacts, their focus has mostly centered on how these considerations affect MNEs and their ability to enter, operate, and compete in host countries by bolstering their legitimacy and reputation.

We argue that IB scholars should more comprehensively assess FDI's *societal impacts* — which we define as *broad social and ecological effects that influence and engage a wide range of stakeholders in a circumscribed geography* — but have so far done so in only partial ways. Since we challenge a common IB assumption that FDI's overall societal impacts are aligned with MNEs' profitability and FDI's economic development, a comprehensive assessment is critical. While relevant to all host countries, this concern is especially salient in developing countries, which are most in need of social, economic, and ecological advancement yet also face greater uncertainty around the actual nature of impacts. However, even the most advanced economies that feature strong welfare-enhancing institutions are not immune from negative externalities, such as the disruptive effects of climate change, health crises, inequality, and war and conflict.

Efforts to more comprehensively account for FDI's societal impact imply broadening the scope of both impacts (beyond the purely economic) and impacted (beyond MNEs) by covering the full breadth of relevant social and ecological considerations for all major societal stakeholders. Such a move requires a shift in mindset that challenges assumptions that economic progress would naturally stimulate societal development and that firm-level sustainability strategies positively impact other societal stakeholders. The requisite change also must incorporate the longer-term implications of MNEs' societally oriented (in)action because past societal impacts set the stage for both future FDI and societal development. Moreover, the boundary-transcending nature of MNEs' operations prompts IB scholars to focus specifically on how MNEs deal with divergent expectations across societies and stakeholders as well as locationally bounded conditions such as resource endowments, climate, and geographic conditions. In advancing this agenda, we move beyond simply calling for more research on FDI's societal impact, as has been done convincingly (e.g., Buckley, Doh, & Benischke, 2017). Instead, we more specifically advocate for a reorientation of prevailing approaches to understanding

the role of MNEs and the FDI they generate in global and local affairs, as well as repositioning scholarship to incorporate a wider range of considerations beyond those that either facilitate or constrain MNEs' competitive success.

We begin with a brief overview of the two major research traditions that cover the societal impact of FDI, noting that both have made great strides in advancing our understanding while lacking attention to elements of the other. We argue that the integration of elements from both streams shifts the scope of impacted to society at large and broadens the scope of impacts to include social and ecological effects, along with economic ones. Moreover, we suggest that reconsidering the assumptions on which both streams rely is a necessary step for a renewed research agenda on MNEs' societal impact that also incorporates a long-term outlook and examines trade-offs and other interrelations between different types of impact. As host-country investment climates are affected by past FDI outcomes, IB research must gauge not only the short-term effects but also the longer-haul societal implications. We then demonstrate why and how future IB research will benefit from incorporating conceptual and empirical insights from allied disciplines, whose theoretical assumptions and analytical toolkits accommodate gauging effects for all major societal actors. With ample research opportunities ahead, we conclude that working toward *integrated impact assessment* – defined as *an appraisal of the full range of impact types and impacted actors as well as their respective interrelationships*, will allow scholars to give full consideration to the range of MNEs' societal impacts. Such an approach can help render IB scholarship future-proof as it adopts a more comprehensive view of FDI's societal impacts to enable MNE decision makers and public policy makers to better align MNE and societal interests.

## **INTERNATIONAL BUSINESS SCHOLARSHIP ON FDI AND SOCIETAL IMPACT**

IB scholarship has tackled the question of FDI's impact on host-country societies from a variety of perspectives. Here we provide a synopsis of relevant literature since an exhaustive review is beyond the scope of this Perspective article. We identify two broad streams, one mainly rooted in economics and the other predominantly in strategy. It should be noted, though, that the boundaries of these streams cannot be neatly drawn along disciplinary lines, largely due to the interdisciplinary nature of

the field. Indeed, these borders are more porous for early contributions than contemporary ones. We provide a condensed overview of these contributions in Table 1, which conveys key relationships, mechanisms, and evidence supporting or questioning the respective theoretical postulates.

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Insert Table 1 about here  
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### **Economics Perspectives**

This stream, rooted in economics, has largely focused on FDI's broad economic impacts, especially on domestic firms' productivity and exports as well as on host countries' employment and wages. Several comprehensive reviews provide a thorough summary of this literature, especially the core FDI spillovers/externalities literature (e.g., Görg & Greenaway, 2004). It is important to highlight, though, that IB scholars with a mostly international economics background have offered important insights into the nexus of FDI and societal impacts — in some cases paralleling those of development economics. It is also relevant here to underscore two pervasive assumptions implied by this literature that, in our view, are at best incomplete. The first is that economic investment naturally spills over into societal benefits. The second is that local contributions to social or ecological conditions aggregate up to society-wide improvements.

At least since the early 1970s, economists have explored the economic impacts of FDI on host economies. Among the early scholars, Caves' (1971) work has inspired a whole research agenda aimed at assessing the extent of, means by, and conditions under which MNEs generate economic impacts in host economies. This literature has assessed both host- and home-country antecedents and impacts, and has explored whether and how MNEs strengthen or weaken those impacts. In this stream, FDI is generally expected to (1) create more and better *jobs* as well as to induce *wage spillovers* (e.g., Aitken, Harrison, & Lipsey, 1996); (2) generate significant *productivity spillovers* and greater *innovation* in host economies (e.g., Blomström, Kokko, & Zejan, 1994); and (3) bring about greater *openness to foreign markets*, in part by exploiting MNEs' international networks (e.g., Aitken, Hanson, & Harrison, 1997). From a longer-term perspective, FDI was also regarded as a potential source of structural change, inducing a progressive shift to higher value-added industrial activities in

host countries (e.g., Barrios, Görg, & Strobl, 2005). Later studies in this vein explored effects at the industry and firm levels, including *knowledge spillovers* to host-country firms (e.g., Jindra, Giroud, & Scott-Kennel, 2009); MNEs' effects on jobs and wages (e.g., van der Straaten, Pisani, & Kolk, 2020); export spillovers (e.g., Anwar & Nguyen, 2011); and the development potential of global value chains (e.g., Pietrobelli, Rabellotti, & Van Assche, 2021).

Some of this literature has pointed to crowding-out effects, with stiffer competition harming local firms that fail to keep pace (Spencer, 2008) and hampering indigenous entrepreneurship (Meyer, 2004). To understand when FDI positively contributes to host economies and when it has adverse impacts, scholars have investigated a number of *contingencies* that positively or negatively moderate these impacts (e.g., Lall & Narula, 2006). A wealth of these studies scrutinized the investing MNEs' motivations (e.g., Beugelsdijk, Smeets, & Zwinkels, 2008), the goals of subsidiaries (e.g., Marin & Bell, 2006), MNEs' technological capabilities (e.g., Cantwell & Piscitello, 2002), the capacities of local firms (e.g., Castillo, Salem, & Moreno, 2014), and the role of host government policies in facilitating those positive impacts (e.g., Smeets & de Vaal, 2016). In their meta-analysis, Meyer and Sinani (2009: 1075) observed that while productivity spillovers from foreign to local firms may occur, they “vary with local firms' awareness, capabilities, and motivation to react to foreign entry.”

Rooted in international and development economics, this scholarship has been concerned with broader economic effects for FDI recipients, often on entire host economies. The scope of the studied impacts has, however, remained narrow: researchers have mainly been occupied with charting economic welfare effects. This literature has relied on the premise that economic development will spark positive societal outcomes in the longer run, thereby sidestepping engagement with FDI's broader and direct societal effects on host countries. It is only very recently that IB scholars have explored issues such as the unequal distribution of economic gains (and their social repercussions) within host countries (Narula & van der Straaten, 2020).

FDI research has also relied on relatively limited conceptual foundations, which notably draw from production function approaches to estimating the impact that increases in FDI inflows in a country have on different micro-economic dimensions concerning domestic firms and their employees. As such, in our view IB scholarship has yet to fully deliver on the early promise to gauge

whether and when FDI drives societal improvements in host countries and, conversely, erode those conditions.

### **Management and Strategy Perspectives**

Much of the contemporary IB literature related to social and ecological impacts has adopted a managerial and/or strategic perspective, probing into how societal conditions in host countries affect MNE entry choices as well as MNE engagement with societally relevant activities such as CSR, social and environmental standards, the provision of public goods, and labor conditions. Importantly, these studies adopt the vantage point of (prospective or actual) foreign investors. A large body of relatively recent work on the intersection between FDI and societal issues has explored how societal conditions of host countries — such as the stringency of environmental laws (Li & Zhou, 2017); the overall rule of law (Nartey, Henisz, & Dorobantu, 2018); the presence of social movements (Tian, Tse, Xiang, Li, & Pan, 2021); the level of corruption (Cuervo-Cazurra, 2008), violence (Witte, Burger, Ianchovichina, & Pennings, 2017), and terrorism; and the outcomes of political elections — affect a host economy’s attractiveness to FDI and/or the performance of MNE subsidiaries.

Contemporary studies have demonstrated that MNEs *select entry locations* partially based on their (lack of) resource and knowledge capabilities, including those related to sustainability. MNEs with weaker capabilities may opt to enter host countries with less stringent regulations (Madsen, 2009), whereas those with stronger capabilities opt for investment in nations with stricter regulatory regimes (Child & Tsai, 2005). Global interconnectedness and experience in more sustainably and responsibly oriented institutional environments have driven MNEs to develop “green” capabilities or other firm-specific advantages that can be leveraged in foreign contexts (e.g., Li & Zhou, 2017). By contrast, some MNEs attempt to escape restrictive environments (Witt & Lewin, 2007); exploit states’ jurisdictional competition for FDI with increasingly low social, environmental, and labor standards (Madsen, 2009; Meyer, 2004); and perform arbitrage across institutional differences (Li & Zhou, 2017). They may transfer irresponsible practices abroad (Surroca, Tribo, & Zahra, 2013), especially to pollution havens, and cause societal harm by exploiting local deficiencies such as weak bank regulation and constrained freedom of speech (Fiaschi, Giuliani, & Nieri, 2017).



Another stream within this literature has addressed MNEs' policies and strategies after selecting their host countries and accomplishing their investments, such as MNEs' *CSR and self-regulation*. IB research has investigated the diffusion of CSR within MNEs (e.g., Jacqueminet, 2020) and the adoption or implementation of the SDGs (e.g., van Tulder, Rodrigues, Mirza, & Sexsmith, 2021), including the transition to cleaner energy (e.g., Doh, Budhwar, & Wood, 2021) and the ensuing MNE investments in renewable energies. As providers of public goods, assuming quasi-public roles (e.g., Boddewyn & Doh, 2011), MNEs pursue the dual objective of maximizing economic returns while attending to the basic needs of underserved communities (e.g., London & Hart, 2004). However, doubts have been raised over whether MNEs actually fill the voids left by states that fail to fulfill their basic responsibilities in these areas, especially in the absence of their evident self-interest (Bartley, 2018a).

With the exception of some research addressing spillovers from economic resource efficiency to environmental gains (Ponte, Kelling, Jespersen, & Kruijssen, 2014), contemporary IB research tends to focus on the strategic outcomes for MNEs themselves. A prominent instance is the use of CSR and self-regulation to communicate virtuous behavior to stakeholders, thereby enhancing legitimacy and reputation as well as overcoming liabilities (e.g., Marano, Tashman, & Kostova, 2017). The actual societal outcomes of these policies and practices on host countries, especially on developing countries, mostly remain uncertain because they are unstudied. For instance, many studies rely on self-reported data (such as the Thomson Reuters ESG indicators) that tend to reflect a company's ecological, social, and governance (ESG) activities and risks, rather than the actual impacts of those activities on host societies. An assessment of aggregate and substantive country-level effects is complicated by a lack of research on the *outcomes* rather than the adopted company *policies*.

In a similar vein, IB scholars have examined how and when MNEs apply international social and environmental *standards*. In an effort to maintain control over their substantial commitments (van Tulder & Kolk, 2001), MNEs have been both active inhibitors of more stringent environmental and labor standards and private providers of standards in safety, human rights, and environmental protection (Bartley, 2018b). IB scholars have examined the societal outcomes of (non)standardized practices on host countries. Transferring or even imposing global standards on the local context may

not only be perceived as intrusive, disruptive, and unwelcome if they are not carefully tailored to local needs, cultural preferences, and historical traditions (Campbell, 2007), but may also result in substantive negative side effects (Wijen, 2014). For instance, enforcing very strict standards on small-scale, informal producers bears the danger of crowding out the backbone of many developing countries' economies (Narula, 2019).

Much of this work adopts the vantage point of MNEs and restricts the relevant impacts to those affecting MNEs. For example, while some scholars outside of IB have explored the normative conditions under which MNEs should adapt to local ethical norms or adhere to more universal moral principles (e.g., Donaldson & Dunfee, 1994), IB scholars have tended to instead examine how MNEs can emulate local practices to reap direct commercial benefits (e.g., Misangyi, Weaver, & Elms, 2008) or to obtain local legitimacy by not violating prevalent practices and expectations (e.g., Özbilgin, Syed, Ali, & Torunoglu, 2012). Consistent with the relatively narrow focus on how social and ecological conditions affect firm performance and how firms might exploit positive CSR reputation, this research has also relied on a relatively narrow range of theoretical foundations, especially transaction cost economics and the related internalization perspective as well as institutional theory, especially as it pertains to efforts by MNEs to overcome liabilities of foreignness or other reputational deficits.

In sum, while these two streams of literature have offered important and impactful insights into the societal impact of MNEs on developing countries, they have also left many critical considerations unaddressed. A positive trend is that recent IB scholarship has begun to extend and integrate these perspectives, although additional progress is still warranted.

### **IB'S POTENTIAL CONTRIBUTION TO EXPLICATING FDI'S SOCIETAL IMPACT**

MNEs are increasingly regarded as powerful global corporate citizens endowed with interests and goals that transcend profit maximization. Indeed, MNEs “are expected to display an increasingly wide array of the proper characteristics of members of society, particularly in such spheres as the environment and equality” (Bromley & Powell, 2012: 3). As transnational organizations that span countries, cultures, and institutional environments, MNEs are also uniquely situated as a context to

study the entire scope of societal impacts and how they manifest across the various conditions. As such, we argue that IB scholarship is well-suited to address a broader consideration of FDI’s societal impacts by combining, integrating, and synthesizing the value-added contributions and insights from a range of relevant research traditions. Specifically, given its inherent interdisciplinary perspective (Buckley et al., 2017), ability to examine global problems at multiple levels, emphasis on context and complexity, and recent attention to stakeholders beyond firms themselves, IB scholarship is well positioned to pursue this integrated approach. Helpfully, some of this desired evolution is already occurring in both policy and practitioner communities, and it is increasingly reflected in scholarship. Moreover, the agenda we outline will also render IB research of more interest to – and use by – MNEs, governments, NGOs, and international organizations engaged in efforts to shift global economic activities – including FDI – in a more sustainable direction.

Yet, to fully achieve this aspiration, scholars may need to relax longstanding tenets, reevaluate several central assumptions with respect to FDI, broaden the range of theoretical perspectives employed, and reconsider perspectives regarding the overarching purpose of multinational firms and their contribution to societal outcomes. Specifically, such an ambition will require: (1) moving beyond conventional assumptions around CSR as a strategic tool to generate competitive advantage; (2) learning from, leveraging, integrating, and applying insights from allied sciences and the innovative theories and methods associated with them; (3) putting long-term outcomes that are beyond any individual firm at the forefront; and (4) contextualizing and interrelating different societal impacts. In this final section, we outline *how* IB can reorient its trajectory to address societal impacts of MNEs more squarely and comprehensively. An illustration of our vision for the future of societal impact within the IB field is displayed in Figure 1. Table 2 provides a summary of the limitations we identify in the current IB literature on MNEs’ societal impact and of the potential responses to these limitations, which we suggest future research should address. We discuss these further below.

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Insert Figure 1 and Table 2 about here  
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## **Reconsidering Underlying Assumptions of the Sources of Societal Impact**

While it has become progressively clearer that MNEs *should* be considerate of their societal impacts, *how* they achieve a better impact on society is less well understood, especially in terms of what combinations of practices, contingencies, and contexts will lead to positive societal impacts. The assumptions that merely pursuing economic development and catering to MNE interests will best serve the societal concerns of host countries has led some scholars to adopt the perspective that firms should primarily focus on increasing shareholder value and financial performance — a notion that has now been gratuitously credited to Friedman (1970).

In this regard, for many years management and IB communities have advanced a CSR and sustainability agenda that articulates a “win-win” or business-case logic (see Carroll & Shabana, 2010 for a review). In this perspective, MNEs address societal problems through enacting CSR policies that would also “pay off” for the firms financially. Consequently, a sizeable body of research has focused on CSR or sustainability policies as tools that contribute to “shared value” creation (Porter & Kramer, 2011) for business and society; that generate financial returns for the firm (see Orlitzky, Schmidt, & Rynes, 2003 for a meta-analysis); or that successfully compensate for legitimacy challenges (Marano, Tashman, & Kostova, 2017) such as liability of foreignness (Campbell, Eden, & Miller, 2012) and negative reputational spillovers from the headquarters. A comprehensive review of the literature on CSR and its stated impact leads Barnett, Henriques, and Husted (2020: 940) to conclude that the explosion of studies at the nexus of “doing well by doing good” has revealed little insight on actual societal outcomes while sidestepping inherent tensions between economic and societal interests.

To overcome the limitations of this perspective, we take inspiration from studies in allied disciplines like management, business ethics, law, economics, and sociology, which have increasingly questioned win-win logics and have demanded a departure from “business as usual.” For instance, a number of scholars have asserted that companies — including MNEs — may well generate profits from free-riding on social and environmental costs (Henderson, 2020). Economists have raised concerns about the recent accumulation of wealth induced by an increased corporate share of rents in the economy, where “a big source of rent increase is in profits excess of what would have been earned in a competitive economy” (Stiglitz, 2019: 54). Drawing on theories of global governance, research in

political sociology has examined whether and how MNEs influence (and manipulate) global governance processes — often to their own benefit — on relevant societal issues such as climate change, trade, labor, and human rights. In several instances, MNEs even write their own rules while preventing important formal regulations by mainstreaming an array of transnational private regulations (Bartley, 2018b)

Scholars in business and human rights have emphasized that as “collective bodies created, operated, and perpetuated by individual human moral agents,” MNEs “have moral agency as organizations” (Werhane, 2015: 6) and therefore the responsibility to respect human rights, irrespective of financial considerations for firms. Indeed, challenging the consistent use of utilitarianism and cost/benefit analysis in economics and ethics, some now argue that human rights should be prioritized over merely enhancing the public or private good and that “the violation of the rights of some cannot be justified or compensated by pointing to welfare gains for others” (Wettstein, Giuliani, Santangelo, & Stahl, 2019: 58). In this regard, the normative variant of stakeholder theory, rather than the instrumental one, may be more suitable to ensure that scholarship considers MNE interactions with a wider range of stakeholders as one mechanism to optimize societal impact (Donaldson & Preston, 1995). Such a perspective acknowledges that MNEs are just one type of stakeholder among many others — including local governments, communities, NGOs, and other members of civil society — all of whom have legitimate rights and claims.

While allied sciences are calling for MNEs to depart from purely economic or win-win approaches to business, IB scholarship has remained somewhat reluctant to follow suit, perhaps fearing that relaxing the established theoretical assumptions about the generally positive MNE roles may be deemed too normative. For instance, while a sizeable literature in economics and management (Suddaby, Bruton, & Walsh, 2018) has emerged on the societal challenges of income and wealth inequality, only a few IB scholars (Doh, 2019; Giuliani, 2019; Narula & van der Straaten, 2020) have addressed this societally important topic. Drawing mostly from economic or institutional sociology, explicating how MNEs can overcome liabilities of foreignness in contemporary IB research is still heavily anchored around its relative advantages to MNEs. This research has mostly overlooked potential negative consequences on local communities, indigenous populations, and the erosion of

informal institutions that help to maintain and sustain them. It has also glossed over other variants of institutional theory, such as Ostrom's (1990) explication of polycentric governance, in which all relevant stakeholders are engaged in the process of governing the global commons (for an exception, see Brandl, Moore, Meyer, & Doh, 2021).

Moving forward will require the IB field to go beyond micro-level (i.e., organizational) research focused on aligning economic with societal goals and investigate more meso- and macro-level (i.e., societal) considerations. This macro-level perspective may require aggregating micro-level effects in order to capture the totality of impacts and leveraging a broader set of theoretical tenets. As agents of change (Kwok & Tadesse, 2006), MNEs may be in a position to induce local actors to embrace novel ways of interacting with employees (e.g., gender-neutral HR practices), potentially shaping labor markets, as well as interacting with other stakeholders (e.g., legal compliance practices) and less ecologically harmful technologies (e.g., renewable energy facilities) that can spread more widely within host countries. Since allied sciences have made great strides in gauging macro-level societal effects, we now turn to how IB scholars can apply these approaches in the IB context.

### **Learning from Allied Disciplines' Approaches**

IB studies aiming to observe or account for societal impacts have typically borrowed established research approaches, and the measures associated with them, from economics — as in the case of spillovers (van der Straaten et al., 2020) — and, to a lesser extent, from political science. In other cases, they have relied on ESG risk measures to observe ESG-related behavior (Marano et al., 2017), although scholars from other management disciplines have long warned about these metrics' poor reliability and inability to effectively capture societal impacts (Berg, Kölbl, & Rigobon, 2022). Fortunately, other disciplines have made great strides in conceptualizing and applying cutting-edge approaches to account for such impacts, which IB scholars can adopt and integrate with existing ones.

Influenced by the pioneering works of Nobel laureates Banerjee and Duflo (e.g., Banerjee, Cole, Duflo, & Linden, 2006), *development economists* and scholars from related disciplines have increasingly used natural and clinical experiments to evaluate the impacts of policy treatment on different sustainability dimensions, including poverty, education, and health. While selected subfields

in IB research have applied experimental approaches, especially in *international marketing* and *international human resource management* (Buchan, 2003; van Witteloostuijn, 2015), mainstream IB contributions using experiments are still scant (Zellmer-Bruhn, Caligiuri, & Thomas, 2016). We see great promise in this approach to comprehensively capturing broader societal impacts.

*Environmental and ecological economics* has measured environmental impacts using greenhouse gas and other pollutants' emissions, water footprint, energy consumption, and other direct reflections of FDI's potential societal impacts (e.g., Ning & Wang, 2018). While such measures are still uncommon in IB, some studies have adopted them (e.g., Nippa, Patnaik, & Taussig, 2021). Research in the *environmental sciences* has used satellite images and geographic information systems (GIS) such as remote sensing to gauge deforestation, biodiversity, climate change, and landscape degradation. Such approaches can, for example, assess the impact of MNEs on deforestation and environmental quality (Cho, Goldstein, Gounaridis, & Newell, 2022). Moreover, to capture social impacts, other social sciences have drawn on geospatial data to measure poverty, gentrification of territories, and other sustainability-relevant dimensions (Marcinko et al., 2022).

Some studies have developed industry-specific impact measures. For instance, to account for the socio-ecological impacts of chemical substances, research in innovation has combined computational chemistry techniques with the analysis of patent contents, and has identified ways to predict inventions' potential toxicity for human beings and their ecosystems (Biggi, Giuliani, Martinelli, & Benfenati, 2022). These approaches can be used to examine MNEs' innovative solutions in relation to important societal issues, such as the potential carcinogenic and mutagenic effects of new chemical compounds in a variety of industries — from construction materials to textile, food, and cosmetics. Studies on biodiversity also use digital sequence information to assess genetic resources and diversity (Laird, Wynberg, Rourke, Humphries, Muller, & Lawson, 2020). Such approaches could tease out whether MNEs have endangered indigenous communities' use of traditional knowledge and natural resources through bioprospecting practices (Robinson, 2010).

Scholars in allied social sciences such as *geography*, *ecology*, and *political economy* have developed new databanks on conflicts — as in the case of the EU-funded EJAtlas on environmental conflicts (Martinez-Alier, 2021). Researchers from a variety of social sciences increasingly use these

repositories to assess the involvement of companies, including large MNEs, in the evolution of conflicts and their impacts on local communities (Walter & Wagner, 2021). Further, scholars in *forensic medicine* and *epidemiology* have increasingly used medical data gathered on the ground through biological human samples (e.g., blood and hair) or other materials (e.g., air, water, and land) to document the effects of MNEs on the livelihood conditions of communities, including those in conflict-afflicted sites (Piñeiro et al., 2021). While some of these topics, approaches, and measures may be beyond the scope of the IB field as currently defined, IB scholars should surely be inspired by these allied sciences, not only in terms of addressing new relevant forms of social impacts but also by drawing on innovative techniques to establish social and environmental impacts.

### **Examining Long-Term Impacts**

More accurately charting FDI's societal impacts will also require the use of longer time windows in empirical analyses, as social and ecological impacts often take many years to unfold. Longitudinal studies show how specific events can trigger, reinforce, or block subsequent events, and the accumulation or amplification of past events may materialize progressively or abruptly, even after a long period (Plowman, Baker, Beck, Kulkarni, Solansky, & Travis, 2017). Legacies of the past are thus critical in understanding contemporary MNE practices and societal perceptions and outcomes. Historical studies can also provide rich narratives of contextualized interpretations across time and space (Bansal, Smith, & Vaara, 2018). For instance, certain MNE practices may be favorable to host countries at certain points in time but detrimental at others. Studying what configurations of factors lead to what societal outcomes at what periods in time will be instrumental in accurately assessing FDI's societal impacts in specific contexts.

Interestingly, some early IB contributions examined the evolution of MNEs and their global operations over long time periods. For example, Vernon's (1966) product life-cycle model examined the wave of U.S. manufacturing investment in post-war Europe, and his subsequent documentation of the origins of the largest U.S. MNEs constituted a major longitudinal source of data on the evolution of these firms (Vaupel & Curhan, 1974). Others, such as Wilkins (1970), also documented the emergence and maturation of MNEs over long time windows. Jones, one of the key contributors to a



business-history perspective on IB, lamented that the IB literature has largely ignored global business from a historic perspective (Jones & Khanna, 2006), which limits the possibility of undertaking serious integrated impact assessments on MNEs' effects on society.

It would be particularly interesting to study the interactive dynamics of impacts emanating from MNEs' conduct in host countries and the consequences that these very effects might have for MNEs at later observation periods. For instance, an historic account of ecological degradation in Brazil (Bunker, 1984) shows how various actors over centuries, starting from the Portuguese colonizers, have depleted natural resources from local ecosystems, subsequently preventing business actors from tapping into economic opportunities such as the rubber boom. In other words, negative societal impacts in one period degraded potential opportunities in another.

Regrettably, historical longitudinal analyses within IB and related fields have become increasingly infrequent as the field has gravitated away from monographs and other books to relatively rigidly structured and methodologically similar journal articles. One recent initiative countering this trend was the development of parallel special issues in the *Journal of International Business Studies* and the *British Journal of Management* that explored long-term energy transitions (Doh et al., 2021), including the range of institutional evolutions that have driven these transformations. These contributions underscore the value of integrating common themes and constructs in international business — such as institutional conformity, institutional change, and MNE-subsidiary evolution — with insights from related social and natural sciences to explore phenomena that unfold over several decades. These contributions also reinforce the importance of business history as a paradigm for the exploration of IB phenomena, provide a pathway for IB scholars wishing to explore phenomena that unfold over long time periods, and demonstrate the durability of IB frameworks for analyzing long-term trends.

### **Contextualizing and Interrelating Different Types of Impact**

While the above suggestions certainly apply to the broad domain of management research, they have specific implications for IB scholarship. MNEs straddle countries, contexts, value and belief systems, and geographic or topographic differences in resource endowments. For instance, MNEs extracting a

specific quantity of freshwater from local aquifers may impair local communities in drought-ridden locations, yet not be harmful in a humid region (Wijen, 2014). Furthermore, MNEs encounter large heterogeneity in social structures across space and time. As “socially responsible corporate behavior may mean different things in different places to different people and at different times” (Campbell, 2007: 950), MNEs’ role in generating impacts is more complex than that of firms operating within a particular context. On the one hand, venturing abroad allows MNEs to select locations that match their capabilities. On the other hand, coordinating a global web of subsidiaries in various countries brings with it the challenge of addressing often conflicting values, needs, and claims of a diverse set of stakeholders.

Consequently, it is critical to examine the interrelationships among different types of societal impacts occurring across countries and the mechanisms under which those effects unfold. Furthermore, MNEs bring about a variety of social effects (related to income level and security, mental and physical health, etc.) and environmental outcomes (pertaining to air, water, and land pollution avoidance; biodiversity and natural-resource preservation; etc.). MNEs’ operations may have beneficial effects on certain dimensions but adverse ones on others, such as a cement factory or copper mine that generates both employment and pollution. Alternatively, different effects may reinforce each other in one stage of the value chain — for instance, MNE production of solar panels may offer host countries using these technologies both employment and cleaner energy — while generating adverse effects in the countries where solar panels’ minerals are extracted (Sovacool et al., 2020). Likewise, MNEs face new social justice demands that they try to address to maintain global legitimacy; however, cross-country integrated impact assessments of how such responses impact society are generally lacking or only partially assessed. A good example is palm oil, which has been stigmatized for undermining health and for causing deforestation in several developing countries. One immediate response by the global food industry has been to move to palm-oil-free products, negatively impacting the livelihood of small farmers and engendering ecological challenges for alternative oils (Zhunusova et al., 2022). Moreover, attempts to certify palm oil as sustainable have encountered resistance in host countries and their efficacy has often been questioned (McCarthy, 2012). Solar panels and palm oil illustrate the multiplicity of elements that the societally integrated

impact assessment of MNEs would need to consider to be able to fully grasp their real and potential impacts as they operate across different countries. The IB literature could benefit from insights from the corporate sustainability literature, some of which seeks to capture overall, systemic interrelationships and outcomes. This literature has shed light on the possibilities and limitations of integrating corporate performance across a variety of societally relevant dimensions.

Gauging societal impacts calls for comprehensively assessing and, where possible, integrating different types of societal effects, including reframing sustainability trade-offs (Hahn, Preuss, Pinkse, & Figge, 2014). Important challenges exist around the integration of different societal effects. Measuring societal impacts is premised on commensurability or the ability to meaningfully quantify and compare qualitatively different issues and types of behavior (Arjaliès & Bansal, 2018). Integrating different types of impact also requires establishing weights that represent the relative importance of each type of effect, begging the question of what benchmark to use for doing so. Traditionally, trade-offs have been addressed by utilizing cost-benefit assessments and assuming hierarchical means-ends relationships between economic and other (social) goals. Recent critiques have argued, however, that at least some social or environmental losses coming with economic gains cannot be compensated or bargained, as they entail irreversible or long-term damage to human beings and/or their ecosystems (Wettstein et al., 2019). In such cases, the integration and assessment of impacts would require new conceptual and research approaches that contemplate the non-negotiability of social achievements or the protection of social or biological spaces, irrespective of the (short-term) economic costs of such decisions. By leveraging these approaches, IB research could more comprehensively assess multiple and often conflicting sustainability goals, an objective that is relevant for both research and practice.

## **RESEARCH CHALLENGES, IMPLICATIONS, AND FUTURE DIRECTIONS**

We have argued that evolving societal expectations and more purpose-driven missions of MNEs and scholarly associations should prompt IB scholars to engage more extensively and comprehensively with MNEs' societal impacts. This imperative is especially salient for developing host countries, in which institutions to protect vulnerable groups are typically less developed and the impacts of MNEs

are more uncertain and likely also less positive. The early IB literature, rooted in economics, adopted a societal perspective by investigating FDI's economic outcomes, assuming they would trickle down to society as a whole and bring greater wellbeing for all. Contemporary IB studies, with a strong strategy focus, have broadened the scope of impacts to include social and environmental effects; however, they have largely confined the scope of impacted actors to MNEs. We argue that in order to future-proof IB, scholars need to combine the strengths of both by adopting a broad scope of both impacts and impacted.

Transcending the still-dominant win-win logic is important because economic and firm-level outcomes may be at odds with broader societal interests. Furthermore, complementarities and ripple effects may manifest across impacts and levels, implying that societal outcomes cannot be established through the mere aggregation of issue-specific and firm-level outcomes. We have suggested that IB scholars can learn from the theoretical approaches and empirical methods used in allied sciences. Great strides have been made in such social-science disciplines as development economics, environmental economics, innovation management, social ecology, history, and political science in capturing both macro-level and longitudinal societal impacts. IB studies should also be inspired by advances in different natural sciences, including environmental sciences, forensic medicine, and epidemiology. Moving beyond the comfort zones of conventional frameworks and techniques has the potential to be rewarding and revelatory.

### **Research Challenges**

Getting a firmer grip on MNEs' societal impacts and impacted is not devoid of significant theoretical and empirical challenges. First, securing reliable and complete data that adequately capture a variety of complex societal impacts is no small feat (Bromley & Powell, 2012; Wijen, 2014). This holds in particular for developing societies, where many activities and outcomes are outside the realm of formal (economic) systems and where data gathering may not be as high a priority as in developed economies.

Innovative approaches (such as natural experimentation and geospatial analyses) from allied sciences should surely provide relief, yet the construction of accurate and comprehensive datasets,

especially those stretching over longer periods, will require major efforts. Second, assessing a panoply of heterogeneous impacts in an integrative way magnifies the challenge. Are such diverse effects as job security and emission control commensurable and can they be compared in the first place? If so, what criteria are suitable to create the common denominator for such a comparison? If not, how to make sense of positive effects in certain domains and negative ones in others? Moreover, while determining what impacts are positive may lead to consensus at a relatively high level, such as the SDGs, the concrete implementation of laudable, high-level goals is bound to involve heterogeneous views. In the culturally diverse world in which MNEs operate, specific FDI impacts may be welcomed in one host country while fiercely rejected in another. Should the impacts of FDI be assessed against locally prevailing norms and values, those in MNEs' host countries, or still others, such as universal hypernorms for certain issues and local norms for others (Donaldson & Dunfee, 1994)?

By advocating for *consideration* of all impact types and impacted actors we are in no way suggesting that a specific IB study is obliged to *account* for and incorporate *all* potential impact types and actors, but rather that any investigation should be sensitive to the range of potential impacts, especially the most salient ones, including interactions among direct impacts, unintended consequences, and other dilemmas. Moreover, IB scholars might consider replicating approaches in some sciences in which groups of scholars, often at various career stages, assemble in multidisciplinary teams to tackle large, multidimensional problems over the course of five, ten, or even more years. Such approaches allow for the consideration of multiple aspects and elements of a problem, such as the impact of climate change on human and ecological health of a particular region, and also provide for sufficiently long time horizons to capture initial impacts as well as those secondary and tertiary effects that unfold over a longer period.

### **Implications for Research, Policy, and Practice**

The study of MNEs' integrated societal impacts opens unique, rich opportunities for theory development in IB. A significant body is rooted on the theoretical premise that MNEs possess resources, capabilities, or assets that they can *exploit* internationally by leveraging their superior

knowledge and ability to transfer that knowledge across borders. Hence, irrespective of the IB theories most used to explain MNEs' strategic behavior and predict the outcomes of those strategies, an underlying theoretical assumption has traditionally been one considering MNEs as profit maximisers expected to exploit their multinational character to derive economic advantages. The societal or ecological (un)intended consequences — both positive and negative — have often been left to other disciplines to theorize and understand. We have argued that these latter are critical and deserve fuller consideration from IB scholars. For this to be accomplished, however, it is not sufficient to simply incorporate new measures or methods from allied sciences; IB scholars must advance a broader theoretical reorientation.

We have provided some indications about the possible theoretical directions IB scholarship could take to be able to move beyond IB's current IB theoretical apparatus by stressing the relevance of normative approaches (Donaldson & Preston, 1995) and the need to abandon short-term instrumental (win-win) theoretical lenses. While these indications are useful starting points, new theory development will likely need to consider deeper exploration of behavioral theories of corporate decision making. As one example, some scholars are calling for a more fundamental reconsideration of management theory as it relates to sustainability, one that explores mechanisms that reorient managers' cognitive framing around incorporation of more paradoxical approaches (Hahn et al., 2014). This constitutes but one area of inquiry with opportunity for theory development, as paradoxical frames have seldom been examined with multi-country, multi-culture lenses.

In addition, behavioral approaches that incorporate the concurrent pursuit of multiple goals into strategic decision making (Audia & Greve, 2021) could be well suited to understand how MNEs combine different sustainability goals with profit-maximizing ones and what makes their integration more successful or less negative for society. Likewise, insights from behavioral psychology could be important to examine how MNE managers handle ethical dissonance when confronted with the need to prioritize societal good over short-term shareholders' profitability goals (Ayal & Gino, 2012). We do not suggest to simply borrow from other theoretical perspectives; rather, we highlight a few examples of potential building blocks of a new theory-building agenda where MNEs' role in society is redefined. To this end, behavioral theories taking into account the cognitive processes leading to

decision making about sustainability dilemmas are among the many potential theoretical directions that could be pursued to advance the agenda we have outlined.

Institutional perspectives that go beyond the often employed sociological and economics traditions and embrace Ostrom's (1990) notion of polycentric governance to manage common pool resources and stakeholder interests at multiple levels would also be a welcome addition to the IB theoretical toolkit. Such an approach might better consider the diversity of values, norms, and practices in that some socially or ecologically relevant practices may be welcomed in certain host countries yet rejected elsewhere or where interests between actors at multinational, national, and local levels may diverge. Further, recent research has suggested that emerging-market multinationals may advance different commitments and approaches to questions around societal impact than developed-country MNEs, and this variation should also be considered in broader analyses of FDI and its societal impacts. Finally, IB scholars could study when MNEs are more likely to juxtapose their short-term and longer-haul imperatives (Slawinski & Bansal, 2015). Teasing out the underlying mechanisms and contingencies will be instrumental in understanding when FDI's positive societal impacts are more lasting.

Our research also has implications for policy and practice. MNEs should themselves invest more effort in tracking, reporting, and optimizing their actual societal impacts, as opposed to focusing on ESG ratings, process-related measures, and “win-win” rhetoric. Governments and NGOs should hold firms to account for these impacts, or lack thereof, and consider more robust legislation and regulation that obliges MNEs to track these effects. International organizations such as UNCTAD, UNEP, the World Bank Group, WHO, and WTO, should collect and aggregate better data – working with IB scholars and using some of our suggested approaches (summarized in Table 2) – and disseminate this information widely such that stakeholders have a clear sense of FDI's societal impact.

## **Conclusion**

In sum, the scope for new research opportunities on FDI and societal impact is vast. The agendas of IB scholars can and should be replete with analyses of the societal effects of MNEs. Following up on

earlier calls in the IB community for a better understanding of MNEs' societal impacts, we have argued that drawing more extensively on the rich insights from related disciplines will be instrumental to better understand and gauge different types of macro-level and long-term societal impacts. The relationship between MNE practices and societal impacts is recursive because the impacts realized in one period or geography form the basis and context for FDI in the next period or region. MNEs and host countries are thus mutually dependent, which is one more reason to take impact measurement seriously. Adopting a more integrative and holistic mindset will enable IB scholars to reposition their efforts towards more comprehensively charting and making sense of a variety of societal impacts at different levels and across place and time. Achieving an integrated impact assessment that considers the full range of impact types and impacted actors has the potential to advance both IB theory and practice.



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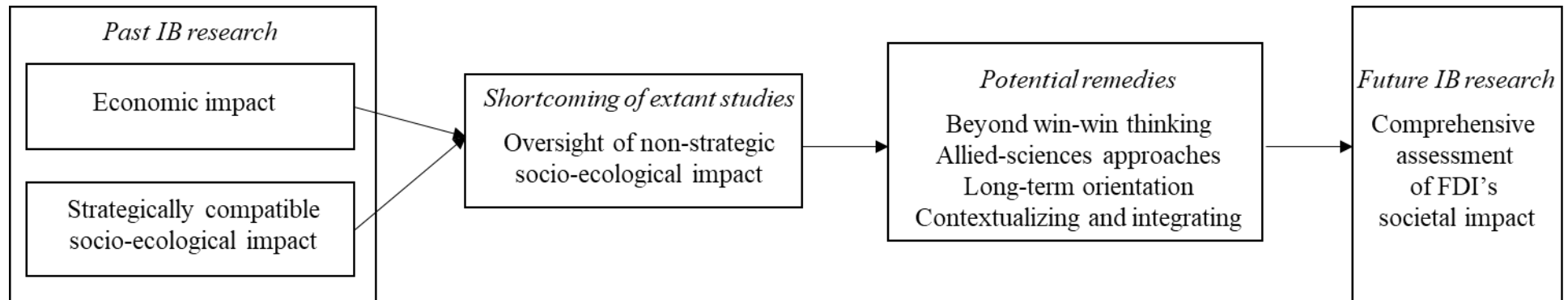
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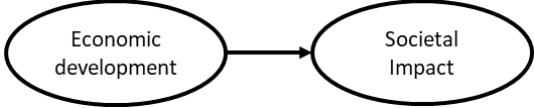
**FIGURES**

**Figure 1**

**Towards a More Comprehensive Assessment of FDI's Societal Impact**



**Table 1**  
**IB Topics and Implications for Societal Impact of FDI: Mechanisms and Evidence**

IB Topic	Description of the mechanism	Illustration of the mechanism	Evidence	Selected References
				(Full references in the online appendix)
<i>Spillovers</i>	<p>FDI enhances economic growth, productivity, income of the labor force, export capacity, and upgrading towards more value-adding activities.</p> <p>Positive societal impact follows economic development.</p>	 <pre> graph LR     A(Economic development) --&gt; B(Societal Impact)           </pre>	<p>Economic impact is mainly positive but also contingent on institutional development and MNEs' willingness to share intangible assets. Questions of whether, how, and to what extent societal impact follows from economic development have received little scrutiny.</p>	<p><u>Job generation and wages</u></p> <p>Aitken et al., 1996; Girma, Görg, &amp; Kersting, 2019; Hansen, Pedersen, &amp; Pedersen, 2009; Miller, Hom, &amp; Gomez-Mejia, 2001; van der Straaten et al., 2020</p> <p><u>Productivity, knowledge, and innovation</u></p> <p>Aitken &amp; Harrison, 1999; Blomström et al., 1994; Buckley, 1974; Buckley, Clegg, &amp; Wang, 2002, 2005, 2007; Giroud, 2007; Haddad &amp; Harrison, 1993; Javorcik, 2004; Jindra et al., 2009; Perri, Andersson, Nell, &amp; Santangelo, 2013</p> <p><u>Openness and structural change</u></p> <p>Aitken et al., 1997; Anwar &amp; Nguyen, 2011; Banga, 2006; Barrios et al., 2005; Dunning &amp; Narula, 1996; Fortanier, Miao, Kolk, &amp; Pisani, 2020; Kano, Tsang, &amp; Yeung, 2020; Kokko, Zejan, &amp; Tansini, 2001; Lall, 2000; Narula, 1996; Pietrobelli et al., 2021; Pineli, Narula, &amp; Belderbos, 2021</p>

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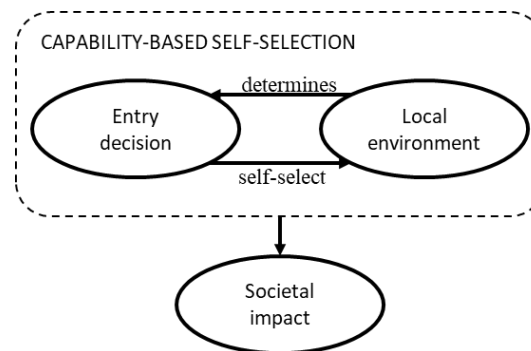
## Contingencies

Anwar & Nguyen, 2011; Beugelsdijk et al., 2008; Blalock & Simon, 2009; Cantwell & Mudambi, 2011; Cantwell & Piscitello, 2002; Cantwell & Santangelo, 2002; Castillo et al., 2014; Driffield & Love, 2007; Dunning & Narula, 1996; Ha & Giroud, 2015; Jindra et al., 2009; Lall & Narula, 2004, 2006; Marin & Bell, 2006; Meyer, 2004; Meyer & Sinani, 2009; Narula & Pineli, 2019; Smeets & de Vaal, 2016; Spencer, 2008; see Crespo & Fontoura, 2007; Giuliani & Macchi, 2014; Görg & Greenaway, 2004 for reviews

### *Entry Strategies*

Host-country features determine FDI.

MNEs arbitrage both different institutional environments and their own relative capabilities to operate in such environments.



MNEs self-select into foreign locations based on the fit of their own capabilities.

MNEs' societal impact either leverages on their superior capabilities entering markets with strong institutional requirements or exploits weak local environments that are permissive towards

### Arbitrage of weak regulations

Bu & Wagner, 2016; Chen et al., 2022; Fiaschi et al., 2017; Ghemawat, 2003, 2007; Li & Zhou, 2017; Madsen, 2009; Meyer, 2004; Narula & Dunning, 2010; Surroca et al., 2013

### Arbitrage of strong capabilities

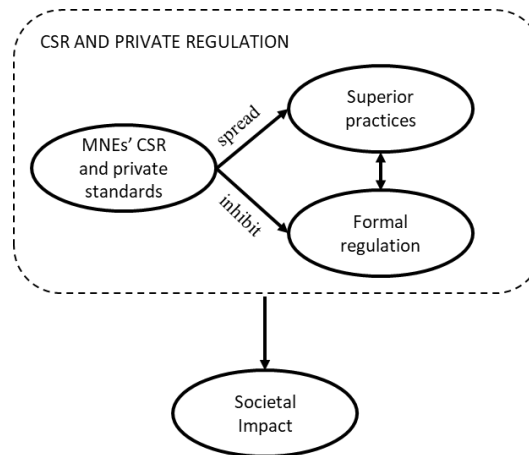
Albino-Pimentel, Oetzel, Oh, & Poggioli, 2021; Bass & Grøgaard, 2021; Child & Tsai, 2005; Hart, 1995; Kolk & Pinkse, 2008; Li & Zhou, 2017; Maksimov et al.,



*CSR and self-regulation*

MNEs use CSR and self-regulation for legitimation and reputational maintenance.

They may both transfer superior standards to and inhibit more formal regulations in host countries.



lacking capabilities. With both positive and negative potential outcomes, the state needs to play a more active role in attracting the “right” FDI.

2019; Sauvant, 2021; Wijen & van Tulder, 2011

Mostly benefits of CSR to MNEs, with little analysis of impacts beyond MNEs potentially transferring their practices to foreign subsidiaries. Scholars criticize both strategies as serving mainly MNE interests, rather than advancing societal interests.

Commitment to CSR and sustainability standards

Bartley, 2018a, 2018b; Buckley et al., 2017; Doh et al., 2021; Durand & Jacqueminet, 2015; Jacqueminet, 2020; Jacqueminet & Durand, 2020; Levy & Kolk, 2002; Montiel et al., 2021; Patala et al., 2021; van Tulder & Kolk, 2001; Verbeke, 2021

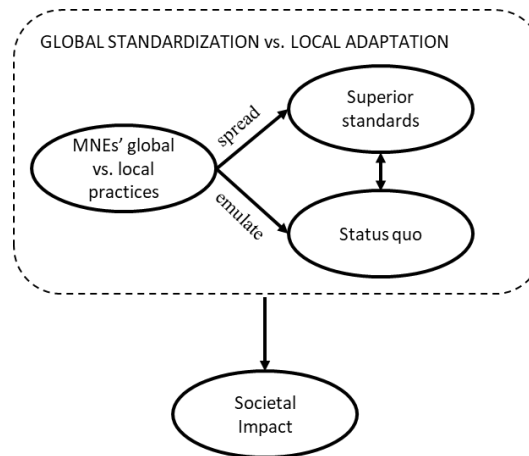
Provision of public goods

Acheampong, Erdiaw-Kwasie, & Abunyewah, 2021; Aßländer & Curbach, 2014; Boddewyn & Doh, 2011; D’Amelio, Garrone, & Piscitello, 2016; De Beule, Klein, & Verwaal, 2020; Garrone, Piscitello, & D’Amelio, 2019; Karnani, 2007; Kolk, 2016; Kolk & Lenfant, 2015; London & Hart, 2004;

*Global vs. local practices*

MNEs need to navigate the tension between global standardization and local adaptation of their practices.

They can be both agents of change and perpetrators of the status quo.



MNEs' subsidiaries have a toolkit to engage with the local practices, providing agency over whether to be complicit with societally undesirable practices or to be agents of change.

The interpretation of "responsible" is heavily context-contingent. Imposing standards may be perceived as intrusive and can have adverse consequences.

Prahalad & Hart, 2002; Shenkar, Liang, & Shenkar, 2022; van Tulder et al., 2021

CSR for reputational maintenance

Beddewela & Fairbrass, 2016; McWilliams & Siegel, 2011; Tashman et al., 2019; Tatoglu, Bayraktar, Sahadev, Demirbag, & Glaister, 2014; Yin & Jamali, 2016; Zhou & Wang, 2020

Standardize or adapt

Donaldson, 1996; Donaldson & Dunfee, 1994; Luiz & Stewart, 2014; Misangyi et al., 2008; Özbilgin et al., 2012; Regnér & Edman, 2014; Siegel, Pyun, & Cheon, 2019; see Caprar, Kim, Walker, & Caligiuri, 2022; Kirkman, Lowe, & Gibson, 2006 for reviews

Doubts and concerns

Campbell, 2007; Lecraw, 1993; Luo & Tung, 2007; Wright, Filatotchev, Hoskisson, & Peng, 2005

**Table 2**

**Four Responses to Limitations of IB Scholarship on FDI and Societal Impact**

Limitation	Potential Response	Approach and Examples
<b>(i) Reconsidering Underlying Assumptions of Societal Impact Generation</b>		
<p>IB scholars, inspired by strategy research on CSR and sustainability, have often focused on the complementarity and alignment of societal and organizational performance goals to the exclusion of other impact types and impacted actors.</p>	<p>Move beyond purely win-win approaches to business and challenge theoretical assumptions that societal benefits are naturally compatible with MNEs' financial objectives. Consider societal impacts, even in the absence of clear economic pay-off.</p> <p>Allow for alternative business models and cognitive frames.</p>	<p>Examine how MNEs manipulate or otherwise influence global governance processes; incorporate actual human rights impacts; address critical topics such as income and wealth inequality; consider negative impacts of MNEs on indigenous culture and institutions; adopt more macro-level perspectives by aggregating micro-level effects; and view MNEs as agents of positive change in inducing local actors to embrace novel ways of interacting with employees, shaping labor markets, and interacting with other stakeholders.</p> <p>Employ normative stakeholder-theory approaches.</p>
<b>(ii) Learning from Allied Sciences' Approaches</b>		
<p>IB scholarship tends to rely on a relatively narrow range of research designs and methodological approaches that constrain the scope of topics investigated and limit the expanse of issues and actors associated with them.</p>	<p>Be open to diverse societal impact assessment methodologies, using non-conventional data.</p> <p>Adopt interdisciplinary methodological approaches.</p>	<p>Use experimental and quasi-experimental designs, including natural experiments and clinical trials; measure ecological impacts using greenhouse gas and other pollutants' emissions, water footprint, energy consumption, and other direct reflections of FDI's potential societal impacts; examine ecological impacts (deforestation, biodiversity, climate change, and landscape</p>

		degradation) and social impacts (poverty, gentrification, migration) using satellite imagery and other geospatial analytical approaches like remote sensing and other forms of geographic information systems; develop industry-specific impact measures and employ new databanks for environmental conflicts; and utilize forensic medicine, epidemiology, and other medical data.
<b>(iii) Examining Long-Term Impacts and Outcomes</b>		
Contemporary IB research tends to explore a relatively limited temporal expanse, often using cross-sectional data, and even when longitudinal approaches are employed, they tend to examine relatively short time frames.	Examine MNEs' societal impacts using different (and longer) temporal orientations. Allow for temporalities in which impacts mature; do not limit impact assessment to the short term.	Study interactive dynamics of impacts emanating from MNEs' conduct in host countries/consequences for MNEs in later periods; employ historical longitudinal analyses to capture longer periods of impacts; and integrate IB themes/constructs with insights from related social and natural sciences to explore phenomena that unfold over several decades or centuries.
<b>(iv) Contextualizing and Integrating Different Types of Impact</b>		
Even when IB research does strive to capture actual societal impact, it typically examines one specific (often economic) dimension while neglecting interactions and trade-offs between and among differing types of impact.	Interpret societal outcomes in accordance with local preferences and endowments. Assess the societal impacts of MNEs' operations across countries, considering their different value systems,	Recognize that sustainable development spans economic, societal, and ecological realms and there are inherent interactions, including tradeoffs; follow the lead of corporate sustainability literature that seeks to capture overall, systemic interrelations and outcomes; and establish weights/preferences that go beyond direct cost-benefit assessments and means-ends relationships between economic and other (social) goals.

	institutions, history, and geography. Integrate different impact types, if they can be meaningfully compared.	
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<sup>i</sup> Although ecological and environmental have somewhat distinct meanings in the sciences, we use them mostly interchangeably to mean relating to the natural physical environment and the organisms that populate it.