



Violent conflict and multinational enterprises: identifying key frontiers in international business policy research

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Abstract

Violent conflicts are events that involve the purposeful use of violence by state and/or non-state actor(s) to achieve political objectives, which result in disruptions to the institutional environment where actors such as civil society and multinational enterprises (MNEs) are situated. Examples of violent conflicts include civil and interstate wars and terrorist attacks. Violent conflicts typically have multiple, often devastating consequences that pose difficult policy challenges for governments and MNEs. This perspective offers an international business (IB) research and policy agenda to advance our understanding of the linkages between violent conflict and MNEs, focusing on three IB research and policy frontiers: the mechanisms through which MNEs are exposed to violent conflicts globally, MNE strategies and violent conflicts, and the interplay between MNEs and violent conflict environments. We also discuss appropriate datasets and research methods for studying MNEs and violent conflict.

Keywords Conflict · Violent conflict · War · Terrorism · Exposure · Vulnerability · International business policy research

Introduction

Since its onset, Russia's invasion of Ukraine in February 2022 has profoundly disrupted the world economy. The war triggered economic sanctions on Russia by multiple countries, reductions in trade and investment, and severe price fluctuations in commodity markets (Guenette, Kenworthy &

Wheeler, 2022). The economic and political ramifications of the ongoing war underscore the vulnerability of multinational enterprises (MNEs) and their global value chains (GVCs) to violent conflicts around the world.

Violent conflicts are events that involve the purposeful use of violence by state and/or non-state actor(s) to achieve political objectives, which result in disruptions to the institutional environment where actors such as civil society and MNEs are situated. Examples of violent conflict include armed militias, civil wars, and terrorist attacks. Other types of violence, such as drug cartels and organized crime, that are typically not politically driven are excluded (Brück, Naude & Verwimp, 2013).

Violent conflict is neither rare nor novel in the international business (IB) environment. As illustrated by the Armed Conflict and Event Data Project (ACLED)¹, more than 125,700 violent conflict events took place in 2022, causing more than 145,500 reported fatalities. In 2021, violent conflicts affected 1.7 billion people, nearly 20% of the world's population.

Violent conflict has a strong and positive relationship with poverty and underdevelopment, although it does not occur exclusively in the poorest countries (Cortez & Kim, 2012). Almost every country in the world has experienced

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¹ <https://acleddata.com/conflict-severity-index/>.

some type of violent conflict, and many countries have faced multiple types of violence at the same time. In 2022 alone, ACLED estimates that 46 countries suffered severe levels of violent conflict and 19 of these countries faced extreme conflict, leading to 108.4 million people displaced worldwide (United Nations, 2023: 44).

Moreover, the global impacts of violent conflict have been growing over time. According to the Institute for Economics and Peace (2023), the economic impacts of violent conflict totaled 12.9% of global GDP or \$2200 per person, up by 6.6% over 2021, and up by 326% over 2008. The global impact of violent conflict has been so enormous that it prompted the United Nations to adopt Sustainable Development Goal (SDG) 16, “peace, justice and strong institutions”, calling for global collaborations to tackle this grand challenge.²

The economic, moral, political, and social impacts of violent conflict have attracted the interest of IB scholars who are engaged in phenomenon-based research, that is, research that starts with a research question based on a real-world phenomenon and identifies theory or theories to inform that reality (von Krogh, Rossi-Lamastra & Haefliger, 2012). There is a long but somewhat sparse history of IB scholarship devoted to studying the phenomenon of violent conflict, mostly using the theoretical lens of political risk to examine the impacts of conflict on foreign direct investment (FDI) flows and stocks (Henisz, Mansfield & Von Glinow, 2010).

In addition to studies examining aggregated macro-economic outcomes, there has been a burgeoning interest by IB scholars in studying how violent conflict influences MNE strategies and outcomes, and how MNEs respond accordingly. The focus on MNEs (as opposed to domestic firms and other organizational forms) as the key unit of analysis is meaningful as MNEs face unique challenges and possess unique capabilities in this context. As Mithani et al. (2022) document, with their unique structural characteristics and operational functioning, MNEs are on one hand more exposed to such threats worldwide and, on the other hand, have greater flexibility to relocate their investments and reconfigure their GVCs in response. MNEs may also have accumulated a wider range of experience from operating globally to deal with these threats effectively (see, for example, Chen, 2017; Mithani et al., 2022; Witte, 2022).

Given the profound and widespread impact of violent conflict on the global economy and on MNEs, we believe that a deeper and broader investigation of this phenomenon holds great potential to better inform both MNE and government policymakers in at least two ways. First, research questions at the nexus of violent conflict and MNEs can generate rich insights for public policy designs by offering better

understanding of the impacts of violent conflict. Unraveling the intricate ramifications of violent conflict on MNEs can help policymakers identify and mitigate the adverse impacts of such conflict on trade and investment. Current IB research tends to frame violent conflict as a geo-bounded risk that only affects the locations where the conflict takes place, implying a relatively narrow focus on impact location. Important topics – for example, how the impacts of violent conflict propagate through MNE GVCs and business networks – have received little empirical attention to date. The broader impacts of violent conflict offer a theoretical underpinning for why international collaborations on addressing such conflicts are pivotal; that is, in an integrated and interdependent world, nation states have shared interests in creating and maintaining a stable international business environment.

Second, a deeper understanding of the complex interactions between MNE behaviors and violent conflict can enable government and MNE policymakers to better identify the root causes of such conflicts, especially conflict triggers related to MNE business practices, resource allocation decisions, and resource distributions. A deeper understanding can also help policymakers formulate better policies designed to harness the positive impacts of MNEs while minimizing their potential adverse effects, and also to leverage the influence and resources of MNEs to address the root causes and manifestations of conflicts, promoting sustainable peace and development. Providing better insights into how MNEs can influence local economies and how MNE operations can alter the conflict dynamics in conflict-torn host countries also echoes the recent call for more scholarly attention on the broader societal impacts of FDI and MNEs, for good or for ill (Wiessner et al., 2023).

Motivated by both the practical importance and policy relevance of better understanding the linkages between violent conflict and MNEs, our perspective aims at highlighting opportunities to advance IB research and policy on this topic. We start by examining violent conflict in terms of its core constructs and key characteristics, together with a brief assessment of the IB literature on violent conflict. We then lay out our proposed roadmap to advance IB research and policy on violent conflict in three key research frontiers: (i) the mechanisms through which MNEs are exposed to violent conflict; (ii) the variety of MNE strategies to adapt to and actively shape the violent conflict context; and (iii) the outcomes of MNE strategies and the interplay between MNEs and the violent conflict environment. Finally, we also discuss methodological issues such as appropriate datasets and research methods for studying violent conflict.

Our purpose is not to provide a detailed literature review but rather to provide our own perspective, as scholars, on what the future key directions in IB research and policy on MNEs and violent conflict should be. By focusing on MNEs

² <https://unstats.un.org/sdgs/report/2022/goal-16/>.

and violent conflict as our unit of analysis, we can address both the differences and the commonalities across various types of violent conflict, looking at antecedents, MNE strategies, behaviors, and consequences.

Our perspective contributes to the IB literature on violent conflict by mapping out what we view as the most fruitful and impactful research directions for IB scholars, MNE executives, and government policymakers. Our proposed research agenda also contributes to the political risk literature by unbundling violent conflict, which is often treated as a form of political risk (Czinkota et al., 2010; Henisz et al., 2010). In addition, much of the academic research on violent conflict to date has been done by political science and law scholars. Bringing violent conflict into the mainstream of IB literature will likely require that IB scholars engage in interdisciplinary work with and draw from insights from law and other political science (Melin et al., 2023) and disciplines such as economic geography (Eden, 2022). By leveraging this unique context, we can generate new insights for traditional IB research questions and policy making, and also potentially contribute to research on violent conflict in political science, law, and other disciplines.

Defining and characterizing violent conflict

In the political science literature, violent conflict has been defined as the systematic use, or the threat of use, of violence by armed group(s) to reach political objectives (Bartusevičius & Gleditsch, 2019; Brück et al., 2013). A notable issue in the literature is that the conceptualization of violent conflict and conflict types, and how they differ from one another, have remained ambiguous. Despite some pioneering efforts (e.g., Witte et al., 2017) that specifically seek to develop topologies to characterize different types of conflict, researchers tend to use loose and overlapping labels (e.g., war, battled conflict, terrorism, violence against civilians, political conflict, military conflict) to denote the type of conflict they study. Their adoptions of these labels are typically driven by the databases employed to retrieve records of conflict incidents.

Therefore, as a starting point for our perspective on MNEs and violent conflict, we articulate what we view as the defining characteristics of violent conflict and consolidate the variety of labels in the literature under a new, general definition of the term “violent conflict.” We propose the following definition, which we explain below. *Violent conflict is an event that (i) involves the purposeful use of violence by state and/or non-state actor(s) to achieve political objectives, which (ii) results in disruptions to the institutional environment where actors (e.g., civil society, governments, MNEs) are situated.*

Violent conflict encompasses a number of heterogeneous forms of conflict that share two common characteristics (Bartusevičius & Gleditsch, 2019; Brück et al., 2013). First, violent conflict events are politically motivated, and thus instrumental and purposeful (Brück et al., 2013) as opposed to random events. While some violent conflict incidents may have elements of randomness, they can still be attributable to actors’ politically driven motives. We follow the political science literature and exclude from our definition other types of violence, such as drug cartels and organized crime, which are typically not politically driven (Brück et al., 2013).³ Second, violent conflict poses direct threats to individuals’ physical security. Accordingly, violent conflict incidents present an extreme decision setting that potentially alters individuals’ decision logic (Hiatt & Sine, 2014; Keinan, 1987).

These two characteristics have led many IB researchers to treat violent conflict as an exogenous shock that introduces high uncertainty to MNEs (Li & Tallman, 2011; Klüppel et al., 2018). Uncertainty is not necessarily an inherent characteristic of violent conflict; for example, low uncertainty alone does not disqualify an incident as violent conflict. Such incidents, however, tend to pose extremely high uncertainty for MNEs in that it is difficult for them to predict the specific manifestation and consequences of a conflict incident due to their lack of relevant information at the time of decision-making. This uncertainty manifests itself in three ways.

First, the exogeneity of violent conflict means that the occurrence of these incidents is typically not an intentional and purposeful outcome of MNE strategies and activities; rather, the locus of these incidents is in the external environment. To state that violent conflict is typically exogenous, however, is not to deny any connection between MNE activities and violent conflict. It has been widely documented that MNE foreign operations can influence conflict/peace in host countries, for good or for ill (e.g., Bennett, 2002; Busmann, 2010; Oetzel et al., 2009), which we discuss later in our perspective.

Second, characterizing violent conflict as a shock implies that these incidents represent critical and unconventional decision settings. Violent conflict is different from the non-violent, chronic, and persistent business or political risks, such as pervasive corruption, that MNEs deal with routinely

³ Whether an incident should be treated as violent conflict depends on its underlying motive and not on the actor, which could be either a state or non-state entity. The key is that the event is politically not financially motivated. Violent conflict *could* encompass violent incidents involving drug cartels *if the incidents were politically motivated*. However, the actions of drug cartels and organized crime are motivated primarily by commercial (financial) for-profit motives, not political ones. In most situations, we therefore expect violent conflict to exclude these actors.

in weak institutions (Rodriguez et al., 2005). Institutional environments characterized by routine risks are continuous and predictable (Ballesteros & Magelssen, 2022). Violent conflict, however, results in sudden disruptions or even discontinuities in the IB environment (Klüppel et al., 2018). Decision-makers are thus forced to make high-stake decisions within a short period, during which they are also faced with extreme uncertainty and information scarcity (Liu et al., 2022). When violent conflict is unanticipated, the combination of surprise, high threat, and short decision-making time creates a crisis event for decision-makers (Eden et al., 2021). The degree of shock introduced by a conflict incident, as well as the persistence of such conflict-resulted disruptions and discontinuity, depend on the specific attributes of the violent conflict. In extreme cases, a violent conflict incident could lead to a series of cascading events that propagate disruptions to a much larger spatial and temporal scope, effectively turning into a systematic crisis (Mbah & Wasum, 2022).

Third, that violent conflict introduces high uncertainty for MNEs does not necessarily mean that these incidents are completely unknowable. As defined, conflict incidents are not random events but have systematic drivers and are context embedded. The broader contexts brewing violent conflict events (e.g., geopolitical tension or ethnic cleavages) can provide relevant information for MNEs to assess a baseline probability of the occurrence of conflict in a country or a region. For example, we know some regions in the world are more conflict prone than others (e.g., Chadeaux, 2017a) and global conflict indexes are readily available (e.g., the ACLED Conflict Index⁴, Crisis Watch,⁵ and Global Conflict Risk Index⁶).

The uncertainty of violent conflict involves the predictability of specific aspects of an incident and the timing when information about the incident becomes available to MNEs vis-à-vis the timing of their decision-making. In terms of predictability, even if one knows a conflict incident is likely to occur, predicting when, where, and in what form the incident takes place, how it will evolve, how long it will last, whether and how it will end, and how much impact it will cause, can be nigh impossible (Chadeaux, 2017b; Dai, Eden & Beamish, 2024). The unpredictability of these detailed aspects is an inherent result of the complex and dynamic nature of violent conflict (e.g., Cederman & Weidmann, 2017).

Even the conflict is a slow-brewing, process-like event that develops over time and in phases (Williams et al.,

2017) – that is, conflict that goes through breeding (tension arises), onset (conflict begins), escalation, and resolution stages – it is still difficult to predict the future trajectory of the conflict process at any given point in time. What matters to MNEs confronting violent conflict is whether information about an incident is available at the time when decisions must be made. The uncertainty that challenges MNEs when making decisions under violent conflict typically stems from the fact that the availability of such information lags behind the timing of decision-making, rather than because such information will never be available.

Violent conflict in IB research

Given that the goal of this perspective is to recommend future directions for IB research and policy on violent conflict and MNEs, we must assess the status of the existing IB literature on this topic although our goal is not to provide a detailed literature review.

Understanding the phenomenon

The IB literature on violent conflict has analyzed a broad range of actions and events including, for example, terrorist attacks, civil wars, political conflicts, military conflicts, one-sided conflicts, and armed conflicts (e.g., Dai, Eden & Beamish, 2013, 2017, 2022; Li & Vashchilko, 2010; Li, Tong, Xiao & Zhang, 2022; Liu & Li, 2020; Liu, Li, Eden & Lyles, 2022; Oetzel & Oh, 2014; Oh & Oetzel, 2011, 2017; Witte et al., 2017). IB scholars have widely acknowledged that different types of violent conflict have different impacts on MNEs, depending on the violent conflict's core attributes (e.g., Dai et al., 2017; Oh & Oetzel, 2017; Witte et al., 2017). However, despite acknowledging the importance of conflict attributes, only a limited range of characteristics, such as the severity of a conflict event (typically measured as conflict frequencies or conflict-caused casualties), its geographic scope, and sometimes the duration of protracted violence, have been studied.

In addition, most IB research has focused on the conflict onset stage, i.e., the outbreak of a violent conflict. However, since some conflict incidents are process-like and go through different stages of development, focusing only on the onset stage necessarily omits other stages in the entire process. To the best of our knowledge, little work has been done on the conflict resolution stage of wars (Albino-Pimentel et al., 2021; Moore, 2021).

Research focus and theoretical lenses

To date, only a few studies in conventional IB research have focused specifically on violent conflict as the substantive

⁴ <https://acleddata.com/conflict-index/>

⁵ <https://www.crisisgroup.org/crisiswatch>

⁶ <https://drmkc.jrc.ec.europa.eu/initiatives-services/global-conflict-risk-index#documents/1435/list>

context. The primary focus has been on how violent conflict, as an exogenous shock, influences MNE operations in a host country and how MNEs respond, given the conflict-affected environment. The overarching research questions have been: (i) how various types of violent conflict in host countries influence MNE foreign investments and operations; (ii) how MNEs respond accordingly; and (iii) what explains the heterogeneity in the impacts on MNEs and MNE strategies and outcomes.

In terms of firm-level strategies and outcomes examined, prior studies have primarily focused on the FDI-related strategies and outcomes of MNEs, including for example the survivability of MNE investments in conflict-marred host countries and their exits (e.g., Dai et al., 2013, 2017; Liu & Li, 2020; Mol et al., 2023), their entry/expansion decisions in response to violent conflict (e.g., Li & Vashchilko, 2010; Oh & Oetzel, 2017), and changes in their long-term investment strategies (Li et al., 2022). A few studies also examined these strategies in-depth, such as by considering whether foreign exits are full or partial, and the timing of exits (e.g., Dai et al., 2022). A small number of studies have also shed light on how MNEs can contribute to conflict resolution and disaster relief by adopting various non-market strategies (e.g., Ballesteros & Magelssen, 2022; Oetzel & Getz, 2012). In sum, these pioneering studies have focused on an important but limited number of firm-level strategies and outcomes.

The majority of attention in the prior literature has been devoted to explaining the heterogeneity in the impacts of violent conflict on different MNEs and their respective responses and outcomes. Studies have examined factors at different levels that contribute to this heterogeneity. For example, at the country and inter-country levels, previous studies have documented the roles of host-country institutional quality, informal institutions, home–host-country cultural similarity, and colonial links (Li et al., 2020; Oh & Oetzel, 2010). At the inter-firm level, peers' responses to violent conflict have been shown to influence focal firms' response strategies (Dai et al., 2013, 2022; Liu & Li, 2020).

In these IB studies on MNEs and violent conflict, three theoretical lenses and frameworks are often adopted. First, research using the vulnerability framework has emphasized that an MNE's response to violent conflict events depends on its exposure (in the form of geographic proximity), at-risk resources, and resilience (Dai et al., 2017, 2022; Eden, 2022). At-risk resources are a function of the value and strategic importance of MNE assets endangered by exposure to political violence (see also Ballesteros & Magelssen, 2022). Resilience captures a firm's *ex ante* and *ex post* coping mechanisms; for example, a factor that contributes to resilience is MNE learning from internal and external sources (Liu & Li, 2020; Oetzel & Oh, 2014). Second, research built on stakeholder theory tends to emphasize the role of stakeholder pressures in driving

firms' responses (Oetzel & Getz, 2012). To the extent that the stakeholder theory emphasizes the impacts of actors in firms' broader societal networks, i.e., beyond firms' immediate business networks, research situated in stakeholder theory is often interested in how the societal needs in conflict zones, such as the need for conflict termination and peace, drive MNE engagement in peacebuilding activities, as well as the effectiveness of such activities (Ganson et al., 2022; Getz & Oetzel, 2010). Third, recent research situated in behavioral theory and decision-making research shifts attention to the role of MNE decision-makers and their decision-making processes (e.g., Liu et al., 2022). The assumption of this approach is that the heterogeneity in firm strategies reflects not only their objective conditions, such as their vulnerability and external pressures, but also their decision-makers' subjective interpretations of these objective conditions, which may or may not be rational and align with the objective conditions.

Limitations

Despite these pioneering studies and accumulated insights, there remains a notable limitation to the IB research on violent conflict that warrants a more comprehensive and broadened consideration of how best to move the field forward. Current theorizing has focused on the relationship between violent conflict in a host country (i.e., where MNEs have foreign affiliates, joint ventures, or acquisitions) and MNE strategies and outcomes, with the IB literature typically assuming that the conflict has negative consequences to various aspects of MNE strategies and outcomes. How exactly the impacts of violent conflict reach and affect MNEs have rarely been articulated and studied.

There is also a lack of research examining MNE exposures to violent conflict in home countries and third countries. The broad cascading effects of violent conflict outside of host countries have been little studied. While this focus is understandable due to empirical challenges, it is worth noting that in reality, many MNEs not located in the vicinity of conflict zones can also be exposed to the impact of violent conflict by experiencing the cascading effects of violent conflict, such as their disruptions to GVCs, commodity markets, people's expectations of stability, sanctions imposed on parties of conflicts, and so on (Mol, Rabbiosi & Santangelo, 2023).

Clearly, what has been studied in the extant literature represents an incomplete picture of the linkages between MNEs and violent conflict, and accordingly, this topic area holds significant potential for further development. In the next section, we systematically analyze how and in which directions we recommend that the IB literature on MNEs and violent conflict be moved forward.

Identifying key frontiers for IB research and policy

We identify three interconnected research frontiers where the literature can move toward: (1) mechanisms of MNE exposure to violent conflict, with a focus on expanding our understanding of the mechanisms through which MNEs can be exposed to the influence of violent conflict globally; (2) MNE strategies under violent conflict, with a focus on exploring how MNEs craft their strategies to adapt to, and potentially alter, the global business environment marred by violent conflict; and (3) outcomes of MNE strategies under violent conflict and the interplay between MNE and violent conflict environment, including MNEs' own adaptive and operational outcomes, as well as the positive and negative social outcomes of MNEs' activities on the violent conflict environment. These themes follow a logical progression from understanding MNE exposures, to MNE strategizing by factoring into the influence of violent conflict, and finally to the outcomes of MNE strategies in violent conflict environments. For each research frontier, we explore and discuss both IB research and IB policy directions.

Frontier 1. Exposure mechanisms

Types of exposure mechanisms

As mentioned above, conventional IB research tends to treat violent conflict as geo-bounded (country) risks that affect businesses locating in the conflict-marred countries. Accordingly, the geographic dispersions of MNE investments and GVCs expose MNEs to greater threat of violent conflict globally (Mithani et al., 2022). Notwithstanding the validity of this approach, we argue that IB researchers should look to broaden and enrich our understanding of how MNEs may be exposed to and affected by violent conflict in terms of several differing mechanisms.

Distance-based exposure. An MNE's own assets may be directly exposed to violent conflict by virtue of being geographically proximate to the conflict incident. This "distance-based" approach, adopted from the economic geography literature (Beugelsdijk, 2007; Dai et al., 2013), captures an MNE's exposure by the geographic distance between the MNE's physical assets (e.g., property, plant, and equipment) and the violent conflict, rather than relying on aggregated and simple country-level estimates of the severity of conflict (e.g., number of deaths). Specifically, when applying this distance-based approach, we suggest that researchers consider (i) *static* exposure (an MNE subsidiary's exposure to each conflict incident, which depends on the geographic location of the subsidiary vis-à-vis this incident), and (ii) *dynamic* exposure (the compounded impact of all conflict incidents occurring simultaneously in a host country, which depends on their respective attributes and

how these attributes evolve over time); see Dai et al. (2013) and Eden (2022).

In addition, because such distance-based measures are inherently insensitive to political boundaries (Tollefsen et al., 2012), future research should also consider how national borders can affect MNE exposure. For example, location outside a war-torn country's borders should reduce an MNE's exposure to violent conflict, which suggests that if two MNEs are at the same distance from a violent conflict, but one MNE is inside the war-torn country and the other is outside, the second MNE should face less exposure. This hypothesis has not been tested, to the best of our knowledge.

Network-based exposure. An MNE's network partners such as its GVC and international alliance partners may also be exposed to violent conflict. The shock and disruption may then be propagated through the GVC and networks of a focal MNE and result in indirect disruptions to its operations. While conceptually this type of indirect exposure is widely acknowledged in existing IB literature on violent conflict, little empirical research has been done to date. Future research should examine an MNE's exposure via its network connections, the measurement of such exposures, and how MNEs configure and reconfigure their networks when critical network connections are influenced by violent conflict.

Exposure to the ripple effects of conflict. MNEs may experience ripple effects from violent conflict both inside and outside the affected country. Violent conflict, in both home and host countries, disrupts the country's macro-economy, labor market, social order and infrastructure, which in turn affects MNEs inside that country (e.g., Kondylis, 2010). In addition, the ripple effects of conflict can extend more broadly. For instance, conflict in locations with important commodity and intermediate goods production or in critical hubs of major trade routes affects the value chains of MNEs globally. Moreover, large-scale violent conflict incidents may create humanitarian crises and refugee issues with spillover negative externalities on other countries (e.g., neighboring or nearby countries) (Salehyan & Gleditsch, 2006), indirectly affecting MNEs located in these countries. Furthermore, in cases such as state-sponsored terrorism, the international community may impose sanctions on countries believed to sponsor terrorism, thereby affecting MNEs with investment or business activities in those countries (e.g., Byman & Kreps, 2010). These factors and potential ripple effects are frequently studied in disciplines such as political science, international relations, and development economics. Future IB research should integrate with literature in these disciplines and examine these ripple effects of violent conflict and their subsequent impacts on MNEs.

Exposure to conflict-generated social pressures. A seldom studied mechanism of exposure lies in the social domain. MNEs may be exposed to social pressures resulting from a conflict incident in at least two ways. First, public

sentiment and opinions towards a conflict incident may generate social pressures for firms to respond to the conflict event in ways that align with the public judgment, irrespective of whether the firms are directly affected by the event or not. For instance, the political science literature on public opinions and the ethics of war has documented that the general public reacts negatively to wars and warring parties that are seen as unethical, unjust, or illegitimate (e.g., Dill & Schubiger, 2021; Sagan & Valentino, 2018). These perceptions can exert social pressure on MNEs that have business connections to the “unjust” warring party, to act in a socially desirable way, such as by publicly denouncing the unjust warring party or exiting from the country to signal their stance. This social pressure argument may be exemplified by the number of Western MNEs that exited Russia in response to the Russia–Ukraine war (Evenett & Pisani, 2023; the New York Times, 2022). Second, political science research has revealed that conflict shocks may alter public sentiments (e.g., Kasperperson et al., 1988; Van Hauwaert et al., 2020), thereby altering the informal institutions that firms face and indirectly influence MNEs that are not exposed to the conflict incidents per se. We argue that future IB research should pay more attention to exposure based on social pressures.

Policy implications of types of exposure mechanisms

We argue that expanding our understanding of how different types of exposure mechanisms (e.g., static v. dynamic, network based, ripple effects, social pressures) to violent conflicts affect MNEs should be the first step to push the research on IB and violent conflict forward. Frontier 1, different types of exposure mechanisms, should also have different public policy implications. For example, the vulnerability framework (Dai et al., 2013, 2017) argues that conflict exposure and MNE vulnerability are positively related and that higher vulnerability has a stronger effect on MNE exit decisions (i.e., where, when, and how to exit). With such in-depth insights, law makers will be better equipped to design and modify a wide range of policies from home government support of their MNEs’ overseas operations, host government incentives to attract and retain foreign direct investment in their countries, to bilateral and multilateral investment and trade treaties and agreements.

International law scholars, for example, are studying the interrelationships among bilateral investment treaties (BITs), human rights law, armed conflicts and FDI; a good introduction to this literature is provided by Sattorova (2023), Ackermann and Wuschka (2021), and Gómez, Gougourinis and Titi (2019). In international investment law, the MNE is treated primarily as a victim of conflict, where governments must make reparations of MNE assets that are damaged during wars, through BIT dispute settlement procedures (Hildebrand, 2021; Sattorova, 2023). IB scholars could add to this

work by exploring how these policies could be finetuned to the type of conflict exposure (e.g., individual plant or GVC) so as to reduce capital flight. For MNEs, depending on *how* MNEs are exposed to violent conflict in the first place, their vulnerability, their assets endangered, relevant stakeholders, and their responses will all differ. A narrow conceptualization of the mechanisms through which MNEs are exposed to violent conflict may have also constrained the firm-level outcomes that researchers consider relevant.

Frontier 2. MNE strategies under violent conflict

As our understanding of the exposure mechanisms expands, it becomes clear that many aspects of MNE operations around the world are affected by violent conflicts; consequently, an important research question is how MNEs should strategize within a conflict-marred global environment. The strategies relevant in this context are not just restricted to immediate responses (strategies and activities) to direct exposures to violent conflict; they encompass the crafting of a diverse range of strategies and activities aiming at adapting to, and potentially altering, the conflict-affected environment. Below, we first argue that there are two broad approaches to understanding MNE responses to violent conflict: a reactive approach that takes violent conflict as a given, and a proactive approach that assumes MNEs can and do actively interact and influence violent conflict in the IB environment. We also discuss the temporal dynamics of MNE strategizing during different stages of violent conflict.

Reactive and proactive approaches

Strategizing under a reactive approach. Taking a reactive approach, violent conflict is treated as an exogenous shock that is out of the control of MNEs. Under this approach, the goal of MNE strategies is to adapt to the IB environment, rather than to influence or change it. As the rich and informative body of literature on disaster management contends, effective response to disasters starts with thoroughly understanding the exposure (Oh & Oetzel, 2023; Perrow, 2011). Therefore, to successfully tackle the challenges posed by exposure to violent conflict, MNEs need to analyze their exposures and understand the exposure mechanisms we propose in Frontier 1.

Depending on their exact type of exposure, the scope and degree of strategic adjustments MNEs need to make also differ. For example, when an MNE is exposed to violent conflict by virtue of geographic proximity, the firm probably only needs to adjust the allocation of resources at its directly affected facilities. If an MNE is exposed through network connections, such as by supply chain or alliance relationships, the adjustments must be broadened to include the reconfiguration of these networks (PricewaterhouseCoopers,

2022). If an MNE faces exposure to the broader ripple effects and potential cascading social pressure for desirable actions, the firm might need to revise a spectrum of nonmarket strategies, such as public relations management, engaging with various stakeholders to address their concerns, and safeguarding the MNE's reputation (Mol et al., 2023).

It is worth noting that strategic adjustments post-exposure can often be very costly (Smart & Vertinsky, 1984). Therefore, it is essential for MNEs to incorporate preparedness for violent conflict as an integral part of their strategizing process and consider the potential impacts of such major disruptions at the strategy crafting stage, rather than considering mitigation only after exposure (Oetzel & Oh, 2021; Oh & Oetzel, 2022).

Therefore, a promising avenue for future research exists in integrating the disaster management and organizational resilience literatures with MNE strategy research. For example, during the international strategy crafting stage, MNEs should conduct regular and comprehensive risk assessments (Oh & Oetzel, 2022), including the risks stemming from all exposure mechanisms discussed in Frontier 1. This encompasses not only assessing the risk of violent conflict to MNEs' directly owned assets but also considering the conflict risks at the locations of overseas suppliers and key connection points in the global value chain, such as major transportation routes (Notteboom & Rodrigue, 2023). The ongoing Red Sea crisis exemplifies how much MNEs can be exposed to conflict that occurs in key global transportation corridors (Reuters, 2024). Additionally, it is also imperative to build in a certain level of redundancy in GVCs (Hajmohammad & Vachon, 2016) in order to leverage alternative resources, such as backup suppliers or same-role subsidiaries, in case of conflict-resultant disruptions to MNE global value chains. Finally, establishing disaster response protocols and regularly training employees are also essential components of this comprehensive preparedness strategy (Oh & Oetzel, 2022). A relevant topic for future research is *how* to ensure that every level of the MNE hierarchy is fully aware and places due importance on the potential impacts of conflicts. This involves shifting managers' and individual employees' perceptions of conflicts from being rare events to recognizing the necessity of risk preparedness, thereby avoiding the misconception that investing in preparedness is a waste of resources (Oetzel & Oh, 2021).

The crisis management literature tends to posit that optimal preparedness and sufficient coping capacity should enable MNEs to respond swiftly, minimizing disruptions caused by disasters and crises, and maintaining business-as-usual (Williams et al., 2017). It should be noted, however, that not all business-as-usual responses imply positive adaptation. For example, previous research has distinguished strategic non-adaptation from inactions resulting from a sheer lack of awareness of relevant

external shocks (Vergne & Depeyre, 2016). In addition, as mentioned above, the structural characteristics and operational functioning of MNEs often mean that exiting a host country due to violent conflict can be a highly sensible decision. Moreover, MNEs may or may not have the strategic flexibility to respond (Mithani et al., 2022). Therefore, in studying business-as-usual responses, future research needs to pay attention to the intentionality of such decisions, as well as the entire sense-making process of MNEs to identify the underlying drivers of such responses.

Strategizing under a proactive approach. It should be noted that when referring to “proactive” here, we do not mean that MNEs should proactively prepare for and adapt to the environment. In contrast, a proactive approach recognizes that MNEs can actively influence violent conflict and conflict-marred environments, instead of viewing these events as purely exogenous. This possibility has been documented in two lines of literature: (i) the corporate political activity literature on whether and how firms can engage in political strategies to influence government policies (Hillman et al., 2004) and (ii) the business and peace/conflict literature on whether and how firms can contribute to peace and reduce conflict (Katsos & AlKafaji, 2019; Oetzel & Miklian, 2017).

We suggest that future IB research on violent conflict should integrate with the corporate political activity literature to examine MNE responses to violent conflict via political strategies and continue to advance the business and peace literature to study how MNEs reduce conflict and promote peace in conflict-torn environments. In terms of political strategies, for example, MNEs engage in lobbying efforts to influence government policies (both the home and the host government), forge alliances with key political actors, or participate in public–private partnerships to intervene directly in conflict resolution (Oetzel & Getz, 2012). Also, MNEs can actively support peace advocacy groups, promote trade partnerships between historically adversarial communities to foster economic interdependence, thereby preventing conflict escalation between them, and contribute to economic development during the post-conflict reconstruction stage by providing jobs to ex-combatants to avoid their return to armed conflict and foster social integration (Balch, 2014).

Alternatively, instead of directly tackling violent conflict, MNEs may seek to create a niche environment that is free from the disruptions of conflict for themselves via political strategies. For example, MNEs may choose to distance themselves from possible conflict by managing their relationships with conflicting parties to avoid being drawn into the conflict or becoming targets of hostility (Akporiaye, D-Orazio & Peinhardt, 2020). By studying MNE political activities under violent conflict (see, for example, Cortez & Kim, 2012), future research holds great potential to contribute

to the corporate political activity research by significantly expanding its contexts.

In terms of MNE engagement in conflict resolution and peacebuilding, despite there being a rich literature on business and peace, the literature has been predominantly conceptual or theoretical (Katsos & AlKafaji, 2019). Empirical investigation, especially large-sample quantitative research, is rare, to the best of our knowledge. The paucity of empirical research may be due to a lack of data on MNE peacebuilding activities. For example, firms sometimes intervene in conflict resolution by directing informal negotiations between the two sides engaged in active conflict (Lieberfeld, 2002), but information on such informal conflict resolution activities may not be widely available. However, the lack of empirical studies results in a gap between what MNEs can and should do in terms of peacebuilding and what they actually do and why. Thus, we suggest that future IB research focus on conducting more empirical studies to test theories in this field. Moreover, this area of research is particularly pertinent to SDG 16 (Peace, Justice and Strong Institutions) and carries significant implications for public policy, as noted by Nielsen et al. (2023).

Determinants and conditions of MNE proactive strategies. Our discussion above highlights another question that deserves more attention: why and under what conditions are MNEs more likely to choose a proactive approach to tackle a conflict-marred environment by involving in conflict resolution and peacebuilding activities (Oetzel et al., 2007)?

Previous research has outlined a few drivers of MNE involvement in these proactive strategies. In terms of firm-level drivers, previous research has argued that a fundamental rationale for a proactive strategy is MNEs' own self-interest. Since a proactive strategy involves taking actions to sustain or restore the functionality of the environment in which MNEs operate (Getz & Oetzel, 2010), a key driver that motivates MNEs to proactively involve themselves in conflict resolution and peacebuilding is the economic importance of the conflict-marred environment to MNEs (Ballesteros & Magelssen, 2022). In terms of conflict-level drivers, Getz and Oetzel (2010) have emphasized the role of characteristics such as the duration, intensity, geographic scope, and disruptiveness of conflict in driving MNEs to intervene in conflict resolution directly or indirectly. Adding to these studies, as we elaborate below in the policy implications subsection, future research could investigate how public policies influence MNE involvement in proactively addressing conflict risks.

Finally, more attention is warranted to investigate the viability and effectiveness, as well as the downsides, of taking a proactive approach to address conflict. Weighing the pros and cons of different proactive strategies should influence the likelihood of MNEs adopting this type of strategy. Currently, theorizing and empirical investigations of

the benefits, costs, and overall effectiveness of proactive responses, such as MNE intervention in conflict resolution and involvement in peacebuilding and institution restoration, are still rare. It is important to note that, although the goal of proactive approaches is to directly mitigate conflict risks at their source, such actions may also provoke backlashes against MNEs that deter MNEs from engaging in such actions. This issue is discussed below in Frontier 3.

Strategizing during different stages of violent conflict

Future research should pay more attention to MNE responses at different stages of violent conflict, in particular regarding three issues. First, MNE responses to violent conflict can be broadly characterized as *ex ante* or *ex post*, i.e., before actual exposure vs. after actual exposure. An interesting topic, building on the resilience and adaptation literature (e.g., Williams et al., 2017), is to investigate whether and why MNEs differ in their choices between *ex-ante* and *ex-post* responses; i.e., why some MNEs are more likely to anticipate and/or respond to potential exposure to violent conflict early on, while others choose not to or fail to account for such potential signals and instead respond to exposures only after they realize them. Some propositions are provided in Dai et al. (2024) but, to the best of our knowledge, there has been little to no empirical work on this question.

Second, for process-like conflicts, the type and degree of uncertainty that MNEs experience at different stages of a conflict incident may be different and we expect MNE responses and their effectiveness to evolve accordingly. For example, during the conflict-brewing stage, peacebuilding and active conflict resolution activities may be effective; however, once a conflict incident escalates to a certain level, such actions may no longer be effective (e.g., Oetzel et al., 2007, 2009). Future research should investigate whether and how MNEs respond differently to incidents at different stages. Owens (2022) provides a useful overview of possible IB research directions based on before, during, and after violent conflicts.

Policy implications of MNE strategies

Our above discussions on MNE strategies under violent conflict highlight a few research directions pertinent to IB policy. First, the reactive approach of studying MNE strategies under violent conflict assumes that the external environment is given and exogenous; therefore, it is the public sector that has the predominant role in shaping the conflict environment confronting MNEs. Accordingly, a key research direction from a policy perspective is understanding how government policies can preserve and encourage FDI in fragile and conflict-affected countries. A helpful guidance is MENA-OECD (2018), which provides a brief overview

of five types of government policies: rule of law, investment promotion, risk mitigation, responsible conduct, and infrastructure investments. Theorizing and testing how each of these five policy types can affect MNE strategies in violent conflict situations should prove both fruitful research pursuits and also useful from a public policy perspective.

Future IB policy research could also include a broader range of public governance, including not only the local country's public governance capacity but also the capacity of various peacekeeping and peacemaking parties at the inter-state and international levels. Lee (2017), for example, found that countries receiving US counterterrorism aid continued to receive inward FDI despite their number of terrorist attacks; those receiving US general aid did not. Another relevant research question in violent conflict situations is whether and how the influence of inter-state relationships trickles down to the firm level and consequently shapes MNE exposure and strategies under violent conflict.

Second, the proactive approach assumes that MNEs can and should actively shape the violent conflict environment. Therefore, a future research avenue worth attention is how public policymakers can actively involve MNEs in responding to violent conflict and improve the environment. For example, establishing public–private partnerships (PPPs) may be an effective way for governments to engage MNEs in conflict resolution. PPPs can leverage the resources, expertise, and networks of MNEs in areas such as infrastructure development, job creation, and sustainable practices, contributing to stability and peace. Additionally, governments can facilitate dialogue between MNEs and local communities, NGOs, and other stakeholders, in order to help MNEs better understand the complexities and heterogeneous requests of local stakeholders and in so doing, facilitate MNEs' positive contribution to peacebuilding. Finally, various parties involved in peacebuilding, including policymakers at conflict-country, inter-state, and international levels, could offer incentives to MNEs for them to actively participate in peacebuilding. These incentives could be economic ones such as tax breaks and subsidies, as well as various forms of reputational incentives, such as endorsements and certifications, public recognition and awards, and positive media coverage.

Frontier 3. Outcomes and impacts of MNE strategies

MNE-level outcomes of MNE strategies

Future research can also be insightful by paying more attention to the outcomes of MNEs under violent conflict. First, future research should focus more on the effectiveness of various response strategies MNEs adopt. This effectiveness can be reflected in various short-term outcomes, such as the speed of recovery to normal operations and the extent to

which losses are mitigated, and long-term adaptation, such as whether MNEs enhance their resilience towards similar shocks and become more adaptable to the environment. In fact, the impact of violent conflict on MNEs is largely assumed to be negative. However, the direct relationship between violent conflict exposure and firm-level performance outcomes, both in terms of short-term and long-term performance, has rarely been empirically examined. Research in this area will undoubtedly have important implications for policymakers regarding both conflict resolution and attracting foreign direct investment to their countries.

Social impacts of MNE strategies

Positive impacts. For MNEs engaging in peacebuilding activities to tackle the conflict-marred environment, a relevant outcome to examine is how effective these activities are at achieving peace, which is an important societal outcome (see SDG 16).

The IB business and peace literature has largely taken a normative approach by proposing that MNEs can take various peacebuilding activities to promote peace. The problem lies in differentiating between ordinary business operations and peacebuilding activities (Ganson et al., 2022; Oetzel et al., 2009). Attributing conflict/peace-related outcomes to MNE ordinary business activities can be causally challenging and ambiguous. Even where there are causal links between MNE activities and outcomes, the links are not always direct or immediate, and can be confounded by other factors. Also, simultaneity issues, reverse causality, and feedback loops further complicate the attribution. We encourage IB researchers to directly examine the effectiveness of different MNE business-for-peace initiatives and tackle the causal relationship between these activities and various peace outcomes. See Melin et al. (2023) for discussion of six types of business-for-peace initiatives and potential research questions.

Second, MNE decision makers need to consider the possibility that their attempts to generate positive social impacts in conflict contexts may potentially result in backlash against the firms and their employees. For example, MNE actions, even when well-intentioned, may be viewed by local communities, governments, or other stakeholders as a form of political engagement (Owens, 2022). In conflict contexts where political sensitivity is heightened, such involvement can inadvertently align the company with specific political factions or agendas, thereby attracting criticism or direct opposition from rival groups. In other words, the inherent complexity of conflict contexts can complicate MNEs' efforts to deliver positive social outcomes, such as peacebuilding.

Accordingly, a pertinent area for future research is identifying strategies for MNEs to engage positively in a

conflict-affected country, while avoiding political entanglements that can endanger the firms and their workers. For example, MNEs might consider implementing comprehensive conflict-sensitive practices that not only aim to contribute positively but also meticulously assess the potential impacts of their actions to avoid exacerbating local tensions. This approach could involve engaging with a wide range of stakeholders to gain a nuanced understanding of the local context, tailoring interventions to support peacebuilding efforts, and ensuring that MNE business practices do not indirectly support one side of the conflict or contribute to more instability.

Taken together, the potential issue that MNEs face backlash, while attempting to generate positive social impacts in conflict contexts, underscores the unique challenges posed by these contexts. It reveals how assumptions and practices considered positive and acceptable in stable contexts may not hold in controversial or conflict-affected areas. This complexity necessitates a reevaluation of conventional business strategies and a deeper consideration of the ethical and operational dilemmas MNEs face in these settings. By rethinking conventional questions in the context of conflict, MNEs can better navigate the intricacies of positive involvement, aiming for outcomes that are truly beneficial and free from unintended negative consequences on themselves.

Negative impacts. A research direction also worth investigation is that MNEs may, either directly or indirectly and whether planned or unintended, have negative impacts on violent conflict and conflict-marred environments. The "Janus Face" (two-sided nature) of the MNE (Eden & Lenway, 2001) can lead to unwanted outcomes from a public policy perspective. Sattorova (2023) argues that MNEs must be viewed through both "greed and grievance" lenses during violent conflict: (i) a positive lens as a victim of conflict in weak states or illegally occupied states, and (ii) a negative lens as a contributor to conflict by fueling socio-economic discontent, benefitting from conflict, and as perpetrator and accomplice through the commercialization of violence.

In terms of peacekeeping, we have suggested how MNEs can directly or indirectly have negative impacts in conflict areas (see Owens, 2022, for a review). First, MNE practices in conflict environments often lack adequate responsibility and may be unethical (e.g., Jamali & Mirshak, 2010). For example, in some instances, companies may inadvertently or knowingly support armed groups (e.g., terrorism financing). Also, as the head of ethical buying at Lush, a British retailer, conceded, "*businesses too often fail to protect human rights in conflict and post-conflict zones*" (Balch, 2014). These potential unethical business practices and irresponsibility may result from a lack of effective governance and monitoring of MNE behaviors; conversely, the lack of institutional infrastructure to support MNE attempts to maintain

international standards in ethical business practices may be the cause.

Second, previous research has shown that MNE operations can be the root cause of violent conflict under certain conditions. For example, community grievances regarding the distribution of the costs and benefits from MNE local activities can be an underlying cause of local conflicts, in particular conflicts against MNEs (e.g., Powers & Choi, 2012). In other cases, MNE exploitation of local natural resources results in environmental degradation, with the costs and consequences mostly borne by local communities, which can lead to fractions that escalate into violent conflict (Christensen, 2019). Furthermore, MNE engagement in unethical political activities in host countries, such as corruption and bribery, can further undermine institutional infrastructures and exacerbate societal divisions, leading to violent conflict.

Despite acknowledging the existence of such negative impacts, and emergent calls and perspectives for future research avenues (e.g., Owens, 2022), there remains a notable lack of IB research in addressing the negative social impacts of MNEs in conflict contexts. Joining previous calls for future research, we suggest two promising future research questions. First, understanding the antecedents of unethical behaviors and firm-level heterogeneity is crucial – specifically, why are some firms more prone to engaging in activities that cause adverse effects than others? Contextual factors, such as the lack of effective governance or institutional infrastructure to support MNE attempts at maintaining international standards of ethical business practices, are apparently important. Beyond these contextual factors, future research should seek to connect with the extensive and informative literature on corporate governance and CSR management to explore how firm-level factors and decision-maker level factors contribute to this heterogeneity. By exploring these antecedents, we can better suggest remedies and strategies for MNEs to mitigate their negative impacts and engage more ethically and effectively in areas marred by conflict.

Second, a fruitful future research avenue is to investigate whether and how the ethical valence of specific actions can be altered by conflict contexts, given their unique context characteristics. Widely accepted behaviors in regular contexts may be viewed as unethical in the context of violent conflict; or conversely, MNE actions deemed appropriate in conflict settings may be considered unethical by stakeholders in business-as-usual contexts or in the MNE's home country. For example, practices such as land acquisition and resource extraction may not raise ethical concerns in well-functioning markets but can become root causes of conflict in fragile and conflict-ridden countries. In addition, institutional voids prevalent in conflict contexts may require MNEs to take on roles resembling partial institutions, which can

reduce transaction costs and improve economic growth in conflict-affected countries (Getz & Oetzel, 2010). This level of involvement may be viewed by stakeholders in business-as-usual settings as excessive political engagement because the stakeholders' own environments do not demand or expect such extensive involvement from firms.

Overall, MNEs are confronted with complex, diverse, and often irreconcilable stakeholder interests in conflict contexts, rendering the social implications of their actions especially complex. This reality requires that MNE decision-makers pay greater attention to the ethical and social implications of their behavior, stay sensitive, and strive to minimize the generation of negative externalities. Future research should focus on how MNEs manage their CSR performance, along with their misconduct and ethical practices in, such contexts. Researchers should also examine whether and how corporate and public governance mechanisms and practices can effectively prevent MNEs from exploiting conflict contexts and engaging in misconduct. Moreover, MNEs should endeavor, wherever possible, to engage in dialogue with a broad spectrum of stakeholders. Such engagement can help reconcile the cognitive disparities between stakeholders in different settings. For instance, as mentioned above, stakeholders in an MNE's home country may not consider the ethical valence of MNE behaviors by taking into account the conflict context. This discrepancy thus underscores the need for MNEs to intensify communication efforts.

Policy implications of MNE strategy outcomes and impacts during violent conflict

For government policymakers, a thorough understanding of the outcomes of MNE strategies and activities in situations of violent conflict is essential; such analyses can also prove useful in MNE-state disputes. More work is needed to link the insights of international law researchers, particularly in the areas of international investment law and human rights law (see, for example, Sattorova, 2023; Ackermann & Wuschka, 2021; and Gómez, Gourgourinis & Titi, (2019), and IB scholars.

A salient finding is that some sectors where MNEs proliferate tend to be more conflict prone. For example, 40% of civil wars over the past 60 years have been linked to natural resource industries (United Nations, 2012: 8) where MNEs often dominate the extraction and processing stages. With an in-depth understanding of the outcomes and impacts of MNE strategies and activities, policies can be recommended and designed to strengthen government capacity to manage natural resource industries and reduce the likelihood of violent conflicts (OECD, 2002; MENA-OECD, 2018). More work on MNEs and natural resources, from a conflict avoidance/management perspective, is therefore needed.

Another sector linking MNEs and violent conflict is the arms sector (i.e., the GVC involved in military weapons, materials, and activities) where IB research is sparse. International organizations provide some policy advice in this area but IB research could contribute more to MNE and government policy making in the arms sector. For example, United Nations Human Rights (2022) provides a set of recommendations to governments designed to ensure that MNEs in the arms sector engage in responsible business conduct. By understanding the impact of MNE strategies and behaviors, IB research in Frontier 3 can offer insights to enrich the UN toolkit and guidance in preventing and managing natural resource-related violence and conflict. See also the Vanhonnaeker chapter in Gómez et al. (2019).

In sum, more attention to the Janus face of MNEs (Eden & Lenway, 2001; Sattorova, 2023) will facilitate public policy making to harness the benefits while mitigating the potential negative externalities associated with MNE operations. In studying the impact of MNE operations on violent conflict, it is important for future research to focus on establishing the causal links between MNE operations and activities and violent conflict, especially in host countries.

Methodological considerations

Datasets

We offer some methodological recommendations for future research. First, we recommend that IB scholars use conflict event datasets that contain rich information on individual conflict incidents; see, for example, the review in Singh (2021) and the annotated list by the Conflict Research Society.⁷ The Uppsala Conflict Data Program (UCDP) provides the most widely used database for several types of conflict (e.g., interstate, intrastate, one-sided) and peace-building. Information on the incidents includes, for example, the geo-coded location of battles, battle-related deaths, actors involved, date of onset, duration of conflict episodes, reasons for conflict, and date of termination. A similar dataset is the Armed Conflict Location & Event Dataset (ACLED), which collects real-time data on the locations, dates, actors, fatalities, and types of all reported political violence and protest events across the globe. Other datasets focusing specifically on interstate conflict include the Militarized Interstate Disputes (MID) dataset compiled by the Correlates of

⁷ <https://conflictresearchsociety.org/crs-datasets>. University libraries often have good lists of relevant databases, for example: <https://edspace.american.edu/ctrl/peaceconflictresdatabases/>; <https://library-guides.ucl.ac.uk/data-statistics/conflict-political-risk>; <https://guides.lib.berkeley.edu/c.php?g=4447&p=6163450>; and <https://libguides.nps.edu/peace/conflict>. For a recent comparison of four conflict datasets, see Raleigh, Kishi & Linke (2023).

War Project. These datasets have their respective pros and cons, which have been well documented by political science researchers; moreover, the time frame and geographic coverage of datasets vary. Future researchers should choose the best dataset that fits their needs, taking into account the pros and cons. In addition, the Global Terrorism Database (GTD) is a specialized dataset on terrorism events around the globe, which offers detailed information such as the geo-coded location of terrorism events, terrorist actors, targets, motives of the terrorists, and casualties.

Research design

Violent conflict is a type of uncertainty shock. Thus, in terms of study design, we recommend that future researchers adopt empirical models that lend themselves well to shock settings, such as difference-in-differences, event study, synthetic control method, and regression discontinuity. For an example, see the discussion of research methods appropriate for event analysis of shocks and crises in Eden et al. (2021).

In particular, we recommend that future empirical research handle potential endogeneity in MNE exposures to violent conflict more carefully. While conflict incidents may be difficult to predict, MNEs can estimate the baseline probability of experiencing conflict in different countries/regions. Therefore, MNE exposures may have reflected a certain degree of self-selection (i.e., willingness to be exposed). Further, as articulated above, violent conflict may not be completely exogenous and could be influenced by MNE actions. Such endogeneity thus likely influences MNE response strategies when actually exposed to conflict. Future research should seek to address these issues in their empirical design using a variety of methods, such as matching, selection models, and instrumental variables (Certo et al., 2016; Semadeni et al., 2014).

Furthermore, in studying the outcomes of MNE strategies and actions in the face of violent conflict, we have argued that future research should pay more attention to tackling the causal links. Future research could consider adopting quantitative and qualitative methods that help with causal inferences, such as instrumental variables, fuzzy-set qualitative comparative analysis, and so on.

In addition, future research should take more care of the potential confounding effects due to the concurrent nature of multiple types of conflict in many conflict-affected contexts. For instance, contexts where protracted wars completely demolish the physical and social infrastructure of a country and result in significant institutional voids likely give rise to terrorist activities. Research can consider exploring “clean” contexts where there is only one type of violent conflict at a time to effectively isolate the individual effect of each type of violent conflict;

alternatively, research can consider using the country level and calculating the multiple impacts of several concurrent or repeating forms of violent conflict using dynamic exposure calculations.

Lastly, we urge IB scholars in their research on MNEs and violent conflict to craft their projects not only based on the traditional goals of fit, quality and contribution (Eden, 2010; von Krogh et al., 2012) and best ethical research practices (Miller, Moore & Eden, 2024) but also with the goal of publishing work that has societal impact outside of academia (Doh et al., 2023). As Van Assche and De Marchi (2024: 8) have proposed, a primary pathway for developing societal impact is to develop practical public policy insights – namely, well-developed implications that are “concrete enough to be used by policy professionals”, rather than theoretical statements or merely “as an afterthought in the conclusion.” To achieve societal impact, purposeful and deliberate research design, from beginning to end, that pays attention to societal stakeholders who could benefit practically from our research, is critical (see, for example, Doh et al., 2023). A focus on the societal impacts of MNEs and FDI requires incorporation of social and ecological impacts as well as economic ones, longer time horizons, and more interdisciplinary work (Wiessner et al., 2023). It is also important that empirical IB studies demonstrate how their research “matters” (Ellis, 2010) by discussing, for example, effect sizes, statistical power, and the substantive significance of their work. Lastly, IB researchers should engage with and disseminate their work to stakeholders outside of the academy, in particular, to MNE and government policymakers.

Conclusion

This perspective calls for greater attention by IB scholars to violent conflict and multinational enterprises. We argue that this phenomenon carries important implications to public policy issues such as economic stability and growth, poverty, security, and sustainable development. The subject area also offers a unique context – violent conflict – to further our understanding of key IB issues and questions, such as MNE global strategies, structures, and operations in situations of crisis, shocks and disruptions in the global economy. In this perspective, we propose a IB research and policy agenda centered on three big research frontiers related to violent conflict and MNEs. Our proposed agenda, if adopted, should move IB research in this area towards its full potential in terms of research, policy, and societal impacts.

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