MNEs Paradoxes in Responsible Global Business – A Theoretical and Empirical Investigation

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MNES PARADOXES IN RESPONSIBLE GLOBAL BUSINESS – A THEORETICAL AND EMPIRICAL INVESTIGATION

BY

Maria Luiza Carvalho de Aguillar Pinho

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Doctor of Philosophy

In the Robinson College of Business

Of

Georgia State University

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ACCEPTANCE

This dissertation was prepared under the direction of the Maria Luiza Carvalho de Aguilhar Pinho Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

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ABSTRACT

MNES PARADOXES IN RESPONSIBLE GLOBAL BUSINESS – A THEORETICAL AND EMPIRICAL INVESTIGATION

BY

Maria Luiza Carvalho de Aguillar Pinho

June 30th, 2023

Committee Co-Chairs: Dr. Leigh Anne Liu and Dr. S. Tamer Cavusgil

Major Academic Unit: Marketing

In an increasingly interconnected and interdependent world, where our planet faces the risk of collapse, there is a growing call for all institutional actors to engage in supporting economic, social, and environmental ambitions to ensure humanity’s future and security. This dissertation aims to explore the critical role and position of multinational enterprises (MNEs) in addressing grand societal challenges. The research adopts a comprehensive and multidimensional framework to examine the various dimensions of MNEs’ competing and conflicting demands through a holistic approach. The first essays delve into existing academic literature associated with current approaches to deal with pursuing business and society goals through a bibliometric analysis. Based on the various conflicting and overlapping conceptualizations an overarching framework labeled responsible global business is proposed. The second essay is a theoretical development of propositions to address three global paradoxes faced by MNEs – purpose, global, and innovation. I posit that accepting and embracing contradictions as interrelated opposing elements of the same whole is essential to identify novel sources of innovation and competitiveness. Lastly, the third essay is an in-depth qualitative empirical examination of MNEs’ paradoxical tensions emergence, experience, and management. Ultimately, the research aims to contribute novel insights into how MNEs can play a transformative role in addressing grand societal challenges, fostering sustainable development, and ensuring a more secure and prosperous future for all.
The deepest resources for the transformation of business, as for society as a whole, lie within the human heart. It is there we have to seek what it is we truly value and yearn for, and where we can harness the strongest motivation to change—ourselves, our organizations, and our world—for the better.

Cardinal Vincent Nichols¹

¹ Cardinal Nichols quote from his 2012 address to the Blueprint for Better Business Conference (September 18, 2012), an initiative started in London to explore how a rediscovery of corporate purpose and a focus on personal values might be brought together in the service of society.
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INTRODUCTION TO THE ESSAYS

Constant transformation, intricate connections, and mutual reliance characterize the contemporary world. The Earth is currently facing a critical juncture that may lead to its collapse. International organizations are urging institutional actors to participate in and endorse economic, social, and environmental aspirations in order to safeguard the future and security of humanity. This dissertation delves into the comprehensive study of multinational enterprises (MNEs), their pivotal role, and their position in addressing and facilitating grand societal challenges. These challenges include but are not limited to human rights, climate change, poverty, economic and social inequality, food insecurity, energy accessibility, and water scarcity.

This dissertation employs organizational and international management literature to offer fresh insights into the recognition, handling, and coordination of competing business and societal demands by multinational enterprises. To support the dissertation’s arguments an overarching framework for business and society tensions is proposed an applied across all the essays, responsible global business (RGB).

Responsible global business refers to the ability and intent of an MNE to embrace its economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. This conceptualization is built on the idea that organizations’ responsibilities transcend moral rules, addressing a range of economic, environmental, and social issues across borders, subsuming a pervasive culture of doing good that permeates the organization. RGB conducts business in a socially responsive manner that keeps up the business while embracing the paradoxical underlying tensions as facets of an interconnected system in which they are embedded.
The first essay undertakes a qualitative and quantitative examination of research on MNEs’ business and society progress over the past five decades. It delves into their conceptualizations and the fundamental tensions that underlie them. The study involved a comprehensive analysis of 469 scholarly articles published in high-impact academic journals. The aim was to trace the development of business-society frameworks over time, from a limited focus on harm avoidance to a more expansive approach encompassing the promotion of human life safety and continuity. The proposed frameworks aim to effectively manage and mitigate societal tensions by primarily utilizing formal logic that treats them as binary opposites. Consequently, the aforementioned mapping illustrates interconnected and intersecting frameworks. Furthermore, the convoluted structure of this argument impedes a comprehensive understanding of the various challenges that MNEs encounter as a result of the intricate circumstances and surroundings in which they conduct business both domestically and internationally. In an effort to address this requirement, I propose an overarching framework, namely responsible global business (RGB), which employs a paradoxical perspective to effectively manage the inherent tensions. RGB refers to the MNEs’ ability to simultaneously embrace its economic, legal, ethical, social, and environmental objectives across all geographies where they conduct business. This essay expands the knowledge by tracing the evolution of paradoxes in RGB and its intellectual foundations to propose future venues for research.

Essay 2 pertains to a theoretical development paper that amalgamates two distinct pieces of literature to bolster the advancement of theory for MNEs. Through the lens of organizational paradoxes literature, I argue that a comprehensive approach is imperative for MNEs to effectively integrate global strategies and local resources to meet all stakeholders’ needs. Adopting paradoxical management enables MNEs to effectively manage paradoxical tensions,
thereby sustaining their competitive advantage through an innovative resolution of conflicting commercial and societal demands. The essay expounds on propositions pertaining to three paradoxes, namely purpose, global, and innovation, that are associated with the responsible global business performance of MNEs. This essay aims to encourage scholarship in MNEs research to empirically test our propositions for MNEs effectively managing responsible global business operations by adopting a paradoxical approach. Moreover, it is imperative to expand research on MNEs, and how they are handling and resolving their operational conflicts and inconsistencies through a comprehensive approach and implementation of management techniques, thereby enhancing their enduring viability and societal influence.

Drawing upon in-depth interviews and secondary data, essay 3 conducts an empirical analysis of how multinational enterprises (MNEs) perceive and manage the conflicting demands in pursuing business and society goals, as well as their interrelatedness, by utilizing a paradoxical approach. The findings provide insights into the fundamental and prominent tensions that MNEs encounter as a result of conflicting and occasionally inconsistent requirements from both the corporate world and society. Through an inductive approach, this essay offers insights into the salience, experience, and management of paradoxical tensions across different geographical locations by comparing and contrasting collected data with existing literature. The application of inductive analysis yielded three overarching dimensions: tensions salience, experienced tensions, and managed tensions. The study offers innovative perspectives on the strategies employed by MNEs in managing paradoxical tensions. Furthermore, the present study enhances the current dynamic theoretical framework by introducing an intermediate phase and highlighting the dynamic and recursive mechanisms in navigating paradoxical tensions. Moreover, it has been revealed that not all competing demands between businesses and society are acknowledged and
perceived as paradoxical, posing a challenge to existing research assumptions. Finally, this essay presents empirical evidence regarding the engagement and implementation of responsible global ambitions and goals by for-profit firms.

MNEs are currently confronted with mounting pressures to reconcile their position within society. This involves not only being held accountable for social and environmental issues but also actively assuming the role of agents for change and progress. The present study is founded upon a review of existing literature, wherein the primary conceptualizations of business and society frameworks are analyzed, along with their corresponding approaches to the inherent tensions, such as dilemmas, win-win situations, trade-offs, and paradoxes. The contention put forth that MNEs possess the capacity to navigate and surmount the obstacles they face, provided they adopt a cohesive approach to address the various tensions they encounter, specifically by employing a unified framework labeled as a responsible global business. Furthermore, it can be posited that the tensions between business and society are intricately linked, dynamic, and inherent antitheses of the Taoist emblem of Yin and Yang, signifying the unity of paradoxes. The proposed research aims to examine the contribution of MNEs in addressing significant global issues commonly referred to as grand societal challenges faced by humanity. This study aims to identify the paradoxical tensions that MNE encounter in pursuing responsible global business ambitions, how they perceive, handle, and manage them as paradoxes. By doing so, this research provides valuable insights and recommendations for effectively managing these paradoxes in a dynamic manner, leading to enhanced long-term performance.
ESSAY 1 - PARADOXES OF RESPONSIBLE GLOBAL BUSINESS IN MULTINATIONAL ENTERPRISES: AN INTEGRATIVE REVIEW AND PROGNOSIS

Introduction

Multinational enterprises (MNEs) hold a core position within the 21st-century manifestation of globalization and are among the most influential economic players worldwide. In recent decades, MNEs have been exposed to increasingly complex environments and intensifying global competition. Globalization also boosted the public call for corporations to use their resources more wisely and responsively in order to address a wide range of social issues. MNEs have also been increasingly considered one of the leading institutions impacting society and the environment, being exposed to greater pressures for being socially responsible in their international operations (Buckley, 2017). Such demands, in turn, position these MNEs under severe public scrutiny, challenging their ability to manage tensions due to those multiple competing demands (e.g., economic growth and social and environmental development). However, these tensions are nothing new, so it is the research about being socially responsible. Although scholars have developed a large body of research on how firms deal with the tensions that emerge from competing demands within business and society, the meaning of being responsible has been debated (Carroll, 2018). Business ethics (BE), corporate social responsibility (CSR), stakeholder management (SM), sustainability (SUS), and corporate citizenship (CC) are different terms that represent the scholarly efforts in studying to whom or to what enterprises are responsible for and conceptualizing how they should be responsible in doing business. Accordingly, the resolution of the ambiguity firms faces due to the opposing demands from business-society have been approached under different perspectives as dilemmas, trade-offs, or paradoxes. The cross-view of those contradictions and ambiguities between business and
societal issues, applying the representations in the context of MNE, results in an entangled conceptual framework, calling for clarity (Carroll, 2019). Moreover, little research focuses explicitly on the MNE as an agent of reconciling all dimensions of business-society (Burritt et al., 2020; Pisani et al., 2017).

In order to address these gaps and, in particular, to incorporate the international business / international management (IB) dimension, we propose the concept of Responsible Global Business (RGB). RGB refers to the ability of an MNE to embrace its economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. This conceptualization is built on the idea that organizations’ responsibilities transcend moral rules, addressing a range of economic, environmental, and social issues across borders, subsuming a pervasive culture of doing good that permeates the organization. RGB conducts business in a socially responsive manner that keeps up the business while embracing the paradoxical underlying tensions as facets of an interconnected system in which they are embedded. The paradox theory highlights opposites being viewed as interdependent, fluid, and natural rather than choosing one alternative superior to the other in dealing with contradictions and ambiguities (Peng & Nisbett, 1999).

In this essay, our goal is to understand better how responsible global business has been studied in the literature. To this end, we have reviewed 468 documents from 51 top-quarter academic journals² in business and management literature across three time periods (1985-2008, 2009-2018, and 2019-2022), applying a qualitative approach to identify the domain’s intellectual

structure and capture the societal issues conceptualization. Also, we applied qualitative approaches to analyze relevant measures and uncover patterns associated with a quantitative approach – supported by three bibliometric techniques. First, the performance analysis provided metrics about the publications. Next, we mapped the most relevant publications, using citation, co-citation, and bibliographic techniques to analyze the evolution of the societal issues conceptualizations and the core paradoxes in the global context. Finally, we applied multidimensional scaling and factor analysis on the main cited references to analyze the knowledge evolution potential future research trends.

Our paper aims to achieve three research goals. First, we explore the evolution of and extent to which the business-society paradox has been studied within the MNE context. Second, we examine the role that different societal issues conceptualizations have played in forming the concept of RGB in terms of its theoretical and operational domains. Third, we assess the positioning of the RGB concept and its attendant academic and managerial gaps in the extant literature, which leads to identifying future scholarly and practitioner-oriented research in the area.

This study offers at least four contributions to the IB literature. First, to our knowledge, this is the first study incorporating broad societal issues as an integrated framework within the context of the MNE. We trace the evolution of the primary paradoxes and intellectual knowledge structure by mapping the different conceptualizations of RGB. Second, we explore the breadth and depth of tensions through a broader societal issues framework as they pertain to the MNE, tracing them over time. Third, we map the MNE’s tensions in RGB through an integrative perspective. Finally, all of these efforts culminate in providing a deeper understanding of the RGB concept, its intellectual underpinnings, conceptual gaps, and future research avenues.
This research is structured as follows. Following this introduction, we present a brief theoretical background on business, society, and MNEs. After, we establish the support of our conceptual framework, which serves as a catch-all for a wide range of societal concerns, in order to identify the existing business-society framework conceptualizations and limitations. Following that, we go into our research design, data collecting, processing, and analysis. Next, we discuss the primary findings, including an overview of the dataset, the main theories used to explain RGB, and intellectual structure throughout three periods of time. The following section summarizes the conceptualization evolution, showing paradoxical contradictions within existing business-society frameworks, gaps, and future trends. Before concluding our essay, we discuss the key discoveries, consequences, and future research in RGB.

**MNEs and Business and Society Issues**

**Business-Society Issues**

Understanding what a firm is and how it operates has been the ontological basis of research on enterprises in business and management literature. As the enterprises are not dissociated from the social environment they are embedded in, other questions emerged from the increasing tensions between business and society, such as to whom or to what enterprises are responsible for (Bansai & Song, 2017). Attempting to answer these questions and resolve those tensions, several studies have expanded the concepts of how enterprises should be responsible when doing business.

Since its inception as an economic system, capitalism has confronted myriad moral and ethical issues related to the fit between the paradigms of enterprises operating in free markets and their contributions to social welfare – the “growth enigma” (Flemming, 1992, p. 13). Even the philosophical thinking of Adam Smith about free markets has been questioned as apparently
contradictory, opposing his two influential works: The Moral of Sentiments (1759) and An Inquiry into the Nature and Causes of the Wealth of Nations (1776). While the first calls for sympathy to build common well-being, introducing his view of humanity and society, the second advocates that individuals’ self-interests and the free market should prevail since society would benefit from jobs, products, and services at lower costs. Smith argued that these two main components were the basis of a nation’s welfare. Several works have attempted to reconcile these two views on human nature for more than two centuries, labeled “The Adam’s Problem” (i.e., Göçmen, 2007).

The thinking of modern enterprise as a means through which private economic interests are organized has carried these unsolved ‘tensions’ to today. Two divergent contemporary paradigms exemplify this: the drive to maximize shareholder profits (Friedman, 1970) and the social responsibility of businessperson to society (Bowen, 1953). Bowen (1953) argues that corporations could search for a balance between the planned profits and their moral and social obligations, while Friedman (1970) states that the primary corporate objective is to maximize corporate profits for the shareholders, favoring the incumbency of these duties. These tensions have been enhanced by the perception of the self-interest that guides corporate activity as unrestrained greed, leading to a deeper discussion about what kind of relationship between business-society is desirable (e.g., Barton, 2011; Porter & Kramer, 2011). Accordingly, a rich literature was accumulated attempting to provide explanations of the phenomenon and how organizations and managers can deal with it.

Across the relevant literature, the term “business-society” has been applied to represent the relationship between firms and their society’s institutions and surrounding ecosystems. The research on business-society issues encompasses a broad range of frameworks, such as business
ethics (BE), corporate social responsibility (CSR), stakeholder management (SM), sustainability (SUS), and corporate citizenship (CC). Accordingly, we observe a profusion of concepts representing the resolution of the ambiguity faced by firms due to the opposing demands from business-society, being treated as dilemmas, trade-offs, or paradoxes. However, these concepts are mainly used as oversimplified representations of the phenomenon, meaning polarized distant notions that cannot be put together to be reconciled (Schad et al. 2016). While dilemmas and trade-offs demand choosing between two competing alternatives, paradoxes involve the sensemaking and exploration of the tensions rather than a resolution (Van der Byl & Slawinski, 2015).

**Globalization and Business-Society issues**

With globalization, MNEs increased their prominence in international business. By 2018, around 60,000 MNEs worldwide controlled more than 500,000 subsidiaries. The literature in International Business has mostly viewed the MNE as an efficient organizational form for the cross-border exploitation of firm-specific advantages (FSAs) built on assets such as brands, technology, marketing, and management expertise (Grøgaard et al., 2019). At the same time, however, these entities have increasingly been viewed as agents of social, environmental, and economic problems. This expansion and growing visibility of MNEs is associated with growing pressures and expectations of social responsibility across their global operations, demanding a redefinition of their role to “create shared profit, not just profit per se” (Porter & Kramer, 2011, p. 64).

Due to the diverse environments, contexts, and cultures in which MNEs operate, they are more likely to encounter multiple stakeholder groups and non-governmental organizations (NGOs), which demand the management of the tensions derived from business-society
demands. However, little research has been made on how MNEs deal with the challenges affecting societies across several geographical locations (Buckley et al., 2017). Although there is rich literature on managing business-society issues, few studies were developed about the multinationalism of those issues and how MNEs manage them globally, balancing the demands of society and the environment with the economic features of MNEs activities (Burritt et al., 2020). Moreover, the frameworks and definitions used to represent those issues (e.g., business ethics, corporate citizenship, and corporate social responsibility) do not provide an integrative understanding of social, environmental, and economical performance (Kolk, 2016). Besides this call for an integration of the concepts, there is a lack of agreement about managing business-society issues in this complex context and combining strategies that will result in the best social, economic, and environmental outcomes (Buckley et al., 2017). Several studies have approached the management of tensions when strategizing as dilemmas or trade-offs, demanding managers to opt for one “side” (e.g., Liou & Rao-Nicholson, 2021; Van Tulder et al., 2021).

**Defining Responsible Global Business Through Tensions**

Building on how business-society issues have been conceptualized and studied over time, this section proposes an overarching framework for how MNEs should be responsible and manage business-society tensions under the paradoxical lens.

*Business-Society Frameworks and the MNE*

The notion that organizations have responsibilities to society beyond making profits has existed for centuries throughout several competing frameworks that gained and lost preeminence. Usually assumed as a post-World War II phenomenon, this ambiguity did not emerge as a relevant theme until the 1960s. Over the last 60 years, several frameworks have been proposed, such as Business Ethics (BE), Corporate Social Responsibility (CSR), Stakeholder Management
(SM), Sustainability (SUS), and Corporate Citizenship (CC). However, they overlap and are conceptually unclear since “difficulties remain in understanding what each construct really means, or should mean, and how each might relate to the others” (Schwartz & Carroll, 2008, p. 149). To get an overview of the five most dominant frameworks, we examined their perspectives, basic epistemology, and ontology (how it fits together in the research stream), Table 1 presents their main features. Each framework provides different perspectives and nuances for examining the business-society relationship. While some are more limited in focus (e.g., preventing harm), others incorporate the entire planet to support humanity (e.g., humanity’s future). Depending on the framework, the focal entity varies across micro-, meso-, and macro-foundations and levels of analysis. Similarly, although frameworks analyze competing demands from different perspectives, they are mostly based on choice selections. An exception is using an integrated view and paradox theory in the SUS framework, bringing a more holistic view of the demands.

In the aftermath of the United Nations’ (UN) revision of the Millennium Sustainable Goals in 2015, a new extension of the Sustainable Development Goals (SDGs) emerged, labeled as the 2030 SDGs. This revised agenda encompasses seventeen major goals, each broken down into 169 indicators, running through economic, legal, ethical, social, environmental, and global issues. UN suggests the need for prompting international action and commitment to this agenda to support this initiative. The SDG agenda’s implementation primarily depends on the voluntary cooperation of nations and organizations, both for-profit and non-profit, rather than legal enforcement. Initial analysis indicates that only a mere 0.2 percent of the 8,550 organizations examined demonstrated a strong alignment with the UN SDGs (MSCI, 2021). Although some SDG goals encompass the global dimension, little is known about how MNEs can be responsible
globally since the goals were designed to be applied by different kinds of organizations (Kolk et al., 2017).
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Business Ethics (BE)</th>
<th>Corporate Social Responsibility (CSR)</th>
<th>Stakeholder Management (SM)</th>
<th>Sustainable Development/Sustainability (SUS)</th>
<th>Corporate Citizenship (CC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition adopted</td>
<td>Interaction of ethics and business (George, 1987, p. 208)</td>
<td>Encompasses the economic, legal, ethical, and discretionary [later termed philanthropic] expectations that society has of organizations at a given point in time (Carroll, 1979, p. 508)</td>
<td>Represents multilateral relationships with constituent or stakeholder groups (primary or secondary)</td>
<td>“Development which meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987, p. 42)</td>
<td>“Company’s management of its influences on and relationships with the rest of society” (Marsden, 2000, p. 11)</td>
</tr>
<tr>
<td>Core Assumption</td>
<td>Avoid harm</td>
<td>Balance interests</td>
<td>Secure humanity future</td>
<td>Good citizen metaphor</td>
<td>Utilitarianism</td>
</tr>
<tr>
<td>Theoretical framing</td>
<td>Normative</td>
<td>Descriptive, Instrumental, Normative</td>
<td>Utilitarianism</td>
<td>Utilitarianism</td>
<td>Utilitarianism</td>
</tr>
<tr>
<td>Perspective of competing demands</td>
<td>Dilemmas</td>
<td>Trade-offs</td>
<td>Trade-offs</td>
<td>Dilemma</td>
<td>Integrate</td>
</tr>
<tr>
<td>Focal Entity</td>
<td>Employees, Managers, and Organization</td>
<td>Managers, Organization</td>
<td>Organizations’ primary and secondary stakeholders</td>
<td>Employees, Managers, Organizations, Society</td>
<td>Organization</td>
</tr>
<tr>
<td>Limitations</td>
<td>Western centered</td>
<td>Conceptualization confusion, Natural environment excluded</td>
<td>Excludes the overall society</td>
<td>Blurred positioning of BE and legal aspects</td>
<td>Noncorporate businesses are excluded</td>
</tr>
<tr>
<td>Support</td>
<td>Rights and duties cross-culturally</td>
<td>Corporate social responsiveness and Corporate social performance</td>
<td>Balancing conflicting interests across stakeholders</td>
<td>Natural environment and future generations</td>
<td>Rights and duties to all society</td>
</tr>
<tr>
<td>Context of analysis</td>
<td>Domestic x Overseas</td>
<td>Domestic x Overseas</td>
<td>Primary and Secondary stakeholders</td>
<td>Global</td>
<td>Local</td>
</tr>
</tbody>
</table>
In contrast to extensive research on business-society issues among firms in the domestic context, the international business (IB) dimension of these issues has received less attention (Leonidou et al., 2019). Moreover, few works have applied those frameworks to analyze how the MNEs orchestrate their resources to respond to the claims for this redefinition in the global context. For example, despite extant research offering knowledge on SUS issues in firms and industries, there is a disconnection between MNEs’ global role and their impact on the planet’s environment (Burritt et al., 2020). In her work on how CSR appears in IB research, Kolk (2016) reveals the infancy of the literature on CSR and MNEs.

Furthermore, an examination of the scope dimensions addressed by each framework (Table 2) reveals that only a limited number of conceptualizations offer a comprehensive perspective on the complex interplay between businesses and society on a global scale. Additionally, this analysis demonstrates a degree of overlap among certain dimensions across various frameworks. This phenomenon has been the subject of scholarly attention, with some researchers arguing for integrating these concepts to more accurately represent the multifaceted nature of business-society issues (Carroll, 2019).

Table 2 – Overlapping Dimensions from Business-Society Framework within RGB

<table>
<thead>
<tr>
<th>Business and Society Frameworks / Responsible Global Business Dimensions</th>
<th>Economic</th>
<th>Legal</th>
<th>Ethical</th>
<th>Social</th>
<th>Environmental</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Citizenship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Development Goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Responsible Global Business**

To fill the gaps identified above, we propose a concept that is central to our research – Responsible Global Business (RGB). RGB refers to the ability of an MNE to embrace its
economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. We argue that RGB extends the conceptualization of the existing frameworks described above. By integrating the environmental and global impacts to economic, legal, ethical, and social dimensions, this conceptualization emphasizes responsibilities beyond moral rules.

Moreover, we provide MNEs with a core role in dealing with business-society issues globally. Underlining this role is the notion of creating and propagating a culture of “doing good” throughout the MNEs, which are responsible for conducting business in a socially responsive manner, ensuring their survival, while globally integrating strategies and locally applying the resources to respond to stakeholders’ demands. Although the increasing claims and pressures for MNEs’ social responsibility, little research specifically focus on the MNE as an agent of reconciling all dimensions of business-society (Burritt et al., 2020; Pisani et al., 2017).

One probable cause for this lack of attention on MNE is its use as a research “site” rather than a research “object” (Piekkari et al., 2022). Piekkari et al. (2022, p. 2) suggest that scholars analyze organizations via a contextualizing lens, “situating the MNE in the larger economic, social, and political contexts that have shaped it over time – and on which it has itself been and will continue to be a major influence.” This contention is echoed by scholars who acknowledge the MNE context’s distinctiveness and its features, allowing researchers to extend existing theories and specify the boundaries of assumptions. So, we contend that a central piece in understanding the MNEs’ journey to becoming RGB organizations is rooted in how they manage the tensions derived from the inherent complexities and apparent contradictions of business-society issues in their contexts.
We argue that, in order to be an RGB, MNEs must avoid the dualistic view of the tensions established by the economic or sociological views of the business-society dichotomy. Most previous research on business-society issues has approached those tensions under an either/or paradigm as dilemmas (e.g., Pless et al., 2021) or trade-offs (e.g., Temouri et al., 2022). In the case of dilemmas, firms are faced with two or more competing values that are assumed as not possible to be maximized simultaneously, leading to tensions between these values. Trade-offs refer to situations where firms must make strategic choices to balance different values or goals due to business-society issues. In both cases, firms will opt for a solution that prioritizes and focuses on shareholders and profit maximization (Van der Byl & Slawinski, 2015).

For example, the main paradigms that SUS and CSR studies adopted are dilemma and trade-off approaches. Both approaches assume that economic, environmental, and social aspects are in harmony, and the main organizational goal is to reach all three elements simultaneously (Brundtland, 1987; Hahn et al., 2010). However, its final representation opposes the economic focus on shareholders and profit maximization against environmental or social dimensions. Likewise, trade-offs contend a compromise between alternatives requiring sacrifices in one area to obtain benefits from another. It assumes an optimal alternative in which the gains outweigh the losses. Thus, tensions are opposing poles in which there is no finite reconciliation. Therefore, although timely decisions are made, the underlying contradictions will persist.

Instead of managing the tensions as dilemmas or trade-offs, RGB needs to adopt a holistic view of them, approaching them as paradoxical by integrating behavioral, institutional, and cultural complexities in optimizing profits through shared value creation.
(Smith & Lewis, 2011). As MNEs operate under institutional complexity and cultural diversity, the dichotomies between global integration and local adaptation are insufficient to resolve the tensions that arise from business-society issues and support their performance globally. In today’s fragmented and dynamic global environment, MNEs face competing demands balancing economic, legal, ethical, social, and environmental objectives across all geographies. Then, they need to embrace and transcend all paradoxical underlying tensions as facets of the systems in which they are embedded. Accordingly, we adopt paradox theory as our theoretical lens to trace the different conceptualizations of business-society over time as they shape MNEs’ behaviors in navigating this dichotomy.

**Paradoxical Lens in RGB**

Conflicting demands persisting over time abound in organizational life. Paradoxical demands reflect “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p.382). Writings on paradoxes date back thousands of years, with theoretical origins dating back to Aristotle, Confucius, Freud, Hegel, and Jung. Today, more than ever, the increasingly global, fast-paced, interconnected, and complex contemporary environment intensified the paradoxes all organizations worldwide face. “Exploring paradox, researchers might move beyond oversimplified and polarized notions to recognize the complexity, diversity, and ambiguity of organizational life” (Smith, 2000, p. 760).

A paradox emerges when individuals facing oppositional tendencies bring them through reflection and interaction. Smith and Lewis (2011) characterized three elements of a paradox. They represent contradictions, “oppositional, inconsistent, and conflictual” (Smith & Tracey, 2016, p. 457). Second, there is an interdependence between them. They
“inform and define one another, tied in a web of eternal mutuality” (Schad et al., 2016, p. 6). Third, they “are persistent, balancing opposing poles is an ongoing concern” (2016, p. 37). Exploring the intricacies of a paradox by accepting and engaging in paradoxical tensions and reconciliation fosters creativity and sustainability (Jay, 2013).

Adopting a paradoxical lens comprises the integration of underlying tensions that usually are framed as seemingly illogical. When oppositional frames are juxtaposed dynamically through cyclical processes in which they are embraced, novel responses flourish. Business-society paradoxical demands abound: Free markets or social welfare? Profit or environment? Sustainability or poverty? Performance or diversity, equity, and inclusion? Growth or sustainable development? Organizations have been facing contradictory and interrelated tensions ever since their creation. We posit that holistic thinking through a paradoxical lens provides a unique paradigm for exploring RGB tensions within the MNE. Accordingly, we contend that this is the most sustainable alternative for MNEs’ survival: moving from the either/or efforts to resolve tensions (maladaptive ways) to both/and (adaptive ways) approaches.

The paradox lens highlights opposites (i.e., light-dark, life-death) as interdependent, fluid, and natural. According to Jung, “only the paradox comes anywhere near to comprehending the fullness of life” (Jung, 1980, p. 16). Acceptation, confrontation, and transcendence directly deny analytical thinking, in which the phenomenon under analysis is continuously parsed in smaller and disparate pieces. Under the paradox approach, contradictions are analyzed via integration, helping to identify multiple alternatives. Applications of the paradox lens in the RGB context are few and relatively recent.
For example, Scherer & Palazzo (2013) propose a paradoxical approach as the best alternative to preserve legitimacy while successfully engaging in sustainable development globally. Likewise, Jay (2013) suggests that accepting competing institutional logics through a paradoxical lens allows a compromise between the conflicting elements. Gao & Bansal (2013) show that organizations should simultaneously combine integrative logic across financial performance and social commitment, allowing an accommodation of “the paradoxical thinking and the attempts to transcend tensions through creative solutions” (p. 244). Accordingly, Hahn et al. (2014) propose a cognitive framing view of the paradoxical case to identify the underlying determinants of responses to sustainability issues. We consider these views to trace contradictory paradoxes of the evolving conceptualization of a humane, ethical, and transparent way for MNEs to do business while remaining an RGB.

Next, we present our methodology.

**Methodology**

To respond to our research questions, we followed quantitative and qualitative methodologies, comprised of a three-step process: research design, data collection, and data processing and analysis.

**Research Design**

Figure 1 presents the research design which is based on three main steps explained next.

The first step of our research design consisted of a qualitative content analysis of all documents, resulting in coding schemes that emerged from deductive and inductive data analysis. We selected codes from previous reviews while incorporating specific elements that surfaced from our readings (Danese et al., 2018). We organized and compiled the
documents into a table containing the year, title, source, research focus, theoretical perspective, type of inquiry, the main business-society focus, and unit of analysis. This step helped to identify the authors’ frames of reference.

Figure 1 - Research Design

The second step of our research design was mapping the conceptual structure of our dataset using R-Bibliometrix/Biblioshiny (Aria & Cuccurullo, 2017). Using document titles, we plotted the co-word network, producing semantic maps, and then identified the most cited documents for each period. Finally, we ran a bibliographic coupling analysis using the most cited publications for the three studied periods. The main assumption of coupling analysis is that two documents which contain shared references are prone to be similar in scope. As a result, we built a map of the topics and how they appear in the literature over time (Pinho et al., 2022). These two steps helped us build an interpretative base for what we know about (ontology) business and society issues.

The third step was comprised of the consolidation of content through co-citation analysis. This bibliometric analysis is built on two statistical techniques –factor analysis...
and multidimensional scaling – that allow the interpretation and visualization of structural patterns within the data, mapping the captured factors, dimensions, and clusters. Finally, the results from each branch are used to take insights and interpret the evolution of business and social issues literature over time. Accordingly, it helps to build an explanation of this evolution and present future research.

Since our research aims to capture the longitudinal evolution of research on our phenomenon of interest, we divided the data into three periods that were analyzed separately (Zupic & Čater, 2015). As we are also interested in extracting future trends, following Chabowski et al. (2018), we adopted four years as the last analysis period – from 2019 to 2022. Following previous studies (e.g., Chabowski & Mena, 2017), we considered splitting the remaining period (1985-2018) into three equal periods. However, given the number of articles in the first two periods was insufficient for applying bibliometrics, we decided to keep only one period from 1985 to 2008 (e.g., Pinho et al., 2022).

Collecting data

The data collection was designed to fit our research design to explore the extent to which paradoxes have been applied to business-society issues research. Then, we established inclusion-exclusion criteria, as shown in Table 3, screening the literature to select appropriate keywords for searching. First, we adopted Schwartz & Carroll’s (2008) five-pronged business-society frameworks: “BE,” “CSR,” “SM,” “SUS,” and “CC.” Additionally, following Van der Byl (2015), we added “environmental,” “social,” and governance (“ESG”) since ESG represents MNE self-reports and measurements on environmental, social, and governance within business-society issues. To represent the mechanisms applied by firms to approach those issues, we used the words: “dilemmas,”
“tensions,” “trade-offs,” and “paradoxes,” which have been largely applied as synonyms for paradox in literature (Van der Byl & Slawinski, 2015). The last string of keywords uncovered business-society paradoxes in the international context of the MNE. We are interested in studies incorporating the organizations’ global contexts. The third layer of the search included the following words: “global,” “international,” “multinational,” “MNE,” and “MNC.” Following previous studies, we add the word “culture” to this layer since this string is related to international studies (e.g., Gaur & Kumar, 2018).

Additionally, to ensure legitimate cases representing the highest standards, we narrowed our search, retrieving articles from sources with higher impact factors and picking journals from the highest quartile of Scimago’s Journal & Country Rank³ for Business, Management, and Accounting fields. Furthermore, we decided not to target only IB journals to incorporate a broader perspective of the MNEs and international dimensions beyond IB studies. This strategy has the advantage of providing large datasets, and improving the reliability of bibliometrics analysis. One potential disadvantage of this decision is that the data collected expands beyond IB paradigms (e.g., urbanization issues).

Table 3 - Inclusion and Exclusion Criteria for Data Collection in Web-of-Science.4

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>REPRESENTATIONS</th>
<th>STRINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCLUSION</strong></td>
<td><strong>Business-Society Issues</strong></td>
<td>“corporate social responsibility” or “csr” or “business ethics” or “stakeholder management” or “sustainability” or “corporate citizenship” or “environmental-social-governance” or “environmental social governance” or “esg”</td>
</tr>
<tr>
<td>AND</td>
<td><strong>Management Approaches</strong></td>
<td>paradox* or dilemma* or tension* or trade-off*</td>
</tr>
<tr>
<td>AND</td>
<td><strong>International Dimension</strong></td>
<td>global* or internation* or multinational* or mnc* or mnc* or cultur*</td>
</tr>
<tr>
<td><strong>EXCLUSION</strong></td>
<td><strong>Only articles from the top quartile from Scimago’s Journal &amp; Country Rank for business, management, and accounting fields.</strong></td>
<td></td>
</tr>
</tbody>
</table>

The search base provided the keywords, fulfilling the study’s aim and scope. The search included publications between 1985 to September 2022 within the Web-of-Science (WoS) database. Nevertheless, it incorporates the complexity of business-society issues across broader domains. The final sample encompasses 469 records across 51 journals. We divided the dataset into three subsets (1985-2008; 2009-2018; 2019-2022) and used R-Bibliometrix to retrieve metrics about them (Table 4).

Table 4 - Dataset Information

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources (Journals)</td>
<td>51</td>
<td>15</td>
<td>39</td>
<td>36</td>
</tr>
<tr>
<td>Documents</td>
<td>469</td>
<td>50</td>
<td>198</td>
<td>221</td>
</tr>
<tr>
<td>Average citations per document</td>
<td>39.23</td>
<td>59.28</td>
<td>64.05</td>
<td>12.46</td>
</tr>
<tr>
<td>Average citations per year per doc</td>
<td>5.7</td>
<td>3.06</td>
<td>7.692</td>
<td>4.514</td>
</tr>
<tr>
<td>References</td>
<td>31202</td>
<td>2504</td>
<td>13339</td>
<td>16653</td>
</tr>
</tbody>
</table>

Data Analysis

Data were analyzed using a different approach for each design step. First, we conducted a content analysis of all documents, extracting a comprehensive view of the

4 Web-of-science provides a way of searching for an umbrella of related words, using (*). In our case, international* means international, internationalize, and internationalization or internationalise and internationalisation.
dataset. Then we compiled the documents identifying several pieces of information (see Appendix 1), including the main theories used by the authors to study the phenomenon, in a summary table with the support of MS-Excel. Next, we mapped the conceptual structure of our dataset with the support of R-Bibliometrix-Biblioshiny (Aria & Cuccurullo, 2017).

Finally, as part of the third step of our design, we conducted a co-citation analysis of the references from the most cited articles for each period. This procedure allowed us to uncover the intellectual structure of a research domain, revealing its underlying themes and how they have evolved in the literature (Pinho et al., 2022). It is also helpful in finding thematic clusters, mapping the knowledge groundwork, and identifying groups of closely associated documents in the same cluster. We created a set with all references from the most cited articles per period. The first step is counting the most frequently cited references within the set to create a citation table. Next, we took the most cited references and summed up the number of times they were cited in pairs, building a symmetric squared matrix (co-citation matrix). To normalize the data, we transformed the matrix into Pearson’s correlation matrix. Correlations are considered measures of similarity between two variables (White & McCain, 1998). The higher positive correlations indicate a higher likelihood that two references are perceived as similar. Conversely, negative correlations show that the two references are distant.

Next, we applied two statistical techniques (factor analysis and principal component analysis) to the co-citation matrix with the support of SPSS-22. Factor analysis (FA) informs highly related reference groups by employing the Principal Component Analysis (PCA) as the method of extraction, varimax rotation to interpret the extracted results, and Kaiser’s criterion and screen plot test to appoint the number of groups. An approach on
how well groups fit the data is represented by the explained variation, considered good
fitness if the values surpass 80 percent. Using this technique, we could identify different
thematic groups for each period. These groups were also labeled by using content analysis
of the references.

Additionally, we employed multidimensional scaling (MDS) to plot the references.
MDS allowed us to interpret the core links among the references within the groups. It is
also considered a robustness check of the thematic clusters that emerged from the factorial
analysis (Pinho et al., 2022). The coefficient of stress for the MDS serves as a good quality
proxy of the dimensional models, being values 0.10 considered as goodness-of-fit for the
model (Borg & Groenen, 2005). Another rule of thumb to ensure the model’s quality is the
number of documents. We adopted a minimum of 42 documents per period, with a cut-
point of at least five co-citations per reference. This number of documents surpasses the
minimum value of 25 recommended by Ramos-Rodriguez and Ruíz-Navarro (2004). Table
5 summarizes the number of references per period, the stress coefficient, the number of
groups, and the explained variance.

Table 5 - Statistics Results

<table>
<thead>
<tr>
<th>Period</th>
<th>Number of references</th>
<th>MDS Stress</th>
<th>Number of Groups</th>
<th>Explained Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985 - 2008</td>
<td>45</td>
<td>0.042</td>
<td>4</td>
<td>85.49</td>
</tr>
<tr>
<td>2009 - 2018</td>
<td>43</td>
<td>0.062</td>
<td>5</td>
<td>83.46</td>
</tr>
<tr>
<td>2019 - 2022</td>
<td>45</td>
<td>0.047</td>
<td>5</td>
<td>86.81</td>
</tr>
</tbody>
</table>

Interpreting the results

As the interpretation of the results from co-citation analysis is cognitively
demanding due to the relationship between citers and cited author’s work, scholars suggest
applying triangulation to improve the robustness of the findings (Pinho et al., 2022). Then,
the findings will result from using different methods for the same purpose and summing up
the emerging independent results from different sources of analysis (e.g., Chen et al.,
2010). In our study, the interpretation of the results was based on the sum up of the
conceptual and theoretical analysis of each step’s outputs shown in Figure 1. On the one
hand, the co-citation analysis helped to capture RGB’s conceptual and operational basis and
evolution over time. On the other hand, our dataset’s classification, mapping, and content
analysis provided relevant information about how business-society issues have been
conceptualized and applied in the MNE’s context over time, resulting in a fruitful process
of interpretation and building of RGB. Moreover, this extensive research helped to build a
meta-analysis of the domain, uncover what is known and gaps, and identify future trends.

Findings

This section provides an overview of our dataset, including publication count per
year and the most relevant documents based on the citation scores. We also summarize the
main theoretical underpinnings guiding paradoxical approaches in RGB. Next, we traced
the intellectual structure of RGB development through the three periods (1985-2008; 2009-
2018; 2019-2022), highlighting the main findings of the co-citation analysis. Finally, based
on this longitudinal development, we depicted the pathways of how tensions in RGB have
been studied, highlighting the trends for future research.

Dataset Overview

From 1985 to 20225, the literature increased in the number of publications, as
shown in Figure 2. The highest number of publications occurred in 2021, with 65

5 The data retrieving stops in September.
documents. The figure also shows the number of publications per business-society framework applied to represent business-society issues each year.

The dataset analysis shows how the business-society frameworks were applied in the context of MNEs over time, providing some interesting findings. First, our analysis suggests that the BE framework was the most used from 1985 until 2009. Starting in 2010, other frameworks were used evenly until 2013, when SUS became the most used framework to analyze how MNEs deal with business-society issues, followed by SDG.
Ordinating the main sources results that six journals account for more than 76.12% of all published articles: *Journal of Cleaner Production, Journal of Business Ethics, Journal of Sustainable Tourism, Business Strategy and the Environment, Cities, and Journal of Business Research*. Moreover, 45 journals are responsible for the remaining 23.88% of published articles. In 2021, the *Journal of Cleaner Production* published almost two-thirds of all articles of our dataset, being the leading publication about the topic. This journal is self-defined as “an international, transdisciplinary journal focusing on Cleaner Production, Environmental, and Sustainability research and practice.”

The number of citations a document receives is usually adopted as a metric that captures its relevance (Lundberg, 2007). Table 6 presents the 13 most relevant works among all documents. The Local Citation Score (LCS) of articles, which means the count number of their citation within the dataset, is considered a measure of their relevance. It also provides their Global Citation Score (GCS), which means their relevance beyond the context of our study as counted within the WoS databank. The low values of LCS presented by the listed articles point to a dispersed body of knowledge, reinforcing that there is a significant opportunity for consolidation among the frameworks (as suggested by Carroll, 2019) and unification of the topic around the global operations of the MNEs (Kolk & van Tulder, 2010; van Zanten & van Tulder, 2018).

Business-society issues management is represented in 462 documents in our dataset using four different approaches: 45.6% treat those issues as trade-offs, 21.9% as dilemmas, 20.1% as tensions, and 12.3% as paradoxes. These numbers show that the either/or

approach is predominant in dealing with the contradictions that emerge from business and society’s competing demands.

Table 6 - Most Cited Papers

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Type of Study</th>
<th>Journal</th>
<th>LCS</th>
<th>GCS</th>
<th>Tensions Perspectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith &amp; Lewis</td>
<td>2010</td>
<td>Conceptual / Theoretical</td>
<td>AMR</td>
<td>6</td>
<td>1466</td>
<td>Dynamic equilibrium model of managing tensions - paradox theory</td>
</tr>
<tr>
<td>Pinkse &amp; Kolk</td>
<td>2010</td>
<td>Conceptual / Theoretical</td>
<td>JCP</td>
<td>2</td>
<td>261</td>
<td>Managing trade-offs in climate change innovations</td>
</tr>
<tr>
<td>Reincke, Munnings &amp; Von Hagen</td>
<td>2012</td>
<td>Empirical</td>
<td>OS</td>
<td>2</td>
<td>2011</td>
<td>Tensions in transnational standards and sustainability</td>
</tr>
<tr>
<td>Higgins-D’iDjohns &amp; al.</td>
<td>2019</td>
<td>Conceptual / Theoretical</td>
<td>JST</td>
<td>2</td>
<td>150</td>
<td>Tensions in sustainable tourism development and local economic development</td>
</tr>
<tr>
<td>Lund-Thomsen &amp; Naes</td>
<td>2010</td>
<td>Empirical</td>
<td>JBE</td>
<td>2</td>
<td>116</td>
<td>Tensions in managing the interrelationship between global governance and local governance within global value chains</td>
</tr>
<tr>
<td>Payen, Basset-Mens &amp; Perret</td>
<td>2015</td>
<td>Empirical</td>
<td>JCP</td>
<td>2</td>
<td>96</td>
<td>Trade-offs between local agriculture and imported vegetables in the life-cycle assessment</td>
</tr>
<tr>
<td>Castro, Fernandez &amp; Colina</td>
<td>2021</td>
<td>Conceptual / Theoretical</td>
<td>JCP</td>
<td>2</td>
<td>58</td>
<td>Trade-offs between digitalization and sustainability efforts</td>
</tr>
<tr>
<td>Cosciene et al.</td>
<td>2020</td>
<td>Conceptual / Theoretical</td>
<td>JCP</td>
<td>2</td>
<td>39</td>
<td>Trade-offs in unconditional GDP growth within overall SDGs</td>
</tr>
<tr>
<td>Chong et al.</td>
<td>2019</td>
<td>Empirical</td>
<td>JCP</td>
<td>2</td>
<td>35</td>
<td>Dilemma of environmental fragility-economic poverty vicious circle</td>
</tr>
<tr>
<td>Gasullo et al.</td>
<td>2020</td>
<td>Empirical</td>
<td>BSE</td>
<td>2</td>
<td>23</td>
<td>International sustainability paradoxical management as internationalization strategy to achieve sustainability objectives</td>
</tr>
<tr>
<td>Van Zanten &amp; Van Tijde</td>
<td>2021</td>
<td>Conceptual / Theoretical</td>
<td>BSE</td>
<td>2</td>
<td>20</td>
<td>Nexus approach to strategies and execute SDGs</td>
</tr>
<tr>
<td>Fein &amp; Philippe</td>
<td>2020</td>
<td>Empirical</td>
<td>BS</td>
<td>2</td>
<td>18</td>
<td>Taboos within the corporate profit and societal needs</td>
</tr>
</tbody>
</table>

Note: LCS = Local Citation Score; GCS = Global Citation Score


Organizational Theories informing Business-Society Tensions

The debate about the idea that businesses should care about more than just profit-making has been part of academic inquiries for a long time, resulting in a large and variate body of knowledge. Research about the competing demands from business-society issues has expanded across different firm layers (e.g., strategic and organizational) throughout different contexts (i.e., local, regional, and global) and functions within the firm (e.g., management, supply chain, and marketing). Such variation in studies has emerged in association with several theory-based perspectives over the last thirty-eight years. The most
used perspectives support the analysis of the phenomenon using a psychological emphasis on cognition and behaviors, an economic perspective on innovation, and primary and secondary stakeholders’ influence within sociological perspectives of institutions and management of institutional actors.

This section briefly discusses the most used management and organization theories within business-society tensions research streams. Table 7 summarizes each stream, their underlying assumptions and antecedents, and their applications and implications within RGB dimensions (economic, ethical, legal, social, environmental, and global).

*Table 7: Main Theoretical Approaches Employed in Business-Society Issues Research*

<table>
<thead>
<tr>
<th>Theories</th>
<th>Assumptions, Premises, and antecedents</th>
<th>Application</th>
<th>Implications and Limitations</th>
<th>Exemplars</th>
</tr>
</thead>
</table>
| Ethical Decision Making        | Decision-making due to conflicts of interest between business and broader society has ethical implications for corporate actions. The decision-making process is affected by individuals’ beliefs, cognition, and framings of behavior. Variations in ethical behaviors will occur due to individual identities, cultural values, emotions, organizational design, and others. Moreover, ethics guide policy formulation, implementation, and control. | Managers' decisions have been a core source of business-society tensions in RGB. Ethical theories offer guidance on what people should do and how they should act towards the tensions. Global and local contexts are primary determinants of ethical behaviors and actions. Managers’ intentions on behaving ethically are impacted by peers’ influences, personal or institutional relationships, and national cultural values. | - Interorganizational contexts matter.  
- Emphasis on one level of analysis. Individuals, teams, dyads, and networks.  
- Static approaches.  
- Cross-boundaries with other economic, social, and environmental elements were excluded from the investigations. | Brady & Hart, 2007  
Clarke & Aram, 1997  
Razzaque & Hwee, 2002  
Selart & Johansen, 2011  
Westerman, 2007  
Wisler, 2018 |
| Stakeholder Management         | Organizations take care of stakeholders to create value for all of them. Stakeholder management guided by stakeholder theory guides in identifying and managing external and internal stakeholder groups. Stakeholders can affect or be affected by the accomplishment of an organization’s objectives. Managers determine the successful or failure in implementing business and society programs that maximize the value to the stakeholders. | Several tensions emerge from different stakeholders’ demands due to business and society. Stakeholder theory has been applied to map and identify the antecedents and implications of organizational decision-making about their stakeholders (how it affects and/or is affected by it). It has also been applied to understand the relevance of global and local stakeholders and how differences between home and host-country institutions and cultural norms affect RGB. | - Stakeholder management implies dynamics assessment.  
- Interorganizational and intraorganizational agents and context variation imply dynamic, competing, and evolutionary demands.  
- Stakeholder instrumentality over-focused.  
- Despite its normative character under moral values and obligations, this perspective is absent in the studies. | Bolton et al., 2011  
T. Clarke & Boersma, 2017  
Donaldson & Preston, 1995  
Heikkurinen & Ketola, 2012  
Hme & Preuss, 2009  
Mitchell et al., 1997 |
| Institutional Theory Perspectives | Organizations and management practices are a result of social rather than economic pressures. The institutional theory assumes that organizations are affected by and affect the institutional environment in which they are embedded. Organizational institutionalism represents the institutional environment as three dimensions (pillars) that provide stability and social meaning: regulatory, normative, and cultural-cognitive. Due to institutional pressures, firms take on specific sets of institutional forms, procedures, or symbols. | Institutions have been a core element of studies on how business and society’s competing demands emerge and are treated by organizations. Institutions have been studied as sources of tensions considering conflicting institutional logics (e.g., market, state, community). Studies have also used the three pillars to understand what pressures emerge and how organizations respond to institutional pressures and manage the tensions that emerge. Additionally, institutions are also viewed as determinants of the effects of institutions on organizations. | - Deterministic assumption of the effects of institutions on organizations  
- Emphasis on one level of analysis: groups, firm- and country-level.  
- Prevalent static approaches considering short-term perspectives  
- Institutions are viewed in isolation, ignoring their interdependencies and organizations’ influence | Arena et al., 2018  
Brummer et al., 2012  
Greenwood et al., 2011  
Palazzo & Scherer, 2006 |
Institutional environments tend to become isomorphic due to the interaction of standardized and repeated activities as taken-for-granted features. Accordingly, a firm’s survival depends on its alignment with institutional logic that will ensure legitimacy.

| Paradox Theory | Institutional environments tend to become isomorphic due to the interaction of standardized and repeated activities as taken-for-granted features. Accordingly, a firm’s survival depends on its alignment with institutional logic that will ensure legitimacy. | moderators that affect how the organizations deal with tensions since isomorphism and the search for legitimacy can be enhancers or inhibitors for the adoption of a course of action. | Paradox represents persistent contradictions between interdependent elements. Paradox theory assumes that these contradictory elements should be seen as mutually constituted. Paradoxical tensions are persistent contradictions emerging from pursuing multiple and competing demands simultaneously. Business and society tensions are inherently paradoxical. | Organizations have been approaching the business and society demands as competing, contradictory, and, sometimes, opposite. The paradoxical theory has been applied to identify and categorize the nature of tensions and the cognitive framing adopted in addressing them. Few studies have focused on the approaches in responding to contradictions paradoxically and outcomes. | - Limited explorations on the dynamics of the paradoxical process unfolding. - Scant explorations between cognitive framing evolution, resistance, and acceptance of the tensions as paradoxes. |

### Ethical Decision-Making

Managers’ decisions have been a core source of business-society tensions in RGB. Many scholars have devoted their work to determining how decisions and actions are ethically carried out, mainly adopting ethical theory as their main theoretical foundation. Ethical theories offer guidance on what people should do and how they should act (Brady & Hart, 2007), stating the conditions for right and wrong actions. The theoretical debate revolves around the different perspectives determining the ethical evaluation process, the ethical act per se, and the consequences of the act. The conditions of ethical decision-making will be determined by moral philosophies associated with the individuals’ beliefs, cognition, and framings, varying globally according to sociodemographic variables and cultural contexts. Furthermore, contexts are seen as a primary determinant for behaving ethically, determining the ethical norms and what is considered ethical (Westerman et al., 2007).

In RGB, there are multiple social-environmental sources affecting the process, such as micro- and macro-levels of social influence. Ethical theories will support socially desirable modes of conduct for managerial decision-making in RGB while also providing...
guidelines for policy formulation, implementation, and control (Razzaque & Hwee, 2002). So, managers’ intentions to behave ethically can be impacted by peers influences, personal or institutional relationships, and national cultural values (Al-Jabri & Abdul-Gader, 1997; R. Clarke & Aram, 1997; Singhapakdi et al., 2001; Westerman et al., 2007). In addition, ethical leadership decision-making can be unpredictable in a challenging environment or crisis management (Selart & Johansen, 2011; Wisler, 2018).

**Stakeholder’s Management**

Stakeholder theory refers to organizations that take care of stakeholders to create value for all of them without being limited by seeking to increase their own value. Stakeholders represent “persons, groups, neighborhoods, organizations, institutions and even the natural environment” (Mitchell et al., 1997, p. 855). Stakeholder management has been a central theme within business and society frameworks since stakeholders can affect or be affected by accomplishing an organization’s objectives (Sartor et al., 2016). Business and society frameworks embed the ability of an organization to respond to its stakeholders’ claims through beneficial effects (Carroll, 1979). Studies about business and society tensions have applied stakeholders’ management theory through a combination of descriptive, empirical, and instrumental approaches, aiming to identify what are and how is the effective management of stakeholders’ demands.

Managers have a central role as one of the elements within the stakeholder constellation and as an agent in dealing with business and society frameworks (Hine & Preuss, 2009). Scholars have studied several ambiguous and self-contradictory demands from different stakeholders with which managers are confronted (e.g., Heikkurinen & Ketola, 2012; Smith & Lewis, 2011), suggesting that managers determine the successful or
failure in implementing business and society programs that maximize the value to the stakeholders (Bolton et al., 2011).

Moreover, some studies show that global policies towards specific stakeholders (i.e., international staffing) will have different effects according to the saliency and relevance of local stakeholders (Banai & Sama, 2000), providing evidence that cross-cultural norms, differences between home- and host-country determines stakeholder prioritizations across firms’ subsidiaries. Stakeholders’ claims, support, and pressures challenge organizations’ actions (Pache & Santos, 2010), being sources of permanent business-society tensions (Scherer et al., 2013).

**Institutional Theory Perspectives**

Institutional theory refers to grasp organizations and management practices as a result of social rather than economic pressures (Meyer & Rowan, 1977). The importance of institutions shaping and impacting organizational activities is widely acknowledged. Scholars applying institutional theory usually do not distinct which school of thought (e.g., historical institutionalism, organizational institutionalism, institutional economics, or comparative capitalism) they are adopting as a theoretical lens, leading to confounding findings since each one relies on distinctive research questions, assumptions, and mechanisms (Kostova et al., 2020).

Scholars have mainly adopted organizational institutionalism to explain why organizations take on specific sets of institutional forms, procedures, or symbols to deal with tensions in business and society and how such practices are diffused through organizational fields or nations (e.g., Baumann-Pauly et al., 2016; Kok et al., 2019). Building on the three institutional pillars – regulatory, normative, and culture-cognitive
(Scott, 2010) as providing stability and meaning to social life, three research streams discuss how the competing demands between business and society are differently approached using each one of the pillars.

The first stream applies the regulatory institutions approach to explore the organizations’ rational choice and design used to deal with the tensions that emerge from regulations, compliance activities, and sanctions towards societal issues (e.g., green political influences). Another stream integrates values and norms that simultaneously guide the comparison of preferred structures and behaviors due to the tensions between business and society issues and what mechanisms organizations use to choose the appropriate reference to be followed, defining the goals and objectives and how to pursue them. Due to variations in the comprehension of normative institutions within the organizations, these prescriptions and expectations depend on salient actors (e.g., top managers) who evaluate them. The last research stream investigates how cultural-cognitive elements frame perceptions and guide decisions due to business and society issues. Some scholars argue that external cultural frameworks (e.g., green initiatives, cultural environment’s influence on environmental practices) shape actors’ interpretative processes across multiple levels (Miras-Rodríguez et al., 2018; Zhao et al., 2021).

Two other streams of research about how institutions explain the variations of outcomes from firms dealing with business and society issues emerge due to their embeddedness within an organizational field. First, some scholars suggest that institutional logics guides organizational choices and practices towards the tensions by informing the organization’s social prescriptions, encoded in laws, field boundaries, rules of membership, and identity within the field’s constituents (Arena et al., 2018; Miras-Rodríguez et al.,
2018; Zhao et al., 2021). Some scholars have also researched the effects of institutional complexities on how firms address and manage organizational choices due to business and society issues across competing institutional logics (Kok et al., 2019; Wry & Zhao, 2018). An additional stream analyzes how the isomorphic pressures due to the organizational level of embeddedness within the field support organizations in obtaining, gaining, and maintaining their legitimacy (DiMaggio & Powell, 1991). Scholars have investigated what mechanisms organizations use to build appropriate responses when dealing with business and society issues that ensure legitimacy and survival (Acquier et al., 2018; Haack et al., 2021; Scherer et al., 2013).

**Paradox Theory**

Paradox refers to “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). Paradox theory assumes that these contradictory elements should be seen as mutually constituted, representing “two sides of the same coin” (Lewis, 2000, p. 761). Organizations have been approaching the business and society demands as competing, contradictory, and, sometimes, opposite. Moreover, the multiple meanings of those issues generate ambiguities that lead to apparent irreconcilable tensions. Business and society tensions are inherently paradoxical, and leadership has a central role in managing them (Hahn et al., 2014; Van der Byl & Slawinski, 2015).

Scholars applying paradox theory focus on considering the interdependence of economic prosperity, social equity, and environmental quality within the organizations to identify and categorize the nature of paradoxes (e.g., increase food production and reduce waste) and to understand how they navigate paradoxes (e.g., hybrid organizations navigating not for profit vs. for-profit competing demands), balance conflicting cognitive
frames (e.g., business frame vs. paradoxical frame) and address paradoxical tensions across conflicting work identities (e.g., grantmakers society and business outcomes).

Several studies argue that top managers adopting paradoxes perspectives challenge the prevalent paradigm in which tensions are resolved through formal analytical thinking (either/or) in which environmental and social aspects must be aligned with financial performance – the business case or business frame (Carmine & De Marchi, 2022; Hahn et al., 2014). Indeed, scholars suggest leaders should acknowledge tensions as persistent, simultaneously addressing multiple environmental and social concerns through iterations between alternatives. Ensuring they will be simultaneously assessed over time leads to superior results (Jay, 2013; Schad & Smith, 2019; Smith et al., 2010).

**Co-citation-based Results - Intellectual Structure of Tensions In RGB**

This section presents a comprehensive review of the research conducted on tensions arising from business-society issues. The analysis builds upon the intellectual structure across three distinct study periods and employs factor analysis and multidimensional scaling (MDS) multivariate techniques to identify clusters of references within each period. By utilizing co-citation matrices, the most frequently cited references are grouped using factor analysis (FA), and MDS is employed to visualize these clusters in a two-dimensional plot, highlighting the underlying theories supporting the examination of tensions in the RGB field.

In the analysis of multidimensional scaling (MDS), the plot employs axes that serve as representations of dimensions or factors, allowing for a visual depiction of the relationships among objects or variables within a multidimensional space. The number of axes utilized corresponds to the dimensions selected for the analysis. Within our particular
MDS plot, encompassing two dimensions, each axis represents a distinct latent variable or dimension that captures the underlying similarity or dissimilarity between the objects or variables being analyzed. Notably, throughout the three study periods, the x-axis denotes the authors’ focal point in investigating the competing demands between business and society. This focus varies from a narrow, intra-organizational perspective to a broader emphasis on inter-organizational research. Conversely, the y-axis denotes the evolution of knowledge development, referred to as the knowledge spectrum, transitioning from theory development at the lower values to empirical testing at the higher values.

This comprehensive analysis integrates both quantitative and qualitative approaches to provide an accurate appraisal and depiction of the literature on tensions in the RGB field. A holistic understanding of the research landscape is achieved by incorporating quantitative data, such as maps and groups derived from factor analysis and MDS, alongside qualitative analysis of the references used by researchers (content analysis). This integration facilitates a comprehensive examination of the topic, offering valuable insights for future research and theoretical advancements in the field of RGB.

1985-2008 – Intellectual Structure

Here we observe the initial interest of scholars in exploring the tensions that emerge from business-society issues. Figure 3 shows four broad groups that represent the foundation of research from the first period, representing 85.49 percent of the total variance of this set of references.
Group 1 emphasizes developments on how tensions are resolved concerning ethical decision-making. Empirical studies have studied them across four main dimensions: personal attributes (e.g., age, education, and employment background, personality, beliefs, values, reference groups), organizational factors (e.g., bureaucracy, code of conduct, organizational size, effects, level), environmental settings (e.g., culture, countries), and situational (e.g., peers, rewards) contexts. A central discussion behind those studies concerns the contradictory tensions that emerge in ethically questionable situations (McNichols & Zimmerer, 1985). Empirical research surveyed students as future managers to portray their perceptions of organizational, environmental, and situational variables as determinants of ethical behaviors (Hegarty & Sims, 1979; Jones & Gautschi, 1988). Altogether, those studies provide insights into predictors of ethical behaviors, such as age, although other sociodemographic variables were not (e.g., gender, marital status, job status,
and years of experience). However, studies on the environment as a source of tensions (e.g., peer pressures, geographic regions) exhibit variations between ethical and unethical behaviors. We observe the development of ethical scales (Reidenbach & Robin, 1988, 1990) integrating determinants of ethical decision-making into a multi-level perspective (e.g., Tsalikis & Ortiz-Buonafina, 1990).

Another critical pillar of the research in this period is related to the philosophical thinking guiding ethical decisions, represented in Group 2. Three works provide the foundations for this discussion. Weber’s (1990) paper discusses “why certain actions are perceived as moral” (p. 687), providing a linkage between decision-making and moral reasoning. Moral judgments bring tensions to ethical decisions. Some taxonomies and frameworks refer to the consequential elements of an ethical/unethical decision (Forsyth, 1980), suggesting that an ethical act produces ‘more good than harm.’ This view entails the fundamental discussion about who benefits from the act. Underlying tensions emerge when egoism and utilitarianism perspectives compete. While egoism presumes that an ethical act promotes an individual’s best long-term interests, utilitarianism assumes that it is the one that promotes the ‘most good’ for everyone, not only for the individual. Hunt & Vitell (1986) provide the basis for individual goodwill and good intentions as part of the ethical decision by emphasizing the act itself, not its consequences.

Another critical development emphasizes tensions derived from competing demands of maximizing profits or engaging in a social agenda associated with distributive justice and fairness across varied cultural mindsets (Group 3). Two works reflect these opposing discourses. Friedman’s (1970) work represents the profit maximization paradigm. Business managers are responsible for safeguarding shareholders’ interests, conducting business
following their desires, assuming that the main goal generally will be making as much 
money as possible while conforming to the basic rules of society and respecting ethical 
customs and laws. Rawls (1999), in opposition, reinforces concerns about utilitarianism and 
its inability to fulfill justice and fairness where everyone has a decent standard of life and 
certain protections.

Finally, research was also done to extend the knowledge about how organizations 
deal with tensions due to stakeholders’ demands, as portrayed in Group 4. Organizational 
design, resources, and capabilities development are critical in supporting organizations’ 
competitiveness in the long term. Two critical theories represent competitive frameworks 
for RGB management at this stage: Stakeholder Theory (ST) and Resource-Based View 
(RBV). While ST (Freeman, 1984) emerged as a strategic management framework for 
firms to manage and create opportunities from contradictory demands and tensions in 
changing times, RBV (Barney, 1991) represents the discussion about firms’ resources 
(valuable, rare, inimitable, non-substitutable) and how they should be allocated for gaining 
sustainable abnormal rents within industries. Building on those two frameworks, scholars 
discuss the tensions about the best allocation of resources to attend to stakeholders’ 
demands.

**2009-2018 – Intellectual Structure**

This period mostly reflects the increasing interest from scholars in the diverse 
institutional pressures that expand business-society discussions beyond ethical tensions. 
The MDS results from this period, shown in Figure 4, depict five major clusters that 
account for 83.46 percent of the total variance of the set of most cited references. The first 
group sheds light on how firms apply isomorphic mechanisms to obtain and sustain
legitimacy (Dimaggio & Powell, 1983) within RBG and tensions that emerge from implementation standards, practices, and norms. Scholars emphasize the role of the perception and action of an organization as being desirable, proper, or appropriate within some system of socially constructed norms, values, beliefs, and definitions (Suchman, 1995). This thinking suggests that the development of legitimacy will demand the management of conflicts between institutional demands and organizational responses across different dimensions, such as CSR (Brammer et al., 2012) and BE (Palazzo & Scherer, 2006). At this point, scholars expanded knowledge around isomorphism and legitimacy framing responses from conflicting institutional pressures (Pache & Santos, 2010), analyzing the growing importance of the adoption of International Accountability Standards (IAS) to gain global legitimacy (Gilbert et al., 2011).

Figure 4 - Intellectual Structure 2009-2018
The tensions resulting from institutionalizing social and environmental engagement were studied from two additional perspectives. First, positioning organizations as political actors in globalizing society promoting and developing global public goods, scholars propose managing tensions between economic and social pressures by acknowledging national political systems differences and embracing these tensions through inductive alternatives and non-market strategies (Scherer & Palazzo, 2007, 2011). Advancing this idea, some scholars suggest that by embracing tensions and contradictions, organizations will reach success through a holistic paradox approach (Smith & Lewis, 2011). Empirical studies applying the proposed model incorporate paradoxical resolutions approaching underlying tensions through iterative responses of splitting and integrations to reach short-term performance that fuels long-term success.

Group 2 represents the theoretical developments of underlying tensions through SM (Donaldson & Preston, 1995) and CSR (Matten & Moon, 2008) frameworks. Scholars integrated normative, instrumental, and descriptive levels to analyze how those tensions emerge and are managed. Those analyses suggest that identifying and determining ‘who they are and what counts’ for each stakeholder is critical for the management of the tension (Mitchell et al., 1997). Furthermore, this period represents a shift of CSR studies from a supply and demand logic to incorporating a dynamic and integrative view of variations embedded in that logic. Several studies founded the analysis of tensions on four different but related theories: instrumental, political, integrative, and ethical (Garriga & Melé, 2004).

During this period, research also reflects the exploratory stage of the intellectual field, as shown in Group 3, applying qualitative studies (i.e., case studies) to isolate tensions and build theory. Porter & Kramer’s (2011) influential work proposes a
framework in which organizations reframe their conceptualizations of economic efficiency and social progress through an integrative perspective. Under the claim for organizations recovering their legitimacy within society, the framework interconnects institutions and social progress as sources of competitive advantage based on ‘shared value.’ Shared value refers to “policies and operating practices that enhance competitiveness while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011, p. 6).

Additionally, two influential works supporting managing, adapting, and overcoming the trade-offs between environment and competitiveness are represented in Group 4. First, arguing that sustained competitive advantage depends on internal–competitive advantage and external–social legitimacy, Hart (1995) proposes a Nature-Based View of the firm (NRBV), in which firms incorporate the natural environment as a capability. Another work suggests that organizations incorporate the triple bottom line concept (economic prosperity, environmental quality, and social equity) in their performance measures, complementing the idea of sustainable competitive advantage. Thus, sustainable business simultaneously encompasses the pursuit of TBL to reach a sustained competitive advantage (Elkington, 1998).

Finally, research shown in Group 5 focuses on incorporating the sustainable development rationale to supply chain management. On the one hand, sustainable supply chain management (SSCM) design expands beyond environmental and green supply chain initiatives (Seuring & Müller, 2008). On the other hand, Life Cycle Analysis (LCA) emerges as a methodological framework for the decision-making of SSCM (Chaabane et al., 2012; Hahn et al., 2010). Although those papers provide abundant decision-making
models, they do not provide schemas to balance competing demands between economic, environmental, and social performance simultaneously. It assumes that economic, environmental, and social elements are in harmony and are reachable simultaneously but adopting business frame paradigm remains prevalent.

**2019-2022 – Intellectual Structure**

Although this period captures only four years, it accounts for the major number of publications of all three periods – 221 documents. It also helps us to uncover the recent trends in the literature, which provide the basis for future research avenues (Chabowski et al., 2018). The MDS results from this period, shown in Figure 5, display five broad groups of references, representing 86.81 percent of their total variance.

![Figure 5 - Intellectual Structure 2019-2022](image)

The first group represents the increasing interest of researchers in how the paradox theory is used to manage the underlying tensions between business and society demands.
Inquiries on how sustainable managers adopt different coping mechanisms concerning the identity paradox are core in this group. Carollo & Guerci (2018) is centrally positioned, bridging theoretical and empirical developments of paradoxes in SUS within traditional and hybrid organizations (Battilana & Dorado, 2010; Jay, 2013) and different contexts (Matten & Moon, 2008). Using a qualitative and exploratory methodology, Carollo & Guerci (2018) uncover three categories of paradoxical tensions within individuals’ identity work: business versus values orientation, organizational insiders and outsiders, and aspects of identity work across short- and long-term orientation. Studies about competing tensions within ‘institutional logics’ suggest two frames SUS managers apply when dealing with those tensions: paradoxical or pluralism (e.g., Battilana & Dorado, 2010, Jay, 2013).

Another trend within this group advocates that due to the competing ‘institutional logics,’ hybrid organizations (social enterprises) face tensions between their economic and social missions. Studies exploring these organizations focus on the organizational paradoxes in combining business and social missions. Qualitative studies with microfinance organizations in Mexico and public-private partnerships advance this knowledge, uncovering how organizations navigate and reconcile various institutional logics according to competing demands from stakeholders and society.

Besides that, several conceptual articles within the Group 1 reflect scholars’ efforts toward using the paradox lens in SUS to characterize underlying and competing tensions as interrelated and persistent (Hahn et al., 2014; Van der Byl & Slawinski, 2015). Surrounding those core papers, a set of studies supports the emergence of this line of inquiry, providing a conceptual basis for paradox in management (Lewis, 2000; Schad et al., 2016; Smith & Lewis, 2011) and practical application on SUS (Carollo & Guerci, 2018). One core
assumption of framing paradoxes holistically is its potential to promote superior short- and long-term performance since underlying tensions are persistent (Smith & Lewis, 2011). Paradox management is associated with superior organizational outcomes through creativity, innovation, effectiveness, and legitimacy supporting long-term performance (Schad et al., 2016). However, during this period, the win-win approach (economic focus on shareholders and profit maximization) remains the prevalent paradigm in exploring RGB-related tensions still (Van der Byl & Slawinski, 2015).

The second group comprises several works exploring the interdependence and interactions between SDG indicators, their synergies, and trade-offs. The seventeen goals across 169 targets recognize the dynamic and interconnectivity within socioeconomic limits in which humanity will be safeguarded (Lu et al., 2015). Due to these objectives’ interdependence, conflicting interactions can occur, resulting in diverging outcomes. In trying to resolve issues due to interactions, some scholars have proposed frameworks for scoring goals according to their relationship (e.g., Nilsson et al., 2016). Furthermore, some studies challenge traditional non-sustainable development paradigms, such as economic growth, generating welfare by arguing that such growth is limited since the resources are finite (Meadows et al., 1972). In advancing this discussion, scholars propose to analyze those tensions using the planetary boundaries paradigm (Rockström et al., 2009), assuming that humanity is challenging the safe planetary boundaries, consequently causing Earth’s systems to change.

Group 3 sheds light on explorations on ‘institutional logics’ as taken-for-granted social prescriptions that guide behaviors and organizational responses, being seen as an alternative to the paradoxical approach of tensions. Scholars studied how using the plural
‘institutional logics’ approach reflects on organizational structures and processes, providing boundaries, rules of membership, roles of identity, and the appropriate organizational forms of its constituents (Greenwood et al., 2011). Institutional complexity supports multiple organizational legitimacy strategies according to different stakeholders’ expectations.

Two research cliques are reunited in the fourth group. The first provides frameworks and methods to evaluate multi-objective goals for the sustainable food industry through life-cycle assessments (Foley et al., 2011; Poore & Nemecek, 2018; Wernet et al., 2016). The second clique supports the analyses of how organizations reach economic efficiency and superior competitiveness by integrating economic efficiency and environmental and social issues (Hart, 1995; Porter & Krane, 2011). Societal forces, such as pollution prevention, product stewardship, and clean technology, drive the interconnection between economic progress and competitive advantages.

The last group in our MDS shows scholars researching ecosystem services, which refers to “the goods and services that ecosystems provide to society” (Turner et al., 2014, p. 89). The interaction of bundles of ecosystem services is used for analyzing the trade-offs (Raudsepp-Hearne et al., 2010) and synergies (Turner et al., 2014) in diverse landscapes and cultural contexts.

Pathways of Tensions in RGB

The co-citation mapping for each period enables us to trace the research development on how MNEs manage the tensions due to business and society competing demands in RGB over 37 years - from 1985 to 2022. Figure 6 depicts the core subjects of this development. As the chart displays, the research on identifying and managing tensions has developed in several streams. From these streams, we delineate four main future trends.
in the intellectual structure research: (i) competing contexts of institutional logics to integrate business ventures and societal missions holistically, (ii) exploring underlying tensions across multiple levels in reaching SDGs for RGB, (iii) responding to institutional complexity through tensions management, and (iv) integrating environmental and social issues as a source for economic prosperity. Next, we will explore each trend individually, associating the analysis with the co-citation-based results groups within each period.

Figure 6 - Pathways of Research on RGB
Paradoxical Tensions Between Profit & Society Ambitions

The first trend refers to competing contexts of ‘institutional logic’ to holistically integrate the tensions that emerge from MNE’s business and societal missions through the paradoxical lens. This trend consolidates three research perspectives that evolved over the studied period. The first perspective results from developments that started in the first period (1985-2008), when scholars’ interests were centered on ethical tensions within behavior and decision-making due to personal attributes and beliefs, organizational factors, environment settings, and situational context (Groups 1 and 2) and tensions that emerge from profit maximization paradigm (Group 3). In the second period (2009-2018), the analyses incorporate the business environment (Group 1). Institutionalization of social and environmental engagement forces organizations to adopt moral legitimacy strategies since pragmatic legitimacy has limited impact and cognitive legitimacy is undermined (Palazzo & Scherer, 2006). Besides bringing the institutional pressures to the stage, researchers also built on studies on how firms embraced and untangled the tensions due to broader business and society issues (Group 3) to study how MNEs employ institutional logics to build strategies to achieve legitimacy in competing contexts (2019-2022 – Group 3).

The second perspective contributing to this trend is also rooted in studies from Groups 1, 2, and 3 of the first period (1985-2008). However, in the last period, scholars assessed the studies from the second period (2009-2018) on how MNEs embrace the tensions that emerge from the competing demands between economic and societal issues in the second period (Group 1) to focus on how those tensions are represented in the firms’ missions (Group 1). According to this perspective, MNEs face tensions related to their growth due to the need to balance business and society issues in their missions, demanding
a paradoxical approach (e.g., Edwards, 2021). Finally, the third perspective is also rooted in the same groups of the first period. It brings the research of the second period (2009-2018) about tensions due to institutional pressures (Group 1) and due to business and society competing demands (Group 2). Building on these previous studies, the main goal of this perspective is to understand how those tensions are reconciled within a unifying role in which organizations respond using paradoxical framings both/and strategies (Group 1). As exploring tensions through a paradoxical lens in RGB is in its infancy still, there is a significant venue for future research within this first trend, encompassing a broad range of questions to be investigated: How can MNE effectively manage multiple identities to represent RGB globally? What paradoxical tensions are most salient within global operations? What organizational characteristics enable effectively embracing paradoxical tensions? Which organizational structure enables embracing paradoxical tensions, and at which levels? Is it possible for MNEs to embrace purpose-driven missions within existing organizational framing?

Underlying Multi-Level Paradoxical Tensions between People & Planet

The second trend derived from studies using two perspectives, both rooted in the research on ethical decision-making from the first period, in which the tensions that emerge from the business-society competing demands were resolved using an approach of avoiding harm (e.g., Falkenberg, 2004) to the firm (Group 1). The implications of ethical and unethical behavior centered on the act itself (deontological), the consequences (teleological), or both simultaneously (integrative). Society expects organizations to behave ethically through self-regulation. Moreover, organizations should be the guiding polar star of moral development and avoiding harm (Scalet, 2006). Departing from these studies, in
the second period (2009-2018), scholars expanded the concept of ‘avoiding harm’ in decision-making, shedding light on tensions that emerge from decisions that were founded in the discussion between ‘doing good’ by realizing the responsibility to give back to society (Paniagua & Sapena, 2014) or ‘doing well’ by doing good and being profitable (Wilson & McCalman, 2017). This development pointed to the building and applying objective and subjective measures for CSR throughout businesses, considering their most salient stakeholders (Group 2). Four dimensions emerge from the CSR framework (organizations as wealth creators, organizations’ power within a broad institutional environment, organizations must integrate all stakeholders’ expectations, and organizations’ embeddedness requires accepting social responsibility as an ethical obligation), acknowledging the ultimate objective of justice and fairness for all. Another line of inquiry in this period expanded these studies suggesting that firms must be able to identify and manage tensions due to salient stakeholders.

Scholars expand research and knowledge in the third period (2019-2022) through two new perspectives. The first is about the tensions on RGB, going beyond the organization’s societal responsibilities, incorporating tensions within and among SDGs (Group 2). Additionally, scholars bring to stage tensions related to Water Management, Energy Scarcity, and Food Security (“WEF nexus”), all while reaching for growth (Group 4). Both perspectives embody new inherent trade-offs and synergies to MNE management, suggesting a new trend of research on identifying and managing underlying tensions across multiple levels due to SDGs for RGB.

As MNEs’ contributions to SDGs remain a question unanswered, opening paths for future research. To what extent should MNEs incorporate the direct impact they have
within the WEF nexus in their financial measures? Recently, the United States signed a commitment to control methane leaking from Oil and Gas industries considered responsible for 0.5 Celsius degrees in global warming. Organizations are engaging and assuming their legal accountabilities. How will it impact MNE’s environmental engagement? How can MNE become a truly sustainable business?

**Organizing MNEs to embrace Complexity and Paradoxes in RGB**

A third trend emerged from our longitudinal analysis of the co-citation mapping, representing the transition between responding tensions as dichotomic alternatives to expand responses using plural strategies. This trend is rooted in research from the first period (1985-2008) about the primary objective of firms in managing tensions between profit maximization (Group 3) in opposition to ethical demands of economic success. Scholars argued that as economic success and BE operate within opposing forces, firms should understand and manage the tensions that emerge due to these conflicting demands. Furthermore, ethnocentric, polycentric, and geocentric workforce staff policies incorporate ethical tensions within headquarters and subsidiaries. In the second period (2009-2018), the research adopts an integrative perspective of economic success, economic efficiency, and BE as social progress. The objective was to revise the organization’s purpose by conceptualizing economic efficiency and social progress as its primary goal to better understand how firms could manage the tensions that could emerge from those opposing demands (Group 3). In the third period (2019-2022), there is a shift in conceptualizing economic and social progress paradigms as a unitary truth to embrace their pluralism, such as institutional complexity (Group 3). Organizational responses can be weighted according to their emphasis, strategies, or structures. Another research stream emerges in the third
period, reflecting the management of a sustainable supply chain by adopting a holistic
approach to managing the tensions between economic efficiency and social progress
(Group 3). Although these two perspectives represent an increasing effort in proposing
novel organizational strategies and structures incorporating hybridization, the efforts to
integrate economic efficiency within social progress remain unresolved, opening new
venues for future research. Thus, future studies could explore this gap and answer some
related questions, such as How can MNEs incorporate diverse organizational structures and
processes to embrace tensions through a paradox lens? To what extent does managing
institutional complexity within MNE require purposeful organizational identity integrating
global and local as a whole?

Embracing Paradoxes in RGB as a Source of Competitive Advantage

The fourth trend that emerges from our analysis of the pathways is comprised of
two research perspectives, both referring to tensions due to the role of MNEs in integrating
environmental and social issues and economic prosperity. This integration first appeared
during the 1985-2008 period associated with tensions in managing MNEs’ resources due to
competing demands between shareholders and other stakeholders, all while strategically
managing intense competition between industries and within countries (Group 4).
Developing and sustaining superior resources throughout organizational design, structure,
and activities is key to supporting and managing the justifiable competing demands from
stakeholders while maintaining competitive advantage. In the second period (2009-2018),
the integration of the sustainable development rationale within management (Group 4)
challenges the fallacy of harmony in achieving economic prosperity, environmental quality,
and social integrity (known as the Triple Bottom Line - TBL). They represent persistent
irreconcilable contradictions (Group 5). Attempts to partition TBL elements across different levels and dimensions provide insights on how to analyze them systematically, even though there is no integrative framework for assessing and managing these tensions as trade-offs (Hahn et al., 2010). In the last period (2019-2022), scholars expanded the knowledge of how those tensions in RGB have been managed through two perspectives. The first perspective refers to the tensions between environmental issues and competitiveness, reinforcing the criticality of embracing economic efficiency with social and environmental progress (Group 4). However, despite efforts to develop frameworks and models to enhance decision-making in MNEs, the paradigm of managing the tensions still relies on trade-off analysis. The application of such frameworks has expanded from land and spatial applications to support trade-off analysis within the whole global supply chain. The second perspective refers to research about the tensions that MNEs suffer in attempting to use the RGB proactively through ecosystem services as a source of competitive advantage (Group 5). The first studies about this research stream have also shown that leaders manage this tension using a trade-off approach, which prevents them from taking advantage of this strategy. As economic prosperity in the context of MNEs should be directly related to their ability to be competitive in the markets they operate, its integration with environmental and social issues should be made so that MNEs could develop strategies that would lead to competitive advantage. Additionally, using a paradox approach in this integration, MNEs tend to build competitive advantages. Some research questions can help to develop this line of inquiry, such as What are the drivers of RGO strategies in MNEs that can lead to competitive advantage? How do simultaneous social, environmental, and economic prosperity considerations affect RGB strategies in different
industries, countries, and regions? Accordingly, what is the level of coordination between headquarters and subsidiaries in developing and applying these strategies?

**Discussion**

In attempting to answer our research question, we reviewed the literature through three different dimensions of RBG, searching for an understanding of how they appear integrated into the literature: (i) the global dimension, representing the development of the topic within the International Business field; (ii) the business and society issues and how they have been framed over time; and (iii) the main approaches used to understand how those issues have been resolved within the decision-making process. Our analysis of the published articles in the last 37 years shows a large and diverse body of knowledge. Accordingly, several disagreements emerge from this literature. A probable cause is the multitude of units of analysis and contexts used to represent the global dimension (e.g., cities, countries, partnerships, and MNEs). Additionally, the different frameworks employed to conceptualize the business-society issues and the different approaches adopted in resolving the tensions that emerge from the competing demands can be considered as causes of this diversity. Although the co-citation mapping of this literature helped to better understand how RGB has evolved over time, providing guidance to future research, our content analysis of the literature showed that there are areas of disagreement among researchers and broad research gaps, both of which are relevant to IB field, deserving further study.

First, from our examination of the literature rests clear that research on how tensions in business-society issued has focused primarily on the MNE neither as the unit nor as the context of analysis. Although MNE was one of the keywords in our data retrieving from
WoS, only 6.2% of articles in our dataset analyzed the international business aspects related to being responsible using the MNE as the unit of analysis. The development of a structured classification of how RGB is managed in the context of the international business operations of MNEs would aid in identifying areas requiring systematic investigation. For example, a recent discussion on global integration vs. local adaptation of the CSR (Acquier et al., 2018; Bondy & Starkey, 2014) can be used as a starting point for a systematic study to understand and classify how the relationship between headquarters and subsidiaries takes place due to business-society issues. Although MNEs are reputed as the leading player in managing and resolving the tensions related to corporate profit objectives and societal needs (Feix & Philippe, 2020), few studies discuss the strategies and mechanisms MNEs apply while being a responsible business globally (Miras-Rodríguez et al., 2018).

Additionally, as some recent studies argue that “what is right at home may not be right from a global perspective” (Pless et al., 2022, p. 315), new research could compare and contrast the impacts of being RGB to MNEs from developed countries and emerging markets and how the institutional complexities from both home-country and host-countries operate have a role in their strategies (Arena et al., 2018).

Second, the frameworks representing business-society issues are competing and complementary (Schwartz & Carroll, 2008). Their use in the research has led to a partial view of RGB within the context of analysis, calling for integration (Carroll, 2019). Although the IB literature has mainly used CSR as the basis for its studies, this framework is not broad enough to represent all variations on business-society issues within the MNE. Moreover, some CSR dimensions conflict with sustainability principles, reflecting in unprecise strategies (Fontana et al., 2022). Alternatively, SDG has been claimed to provide
several goals through different dimensions of business society (Pless et al., 2022). However, as SDG was broadly designed to be complied with by different actors, it lacks fitness to MNEs specificities, leading to disputes among SDG’s goals within MNEs strategies (Van der Waal et al., 2021). We argue that new research should be done in order to integrate the existing conceptual frameworks, using the MNE as the centerpiece and building a conceptual framework for RGB. Research into several discernible courses of action emerges as normative possibilities for MNEs, given that they have more power and influence than many nation-states, and they can be expected to take on a more active role as global citizens through responsible integrative leadership (Maak & Pless, 2006).

A third line for new inquiry on RGB deals with the way through which MNEs should resolve the tensions that emerge from business and society demands. Some researchers argue that the demands posed by different stakeholders are often incompatible, representing a permanent threat and tensions for the MNE, suggesting that they should be managed as paradoxes (Baumnn et al., 2016). In the literature on MNEs, scholars have mostly treated the demands as trade-offs or dilemmas, bringing a sense of competition between the strategies and leading to solutions that prefer one demand over the other. However, MNEs operating in hyper-dynamic environments face a multitude of complex and contradictory business-society demands. In those cases, treating them as dilemmas or trade-offs does not lead to the best solution (Scherer et al., 2013). We argue that new research on how MNEs deal with these tensions should approach them as paradoxes, trying to propose patterns on how MNEs could assess and manage them.

Finally, other lines of inquiry are related to the trends that emerged from the conceptual development of RGB over time. From our analysis of how RGB evolved, we
identified and proposed four possible research trends. Table 7 shows the trends, some research questions to be answered, and possible theories that could be applied to each trend.

Table 7 – Summarizing the Four Research Trends.

<table>
<thead>
<tr>
<th>Future Trend</th>
<th>Research Questions Suggested</th>
<th>Some Theories to be Used</th>
</tr>
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</table>
| Paradoxical Tensions Between Profit & Society Ambitions | - How can MNE effectively manage multiple identities to represent RGB globally?  
- What paradoxical tensions are most salient within global operations?  
- Which hybrid organizations strategies in managing social missions and business ventures could be implemented within for-profit organizations that did not emerge within this paradigm?  
- Is it possible for MNEs to embrace purpose-driven missions within existing organizational framing?  
- How MNEs created under the profit maximization paradigm shift towards a purposeful mission?  
- How does MNE embracing a purposeful mission adjusts its strategies due to negative shareholders’ reactions? | Institutional Theory  
Organizational Change  
Organizational Learning  
Paradox Theory |
| Underlying Multi-Level Paradoxical Tensions between Profit, People & Planet | - To what extent should MNEs incorporate the direct impact they have within the WEF nexus in their financial measures?  
- How will the calls for environmental engagement impact MNEs?  
- How can MNE become truly a sustainable business?  
- How to incorporate a holistic perspective across growth objectives and environmental quality?  
- Considering the widespread activities within MNEs, how could competing business units/segments/brands across the supply chain be integrated inter- and intra-organizationally?  
- Which organizational structure is an enabler for embracing paradoxical tensions, and at which levels?  
- To what extent does incorporating Cradle to Cradle, Science Based Targets certifications support embracing paradoxical tensions across the MNE? | Resource-Based View  
Paradox Theory  
Institutional Logics  
Complexity Theory  
Planetary Boundaries |
| Organizing MNEs to embrace Complexity and Paradoxes in RGB | - How can MNEs incorporate diverse organizational structures and processes to embrace tensions through a paradox lens?  
- What organizational characteristics enable effectively embracing paradoxical tensions? | Complexity Theory  
Organizational Change  
Paradox Theory |
To what extent does managing institutional complexity within MNE require purposeful organizational identity integrating global and local as a whole?
- How to embrace paradoxical management across MNEs’ organizational systems?
- How to develop organizational purpose by embracing paradoxical tensions?

Embracing Paradoxes in RGB as a Source of Competitive Advantage

- What are the drivers of RGB strategies in MNEs that can lead to competitive advantage?
- How do simultaneous social, environmental, and economic prosperity considerations affect RGB strategies in different industries, countries, and regions?
- What is the level of coordination between headquarters and subsidiaries in developing and applying these strategies?
- How to develop an integrated global strategy embracing the paradoxes of performing as RGB?

| Legitimacy theory | Stakeholder theory | Paradox Theory |

Conclusion

MNEs are considered agents of social, environmental, and economic issues, facing growing pressures and high expectations about their business and responsibility across all geographies in which they operate. The present study sought to explore how research about MNEs recognizing, addressing, and managing the tensions that emerge from business and societal issues have evolved. For this purpose, we conducted both qualitative and quantitative analyses, applying bibliometrics to 468 articles and reviews on the theme. As discussed earlier, literature has grown in the past 37 years. Several frameworks were developed to explain business-society contradictions, such as BE, CSR, and SUS. Perceived as interrelated and overlapping, each frame encapsulates specific approaches (e.g., dilemmas, win-win, trade-offs, and paradoxes) to deal with tensions. This variety of frameworks does not allow an integrated view of all tensions that MNEs face globally and locally due to the complex contexts and environments in which they operate.
To address this gap, we proposed an overarching framework - RGB that applies the paradoxical lens to deal with the tensions. RGB refers to the MNEs’ ability to simultaneously embrace its economic, legal, ethical, social, and environmental objectives across all geographies where it conducts business. Besides addressing the MNEs’ cross-country operations and the interactions with the different societies they are embedded, filling the gap pointed out by Van Zanten & Van Tulder (2018, 2021), RGB provides an integrated view of the phenomenon by incorporating the similarities and different features of the previous frameworks, as suggested by Carroll (2019).

Moreover, we argue that RGB encompasses inherent paradoxical tensions since MNEs face business-society issues that are interdependent, self-reinforcing, and persistent cross-countries over time. Managing RGB’s tensions under formal logic offers only a short-term solution (Smith & Lewis, 2011). Due to the complexity and interconnectedness nature of global environments, multiple tensions emerge in RGB, demanding from MNEs a dynamic approach through interactive and ongoing management (Schad et al., 2016). Recognizing and accepting the paradoxes in RGB enables MNEs to achieve superior performance (Carmine & De Marchi, 2022; Lewis & Smith, 2022), reinforcing the need for a holistic approach to the tensions.

Our arguments are clearly reflected in our qualitative and quantitative analyses of the central studies that have researched how tensions due to the competing demands that emerge from business and society issues were managed using a global perspective. From this analysis, we have uncovered the evolutionary expansions of this body of research over three periods across 37 years. Our analysis suggests the need for more research centered on MNEs’ context in order to provide the conceptual framing to RGB. MNEs must manage
multiple identities, relationships, and emerging tensions. However, how they do this is still poorly understood. Little is known about what types of organizational structures are enhancers of performing those tensions as paradoxes. Future qualitative research through interviews could provide insights into some of those issues.

Additionally, our longitudinal analysis showed that the evolution of the conceptual frameworks turned the research on the subject more fragmented and inconclusive, reinforcing the need for an integrative conceptual framework that embraces the five main dimensions involved in business-society issues (economic, legal, ethical, societal, and environmental). Although the International Business field has mainly used CSR to study the tensions that occur within the MNEs (i.e., headquarters vs. subsidiaries) and in their multiple external relationships represented by stakeholders and regulatory framing, the prevalent paradigm relies on either/or, compromising situations between economic prosperity, environmental quality, and social integrity. Similarly, although research emphasizes the role of the private sector in general, and the MNEs specifically, in supporting the goals of SDG, little is known about how they recognize, address, and manage the tensions as paradoxes, scaping from the either/or analysis trap.

As with many other investigations, the current one is not devoid of limitations. First, our dataset includes only documents retrieved from Web-of-Science. As this database is comprehensive but not complete, some relevant documents could be missing. Future research may extend their search to other data sources to avoid this limitation. Second, although MDS mapping and FA clustering in the co-citation analysis are quantitative methods, the interpretation of the results was subjective, based on qualitative choices, which brings a certain degree of subjectivity. To reduce subjectivity, we analyzed the
author’s keywords, titles, and core articles and references for each study period. Besides that, we also engage in content analysis of the most influential articles and references to enhance the quality of our interpretation. Using a combination of bibliometrics and qualitative analysis with literature reviews and content analysis allowed bias reduction and should be helpful to future research.
ESSAY 2 – BALANCING ACTS: DEVELOPING MNES THEORY TO NAVIGATE PARADOXES IN RESPONSIBLE GLOBAL BUSINESS

Introduction

Multinational enterprises (MNEs) have become increasingly important as both the source of and solution to a range of social, environmental, and economic problems (Margolis & Walsh, 2003; Porter & Kramer, 2011; van Zanten & van Tulder, 2021). MNEs are often the largest employers, managing extensive manufacturing plants and coordinating global production networks and global value chains exceeding the GDP of some small countries. They are recognized as among the most influential actors in the global economy (Narula, 2020). Despite their critical role in addressing and managing grand societal challenges (Buckley et al., 2017; Wettstein et al., 2019), there is limited knowledge of how MNEs respond to the uncertain and complex environment of competing and conflicting business and society demands (George & Schillebeeckx, 2022; Kolk & van Tulder, 2010).

MNEs are being called to contribute to society’s grand challenges by exploiting their resources wisely and responsibly. The 2030 Agenda for Sustainable Development, commonly known as the 2030 Sustainable Development Goals (SDG), explicitly “call upon all businesses to apply their creativity and innovation to solving sustainable development challenges”7. The 2030 SDGs are an international aspiration that is dependent on the active involvement of the private sector (van Zanten & van Tulder, 2021). Currently, there is a growing concern among scholars about incorporating societal impact and grand challenges in their research agenda (Doh et al., 2023; Tsui, 2022). However, the intersection of

7 https://sdgs.un.org/2030agenda
business and society issues has been a central theme in the Social Issues in Management literature (SIM).

SIM literature encompasses research across various fields, including social, ethical, public policy, ecological, stakeholder, and international environments (Carroll, 2019). This literature actively investigates business and society issues, offering interdisciplinary perspectives on addressing and managing them. Despite their claims to incorporate the international dimension, a global perspective integrating MNEs is limited at best. Conversely, the international business and management literature (IB) has focused on MNEs’ internationalization process, methods, managerial challenges and global performance (Doh et al., 2023). This paper aims to synthesize these two independent literatures by integrating their main findings to develop MNEs theories to address and manage the competing and conflicting business and society demands. The SIM literature provides in-depth insights into the various conceptualizations of business and society issues, offering new approaches to address and manage their conflicting and competing demands.

On the other hand, the IB literature offers insights into the challenges faced by MNEs in strategically managing their international operations across multiple countries. By integrating this two interdependent but complementary literature, we aim to identify and develop propositions of how MNEs address and manage paradoxes in performing responsibly globally. The United Nations Global Compact asserts that responsible business represents firms “operating in ways that, at a minimum, meet fundamental responsibilities
in the areas of human rights, labour, environment and anti-corruption. This paper also seeks to provide guidance on how MNEs can contribute to addressing and managing grand societal challenges while harnessing their resources responsibly.

In developing our propositions, we adopt the view that the underlying tensions between business and society issues encompass competing and conflicting demands that can be characterized as paradoxical (Ambos et al., 2020; Hahn et al., 2018; Van der Byl & Slawinski, 2015). We argue that these tensions in economic, legal, ethical, social, and environmental concerns represent “contradictory, yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). The paradoxical approach emerged as a promising approach to address those contradictions associated with their underlying tensions (Carmine & De Marchi, 2022; Edwards, 2021; Hahn et al., 2018). However, while the literature has advanced this concept, the central role and perspectives of MNEs in addressing these paradoxes globally remain underexplored in both Social Issues Management and International Business pieces of literature.

In attempting to fill this gap, our paper makes several contributions to IB literature. First, to the best of our knowledge, this is the first attempt at integrating two distinct bodies of literature. While SIM literature provides deeper conceptualizations of business and society issues and elaborates different perspectives to approach them, it lacks the global dimension. In contrast, the IB literature guides MNEs in operating and managing their operations abroad but limits its social responsibility explorations to mapping the drivers and outcomes of engaging in social practices without exploring the processes of managing these

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8 https://unglobalcompact.org/what-is-gc/mission/principles
competing demands (Pisani et al., 2017). Second, our paper proposes an overarching framework, responsible global business (RGB), that incorporates all business and society concerns within it. We position the different conceptualizations of business and society between these pieces of literature to develop this framework (Bansal & Song, 2017; Schwartz & Carroll, 2008). Finally, our paper challenges the prevalent dichotomic approach in addressing and managing MNEs competing demands, such as economic versus social versus environmental, global versus local, and short- versus long-term investments. Although most of the strategies adopted by MNEs have been explained as attempts to manage these competing demands (Buckley & Ghauri, 2004), framing these contradictions as trade-offs or dilemmas results in oversimplifying representations unfit to deal with the phenomenon (Luo et al., 2020; Schad et al., 2016).

Our paper is organized into five sections. After this introduction, we review the theoretical background and foundations of business and society concerns, drawing from both the social issues in the management literature (SIM) and the international business and management literature (IB). Next, we introduce theoretical development, which offers a new framework for addressing and managing the paradoxes between business and society issues. Our framework, RGB, seeks to integrate the various conceptualizations of business and society concerns that exist across the SIM and IB literatures. We also propose a more nuanced and integrated approach to managing these tensions that moves beyond the dichotomous thinking that has characterized much of the existing literature. Following this section, we discuss the implications for managing and researching of MNEs paradoxes in responsible global business, offering future research opportunities. Finally, we present our conclusions.
Theoretical Background and Foundations

The social responsibility activities of firms have been the object of academic research since the late 1960s. Since then, a large body of knowledge was built on social issues in management (SIM), mirrored in the increasing calls of different stakeholders for firms’ compliance across several social concerns (e.g., human rights, climate changes, unethical behavior, economic development, poverty and others) that have been affecting the firm’s activities and performance (Demirbag et al., 2017; Edwards, 2021). In the late 1970s, another body of knowledge on the subject emerged in the international management and business (IB) field. The amount of research in IB was shifted mostly by expanding the notion of Corporate Social Responsibility (CSR) to the global stage (Kolk, 2016; Pisani et al., 2017).

On the one hand, SIM literature emphasizes the different types of business and society issues and explores mechanisms to approach the tensions due to the competing demands that emerge from business and society. On the other hand, IB literature explores the effects of institutions in the adoption of CSR policies, the challenges in internationalizing CSR, and how CSR contributes to corporate social performance. However, a careful analysis shows that both streams lack integration of concepts and scope (Bansal & Song, 2017). While SIM presents a myriad of frameworks representing business and society issues, calling for an integration (Carroll, 2019), CSR in IB has been conceptualized in different manners, making it difficult to have a coherent meaning to guide a systematic program of research that includes the global dimension (Napier et al., 2023).
Although both SIM and IB literature encompasses a large number of works, the exploration of the global dimension is underrepresented (Pisani et al., 2017). As MNEs are considered to play a relevant role in the global economy, they have been called to play a relevant role in alleviating inequalities and creating a fair society worldwide (Ghauri, 2022; Van Tulder et al., 2021). However, little is known about how MNEs globally manage the tensions that emerge from the societal demands for social responsibility in the places they operate (Buckley et al., 2017).

In this section, we synthesize these two fields (SIM and IB), exploring the evolution of business and society conceptualizations and what different theoretical approaches have been used in the literature to represent how firms address and manage the tensions that emerge from the competing, sometimes contradictory, demands from business-society issues.

**Conceptualizing and Addressing Business and Society Issues in SIM**

To uncover how business and society issues conceptualizations evolved, we engaged in a systematic literature review of the field’s cumulative knowledge and evolutionary nuances (Donthu et al., 2021). The search for relevant literature was built on three main axes of development of our conceptual work. First, we searched for the different conceptualizations that represent business and society issues across the SIM and IB literature. Next, we explored the main approaches used to describe how the competing demands from business and society issues are managed. Finally, we included the global/international dimension, which is our context of interest.

First, to search for how business and society issues are represented in the literature, we used Schwartz and Carroll’s (2008) five-pronged framework to represent the business
and society conceptualizations: business ethics, corporate social responsibility, stakeholder management, sustainability, and corporate citizenship. The environmental, social, and governance (ESG) framework was added to round out the package since ESG represents and measures MNE self-reports on environmental, social, and governance issues. A more recent framework (Sustainable Development Goals - SDG) was lastly included in our search.

The second axis was based on a string of words representing the approach adopted to address the underlying tensions. We used the words dilemmas, tensions, trade-offs, and paradox, as suggested by Van der Byl & Slawinski (2015). The final set of strings is related to the conceptual evolution of business and society issues within the global/international context. We were interested in studies about business and society tensions using the global contexts of organizations (Gaur & Kumar, 2018). We limited our sources to the first quartile of Scimago Business, Management, and Accounting to ensure legitimate cases representing the highest standards. Differently from other authors (e.g., Pisani et al., 2017), we expanded the search beyond the main journal in management and specialized CSR or IB journals, also including journals dedicated to business and society themes, such as the Journal of Business Ethics, Sustainability, and Business and Society. One advantage of this strategy is that it provides large datasets, uncovering the various perspectives in conceptualizing and addressing business and society issues. One possible disadvantage is that the data collected goes beyond traditional IB paradigms (e.g., urbanization issues). Nonetheless, we argue that this choice helped us to encompass the complexities of tensions in business and society in broader domains. Moreover, since how MNEs address and
manage tensions between business and society is an under-investigated topic in IB, the SIM literature provided several insights expanded to enhance IB research on the topic.

We observed an increasing evolution in publications exploring various conceptualizations of business and society (e.g., Business Ethics, Corporate Social Responsibility, Sustainable Development, Sustainability) and approached for managing its tensions across time (e.g., dilemmas, trade-offs, win-win, and paradoxes). The analysis of this literature also showed that the demands from society have increased in number and level of complexity over time. Not surprisingly, the research focus has evolved over time, bringing complementary and competing frameworks in attempting to explain the phenomena under study. Another trend that was depicted within the analysis is that, despite recent initiatives (e.g., Hahn et al., 2018), the prevalent mechanism to address business and society tensions remains centered on approaching them as opposing poles – economic either/or social either/or environmental.

The conceptualizations of societal issues evolved from ethical dilemmas, including other broader dimensions over time (environmental, poverty, diversity, and others) to represent the assurance of human-life well-being in all societies, as illustrated in Figure 7. Figure 7 highlights the evolution of the most used frameworks to represent business and society issues and the prevalent approach in addressing and responding to them.

The frameworks about business and society issues have emerged over time, following changes in the paradigm of how firms should address and manage those issues. Firstly, firms addressed them under the paradigm of avoiding avoid harm by employing

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9 The complete database and detailed summarization are available upon request.
moral, justice, and fairness in their judgments. Next, firms changed the way they addressed the issues, moving from a more defensive and protective, related to avoiding doing bad (avoiding harm) to a proactive paradigm, based on the premise of doing what is needed to do (doing good), bringing all stakeholders to the table, and trying to act in a way that doing good, firms would also avoid harm. More recently, another paradigm emerged, bringing the broad idea that all economic and social agents should be responsible for securing humanity’s future. Over time, different frameworks were beaconed by those paradigms. Next, we present a summary of the main frameworks and approaches used to manage business and society issues during this evolution.

![Figure 7 - Evolution of Business and Society Frameworks in SIM](image)

**The Beginnings – Avoiding Harm**

Conceptualizations of business and society issues started with business ethics, seen as “the interaction of ethics and business” (De George, 1987, p. 208). Business ethics’ core
assumption is avoiding harm supported by moral ideologies, moral development, justice, and fairness. It is rooted in general normative ethical and moral values, such as honesty, assisting others, and respecting rights. Firms should be ethical with an obligation to do what is right, avoiding harm (Falkenberg, 2004). The main driver at the beginning refers to the association of unethical behavior with misbehavior, infringement of stakeholder expectations, and media exposure. The dilemma of free markets, self-interests, and goodwill was central to the debate of how MNEs acted with unbalanced self-interesting and profit-seeking (e.g., BP, Enron, Nestle, Nike, Parmalat). In addition, globalization brought complexities to firms operating internationally and ethical dilemmas due to the pluralism of institutional systems related to business ethics, compliance, climate change, reporting, and others (Napier et al., 2022).

MNEs are called to incorporate Kantian moral judgments – moral worth and adopt an active role in supporting global codes of moral conduct (Holliday, 2005), reaching higher stages of moral development (Falkenberg, 2004). Ethical theories are applied as normative frameworks tested across various socio-demographic and cultural contexts. As ethical organizations, MNEs must follow rights and duties everywhere they operate internationally. The core tensions due to ethical issues refer to labor rights, international procurement, and self-regulation, being managed under the dilemma perspective. As an either-or situation, resolving the dilemma assumes that one alternative must be selected among mutually attractive (or unattractive options). Thus, firms should assure that employees, supervisors, organizational structure, and firm’s policies must resolve those tensions fairly and justly. Reinforcing the paradigm of avoiding harm, scholars developed
some measurements to explain the dilemmas of ethical/unethical behavior, such as the Multidimensional Scale of Ethics (MSE) and the Ethics Position Questionnaire (EPQ).

Moving from Avoiding Harm to Doing Good across Stakeholders

As the debate on the role of business in society increased over time, the idea of avoiding harm to others has been viewed as insufficient to take into account all the diverse pressures and expectations for firms’ social responsibility due to their operation. Accordingly, Corporate Social Responsibility (CSR) gained prominence over the business ethics framework, bringing the idea that to be responsible, firms should do good by doing well (Iannou & Serafeim, 2019) instead of not bad (avoiding harm). Besides shifting the paradigm of the moral conduct of firms, CSR incorporates other dimensions within the business and society relationship, encompassing “the economic, legal, ethical, and discretionary [later termed philanthropic] expectations that society has of organizations at a given point in time” (Carroll, 1999, p. 499). Nevertheless, the development of what it means for MNE to be socially responsible encompasses varying perspectives depending on authors’ particular preferences and framings.

According to the authors, framing CSR incorporates the obligations to meet society’s expectations (the stakeholders) across the triple bottom line – People, Planet, Profit – dimensions, which is conceptually associated with sustainability conceptualizations (Kolk & van Tulder, 2010; Pisani et al., 2017). As summarized by Aguinis & Glavas (2012), the literature provides extensive insights on CSR predictors, mediators, and moderators in relation to its outcomes. In addition, the adoption and implementation of CSR programs, practices, and policies are embedded in inherent tensions.
CSR underlying tensions emerge across inter- and intra-organizational contexts. On the one hand, MNEs face tensions when designing and executing CSR initiatives across domestic and overseas operations, highlighting organizational tensions (Acquier et al., 2018), reflecting employees’ and managers’ perceptions of headquarters CSR programs, financial CSR incentives and standards (de Colle et al., 2014; Hine & Preuss, 2009). The dichotomy between headquarters and subsidiaries expands to CSR management, confronting global CSR integration and local CSR adaptation (Peng & Pleggenkuhle-Miles, 2009). On the other hand, tensions emerge between organizations and civil society when engaging in multi-stakeholder initiatives – MSI (Moog et al., 2015; Soysal et al., 2014). Tensions within MSI put the challenge of reaching transnational governance at the forefront through collaborations between business and society. MNEs with strong positions in the industry explore MSI initiatives to ratify their economic priorities (Moog et al., 2015).

**Securing Humanity Future – Sustainable Development and Sustainability**

Sustainability derived from the Sustainable Development conceptualization emerged from “Our Common Future—Call for Action,” United Nations report (UN-WECID). Sustainable development refers to “growth that meets existing demands without jeopardizing future generations’ ability to do so” (Brundtland, 1987, p. 42). This framework initially centered on protecting the natural environment and expanded to include social impacts. This expansion brought confounding conceptualizations between Sustainable Development, Sustainable Development Goals (SDG), and Sustainability (SUS), leading to an interchangeable application in research. Later, the “triple bottom line” (TBL) concept was associated with driving sustainability within the firms’ management. TBL suggests

The literature on sustainability has evolved, identifying how firms adopt and implement sustainability initiatives. Those studies identified two research streams on the tensions emerging from business and society demands. The first explored dilemmas and trade-offs associated with SUS goals. Scholars provide frameworks and guidelines to deal with the tensions and reach a common denominator through multiple stakeholders’ engagement (e.g., Ajates, 2020; Ambos & Tatarinov, 2022). Studies mainly approach the trade-offs as accepting some loss in one of the three elements – economic, environmental, and social – to generate a substantial gain in the other. Usually, the expectations are environmentally and socially aligned with economic objectives. The second stream intensifies the mapping of tensions, uncovering the necessary elements for organizations to reach sustainable competitive advantages through the strategic use of SUS and TBL (Matthews & Shulman, 2005; Miller, 2003)

The conceptualizations discussed above (i.e., Business Ethics, Corporate Social Responsibility, and Sustainability) reflect the evolutionary societal concerns on MNEs’ responsibilities as agents of economic, social, and environmental problems. The prevalent approach in tackling those business and society issues evolved from ethical/unethical dilemmas to trade-offs between economic, environmental, and social elements. The trade-off rationale accepts some loss in one of the three elements to generate a substantial gain in the other. Usually, the expectations are that environmental and social objects align with economic objectives, commonly known as the business-case approach (for more details, see Hahn, 2014).
Challenging this economical or utilitarian perspective during the last decade, scholars embraced the underlying conflicts and tensions within business and society as paradoxical as a promising alternative to address and manage it. The traditional either/or approach is an oversimplified representation of the phenomenon, meaning polarizing remote conceptions that cannot be reconciled (Carmine & De Marchi, 2022; Schad et al., 2016). Paradoxes are defined as “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382), involving forces in opposition that are interdependent and interrelated to one another in some way, persisting over time (Lewis & Smith, 2022). Therefore, economic, social, and environmental goals represent interrelated elements, pieces of a whole system to be examined holistically.

Research on paradoxes within business and society issues remains in its infancy emphasizing specific contexts (e.g., particular organizations) within multiple levels of analysis (e.g., individuals and teams). Paradoxical perspective has been mainly applied to specific organizations, known as hybrid organizations, which incorporate profit- and social-driven objectives since their inception, dealing with underlying tensions that emerge from seeking their two-fold objectives simultaneously (e.g., Jay, 2013; Kannoctha et al., 2018). At the individual level Hahn et al. (2014) provide a detailed account of the cognitive differences between framing sustainability issues as business- and paradox-framing. At the group level, scholars studied teams’ organizational processes that enable paradoxical cognitive thinking (Carollo & Guerci, 2018; Sharma & Bansal, 2017). Schrage & Rasche (2022) demonstrated how different national business systems affect paradox management within the global value chain at the inter-organizational level. Yet, these are limited applications of paradoxes within business and society issues.
“CSR” in International Business

In opposition to the profusion of complementary and competing frameworks within SIM (Carroll, 2019), the IB literature has commonly adopted CSR as the label representing MNEs’ international social responsibility. Although several studies did not present a definition for CSR in their research, when available, the CSR definitions adopted are more closely associated with sustainability and corporate social performance than CSR Carroll’s (1999) definition. CSR in IB refers to “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Pisani et al., 2017, p. 591). However, as definitions abound, there is not a “clear consensus regarding the exact meaning” (Kolk, 2016, p. 24), demanding clarification and integration (Table 1).

Table 8 – Exemplars of Multiple Definitions for CSR in IB

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
<th>Comments</th>
<th>Journal*</th>
<th>Publication Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maignan &amp; Ralston</td>
<td>Refers to principles and processes in place to minimize its negative impacts and maximize its positive impacts on selected stakeholder issues.</td>
<td>CSR is defined through CSP</td>
<td>JIBS</td>
<td>2002</td>
</tr>
<tr>
<td>Husted &amp; Allen</td>
<td>Firm’s obligation to respond to the externalities created by market action</td>
<td>Based on Sheti (1990)</td>
<td>JIBS</td>
<td>2006</td>
</tr>
<tr>
<td>Rodriguez, Siegel, Hilman &amp; Eden</td>
<td>Instances where the company goes beyond compliance and engages in actions that appear to advance a social cause</td>
<td>Based on McWilliams and Siegel (2001)</td>
<td>JIBS</td>
<td>2006</td>
</tr>
<tr>
<td>Kolk &amp; van Tulder</td>
<td>Involves managing a firm in such a way that it can be economically profitable, law-abiding, ethical, and socially supportive</td>
<td>Based on Carrol (1999)</td>
<td>IBR</td>
<td>2010</td>
</tr>
<tr>
<td>Li et al.</td>
<td>Considered “a firm’s obligation to protect and improve social welfare through various business and social actions ensuring equitable and sustainable benefits for the stakeholders.”</td>
<td>It associates philanthropy with consumers’ and employees’ reactions, supported by: Staples (2004), Turban &amp; Greening (1997),</td>
<td>MIR</td>
<td>2010</td>
</tr>
</tbody>
</table>
CSR in the IB literature has been considered a managerial concept that focuses on integrating ethical, social, and environmental issues into MNEs’ operations (Napier et al., 2022). This body of research literature has mainly explored why and how MNEs adopt and manage CSR in all geographies that operate, resulting in two main streams of research. The first stream targets explaining why MNEs engage in CSR, uncovering and exploring the drivers and antecedents, such as institutions, culture, stakeholders, and the differences between home and host countries. One of the primary drivers explored is the role of institutions in driving international CSR. Institutions are antecedents either as contextual and/or as firm-level drivers (Nippa et al., 2021). The political, labor conditions, and cultural systems represent relevant nation-level systems within MNEs’ home countries and host countries. For example, Graafland and Noorderhaven (2020) provide evidence that the interaction between institutions and culture influences the CSR policies and practices of MNEs across countries. A central argument is that the context in which the firm operates (or from which it originates) determines its CSR, both in level and content. These findings
corroborate Marano & Kostova’s (2016) on the institutional influences on more and less stringent CSR adoption and practices. A particular stream of research within institutions explores home-country institutional voids (i.e., emerging markets) and adopting CSR practices as strategies to overcome the liability of foreignness (Husted et al., 2016). Moreover, institutions have a relevant impact when considering the differences between home and host countries and the degree of stakeholders’ pressures in the MNE. Those pressures have been a significant driver for CSR adoption, voluntary environmental engagement, and even the transfer of irresponsible practices to subsidiaries (Pisani et al. 2017). Accordingly, the multiple levels of stakeholders, primary (consumers, internal manager, and employees) and secondary (e.g., governments, media, local community, and NGOs), determine international CSR practices and sustainability reporting across foreign subsidiaries (Barkemeyer et al., 2015; Park & Ghauri, 2015).

Another mainstream of international CSR research focuses on the outcomes of CSR, sustainability, reporting, and environmental initiatives adopted by MNEs. Scholars have centered their research on tangible (e.g., financial performance, corporate social performance) and intangible (e.g., social performance, reputation, and legitimacy) outcomes. A part of this body of research has studied the effects of these initiatives on performance, labeled in IB as corporate social performance. The corporate social performance of an MNE is directly influenced by the home and host country conditions (Napier et al., 2022). Accordingly, the role of institutions has been core within these studies. The seminal and awarded work of Iannou and Serafeim (2012) on developing a corporate social performance index reputed the political, labor, education, and cultural systems as the most critical national elements of institutions impacting corporate social
performance. Advancing the role of institutions on corporate social performance, Muller & Kolk (2010) integrates extrinsic (trade-related pressures, FDI) and intrinsic (management commitment to ethics) CSR elements, demonstrating its impact on performance.

A second set of research about the outcomes has studied what intangible outcomes results from MNEs’ adoption of CSR practices. One first outcome is the need for MNEs for legitimacy in the markets they operate. MNEs are exposed to several stakeholders’ demands in those markets. Investing in social and environmental initiatives aims to maintain their legitimacy (Marano et al., 2017). Besides, reflecting in their legitimacy, a positive assessment of the MNEs’ CSR by their key stakeholders improves their reputation as socially responsible and trustworthy, improving their ability to assess resources related to business operation (e.g., capital, labor) in a more beneficial way, which in turn may reflect in their financial performance (Matten & Moon, 2020).

Despite several empirical studies, the results of CSR, sustainability, and reporting initiatives remain inconclusive, with little consensus on their impacts on social performance goals (Napier et al., 2022). We also observe an increasing interest beyond the CSR practices adoption, implementation, drivers, and outcomes. Even though the primary concern in the IB research does not rely on definitional elements, we believe there is an urgent need to be clear and specific to which business and society issue the research explores. As brilliant recovered by Carroll (1999) from Votaw (1973), “The term [social responsibility] is a brilliant one: it means something, but not always the same thing, to everybody” (p.280). Thus, IB scholars should be clear and specific about which elements of business and society issues are under investigation (Bansal & Song, 2017). Furthermore, a brief search on LinkedIn indicates that MNEs adopt a variety of conceptualizations in their
organizational structure to deal with business and society issues, such as ‘Sustainability and Social Impact officers,’ ‘Environmental Policy’ directors, ‘Sustainability directors,’ ‘Sustainability and Public Affairs’ directors and so on. We believe the adoption of CSR is just a practicality since using CSR as a label harmonizes the dialogue, although a clear definition of CSR is essential. Nevertheless, MNEs are being called to contribute to grand societal challenges by exploiting their resources wisely and responsibly, despite under which label/conceptualization will be framed.

In summary, our analysis of the theoretical background reinforces the lack of consensus and integration among the different frameworks in SIM and IB used in research, as argued by previous studies (e.g., Kolk, 2016; Buckley, 2017; Pisani et al., 2017; Napier et al., 2022). Attempting to fill this gap, in the next section, we propose an overarching framework to represent the business and society issues that MNEs have to deal with, discussing the main tensions that emerge from the competing demands between business and society and how MNEs should manage them to achieve better results.

**Theoretical Development**

To this point, we have examined the conceptualizations and approaches of two divergent but complementary literatures regarding business and society issues. Departing from the main assumption that MNEs have a crucial role in addressing the competing, sometimes contradictory, demands of business and society, we argue that there is a need for developing a theoretical framework that may assist MNEs in managing the underlying tensions that emerge from those demands. However, due to the multitude of frameworks and definitions, we first discuss which dimensions are part of the scope of what MNEs being socially responsible is.
Through the diverse conceptualizations of business and society, we were able to observe the evolution of diverse perspectives and the proliferation of conceptualizations. Each conceptualization offers unique perspectives and nuances for scrutinizing the business-society relationship. For example, while the scope of business ethics is limited to moral philosophies for MNEs in preventing and avoiding injury, the scope of sustainable development is expansive, encompassing dimensions associated with the entire planet and methods for promoting human security. Accordingly, the focus of research varies from micro- to macro-foundations depending on the framework. We argue that in the future, scholars should refrain from using or adapting conceptualizations without clearly defining them and the research unit and level of analysis.

Attempting to fill the gap regarding the existing conceptualizations for MNEs and extend the field knowledge, we offer a comprehensive framework labeled responsible global business (RGB). RGB refers to the ability and intent of an MNE to embrace its economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. RGB provides MNEs with a central role in dealing with business-society issues globally. By integrating the economic, legal, ethical, environmental, and social dimensions with the multinationalism of the MNEs, this conceptualization emphasizes responsibilities beyond moral rules. MNEs are accountable for conducting business in a socially responsible manner, ensuring that they thrive while globally integrating strategies and locally applying resources to respond to the demands of stakeholders. Moreover, in order to simultaneously deal with the underlying tensions that emerge from business and society demands, MNEs must avoid the dichotomizations brought by the analysis of those tensions using the either/or paradigm (e.g., dilemmas or
trade-offs). Instead, we argue that MNEs should approach them using a holistic, paradoxical lens.

MNEs frequently serve as the primary employers, managing the most extensive manufacturing plants and other production infrastructures in several geographies. MNEs engage in direct interaction and operation with governments, consumers, and other firms within the markets in which they conduct their business (Napier et al., 2022). They also have the ability to coordinate operations via global production networks and global value chains, which involve the management of continuous and structured vertical transactions across various headquarters. These headquarters may or may not be affiliated with a single-parent company (Narula, 2020). Furthermore, contemporary MNEs frequently assume the roles of "orchestrators" or "meta-integrators," proactively gathering knowledge from various sources and erasing traditional boundaries between them. Although MNEs might not be responsible for “all the world’s problems,” as stated by Porter & Kramer (2006), by applying their resources, tangible and intangible, they can have a greater impact on the social good (Ghauri, 2022).

MNEs are recognized as among the most influential actors in the global economy (Narula, 2020). On the one hand, as MNEs draw resources from society, they have a responsibility to society that goes beyond maximizing wealth for equity holders (Peng & Pleggenkuhle-Miles, 2009). Moreover, MNEs are increasingly called upon to play a positive role, contributing to more sustainable development in the societies they are embedded (Ghauri, 2022; van Zanten & van Tulder, 2018). On the other hand, the grand challenges faced by society are transnational in nature, impacting multiple geographical locations and potentially resulting in negative consequences for large communities of
people, as well as for communities and the planet as a whole. (Wettstein et al., 2019). They are complex, multi-level, multi-dimensional issues that require the orchestration of efforts from various actors to be successfully addressed (Voegtlin et al., 2022). Thus, MNEs are in privileged positions to influence the formulation and implementation of global agendas.

One example is the attainment of the 2030 Sustainable Development Agenda of the United Nations (UN). It is a transnational aspiration contingent upon the private sector’s involvement, without which the goal may not be realized. The achievement of the targets and objectives requires collaborative endeavors to provide support for the investment of $5.4 trillion. Therefore, despite the privileged position of multinational enterprises (MNEs) to support those objectives, there is a lack of theoretical work to guide MNEs in addressing and managing the underlying tensions that may arise when attempting to simultaneously achieve their economic, legal, ethical, societal, and environmental objectives.

As MNEs operate in a diverse set of environments, contexts, and cultures, they face demands from multiple stakeholders and non-governmental organizations (NGOs) across several geographies they are present. Due to this multiplicity, the tensions arising from competing, sometimes contradictory, demands require integrative management. However, little research has been done on how MNEs deal with the challenges of managing integrated tensions (Buckley et al., 2017). From previous research, two main approaches managers use to assess and resolve tensions emerge as dilemmas and trade-offs. Both approaches treat demands as opposites, suggesting that solutions are based on mental frames of either/or, in which managers should opt for one “side” (Van der Byl & Slawinski, 2015). Accordingly, those approaches fail to embrace the complexity and multinationalism of many demands.
and tensions, leading to solutions that privileged narrow and local decisions instead of broad and global reach.

By incorporating paradox theory as part of the conceptualization of responsible global business, we argue that it is possible to effectively manage MNEs’ operations while broadly addressing the inherent tensions that arise from responsible global business practices. This approach offers a unique and enduring solution for reconciling business and societal concerns constructively and sustainably. According to Poole and van de Ven (1989), the comprehension of contradictions and oppositions is facilitated by the recognition of paradox. The realm of organizational life is replete with paradoxes, and the presence of multiple dimensions within MNEs serves to augment the number of layers and levels at which these paradoxes manifest. The comprehension and handling of tensions within a paradoxical framework offer the potential to explore alternative assumptions, alter perspectives, and concentrate on contradictions in novel manners.

Paradoxes are defined as “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 386). In some way, paradoxical contradictions will never be ‘resolved’ (Smith et al., 2017). So far, there isn’t a solution available for humanity’s grand challenges, but paradoxes provide novel theoretical paths for MNEs leaders and managers to escape the short-termism solutions from framing contradictions as dilemmas, trade-offs, or dialectics. Currently, the prevalent paradigm of exploring contradictions as dilemmas, in which each alternative has advantages and disadvantages, requiring compromising in one alternative in favor of the other or managing contradictions as dialectic, partitioning elements, moving from thesis, antithesis, and synthesis will lead to temporary solutions in which new oppositions will emerge, and
tensions will resurface. Dilemmas, dialectics and trade-offs are oversimplified representations of a complex phenomenon (Schad et al., 2016)

Paradoxes denote “contradictory, mutually exclusive elements that are present and operate at the same time” (Cameron, 1986, p. 545). Even if the oppositional elements can be separated and logically isolated, their simultaneity creates a greater sense of wholeness, enabling increased effectiveness and creativity (Schad et al., 2016). Business and society issues’ underlying tensions are inherently paradoxical (Hahn et al., 2018). Business fast changes create irreconcilable demands between short-term profits and long-term orientation (Slawinski & Bansal, 2012). Global competition requires consistent global services while responding to local needs (Ambos & Tatarinov, 2022; Marquis & Battilana, 2009). More recently, scholars suggested applying paradox theory in framing business and societal contradictions. Even though the MNEs are recognized as essential actors in contributing to the grand challenges, how they can address and manage those challenges through paradoxes remains underexplored (Ambos et al., 2020; Carollo & Guerci, 2018).

Due to globalization and the several geographies they are embedded in, MNEs are submitted to an institutional complexity, facilitating the emergence of several valid and competing demands from various stakeholders (Scherer et al., 2013). Moreover, as leaders and managers face persistent strategic paradoxes (Smith, 2014), MNEs should manage the tensions due to business and society issues as paradoxes at the strategic level (Carmine et al., 2021; Hahn et al., 2018). Integrating the complex, multi-level, and multi-dimensional nature of business and society issues through the paradoxical lens within our proposed framework led to the identification of three main strategic paradoxes that MNEs should deal with in order to become and perform as responsible global businesses: Purpose-
Driven, Global, and Innovation paradoxes (Figure 2). Next, we present each paradox and make propositions on how they are related to better responsible global business performance.

![Figure 8 – MNE’s Paradoxes in Responsible Global Business](image)

**Purpose-Driven Paradoxes**

Most existing MNEs emerged during the twentieth century, embedded in the profit-maximizing paradigm (Battilana et al., 2022), demanding the development of organizational structure, managerial tools, skills, processes, and metrics to support wealth acquisition (Battilana et al., 2019; Ignatius, 2019; Quinn & Thakor, 2018). Since then, MNEs have been progressively challenged to encompass also societal demands in their purpose and goals. This new view of MNEs’ role has been driving not only the established corporations but also the new ones. For example, some MNEs were already founded incorporating simultaneously profits- and social-driven missions, such as Patagonia, Warby Parker, or Body Shop, whose founder, Anita Lucia Roddick, positioned her business as “a force for good.” Similarly, large MNEs like Procter & Gamble and Nestle, founded in the
1800s, have been experiencing multiple and increasing concerns over their existence that challenge them to consider business and societal demands simultaneously. However, how a corporation that has been mostly focused on profit can balance three-fold competing objectives, sometimes contradictory, and interdependent goals, such as those related to business and society issues?

We argue that this can be done by incorporating social responsibility into the purposes of the MNEs, becoming mission-driven (social both and environmental). The literature on MNEs suggests that purpose-driven organizations outperform the market, raising their stock prices and attracting and retaining younger talent with higher levels of employee productivity (George et al., 2022; Stengel, 2011). According to Deloitte Insights, purpose-driven companies witness higher market share gains and grow three times faster on average than their competitors while achieving the higher workforce and customer satisfaction” (O’Brien et al., 2019, p. 1). Accordingly, some MNEs’ experiences show that it is possible to be successful in embracing profit- and mission-driven purposes simultaneously. Paulus Polman, which was the CEO of Unilever between 2009 to 2019, states that building a broad purpose “can help reduce tensions in the workforce and create optimum conditions for growth” (Nair et al., 2022, p. 53). Scholars suggest that MNEs incorporating the competing demands from their social and environmental stakeholders to those from their shareholders is imperative to survive and sustain their legitimacy in all geographies they operate (Luo et al., 2020). Moreover, they suggest that this must be reflected in MNEs’ purposes (George et al., 2022).

As purpose refers to “a concrete goal or objective for the firm that reaches beyond profit maximization” (Mayer, 2021, p. 889), tensions should be approached by MNEs as
strategic paradoxes in order to be RGB. Purpose-driven paradoxes in RGB reflect MNEs’ concerns about incorporating a more profound purpose that connects the organization to broader societal responsibilities. This definition leads to the following proposition.

*Proposition 1*: MNEs embracing profit- and mission-driven through paradoxical management will outperform the market.

Moving from profit-driven purposes to embracing profit- and mission-driven purposes in performing responsible global business places MNEs in the same conundrum faced and successfully managed by hybrid-organizations (HO) or social-enterprises (SE). These types of organizations emerged during the 1990s, combining competing institutional logics in unprecedented ways. These companies exhibit new organizational models and tactics to handle significant, challenging objectives, including innovation, poverty, health, education, and environmental sustainability (Battilana & Dorado, 2010; Doherty et al., 2014; Jay, 2013).

At the core of their activities relies upon paradoxes of their two-fold objectives, a for-profit organization with its financial responsibilities to be economically sustainable while tackling social and environmental issues through positive societal impact (Esposito et al., 2022). Moreover, these organizations face not only internal competing demands but also external conflicting requirements. We argue that purpose-driven MNEs should embrace financial and social, and environmental objectives simultaneously. Empirical studies reveal how organizations dynamically balance their organizational practices (e.g., hiring, socializing) and identities (e.g., service business) over time, allowing improved responses to competing external and internal demands through embracing paradoxes.
In addition, integrating environmental limitations into organizational processes will encourage organizations to acquire additional valuable, uncommon, and inimitable resources and competencies (Hart, 1995). Thus, MNEs’ purpose-driven corporate culture and practices will promote competitiveness through increased operational efficiency and cost reductions. Clauddy et al. (2016) show that firms with higher levels of sustainability orientation (defined as “the overall proactive strategic stance of firms toward the integration of environmental [and social] concerns and practices into their strategic, tactical, and operational activities”) (2016, p.73) are more likely to invest in market knowledge, favoring higher levels of new product success.

From the discussed above, we develop the following proposition:

*Proposition 1a: Successful responsible global business*. MNEs exhibit a pervasive culture aligned with their purposes across all organization levels and geographical locations where they conduct business.

We hypothesize that MNEs performing responsibly globally through purpose-driven goals will develop a pervasive culture towards business-society issues across all organizational levels throughout all geographic locations. Incorporating a purpose-driven strategy will also expand this vision to all organizational activities MNEs are embedded in, guiding individuals’ decision-making founded on goal-based and duty-based activities.

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10 Successful responsible global business represents MNEs that embrace its economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. Hereafter, we associate performing as responsible global business, MNEs that engages and responds to all dimensions simultaneously across all geographies sustaining superior performance. We acknowledge the existence of conflicting perspectives within the literature on measuring performance. While it is not the primary objective of this study to delve deeper into this element, it emphasizes the importance of carefully selecting the perspective to be adopted when testing our propositions (Xu et al., 2006).
(George et al., 2022). On the one hand, goal-based purpose represents the social and environmental purpose objectives defined and implemented by the MNEs, being reflected in their mission, vision, and strategic intent. On the other hand, duty-based purpose represents ethical and moral positions in which purpose-driven is rooted in the business existence, such as values, social service, and stewardship. For example, Unilever’s mission of “making a sustainable living commonplace” within its Future of Work program incorporates tactics that permeate all MNE’s organizational levels across all geographies (Nair et al., 2022). Goal-based and duty-based objectives will spread throughout MNE structure and governance (G. George et al., 2022), impacting the whole organization and consequently creating new underlying tensions and contradictions. However, purpose-driven efforts often fail due to organizations’ structure and governance inconsistency in engaging in the two-fold – economic and social - objectives (Farri et al., 2022).

Embrace the underlying tensions within becoming a purpose-driven organization requires organizational changes across all levels and geographies, aiming to provide a sense of meaning to all people related to the MNE, directly and indirectly. When sustainability professionals, corporate philanthropists, diversity managers, and other corralled agents within the MNE are split into ad hoc departments, they struggle to justify their worth to CEOs who perceive social and environmental objectives as ancillary to their profit-focused plan. Studies have shown that working through such organizational change, embracing simultaneously profit- and mission-driven purposes through managerial sensemaking and paradoxes, offers collaborative opportunities and changes managers’ understanding of change (Lüscher & Lewis, 2008). Working through the organizational change underlying tensions, the dynamics of change, and its inherent contradictions as paradoxes break inertia,
enabling action and facilitating the engagement of employees worldwide (Sarkar & Osiyevskyy, 2018).

Managing RGB’s purpose-driven paradoxes requires novel holistic techniques, procedures, skills, and measurements for leaders and managers to “accommodate interrelated yet competing economic, environmental, and social concerns” (Hahn et al., 2018, p. 237). Cognitive framing based on paradoxical thinking places the tensions caused by competing demands that appear contradictory but are linked as not mutually excluded and complimentary. Since they are interdependent, the paradoxical approach focuses on how they work together because one can and will transform the other. As a result, a pervasive RGB’s purpose-driven culture requires the adoption of purpose-based objectives at all organizational levels incorporating paradoxical methods, processes, skills, and metrics across all geographies.

**Global Paradoxes**

The challenges faced by MNEs at the global level are typically framed as oppositions (Buckley & Ghauri, 2004). Organizing and managing MNEs globally results in several competing demands concerning the coordination of multiple markets, such as adaptation vs. standardization, centralization vs. autonomy, and efficiency vs. responsiveness. The theoretical underpinnings in exploring those competing demands also emphasize the polarizing sides within the MNEs between headquarters and subsidiaries. However, we confront this view, arguing that to be socially responsible across all geographics they operate MNEs must address global vs. local paradoxes instead, representing contradictory and polarized but interdependent orientations that are embedded
in the relationship between headquarters and subsidiaries (Schad et al., 2016; Smith & Lewis, 2011).

The organization and management of relationships and interactions headquarters-subsidiaires is a dominant theme within International Business and Management studies. These explorations navigate mainly between two themes. While one set of studies focuses on the headquarters’ organization and management of its subsidiaires, the other set focuses on the subsidiaires and the evolving of their contributing roles to the headquarters’ strategies (Kostova et al., 2016). The body of work emphasizing the organization and management of subsidiaires by the headquarters have provided frameworks to approach the tensions between global vs. local. MNEs were challenged to balance global integration and local responsiveness in managing external pressures. Due to this framework, commonly known as the integration-responsiveness paradigm, the tensions between global integration and local responsiveness spread across headquarters decisions, resulting in several dichotomic issues, such as autonomy vs. control, knowledge creation vs. sharing, connectedness vs. isolation, initiative taking vs. conformity and internal and external embeddedness. The other line of inquiry assumes that subsidiaires roles are central in studying headquarters- subsidiaires relationships. Subsidiaires represent organizational units outside of headquarters’ home-country combining firm-specific advantages with country-specific advantages in the local environment (K. E. Meyer et al., 2020). As MNEs have increased reliance on subsidiaires effectively contributing to the whole system, some subsidiaires have higher autonomy, managing portfolios and activities and bringing specific advantages and capabilities to MNEs (Ambos et al., 2020).
We assume that these single-focused explorations, either on headquarters or on subsidiaries, represent, per se, paradoxes. Moreover, we argue that isolating headquarters from subsidiaries ignores and hinders explorations of the MNEs in their completeness. Attempting to reconcile these two interdependent and interrelated elements requires acknowledging their paradoxical nature, which means that one entity cannot exist without the other. Due to their complex nature, MNEs’ global paradoxes in becoming RGB transcend physical or organizational boundaries and integrate various layers and dynamic interdependences between headquarters both/and subsidiaries. Thus, their management requires an integrative view of headquarters and subsidiaries to achieve global performance effectively.

From this previous discussion, we develop the following proposing:

*Proposition 2:* Successful MNEs performing as responsibly global businesses embrace Headquarters and Subsidiaries as a whole and unified system through paradoxical management.

Birkinshaw & Hood’s (1998) subsidiary model is widely accepted as the primary paradigm in evaluating headquarters-subsidiary relationships. This model implies subsidiary role changes based on headquarters assignments, subsidiary choice, and local environment determinism (K. E. Meyer et al., 2020). However, we argue that headquarters both/and subsidiaries, are part of a more extensive MNE system in which every part and layer contributes within it. Applying paradoxes as a lens and as a theory implies that these layers represent equal parts of the same whole, the MNE (De Keyser et al., 2019). At the macro-level, headquarters and subsidiaries are embedded in all life systems, operating
within the planetary boundaries of ecosystems (Whiteman et al., 2013). However, every entity will face specific tensions that must be integrated and embraced as interdependent elements within the management of the whole system. headquarters and subsidiaries must embrace the underlying tensions between global vs. local by moving beyond global integration vs. local adaptation trade-offs or top-down initiatives.

Alternatively, scholars propose the glocalization perspective, examining “how managerial concepts and practices might experience global dissemination and enduring local variety” (Acquier et al., 2018, p. 625). This perspective highlights the context as “not supplied a priori but given by actions” (Gond & Boxenbaum, 2013, p. 790), in which subsidiaries participate as critical change agents, denying determinism. Acknowledging this contextualization, researchers simultaneously recognize the iterative processes between local and global issues. Moreover, embracing the underlying tensions concurrently offers new potential for reconciling the paradoxes in addressing and managing economic, legal, ethical, social, and environmental objectives simultaneously across all geographies (Ambos & Tatarinov, 2022), suggesting that both the headquarters and subsidiaries can confront the paradoxical tensions through iterative responses, which jointly represent the whole MNE.

Acquier et al. (2018) showed that when subsidiaries and headquarters accept and transcend their home- vs. host-country biases, they can simultaneously embrace global and local requirements. His study revealed the transition of the multinational Asics from headquarters global integration vs. local responsiveness management of tensions to an integrated perspective through work hybridization. This transition to hybridization allowed intra- and inter-organizational expansion through dynamically balancing practices across and between headquarters and subsidiaries. Dynamic and iterative processes between both
organizational units simultaneously allowed the introduction of new concerns, processes, and competencies associated with a comprehensive RGB that was incorporated into the MNE’s culture. Facing the underlying tensions between global and local and integration and responsiveness simultaneously allowed us to adopt a globalized position merging and integrating complex and varied institutional views. headquarters should not remain an exporter of responsible global business concepts and practices. headquarters and subsidiaries could and should adopt a holistic approach incorporating foreign institutional and cultural ingredients. The ASICS example reveals the relevant and critical role of the subsidiary through an active agency, even if it emerged after a critical event (an industrial accident with two deaths).

From the discussed above, we developed the following proposition:

Proposition 2a: Successful MNEs as responsible global businesses
embrace the underlying tensions between headquarters and subsidiaries,
holistically integrating home- and host countries’ complex and varied
demands simultaneously.

The top-down diffusion of RGB policies and practices also does not account for the host country’s local institutional and cultural demands (Ertuna et al., 2019; Reinecke & Donaghey, 2021), raising underlying tensions again. Scholars state that MNEs from developed countries have confronted problems in emerging and underdeveloped countries since RGB issues are unique and frequently more complex in those sites (Ertuna et al., 2019). Thus, MNEs will try to grasp the institutional complexity to obtain approval and
trust (Scherer et al., 2013) by simultaneously navigating and managing competing demands (Baumann-Pauly et al., 2016).

The pressures in reconciling global vs. local have also expanded to MNEs’ operations through global production networks and global value chains, involving the management of buyers, suppliers, and other partners. Thus, the global paradoxes in performing RGB embed multi-level complexities in its inter-organizational global operations. MNEs must cope with competing demands from varying organizational fields, transnational degrees of global integration, and local adaptation resulting in civic society disputes. For example, Reinecke & Donaghey (2021) studied how MNEs could exploit their position as supply chain leaders to improve Bangladesh’s labor conditions in the garment industry. The authors underline the dualities between the brand’s (buyers) goal of minimizing manufacturing workplace non-compliances (suppliers) and their business interests in maintaining those conditions. Within their study, employment, compliance, and commercial objectives are inherently contradictory, yet again interdependent, which means paradoxical. Tensions that emerge from buyer and supplier relationships became salient due to MNE commercial aspirations and RGB pressures in the global supply chain and networks. Adopting global norms of behavior enforced by social audits allows buyers to “deny accountability” (Reinecke & Donaghey, 2021, p. 472). Top-down buyer audits of factory compliance against pre-defined norms have failed to improve labor conditions, as the 2013 Rana Plaza disaster sadly revealed. Despite adopting and enforcing company rules of conduct, inherent contradictions between commercial aims and performing RGB remained unreconciled. Thus, we developed the following proposition:
Proposition 2a: Successful performance in responsible global business by MNEs embraces the underlying tensions across and between the various actors iteratively – top-down and/both bottom-up.

We have observed that adopting global rulemaking has limited effects since the prevalent paradigm remains focused on the economic side against social and environmental elements. Transnational regulation fills regulatory gaps left by weak governments, such as Bangladesh and Taiwan’s labor rights. However, this is “a process where non-state actors from multiple countries develop cross-border behavioral prescriptions” (Dingwerth & Pattberg, 2009, p. 711). MNEs face a profusion of social and industry-driven standards (e.g., in the coffee industry, we identify corporate programs such as Nespresso AAA sustainability quality or Starbucks Coffee and Farmer Equity– CAFE – practices but also third-party programs such as Fairtrade Certified and UTZ). Accordingly, multiple stakeholders’ initiatives (e.g., MNEs, NGOs, etc.) also produce several additional standards. Despite initial expectations, international rulemakings like Forest Stewardship Council or the Global Reporting Initiative again reflect MNEs’ economic interests more than NGOs and other civic partners. MNE accountability must overcome commercial incentives, concurrently embracing both underlying self-interests and civic society tensions, operating beyond adopting transnational-rule making while accepting paradoxes across solid and weak institutional environments.

The paradoxical lens has also been used to reconcile underlying tensions between MNEs and NGOs. Despite their divergent objectives, approaching the tensions as paradoxes may provide opportunities for cross-collaboration and mutual adaptation through improvisation, experimentation, flexible rules, and semi-structures for both organizations.
Some studies have argued that applying the complexity theory to inter-organizational constructs, such as agent schemata and feedback loops, increased cooperation between different organizations, leading to higher cross-organizational learning and innovation levels (e.g., de Lange et al., 2016). Despite the lack of research that explicitly explores paradoxes when analyzing MNE and NGO management of their contradictory institutional logics, we observe through the narrative an ongoing, dynamic process of virtuous cycles between organizations in reconciling competing demands, keeping a long-term relationship. For example, the partnership between Rio Tinto and Earthwatch failed in developing the initial drafts of a global memorandum of understanding. Nevertheless, the organizations recovered from the failure by renegotiating and improvising a solution of a redesigned draft through mutual adaptation and flexibility (De Lange et al., 2016).

**Innovation Paradoxes**

Innovation is among the most critical issues in business and academic research and is embedded with underlying tensions. Innovation denotes an intricate knowledge management process of identifying and utilizing ideas, tools, and opportunities to create novel or enhanced products, processes, and services. A significant number of studies have examined a wide range of managerial tensions to innovate through paradoxes such as balancing exploration vs. exploitation (Smith, 2014; Smith & Tushman, 2005) in ambidextrous organizations (Andriopoulos & Lewis, 2009, 2010), open innovation strategies (West & Gallagher, 2006), radical vs. incremental strategies (Tushman & Benner, 2015) through collaboration vs. coopetition (Raza-Ullah, 2020; Raza-Ullah et al., 2014).

Despite extant knowledge on managing innovation paradoxes, the tensions that emerge from how innovation can affect RGB performance bring a novel research venue.
Accordingly, studies about how to address and manage those tensions are scant. However, MNEs have been facing pressures in addressing environmental challenges mainly linked to climate change (e.g., biodiversity loss and greenhouse gas emissions) through innovation. We argue that those pressures result in innovation paradoxes since they bring opposing but interdependent and interrelated underlying tensions to the table. These paradoxes may become salient through tensions between short-term efficiency vs. long-term innovation, contradictory yet interrelated dualities to be juxtaposed in pursuing responsibly global innovation strategies (cf. Lewis, 2000). Indeed, climate change issues represent one of the top five priorities for businesses, according to a PwC survey (Gassmann & Jackson-Moore, 2022). Thus, we developed the following proposition:

*Proposition 3: MNEs performing responsibly across all geographies requires embracing competing environmental innovative demands paradoxically.*

Addressing climate change issues and its related tensions can be mapped across two main areas. First, MNEs are facing tensions in balancing technological change. Technological change is frequently seen as an exogenous event related to environmental issues. However, as MNEs have a critical role in supporting and leading technological change worldwide, society assumes that they can and “should” influence the trajectory of technological change, helping to deliver more environmental products and services to the markets. That is one of the reasons why MNEs are being called to contribute to UN-SGDs through innovative solutions (Guest, 2010; Pinkse & Kolk, 2010). The second area concerns climate change innovation patterns, which expand across sociotechnical
regulation. It incorporates not only the rules guiding technical design but also the rules shaping market development and how these markets should be regulated. As MNEs cannot realize changes within the sociotechnical regime in isolation, they depend on different actors. Then, the interaction between MNEs and other players results in tensions that must be managed under the paradoxical lens to result in long-term solutions. Accordingly, as both areas pressure MNEs to contribute positively with rules and measures through innovation, many climate change innovations require collaboration and cooperation across actors between and within the system. Thus, we developed the following proposition.

**Proposition 3a: Embracing competing environmental innovation demands collaborative efforts across the sociotechnical regime.**

Another stream of research on climate change as a source of pressure on the MNEs has focused on reducing greenhouse gases (GHGs) through carbon trading. Although creating a carbon market is one fundamental step toward MNEs’ contribution to the reduction of GHG emissions, providing incentives to MNEs to incorporate carbon prices when making investments, the complex changing climate policies in various regions and countries have led to higher levels of uncertainty (Pinkse & Kolk, 2010). Although the role of governments in MNEs’ innovation process to reduce the effects of climate change is crucial, considering the complex climate policies, some MNEs are taking the lead in guiding technological changes within their areas. For example, the CEO of OK petroleum asked politicians for higher taxes on petroleum, the Volvo Group’s CEO asked Sweden’s Prime-Minister for higher taxes on fossil fuels and lower taxes on alternative fuels, IKEA
declared publicly supporting the REACH\textsuperscript{11} protocol on chemicals (Robèrt & Broman, 2017). These anecdotes indicate that MNE’s enactment on accelerating responsible global innovation transitions is feasible despite the increasing competitiveness. However, MNEs’ engagement in addressing climate change innovations requires simultaneously balancing technology development and deployment.

Climate change experts have different views on the most desirable technological trajectory to solve climate change issues. On the one hand, it is argued that government-led R&D investments in programs and international cooperation are required since the alternatives for fossil-fuel-based energy demands significant investments. On the other hand, experts argue that scaling up technologies on existing know-how offers a portfolio of less ambitious carbon-free technologies supporting climate change progress. Furthermore, the current complex geo-political environment comprises different and contradictory views on the most desirable technological trajectories to solve climate change. We argue that MNEs’ survival depends on proactively addressing innovation paradoxes in responsible global business, even if the current geo-political environment adds layers of complexity (Pinkse & Kolk, 2010). Due to the inexistence of a “silver bullet” in solving climate change innovation paradoxes, MNEs should simultaneously embrace a flexible portfolio of investments in carbon-free technologies accepting their different and inherent levels and timing spans while strategically engaging in technological development. Perceiving, navigating, and managing simultaneous technological strategies through paradoxical

\textsuperscript{11}REACH refers to Registration, Evaluation, Authorization and Restriction of Chemicals, which is a European Union regulation.
management of expectations, diverse cognitive frames offer novel organizational features and dynamism (Baumann-Pauly et al., 2016; Sharma & Jaiswal, 2018).

Moving from paralysis and inertia in identifying the ‘best alternative’ requires paradoxical responses in pursuing both/and strategies. Smith & Lewis (2011) proposed a dynamic equilibrium for managing paradoxes accepting paradoxical tensions in the long term while combining synergies between competing demands and/or providing oscillating support between elements through virtuous cycles. Empirical results show that organizations and managers are capable of pulling together disparate elements by accepting the coexistence of contradictory agendas (e.g., exploration vs. exploitation) through strategies of clarifying distinctions – differentiating – and shifting levels of analysis – integrating (Andriopoulos & Lewis, 2009, 2010; Smith & Tushman, 2005).

Moreover, innovation paradoxes spread across the sociotechnical regime, as stated before. The sociotechnical regime refers to the technology as a set of rules guiding design but also by that rules shaping market development (e.g., user preference) and rules for regulating these markets (Schot & Geels, 2007, p. 608). The regime encompasses aligned rules carried by firms, users, and governments, forming a community binding producers, users, and regulators. Therefore, while managing internal paradoxes of technological change, MNEs could and should integrate the complex interface and interactions between organization-ecosystem (Holliday, 2005; Whiteman et al., 2013). For example, the Brazilian Sugarcane Industry Association and the Brazilian bioenergy companies have been recognized for pioneering bioethanol projects through discourse and sociotechnical imaginaries promoting techno-scientific innovation as essential means to obtain environmental, social, and economic advantages (Benites Lazaro et al., 2021). Managing
innovation paradoxes in RGB throughout sociotechnical regimes requires collaborating and cooperating with the community.

Innovation paradoxes in RGB often require cooperation and collaboration (Levy et al., 2016; Pinkse & Kolk, 2010). Changing sociotechnical regimes, as explained above, implies collaborating with others. Another critical path for addressing RGB innovations is through coopetitive alliances. Thus, MNEs can collaborate through interactions with socio-technological regime actors and/both in coopetitive alliances. Coopetition refers to strategic alliances characterized by cooperative and competitive interactions between organizations. We observe several intra- and inter-industry alliances for climate change. Dow Chemicals and General Motors are working together on the development of fuel cells despite their different goals. Allbirds and Adidas are working to reduce emissions across the shoe process, from manufacturing, packaging, and shipping.

MNEs face additional underlying tensions in deciding the optimal level and mode of cooperation either/or safeguarding the competitiveness of climate change innovation. Poor performance of competitive alliances is associated with failures in managing tensions between cooperation and competition (Raza-Ullah, 2020). Thus, paradoxes of coopetition are salient through the multiple, simultaneous demands of cooperation and competition across inter-organizational relationships. Innovation paradoxes in RGB will emerge across accepting technological change interdependence across sociotechnical regimes interrelated with how MNE will collaborate and cooperate.

Adopting an overarching corporate vision within dynamic decision-making and continuously shifting resources across short-term efficiency both/and long-term innovation while differentiating, integrating, and combining different demands in augmented
conception enables innovation and long-term performance. Studies indicate that combining different competing demands at the same time through structural and contextual organizational forms across interactions through individuals, management teams, sub-unit processes, or business units allows transcending demands creatively (Knight & Harvey, 2015; Smith & Tushman, 2005; Tushman & Benner, 2015).

Danone manifesto ventures is a corporate venture with “a mission to support the growth of innovative food and food tech startups” (Symbrosia, 2022). The structural strategy allows the organization to make financial investments and strategic support while preserving the startup’s autonomy and keeping the organization up to date with potential technologies and innovation. This strategy is not new within large organizations reflecting the use of structural and contextual organizational form to address exploration vs. exploitation innovation paradoxes in RGB. According to the company, “this investment aligns with its goal of becoming carbon neutral across its full supply chain by 2050” (Symbrosia, 2022). The strategy reflects an alternative to balance the exploration and exploitation of competing demands through a structural organization. However, it is unclear how Danone will manage the eminent inter-organizational paradoxes in internalizing the competing demands that will emerge in incorporating technological change and sociotechnical advances across upstream and downstream activities.

Discussion and Implications

Our analysis proposed three paradoxes facing MNEs in performing as responsible global businesses: purpose, global, and innovation. We predict that the salience of a particular paradox will be contingent on MNEs’ current positioning and framing toward
addressing and managing the competing demands. While some MNEs have been proactive in engaging earlier on incorporating social and environmental demands within their strategy, others have adopted more reactive practices, just shaping their strategies to conform to regulations and legislation evolutions. Additionally, other MNEs have not been considering such demands at all. The urgency in dealing with issues that bring risks to humanity, such as those to save the planet, is taking more and more place in the business scenario. We posit that the survival and legitimacy of MNEs will depend increasingly on their ability to acknowledge and effectively manage competing and conflicting demands. Failure to do so may have detrimental implications for humanity, given that no Planet B exists. This imperative underscores the significance of MNEs adopting a paradoxical management of the tensions emerging from the competing, sometimes contradictory, demands due to business and society issues.

*Dynamism in Managing Paradox in Responsible Global Business*

Paradoxes in MNEs performing as responsible global businesses can emerge simultaneously from the routinized practices embedded within social systems, called natural order, or from individuals sensemaking and practices due to their past emotional and cognitive experiences (Chen, 2002; Schad et al., 2016). Notably, paradoxes tend to become particularly pronounced in environments characterized by a multiplicity of factors, such as change, scarcity, and environmental plurality, all typifying our world’s volatile, uncertain, complex, and ambiguous nature. As a result, MNEs are confronted with the daunting task of addressing and managing paradoxes across these two interdependent and interconnected dimensions.
At the macro-organizational level, prevalent practices, routines, and methods have failed to consider underlying tensions as paradoxical in nature. To accommodate this new framework, MNEs must engage in purposeful and far-reaching organizational change across multiple groups and contexts. Scholars have suggested that simultaneously managing competing and conflicting demands involves accepting, accommodating, and differentiating/integrating these demands (Lewis, 2000). Managing these demands involves constantly negotiating and balancing the tensions between them, which, in turn, are often changing and evolving over time, requiring different approaches at different stages of the management process. Moreover, we posit that this dynamic process requires managers to move forward and backward in approaching the paradox and its underlying contradictions as a unified framework.

To deal with this dynamism, the organizational change within MNEs needs to create a sensemaking that tensions always take on a paradoxical character, requiring managers and leaders to develop an ability to live with and manage these paradoxes effectively. In doing so, tensions can and should coexist as parts of the same whole (K. Peng & Nisbett, 1999), allowing explorations of its dynamism and relationships. When actors recognize the interdependence and coexistence of opposing elements in tensions, they are able to “accept paradox and ‘critically examin[e] entrenched assumptions to construct a more accommodating perception of opposites’” (Smith & Lewis, 2011, p. 764). This acceptance is described as “approaching paradoxic tension by engaging but not resolving them” (Smith, 2014, p. 39). For MNEs to perform as RGB, they must accept the permanent coexistence of legal, ethical, social, environmental, and economic objectives in all geographies they operate. By doing so, their objective shifts from finding a single solution
– a ‘silver bullet’ to embracing the complementarity of these objectives (Smith & Lewis, 2011).

Furthermore, accepting paradoxical tensions serves as a foundation for creating virtuous cycles that enable the accommodation of these tensions. Accommodation entails identifying a novel and innovative synergy that simultaneously incorporates opposing contradictions to develop new practices, processes, and methods that integrate their interdependence and interrelatedness, disregarding their potential conflicts. The dynamic navigation of contradictions facilitates virtuous cycles. MNEs’ managers purposefully alternate between contradictory elements to ensure equal attention is given to both. By shifting their focus towards accommodating both contradictions rather than solving them, MNEs can avoid being caught in "paralyzing and often vicious cycles" and instead initiate "virtuous cycles" of learning and enhanced organizational performance (Smith & Lewis, 2011).

The literature shows that accommodating contradictions simultaneously, such as commercial and social, enables new rules (Jarzabkowski & Lê, 2017), new organizing structures and processes (Smith, 2014; Smith & Tushman, 2005), various degrees of growth and social commitments (Kannotha et al., 2018). We argue that MNEs accommodating purpose, global and innovative paradoxes can explore the various alternatives and perspectives opened when the paradoxes are accepted and accommodated simultaneously. For example, Edwards (2021) develops a typology for sustainable growth accommodating incremental/endogenous growth and transformational/exogenous growth with different levels of growth perspectives integrating economic, social, environmental, and integrative
growth. Accordingly, integrative MNEs are considered to integrate social-cultural and social-ecological growth strategies simultaneously.

Integrating and differentiating strategies are complementary approaches in managing and addressing RGB paradoxes. Scholars suggest that these strategies impact organizational structure, practices, and managers’ cognitions. At the same time, differentiating involves recognizing distinct elements and honoring their unique aspects, integrating stresses synergies and linkages. For example, building a diversified project portfolio and temporally and spatially splitting practices are ways to differentiate (Andriopoulos & Lewis, 2009; Smith & Tushman, 2005). We posit that while differentiating may support MNEs during their transitional path towards RGB, integrating through cultivating a paradoxical management approach that purposefully improvises and avoids attachment to a single truth is the sustainable path toward developing a pervasive RGB paradoxical culture.

In conclusion, embracing and transcending the multi-faceted and multi-dimensional nature of performing responsibly across geographies demands active engagement in accepting, accommodating, and integrating the inherent paradoxes. Such engagement results in a dynamic process involving paradigmatic shifts across multiple levels (e.g., the self, family, nation, and world) and many settings (e.g., job, career, family, community, and social life). The concept of paradoxical integration, which recognizes that two seemingly opposing elements are interdependent and form a cohesive whole, provides a framework for transcending these challenges (Chen, 2002), enabling MNEs to navigate the complexities of RGB by cultivating a culture of paradoxical management and purposeful improvisation.
Implications for Theory

Through the integration and synthesis of two complementary bodies of literature (SIM and IB), we propose novel avenues for expanding research in the realm of international management and business. Currently, the emphasis on social responsibility drivers and outcomes within the field of International Business (IB) neglects the challenges faced by multinational enterprises (MNEs) in operating and managing the tensions due to the demands from business and society on a global scale. However, by utilizing institutional theory, researchers could examine the institutional drivers that influence the cross-country operations of MNEs, taking into account the varying pressures these organizations face at different levels (Husted & Allen, 2006). Additionally, stakeholder theory provides a framework for identifying and selecting relevant stakeholders across diverse geographical and institutional contexts (Pisani et al., 2017).

Moreover, we observe a prevailing focus on broader international issues that deal with the global context but limited deeper explorations of managing and addressing economic, social, and environmental concerns. There is a need for research to broaden its focus on exploring and understanding how multinational enterprises (MNEs) conceptualize the relationship between business and society in all geographies they operate. While the IB literature often concentrates on CSR, using different definitions, it fails to integrate MNEs’ organizational changes and movements. For instance, many MNEs have established several managerial positions in their structures, such as Vice President of Global Policy, Environmental Sustainability & Social Impact, Chief Sustainability Officer, and others, to integrate their economic, ethical, legal, social, and environmental concerns into their strategic alignment. Novel research could examine how these efforts are effectively
integrated into their operations in all countries, the impact on MNEs’ headquarters and subsidiaries, and the challenges involved in designing, implementing, and measuring their success in dealing with the tensions as global issues. Furthermore, numerous opportunities exist to investigate how MNEs are evolving their strategies as they engage with and support the 2030 Sustainable Development Goals (SDGs) since the extent their engagement produces real impact beyond harm avoidance remains unknown (van Zanten & van Tulder, 2021). Ghauri (2022) has identified several SDG goals aligned with MNEs’ contributions that offer potential research questions. However, how MNEs will address and manage these competing goals remains unclear.

Despite the recognition within the literature on MNEs of the inherent tensions and contradictions faced by these organizations in operating and managing their activities on a global scale (Buckley & Ghauri, 2004; Ghoshal & Nohria, 1993), there have been limited theoretical advancements in addressing the root causes, types of tensions, and how MNEs address and manage these tensions. In light of this, we have developed three paradoxes that MNEs face in their quest to become RGB. The salience of these paradoxes will vary depending on the stage of development at which MNEs find themselves, and it will be imperative to address and manage them simultaneously. We encourage researchers to explore and test our propositions in their investigations of MNEs.

Most research on MNEs has focused on their context rather than investigating MNEs as objects of research themselves. Given their complexity and heterogeneity, positioning MNEs as both research objects and research contexts offers an opportunity for context-specific findings. However, in the quest for generalizations, MNEs are often viewed as unified actors, which limits opportunities to delve deeper into their inter- and
intra-organizational dynamics. Ambos et al. (2020) offer a promising example of investigating a single-case MNE and its various subsidiaries in Latin America, providing empirical evidence of how the relationship between headquarters and subsidiaries evolves through dynamic cycles to address and manage tensions, challenging the convergence perspective. There is a need for MNEs theories that embrace context as having explanatory power (Piekkari et al., 2022). By examining MNEs as objects of research rather than solely as a context for research, researchers can uncover novel insights into the complex relationships and interactions between MNEs and their subsidiaries. This approach can potentially expand theoretical frameworks and generate context-specific findings that advance the field of international business.

Finally, there has been a growing academic call for marketing, management, and IB scholars to undertake studies that support MNEs in addressing grand societal challenges. The management literature on social issues has actively pursued research on how businesses address and manage these concerns. IB scholarship is uniquely positioned to advance important discoveries beyond firms’ global performances, as global performance today encompasses much more than just financial results. IB scholars must therefore embrace non-financial measurements to explore MNEs’ international operations and management. In addition, IB scholarship should incorporate a more precise conceptualization of the various business and society issues in their studies. Our overarching framework of RGB was built to fill this gap. We encourage researchers to adopt it to build their theorizing on business and society issues. By doing so, IB scholars can contribute to developing more comprehensive and accurate theories of MNEs that advance our understanding of their role in addressing grand societal challenges.
Implications for Practitioners

Our paper offers theoretical insights and provides guidance on conceptualizing the different business and societal issues and their underlying assumptions. By exploring three critical paradoxes MNEs face in performing as RGB, we shed light on the competing and conflicting demands they must navigate. Our study emphasizes the need for MNEs to holistically embrace these underlying contradictions, challenging the prevalent view of contradictions as opposing poles and proposing an integrative perspective instead.

We argue that the profit-maximization paradigm and the practices, methods, and skills developed within it limit MNEs’ abilities to deal with the new normal in a globalized world characterized by volatility, uncertainty, complexity, and ambiguity. To address this, we propose an overall organizing framework for MNE managers and leaders to recognize and manage ambiguities across all levels and settings. This framework could support better and more constructive relationships between headquarters and subsidiaries, with each part acknowledged for contributing to the whole system and MNEs’ goals and objectives.

Moreover, our insights support MNEs in taking on their critical societal role beyond creating wealth and equity. We reinforce that MNEs significantly influence the global economy and can use this influence to support humanity’s future. Some MNEs, such as Unilever and BP, have already assumed ambitious goals for net-zero emissions, social equity, and environmental sustainability, despite facing some financial setbacks. Accordingly, we argue that MNE leaders and managers can and should strive for a positive contribution beyond achieving neutrality, even though this may still be a far-off utopic dream.
Conclusion

The contemporary international environment has become increasingly volatile, uncertain, complex, and ambiguous, compelling multinational enterprises (MNEs) to adopt novel approaches to address and manage their pressing issues (Buckley et al., 2019). The outbreak of the pandemic has accelerated the manifestation of corporate purposes, redefined the significance of work, and intensified the pressure on stakeholders to emphasize the role of businesses in promoting social outcomes (George & Schillebeeckx, 2022). Moreover, the pandemic has highlighted global health crises, biodiversity, and climate change, challenging MNEs on all fronts. This has occurred within the framework of transparent and rapid social media reactions to MNEs’ initiatives. MNEs play a crucial role as both agents and actors of societal influence, facilitating the dissemination of diverse strategic and institutional practices (Bartlett & Ghoshal, 1989; Kostova & Zaheer, 1999). Given their influential position, MNEs are subject to mounting pressure and heightened expectations to act responsibly globally. This research developed propositions for MNEs that address and manage the essential paradoxes associated with performing as a responsible global business by synthesizing and integrating two distinct literature streams.

In an effort to expand the knowledge of how MNEs face those challenges, these two bodies of literature have been examined, offering complementarities for further development. The resulting propositions aimed at addressing essential paradoxes in performing responsible global business. These paradoxes arise from the tensions that arise from competing, sometimes conflicting, demands from business and society issues. As such, an overarching framework, Responsible Global Business, was developed to incorporate the economic, legal, ethical, social, and environmental objectives as
strategically paradoxical. Scholars who investigate the intersection between business and society frequently encounter difficulties in selecting appropriate constructs and relevant literature (Matten & Moon, 2020). To address this challenge, we posit that it is the responsibility of MNEs to conduct business responsibly while simultaneously integrating strategies globally and applying resources locally to meet the needs of all stakeholders, current and future, offering a comprehensive approach.

Moreover, to address the underlying tensions arising from business and societal demands, we contended that the prevalent dichotomizations used by MNEs, supported by the profit-maximization paradigm, are insufficient. A holistic perspective must be adopted rather than relying on the either/or paradigm, such as dilemmas or trade-offs. As a result, we argue that MNEs overcome the limitations of the either/or paradigm by viewing the underlying tensions as paradoxical and interdependent elements that dynamically exist simultaneously and persist over time. Adopting this perspective will enable MNEs to manage these paradoxes effectively as RGB.

By adopting a paradoxical perspective, MNEs can creatively embrace competing and conflicting business and societal demands to sustain their competitive advantage. Our paper identifies three paradoxes - purpose, global, and innovation - particularly relevant to MNEs performing as RGB. Purpose-driven paradoxes involve reconfiguring MNEs’ core strategy to simultaneously address economic, social, and environmental objectives. Drawing on empirical studies of hybrid organizations, which have effectively managed economic and social objectives, we provide insights into key factors in transforming MNEs into purpose-driven entities. In addition, we identified the global paradox, proposing alternative approaches to challenge the global versus local binary paradigm by
incorporating all components of the MNE system, including headquarters, subsidiaries, buyers, and suppliers. Finally, we apply the paradoxes of innovation to the environmental challenges faced by the world and highlight alternative approaches for MNEs incorporating both short-term and long-term investment strategies to respond to the calls for action to remediate those issues.

Our theoretical development goes further, proposing how MNEs may address and manage the paradoxes of responsible global business. Management strategies such as acceptance, accommodation, and integration are essential to frame the underlying tensions and contradictions paradoxically (Ambos et al., 2020), demanding that MNEs change their organizational structure and processes to manage the tensions using those strategies. We also identified the implications for theory and practitioners in addressing and managing business and societal concerns paradoxically.
ESSAY 3 - NAVIGATING THE PARADOXICAL TENSIONS OF MNES IN PERFORMING AS RESPONSIBLE GLOBAL BUSINESSES: AN INDUCTIVE STUDY OF SALIENCE, EXPERIENCING, AND TENSION MANAGEMENT

Introduction

Multinational enterprises (MNEs) are prominent players in the global business landscape, overseeing expansive industrial units and production infrastructures across diverse geographical locations. Engaging with governments, consumers, and other enterprises in their target markets, MNEs assume the role of orchestrators, actively seeking and assimilating knowledge from a multitude of sources. They transcend boundaries and effectively coordinate operations across a wide array of offices, leveraging global manufacturing networks and value chains. Although MNEs cannot be held accountable for all global issues (Porter & Kramer, 2006), considering their primary focus on economic objectives throughout history, they have been widely perceived “to be prospering at the expense of the broader community” (Porter & Kramer, 2011, p. 64).

The increasingly complex, volatile, and unpredictable global landscape has boosted the public call for MNEs to use their resources more wisely and diligently to make a significant impact on social well-being (Ghauri, 2022; Kolk et al., 2017; van Zanten & van Tulder, 2018), acting as responsible businesses. According to the ten principles of the United Nations Global Compact, responsible business refers to “operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption" (https://unglobalcompact.org/what-is-gc/mission/principles)

For our purposes, we define a responsible global business as

12 https://unglobalcompact.org/what-is-gc/mission/principles
the ability and intent of an MNE to embrace its economic, legal, ethical, social, and environmental objectives simultaneously across all the geographies where it conducts business. RGB conducts business in a socially responsive manner that keeps up the business while embracing the paradoxical underlying tensions as facets of an interconnected system in which they are embedded. Thus, being responsible requires assessing and managing the inherent tensions that arise from firms’ endeavors to balance and reconcile competing and contradictory demands within their strategic objectives (Van der Byl, 2015).

Scholars have acknowledged strategic competing demands across various organizational issues, asserting that achieving economic, social, and environmental goals simultaneously is paradoxical (Carmine & De Marchi, 2022; Luo et al., 2020). Paradoxes are “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011). Research distinguishes paradoxes from dilemmas and trade-offs. While managing dilemmas and trade-offs involves a compromise between choices, paradoxes involve simultaneously accepting and embracing opposing demands. However, although incorporating paradoxes perspectives within social and business demands is relatively recent (Carmine & De Marchi, 2022; Luo et al., 2020), empirical evidence remains scarce.

Empirical studies have offered valuable insights into specific organizational forms, such as social enterprises or hybrid organizations (Jay, 2013; Kannothra et al., 2018; Smith & Besharov, 2019a), as well as various organizational activities such as partnerships, global supply-chain management (Brix-Asala et al., 2021; Richards et al., 2021; Schrage & Rasche, 2022) and occupational roles (Carollo & Guerci, 2018; V. D. Pamphile, 2022).
However, examining competing demands between business and society, specifically focusing on MNEs, remains scarce (Burritt et al., 2020). Currently, there is limited consensus on how business and societal competing demands emerge, are perceived, and are effectively managed within the complex, pluralistic, and evolving environment of MNEs (Burritt et al., 2020; Kolk et al., 2017; Van Tulder et al., 2021). Furthermore, as little research focuses explicitly on the MNE as an agent of reconciling all dimensions of business and society using the paradox lens (Pisani et al., 2017), our study aims to provide a further understanding of how MNEs experience, address, and manage the tensions to be responsible global businesses.

Building on the paradox perspective, this study attempts to fill this gap. The paradox perspective acknowledges tensions as underlying opposing goals. Paradoxical tensions are inherently latent, becoming salient due to environmental and individual factors. Smith & Lewis (2011) proposed a dynamic equilibrium model in which complex systems’ paradoxical opposing forces are dynamic and persistent rather than transient. This model highlights the potential for innovation and competitiveness within these tensions. It encompasses three stages: the emergence of salient tensions, the management of these tensions, and the resulting outcomes. The research objective of our study is to uncover the salient tensions MNEs face in their pursuit of responsible global business practices and examine how these tensions are effectively managed.

In this qualitative study, we examine how managers and leaders of MNEs navigate the complexities of balancing business and societal demands. Through inductive analysis, we conducted interviews with 18 individuals holding c-suite (e.g., CEO, CFO), director, and managerial positions in MNEs, supplemented by secondary data. Our analysis reveals
the manifestations of paradoxical tensions across various inter- and intra-organizational levels, highlighting how these tensions are experienced and managed. Moreover, we uncovered three aggregate dimensions: (i) tensions salience; (ii) experiencing tensions, and (iii) managing tensions and their iterative dynamic.

Building upon Smith & Lewis’s (2011) dynamic equilibrium model, our findings expand upon previous research by introducing an intermediary stage that examines how paradoxical tensions are experienced and managed. Besides that, our empirical findings suggest that not all business and societal paradoxical tensions are perceived as paradoxes, and not all salient tensions are effectively managed. This model provides a more detailed understanding of paradoxical tensions within MNEs. It encourages scholars to investigate how MNEs can navigate and fulfill their critical role in addressing grand societal challenges.

Our study offers at least three contributions. Firstly, as far as our knowledge, this study is the first to empirically investigate salience, experiencing, and managing of paradoxical tensions in MNEs performing as responsible global businesses. Few studies explore MNEs, only focusing on a single MNE and the paradoxical tensions between headquarters and subsidiaries (Acquier et al., 2018; Ambos & Tatarinov, 2022). Second, our study empirically tests Smith & Lewis’ (2011) dynamic model within for-profit organizations. Research exploring paradoxical tensions in business and societal issues prioritizes exploring economic and social competing demands in social enterprises or hybrid organizations. Lastly, we answer calls for empirical examinations of for-profit MNEs in engaging and implementing responsible global business initiatives (Burritt et al., 2020; Doh et al., 2023; Luo et al., 2020).
We organize this paper as follows. After this introduction, we offer an overview of the literature on paradoxical organizations, specifically focusing on paradox salience and management perspectives. Then, building on this foundation, we present the data and empirical approach used in this study, which supports the subsequent presentation of findings. After, we delve into an expanded proposed model, elaborating on arguments substantiated by inductive analysis and previous research. Lastly, we discuss the model’s implications for both theory and practice, along with an exploration of the study’s limitations, potential opportunities for future research, and the presentation of conclusions.

**How Paradoxical Tensions Emerge and are Managed in Organizations**

Paradoxes have been an enduring aspect of organizational management since the late 1970s. Adopting a paradox perspective emerged as an alternative to the oversimplified representations of complex phenomena (Schad et al., 2016) and the limitations of explaining organizational change and effectiveness (Cameron, 1986; Cameron & Quinn, 1988). The concept of paradox has been used by scholars investigating multiple organizational issues such as organizational change (Lüscher & Lewis, 2008), coopetition (Gnyawali et al., 2016; Raza-Ullah, 2020; Smiljic et al., 2022), control and collaboration governance (Smith et al., 2010; Sundaramurthy & Lewis, 2003), ambidexterity and innovation (Andriopoulos & Lewis, 2010; Knight & Harvey, 2015; Smith, 2014; Smith et al., 2010) and leadership (Denison et al., 1995; M. J. Zhang et al., 2022).

Paradoxical demands encompass “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p.382). Writings on paradoxes date back thousands of years, with theoretical origins dating back to Aristotle, Confucius, Freud, Hegel, and Jung. Organizations face intensified paradoxes in today’s
globalized, fast-paced, interconnected, and complex environment. By delving into organizational life’s complexity, diversity, and ambiguity, researchers can move beyond oversimplified and polarized notions, leading to enhanced insights and understanding. A paradox emerges when individuals confront opposing tendencies and navigate them through reflection and interaction. Smith and Lewis (2011) identified three key elements of a paradox: contradictions that are oppositional, inconsistent, and conflictual; interdependence that defines and informs these contradictions; and persistence, as balancing opposing poles, remains an ongoing concern. Exploring the intricacies of paradoxes by accepting and engaging with tensions and seeking reconciliation fosters creativity and sustainability.

In our study, we delve into business and societal tensions as paradoxes. Scholars increasingly argue that simultaneously pursuing economic, social, and environmental goals to achieve overall social well-being is inherently paradoxical (Hahn et al., 2014, 2015, 2018; Luo et al., 2020). Reconceptualizing economic and social values to explore their inherent integration has become essential (Margolis & Walsh, 2003; Smith et al., 2013; Smith & Besharov, 2019b). However, studies empirically exploring business and society’s competing demands as paradoxes are relative recently (Carmine & De Marchi, 2022; Luo et al., 2020).

The prevalent paradigm in research and practice to address these competing demands was exploring the opposing demands as dilemmas or trade-offs. The underlying rationale is that reaching an alignment between social, environmental, and economic goals implies a compromise, which represents a choice between options (Hahn et al., 2014; Van der Byl & Slawinski, 2015). This approach has proved unfit as it considers social and
environmental issues merely as a means to increase economic performance and firms’ wealth (Carmine & De Marchi, 2022; Margolis & Walsh, 2003; Slawinski & Bansal, 2012).

Smith & Lewis’s (2011) proposed a dynamic equilibrium model to describe the inherent and socially constructed features of organizational tensions integrating management strategies of acceptance and resolution. Assuming that the opposing forces are continually dynamic, they proposed three stages; (i) how tensions become salient, (ii) how management strategies enable reinforcing cycles, and (iii) the outcomes of managing paradoxically. In the first stage, environmental factors and individuals’ cognition and rhetoric emerge as the primary forces that make latent paradoxical forces salient. The second stage delves into resolution and acceptance strategies, highlighting how these strategies contribute to both vicious and virtuous cycles. Lastly, the model emphasizes the importance of addressing diverging goals in a mutually reinforcing manner for long-term sustainability, even if short-term success can be achieved by focusing on a single goal.

Scholars identify two primary triggering factors, environmental factors and individuals’ cognition, that contribute to the emergence of salient paradoxical tensions. The significance of environmental factors, including accelerated globalization, technological innovation, hyper-competition, environmental degradation, and public health concerns, is recognized in creating conditions of plurality, scarcity, and change. These factors play a pivotal role in manifesting latent tensions. Researchers identified that plurality salient tensions emerge through the pursuit of multiple institutional logics (Ambos et al., 2020; Besharov & Smith, 2014; Bruneel et al., 2020) and multiple stakeholders demands (Ambos et al., 2020; Smith, 2014). Studies exploring multiple institutional logics and stakeholder demands revealed tensions around organizational structure, identity, and change. Scarcity
studies explore limited resources, time, and expertise in performing as responsible businesses. Davies & Doherty (2019) suggests that social enterprises struggle to attract sources of capital, hire employees, and gain stakeholder legitimacy.

Additionally, the first stage highlights how these external factors influence individuals’ cognition and subsequent rhetoric, shaping their understanding and framing of the paradoxical tension. Therefore, individual personal framing becomes a trigger for the salience of paradoxical tensions. Hahn et al. (2014) posit that adopting paradoxical framing in sensemaking business and societal competing and conflicting demands encourages acknowledgment of inherent interdependence within contradictions. Scholars explored how teams, groups, and top management frame competing objectives simultaneously (Smith & Tushman, 2005) and the role of leadership framing (Lewis et al., 2014; Smith & Besharov, 2019a; M. J. Zhang et al., 2022).

In the second stage of the model, the authors explore the dynamic mechanisms adopted in responding to paradoxical tensions, categorized as vicious and virtuous cycles. Vicious cycles stem from cognitive and behavioral forces toward consistency, stability, and control. Vicious cycles are broadly defined as defensive responses in which actors deny or ignore the existence of contradictions. On the other hand, virtuous cycles stem from individuals’ acceptance and embracing of contradictions holistically. Virtuous cycles or proactive responses enable more complex and challenging resolution strategies.

The third and last stage refers to the outcomes of paradoxical management. From a theoretical perspective, proactively addressing organizational paradoxes has the potential to generate sustainable outcomes. In the short term, individuals, teams, and organizations are expected to demonstrate exceptional performance by fostering increased learning,
creativity, adaptability, and resilience and unlocking untapped potential. These short-term achievements are a foundation for long-term success (Smith and Lewis, 2011).

In the short-term, proactive strategies offer tension mitigation, alleviate tensions and facilitate knowledge creation and increase resilience (Gümüşay et al., 2020; Smets et al., 2015; Winkler et al., 2020). In addition, studies show that engaging in responsible global business initiatives could enhance legitimacy, credibility, and competitiveness (Kannothra et al., 2018; Scherer et al., 2013; Schneider & Clauß, 2020). In the long term, proactive strategies result in more significant social impact, higher social employment, and increased community income (Kannothra et al., 2018; Pache & Santos, 2010; Slawinski & Bansal, 2012).

This research provides valuable insights into the paradoxical tensions in specific organizational forms, such as social enterprises or hybrid organizations (Jay, 2013; Kannothra et al., 2018; Smith & Besharov, 2019b). It also sheds light on various organizational activities, including partnerships and global supply-chain management (Brix-Asala et al., 2021; Richards et al., 2021; Schrage & Rasche, 2022), as well as occupational roles (Carollo & Guerci, 2018; V. Pamphile, 2022). However, there is a lack of examination regarding the competing demands between business and society, mainly focusing on for-profit firms such as MNEs (Burritt et al., 2020).

Currently, there is limited consensus on how these competing demands between business and society emerge, are perceived, and are effectively managed within the complex, pluralistic, and evolving environment of MNEs (Burritt et al., 2020; Pisani et al., 2017; van Zanten & van Tulder, 2021). The specificities observed within MNEs remain unclear, including the extent to which tensions become salient due to intra- and inter-
organizational operations across multiple geographies. Can salient tensions arise from responsible global business policies and MNEs’ ambitions? Furthermore, paradox scholars provide conflicting perspectives on how paradoxical tensions are experienced and managed in different areas, such as innovation ambidexterity, coopetition, and organizational change. Thus, there is little empirical evidence of MNEs’ paradoxical tensions in developing, implementing, and adopting responsible global business ambitions and goals across all geographies MNEs operate.

Our study focuses on MNEs’ challenges in performing as responsible global businesses and integrating economic, social, and environmental objectives. We define responsible global business as the MNEs’ ability and intent to simultaneously embrace its economic, legal, ethical, social, and environmental objectives across all geographies where they conduct business. We specifically examine the first two stages of Smith and Lewis’s model (2011). The goal is to uncover how paradoxical tensions become salient for MNEs as they seek to integrate and implement responsible global business practices and to explore how these tensions can be effectively managed.

Data and Empirical Approach

To address the research question and contribute to the advancement of knowledge, a qualitative approach grounded in dialogue was chosen for this study. This methodology aims to engage with individuals directly involved in the phenomenon under investigation to gain a deeper understanding of their perspectives. While concerns may arise regarding external validity when using inductive designs, it is argued that the intricacy of the phenomenon justifies this methodological choice (Miles et al., 2014; Shah & Corley, 2006). Consequently, a qualitative, exploratory, and inductive approach focused on detailed
descriptions was deemed the most suitable methodology to obtain rich data on the phenomenon (Graebner et al., 2012; Miles et al., 2014). Furthermore, this research design allows for preliminary theorizing to enhance understanding.

To investigate participants’ perspectives and experiences related to the research constructs, the present study employed a combination of data collection methods. Primary data was sourced through semi-structured, in-depth interviews, known for their ability to elicit detailed and nuanced responses (McIntosh & Morse, 2015). These interviews provided an opportunity for participants to share their insights and contribute to the understanding of the phenomenon. Additionally, secondary data, such as reports and news from multinational enterprises’ websites, were utilized to supplement the interview findings and provide a broader context.

In line with Yin’s (2018) recommendations, the interview protocol underwent a rigorous evaluation process involving three experts to ensure its content validity. The experts’ input and feedback were considered and incorporated into the final version of the interview protocol. Furthermore, the protocol was applied to a pilot sample of two companies, allowing for refinement and optimization based on the initial findings and participant feedback. This iterative process enhanced the protocol’s relevance and effectiveness in capturing the desired data.

**Research Context and Case Selection**

Multinational enterprises have emerged as a key institutional force that significantly influences both society and the environment in all geographies they operate. Accordingly, they are increasingly pressured to exhibit a strong sense of social responsibility in their international operations (Buckley et al., 2017). Such demands also place MNEs under
intense public scrutiny, challenging their ability to effectively manage the inherent tensions arising from multiple, competing, sometimes contradictory, demands, such as those related to economic growth, social development, and environmental sustainability. As little research focuses explicitly on the MNE as an agent of reconciling all dimensions of business and society using the paradox lens (Pisani et al., 2017), our study aims to provide a further understanding of how MNEs experience, address, and manage the tensions to be responsible global businesses.

As a result, a deeper examination of how organizations navigate the inherent complexities of balancing economic interests with social and environmental responsibilities while maintaining a sustainable and ethical business strategy is needed. Accordingly, I adopted the MNE as the unit of analysis to gain insights into the variety of arising dimensions within experiencing, addressing, and managing the tensions. The data comprises sixteen MNEs from different sectors to avoid industry-based bias. Following previous research (e.g., Gioia et al., 2013), each firm was represented by an executive, who was encouraged to share their experiences and provide relevant information throughout the interview. Even though the potential drawbacks associated with limiting the number of interviewees per firm, as being a responsible global business is strongly tied to its strategic positioning and actions, we argue that relying on top-level managers is sufficient to provide data and insights for the exploratory nature of this inquiry (Aguinis and Solarino, 2019). Furthermore, this approach is consistent with the overarching research design, which seeks to identify underlying patterns across multiple organizations. Table 9 summarizes the sampled cases.
Table 9 – Selected Cases Demographics

<table>
<thead>
<tr>
<th>Case</th>
<th>Headquarters Base</th>
<th>Interview Base</th>
<th>Time in Business (yrs)</th>
<th>Number of Countries</th>
<th>Number of Employees</th>
<th>Ownership</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United Kingdom</td>
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<td>Manufacturing</td>
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<tr>
<td>2</td>
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<td>45</td>
<td>5</td>
<td>200</td>
<td>Private</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>United States</td>
<td>98</td>
<td>130</td>
<td>90,000</td>
<td>Public</td>
<td>Transportation</td>
</tr>
<tr>
<td>4</td>
<td>Turkey</td>
<td>United States</td>
<td>51</td>
<td>35</td>
<td>7,000</td>
<td>Private</td>
<td>Manufacturing</td>
</tr>
<tr>
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<td>United States</td>
<td>54</td>
<td>25</td>
<td>117,000</td>
<td>Public</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>6</td>
<td>Brazil</td>
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<td>5</td>
<td>1,000</td>
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<td>Mining</td>
</tr>
<tr>
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<td>United States</td>
<td>137</td>
<td>225</td>
<td>700,000</td>
<td>Public</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>8</td>
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<td>Brazil</td>
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<td>175</td>
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<td>Transportation</td>
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<tr>
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<td>United States</td>
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<td>200</td>
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<td>Manufacturing</td>
</tr>
<tr>
<td>10</td>
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<td>Brazil</td>
<td>57</td>
<td>5</td>
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<td>Services</td>
</tr>
<tr>
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<td>United States</td>
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<td>150</td>
<td>30,000</td>
<td>Private</td>
<td>Manufacturing</td>
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<tr>
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<td>87</td>
<td>20,784</td>
<td>Private</td>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

Accessing Data and Sources

Data collection lasted approximately four months, encompassing the retrieval of archival data and conducting interviews. Table 10 summarizes our data.

Table 10 – Data from the Cases
Over four months, two researchers interviewed 16 informants remotely via zoom. Interviews lasted between 52 minutes and two hours, totalizing around 21 hours of recording. Following extant literature, we adopted a semi-structured interviewing approach, accounting with open-ended questions. Following Miles and Huberman (1994), informants were requested to elaborate on their role, the impacts on performing as a responsible global business, and the internal and external tensions associated with engaging in ethical, legal, social, environmental, and economic objectives across their international operations.

Additionally, informants were requested to elaborate on how firms engage on responsible global business, how it is positioned within the company, the difficulties encountered in managing multiple strategic tensions, as well as their corresponding responses to these
challenges. During the interviews, the focus was gradually shifted towards a more specific examination of the various challenges due to tensions and the informant’s corresponding responses. Following Eisenhardt and Graebner (2007), we adopted a “courtroom” style of interviewing, whereby a persistent effort was made to elicit concrete and tangible illustrations. All interviews were online, recorded, and transcripted. Additionally, we retrieved 184 documents, including reports (e.g., annual, sustainability, ESG, and others), press releases, and information from company websites and press that allowed us to triangulate our understanding of the subject.

Analyzing Data and Identifying Patterns

We built the analysis and theory development on an inductive qualitative approach, combining grounded theory and content analysis (Corbin & Strauss, 2015; Eisenhardt, 1989; Glaser & Strauss, 1978). As we aimed to better comprehend the presence of tensions within the companies of our sample, all interviews were transcribed, and individual cases were elaborated. Next, data were analyzed using coding techniques (Campbell, Quincy, Osserman, & Pedersen, 2013; Miles, Huberman, & Saldaña, 2014), with the support of the software N-Vivo 12 to uncover factors related to how MNEs experience, address, and manage the tensions towards being responsible global business as paradoxes (Hillmann & Guenther, 2020; McCann et al., 2009). The analytical process followed a four-step process: coding, classifying, abstracting to higher-level concepts, and building a conceptual model (Gioia, Corley, & Hamilton, 2013; Locke et al., 2008). These steps are described below.

Step 1: Identifying First-Order Concepts from The Real World

We start our analysis with a rigorous examination of the interview transcripts and field notes, utilizing an open coding approach (Glaser & Strauss, 1998; M. B. Miles et al.,
The analysis of the case studies yielded three significant insights that subsequently guided the subsequent analyses. Firstly, leaders identified specific issues characterized by salient tensions when managing business and society’s competing demands. These issues were described as complex and challenging, leading to a primary focus on these salient tensions as the element of attention and management of MNE’s leaders. Second, to be managed as paradoxes, these tensions must be perceived as such, guiding our focus on patterns across the interviews. Finally, early insights provide clues on how leaders manage the tensions they face.

The outcome of this step was the generation of first-order codes that encapsulated the salient tensions that emerge when dealing with business and society issues and how leaders sense and manage them. This coding process highlighted the significant role of external and internal factors in how the executives dealt with the tensions. This initial coding phase generated 76 distinct concepts indicative of various facets of MNEs dealing with paradoxes in responsible global business.

**Step 2: Identifying Critical Themes As Second-Order Codes.**

In the second step of our analysis, the first-order empirical codes were grouped into second-order conceptual themes using the process of axial coding (Miles & Huberman, 2014; Saldaña, 2015). The aim was to establish relationships among the groups of first-order codes, using a back-and-forward interaction process between the data and existing literature to better comprehend emerging themes. This process allowed us to have a deeper understanding of the data. It also provided a framework for identifying patterns and relationships between the codes (Braun & Clarke, 2006, 2021; Gioia et al., 2013). This step also involved analyzing topics related to the different ways tensions emerge, are
experienced, and are managed by MNEs. Then, we engaged in a thorough review of the existing literature on managing organizational contradictions and social issues in management related to ethics, corporate citizenship, corporate social responsibility, sustainability, environmental, social and governance reporting, and environment to establish support and coherence with emerging categories, following the principles of inductive analysis (Gioia et al., 2013; Zaltman et al., 1982). Three primary elements through which tensions emerge from MNEs dealing with business and society competing demands: (i) the sources of salient tensions within business and society issues, and how leaders (ii) experience and (iii) manage them.

Four primary sources of salient tensions emerge from the grouping of our inductive analysis. First, MNEs navigate varied salient tensions related to how organizational structure, culture, and strategy are settled toward responsible global business. I labeled these elements as “internal” since they are intrinsic to the firm. Organizational environments have been considered sources of tensions and inconsistencies (for review, see Sparr et al., 2022). The more complex the organizational contexts are, highly salient and paradoxical the tensions are (Hahn et al., 2014). Accordingly, due to the global, fast-paced, and competitive nature of the markets they operate, MNEs face complexities that reflect in their organizational design and structure. As organizational architectures are responsible for controlling and coordinating the functions across the firm, tensions will emerge due to its design, the interactions and relationships in developing and implementing the responsible global business agenda, corresponding policies, objectives, and metrics (Smith, 2014; Wickert et al., 2016). Organizational culture is another internal source of tension (Ambos et al., 2020; Schad et al., 2016). Many MNEs have been operating for centuries under the
shareholder value maximization paradigm. Therefore the introduction and adoption of an agenda to perform responsibly globally might clash with MNEs existing organizational values, beliefs, and norms, resulting in the emergence of tensions due to the requirements of embracing orientations that oppose this culture (Ashforth & Reingen, 2014; Linnenluecke & Griffiths, 2010). A last salient tension is due to commitments to multiple strategic goals that oppose business and society issues, fostering ambivalence among the employees or contestation (Smith, 2014). These intra-organizational conflicts demand efforts from MNEs to manage ambiguities and conflicts when implementing an responsible global business agenda.

Next, we uncovered tensions derived from divergent external stakeholders and related to the reputation of MNEs. We labeled these salient tensions as “external.” Scholars have recognized that multiple external stakeholders appoint to firms competing, sometimes contradictory, strategic demands (Mitchell et al., 2016), requiring leaders to take a paradoxical approach to deal with these complexities of engaging in the diverse goals of those stakeholders simultaneously (Hahn et al., 2018). Another external source of salient tensions is the relationships with investors and banks (Gallardo-Vázquez et al., 2019). Implementing an responsible global business agenda and strategies strengthens MNEs’ reputation and ties with these external actors (Porter & Kramer, 2011). On the other hand, the need to improve their reputation by engaging in an responsible global business agenda, in turn, can make salient tensions emerge, requiring interventions to deal with competing demands that surface.

A third source of tension is due to contingent external factors, such as regulation and social media, which can pressure MNEs, to compete for resources within the firm’s
strategy. As managers can or cannot deal with these contingencies since they opt to do that, tensions surface, requiring managers to manage the competing demands as paradoxes (El Ghoul et al., 2019; Weigelt & Shittu, 2016). Thus, we labeled these tensions as “contingent.” A last source of tensions that MNEs face is due to their international management of business and society issues that emerge as a paradox between global integration and local responsiveness (Bartlett & Ghoshal, 1989; Kostova et al., 2016; Meyer & Su, 2015). As some competing demands within responsible global business run through several geographies MNEs operate, they challenge leaders’ formal logic of managing by choosing between integration or responsiveness (Banerjee et al., 2019). We labeled these tensions as “Global.”

This step of our analysis also uncovered first-order concepts that were grouped into four themes about the different forms of approaching the tensions. The two first themes are related to leaders’ mental models when facing tensions. As tensions that emerge due to business and society demands are salient, MNEs will address them only if firms’ leaders sense them. Since managers govern strategic decisions regarding responsible business activities, these decisions are based on their individual mental models (Basu & Palazzo, 2008; Hahn et al., 2014). Thus, in order to address the strategic issues due to those tensions, leaders need first to be aware and better understand the nature of the pressures and tensions related to those issues (Hahn et al., 2014). This understanding will depend on how tensions are perceived using either/or or both/and mental models. When tensions arise, characterized by either/or perspectives between competing demands, one viewpoint is expected to dominate over the other.
Consequently, leaders may experience disconnection or even overtly oppose the organization’s responsible business activities (Hahn, 2018). On the other hand, if leaders acknowledge under a both/and perspective, they approach the competing, recognizing that both demand inherently contains elements of their opposite, searching for ways of reconciling and integrating these apparently contradictory aspects (Chen, 2002; Hahn, 2018). The other two themes that emerged from our analysis relate to how leaders address the sensed tensions as trade-offs, dilemmas, or paradoxes. While dilemmas presume choices in which one alternative must be selected among mutually attractive or unattractive options (Hahn et al., 2010; Smith, 2014), trade-offs comprise situations when a sacrifice is made in one area to obtain benefits in another. It usually is impossible to optimize them all at once (Van der Byl & Slawinski, 2015). On the other hand, managing tensions as paradoxes assume that no single choice needs to be made between two or more contradictions; contradictions are accepted and present, operating simultaneously (Luo et al., 2020).

**Step 3: Aggregating Second-Order Themes Into Dimensions**

Next, we dived into the emerging themes to comprehend their interconnections using the literature on social issues in management and paradox. As a result of this analysis, we conceptualize how MNEs deal with the strategic tensions that emerge from their endeavor of being responsible in their business. Three aggregated theoretical dimensions emerged, building the basis of our conceptual model (Gioia, Corley, & Hamilton, 2013). For example, we combine all themes related to the strategic tensions emergency into an aggregate dimension labeled “salient tensions.” We also create two abstract dimensions highlighting how leaders perceive the tensions when they emerge, labeled “experiencing
tensions,” and how leaders manage them, labeled “managing tensions.” The structure of our data analysis is shown in Figure 9.

![Figure 9 - Coding Scheme of Responsible Business Strategic Tensions](image-url)

**Step 4: Building A Theoretical Model From The Findings**

Finally, the integrated data analysis encompassing the salient tensions and the
patterns of how leaders experience and manage those tensions helped us understand and design the sequencing of the events within MNEs dealing with competing business and society competing demands. We also built on existing literature to enhance the comprehension of the relationships between the constructs under investigation. As a result, we built a dynamic model representing the management of strategic paradoxes that emerge from the competing demands of business and society. These findings are presented and discussed in the next sections.

**Findings**

This section presents the primary findings corresponding to the themes from our inductive data analysis. First, the cross-case analysis shows different patterns in how MNEs behave due to their endeavor to be responsible businesses globally. The analysis of data also shows that, from this endeavor of dealing with business and society issues, three aggregate dimensions emerge. Then, several salient strategic tensions emerge within internal, external, contingent, and global elements due to the competing demands between business and society. Next, evidence is provided regarding two framings through which MNEs’ leaders approach and experience those tensions. Finally, patterns in how leaders manage those tensions were also uncovered, showing that depending on the situation and the leader’s experience in approaching the tensions, they will be managed as dilemmas and trade-offs or paradoxes.

*The challenge of MNEs being Responsible Global Businesses – An Overview*

The inherent nature of MNEs, characterized by dispersed organizational units across different geographical locations, exposes them to a dynamic and diverse array of competing pressures. As a result of this context, MNEs have been considered complex and
multifaceted organizations that exhibit heightened diversity and variation in how they organize and manage their international operations. More recently, this complexity has increased since MNEs represent interconnected global production networks within global value chains involving the international management of buyers, suppliers, and other partners (Narula, 2020). Accordingly, how MNEs engage in legal, ethical, social, and environmental have ranged from national to international initiatives, some binding, others voluntary, contingent on the MNEs’ purpose, mission, and vision. Throughout our interview process, we observed that MNEs’ ownership structure, worldviews, organizational structure, and international management practices shape MNEs’ approach to responsible global business, reflecting the diversity and variation among them.

Attempting to gather the different interpretations that MNEs show about the matter, scholars proposed a developmental stage model of responsible global business. The developmental stage model classifies the MNES according to their degrees of integration, ambitions, and vision and the degree of collaboration among actors in their institutional settings (Landrum & Ohsowski, 2018). Within our sample, we have observed different degrees of integration and collaboration among MNEs, indicative of their diverse approaches to engaging with social and environmental initiatives. Moreover, we have also identified varying degrees of maturity in integrating these initiatives within the organizational strategies as seen in Figure 10. This finding suggests that some MNEs have successfully embedded social and environmental considerations into their core operations and strategies, while others are still developing and incorporating such initiatives. The diverse spectrum of integration, collaboration, and maturity levels within our sample
provides valuable insights into the range of approaches adopted by MNEs in addressing social and environmental concerns.

Despite the absence of public pressures since they are privately owned companies, some MNEs (e.g., Company 11 and Company 16) engaged early in embedding economic, social, and environmental objectives in their strategies simultaneously.

“We seek mutually beneficial outcomes across environmental, social, and governance (ESG) priorities with customers, employees, suppliers, communities, and other key constituencies. Every day, we work to create more value, using fewer resources than the day before. We do it by managing our resources in a way that benefits our customers, employees,
partners, community members, and society with a philosophy of mutual
benefit.” (Company 11, 2023 Published Report).

“Company W has consistently worked on the side of the planet and good
business, operating at that all-important intersection between innovation
and sustainability” (Company 16, 2017 Published Report)

“So, when we’re out there developing a holy new product, product
platform, sustainability’s got a seat at the table from the very get-go,
when we start talking about these products” (Company 16 interview)

On the other hand, public-owned MNEs, such as Companies 1, 5, and 7, also embed
their initiatives, some voluntarily, others due to adhering to the compromise proposed by
UN, such as the United Nations Global Compact.

“We define sustainability as the capacity to endure as a group: by
renewing assets; creating and delivering better products and services
that meet the evolving needs of society; attracting successive generations
of employees; contributing to a sustainable environment; and retaining
the trust and support of our customers, shareholders and the communities
in which we operate” (Company 1, 2008 Published Report).
“Our founders\textsuperscript{13}, they believed business could be a force for good in the world. We are proud to be guardians of their legacy” (Company 5, 2020 Published Report).

“We make brands and products that people love while building a more sustainable future for our business and for the planet. We do all of this while staying true to our purpose…” (Company 7, 2020 Published report).

Within our cases, we have also identified a subgroup of MNEs, encompassing both public and private entities. They are currently in the early stages of incorporating social and environmental objectives alongside their economic goals. These MNEs are actively engaged in the process of integrating those issues throughout their organizational structure on a global scale. This engagement entails developing a coherent narrative and discourse emphasizing the seamless integration of social and environmental dimensions within their overall strategic framework, fostering a culture of responsible business practices, and aligning their activities with broader societal expectations and global agendas.

“Because when I call it a narrative, it might be like, oh it’s a narrative, but it’s not in practice. That’s not it. It is that, through the narrative, we can put into practice the greater purpose of the company ... in all the

\textsuperscript{13} Some quotes have been modified to ensure firms’ undiscloseness as agreed with the interviewees. Even though, published reports are of public domain informations.
domains that the company has achieved, that the company has decided to act” (Company 8 interview).

“How do we really like to integrate sustainability into the decision-making process up front? They’re saying we want to integrate sustainability into everything that we do” (Company 3 interview)

“It’s also to ensure that sustainability is integrated into each of the segments’ business plans because if it’s not in the business plan, it’s going to be a side project” (Company 15 interview)

“Internally, this is not yet fully integrated into the internal strategy” (Company 13 interview)

Our analysis also shows that certain MNEs encounter distinct challenges when attempting to implement integrated social and environmental objectives across their global operations. While the parent company of these MNEs has developed comprehensive and integrated responsible business statements, the production facilities located in different countries often confront unique contextual factors that pose inherent demands, leading to customized initiatives to ensure their effectiveness and alignment with local contexts.

“We need to have a basic functional hospital in the region so that if you’re breaking your arm, or if there will be a working accident in one of our companies, that we have not to send the ambulance.” So, what I’m saying is that I’m super, let’s say, happy that we can also support kindergartens to get their roof fixed and to provide them with vegetables.
But, on the other hand, this is a pity, right? That the company has to take care of such basic needs.” (Company 12 interview).

These variations in the degree of embeddedness and integration of responsible business practices directly influence MNEs’ sources of tension and how they experience and manage them. Furthermore, MNEs at lower stages of integration often confront competing demands that necessitate a delicate balance between ensuring business survival and continuity while addressing social and environmental concerns. These dynamics highlight the complex interplay between responsible business practices and organizational challenges faced by MNEs operating in diverse contexts.

“As we are a very lean company, right? With few people. We don’t have a dedicated area for this, so we’re very, let’s say, focused on the response to regulatory requirements and market demand, right?” (Company 2 interview)

“Obviously, then we’ll be talking about cash resources, which was a very big challenge that we had. Very expensive to implement, and although the company had money, it was a lot of money that we needed, and we were fighting a lot. Some things were postponed, right?” (Company 6 interview)

Our empirical findings indicate that the sources of tensions experienced by MNEs in their pursuit of responsible global business practices are contingent upon the degree of integration and embeddedness achieved. MNEs with greater experience in identifying and managing tensions associated with responsible performance encounter more intricate and
multifaceted challenges. However, even MNEs in their early stages of integration may face scientific limitations (e.g., no technology available) in effectively addressing the inherent contradictions between economic and social-environmental objectives. These observations underscore the complexity and ongoing nature of navigating tensions within responsible global business contexts.

“We’ve been looking for what I call a ‘unicorn’ 14 for some time now. It doesn’t exist. The unicorn ___ would be able to hold hot and cold and acid elements simultaneously. The ___ existing alternatives are not environmentally good enough.” (Company 3 interview)

At the same time, the reconciliations available are insufficient to embrace all the firms’ ambitions simultaneously.

“So, one of the things that we launched, I think last year in commercial is a product that we call mineral ___. And it’s a ___-based product. So, it’s not got PVC in any of its layers, which is great, but it does contain melamine. And so, we knew, because we keep, you know, our ear to the ground, that melamine is in everything today, right? But, in Europe, in December of last year, they decided that it was likely, potentially a carcinogen, so it got bumped up into, you know, a CMR 15 space. And so,

14 This and other quotes were edited to preserve firms’ identity.

15 CMR refers to substances classified as carcinogenic, mutagenic, or toxic for reproduction and are prohibited in the European Union.
we really push back on our product development team.” (Company 16 interview)

A secondary factor of variation that our study identifies is related to the extent to which MNEs explicitly or implicitly have aligned themselves with the 2030 United Nations Sustainable Development Goals (SDGs). The SDGs encompass a comprehensive agenda consisting of seventeen major goals and 169 targets that span economic, legal, ethical, social, environmental, and global dimensions. Although participation in the SDGs is voluntary, our analysis reveals that nine out of the sixteen MNEs in our sample have publicly acknowledged their engagement with specific targets. While some MNEs concentrate their efforts on the goals directly relevant to their business activities (e.g., Company 5, 7, 15, and 10), others demonstrate broader commitment by engaging with more than ten goals (e.g., Company 1, 8, 12, and 14).

A last factor of variation we have identified among our sample of MNEs pertains to their organizational architecture for managing responsible global business activities (Nadler & Tushman, 1999). Organizational design serves as a strategic lever for leaders to allocate resources, define critical positions, and ensure the realization of systems, structures, and processes (Nadler & Tushman, 1999). In most cases, MNEs adopt an organizational design that incorporates dedicated teams responsible for managing social and environmental objectives at both the corporate (global) and the business/segment/brand/country levels. However, a few have dedicated positions exclusively at the corporate level (e.g., Company 10 and 11). At the same time, only three firms do not have any dedicated positions related to responsible business issues (Companies 2, 6, and 9). Instead, these firms have positions
at the manufacturing level that oversee environmental and health objectives within their production activities.

**Thematic Analysis**

In this section, we develop the findings from our data analysis across the three aggregated thematic dimensions: tensions salience, experiencing tensions, and managing tensions. For each aggregate dimension, we expand deeper on ‘where’ the tensions become salient, “how” the tensions are experienced, and under which lens these tensions are managed. Table 11 highlights the aggregate dimensions and empirical quotes references.
Table 11 – Data Representation

<table>
<thead>
<tr>
<th>Aggregated Dimensions</th>
<th>Themes</th>
<th>Empirical Concepts</th>
<th>Exemplar of Data</th>
</tr>
</thead>
</table>
| Salient Tensions      | Internal: | Tensions emerge from organizational design and hierarchies. | • “The overall goals are set at a group level.” “Matrix organizational structure has this alignment challenge” (Companies 1 and 8). |}
<p>|                       | Organizational Structure | | • “I would say there are still kind of tensions between teams because we have so many different groups, and they might make the decision about that but not know it was supposed to be at my team” (Company 3) |
|                       | | | • “It belongs to the president and the external affairs area to promote the integration” (Company 1) |
|                       | | | • “It’s rare not to have someone from sustainability, or corporate social responsibility, at any meeting” (Company 3) |
|                       | | | • “The way we think about it is that there are three/four primary business/segments/brands/areas” (Companies 5, 11, and 15) |
|                       | | | • “Part of what my team does is…helps the different groups who are responsible for different areas to make sure they understand what the expectations are” (Company 11) |
|                       | | | • “When they have their own priorities around revenue and generating money, you saying ‘oh, can you put this ___?’, we’re going to be at the bottom of their list” (Company 3) |
|                       | | | • “Really trying to be engaged in the right way across the entire value chain and understand what those impacts are, positive and negative, and trying to improve upon those” (Company 7) |
|                       | | | • “We still have a lot of work to do to integrate sustainability into when decisions are made and even just getting my team, which is small, involved and more conversations” (Company 3) |
|                       | | | • “The lower the hierarchical level…. the more technical the professional, hardest it is to talk, higher the conflict” (Company 1) |
|                       | | | • “One thing about us is, sometimes, the teams can be a bit siloed” (Company 3). |
|                       | Organizational Culture | Tensions emerge when the compromise toward performing as responsible global business conflicts with the organization’s purpose, mission, and vision. | • “We never will be a top-down, you know, kind of a culture. I mean, the way we work as a business” (Company 7). |
|                       | | | • “It’s impossible to overstate the role culture plays in the success of every business – including our own” (Company 11) |
|                       | | | • “The Company 15 DNA is our North Star to guide the values and behaviors we hold ourselves accountable to. In other words – what makes us Company 15” (Company 15)! |
|                       | | | • “Sometimes it is frustrating, it takes a long time, but this is how we work; we have to have a consensus, we have to find a compromise. It’s part of our culture. Not that we are more complicated than another business is just how we do it” (Company 3) |
|                       | | | • “Our approach to sustainability is targeted, systematic, and collaborative. It rests on strong, well-established foundations that guide the way we work. These foundations support our aims, which focus our efforts where Company B can make the greatest difference for people and our planet” (Company 1). |
|                       | | | • “And then, you know, we want to be able to respond to expectations in the market around product circularity and recycling, landfill diversion, and all of those things, not only from a regulatory standpoint but from a voluntary standpoint” (Company 16). |
|                       | | | • “That was my number one goal in my job, which was to further embed the work that we do in different parts of the company. I didn’t want all the work to be on my team. I wanted every… Goals for everyone in the company to understand their role in sustainability, and they… How they help achieve the goals that we have” Company 5). |
|                       | | | • “A spirit and a culture of collaboration across our global system, right? And leveraging the power of that and everything, and we, you know, quite often on the sustainability work and other business areas as well” (Company 7) |
|                       | | | • We are working to embed ‘sustainability’ more widely and deeply in our culture, business decisions, processes, and governance (company 1). |</p>
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Tensions related to conflicts between stakeholders’ and shareholders’ demands.</th>
</tr>
</thead>
<tbody>
<tr>
<td>External:</td>
<td>• “One is having the product feasibility. We have an obligation to our shareholders. We have to be sustainable at the profit dimension.” (Company 3)</td>
</tr>
<tr>
<td></td>
<td>• “And, for my team to get a good understanding of what they are doing, so that we can communicate that to our different stakeholders in a way that helps to demonstrate that we are meeting their expectations, that we know what is being asked of us, and those kinds of things” (Company 11).</td>
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<tr>
<td></td>
<td>• “The market expects manufacturers to consider their products’ end of use, how to incorporate recycled content and how they can contribute to a circular economy” (Company 16).</td>
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<td></td>
<td>• “Our main focus on our consumer products because we were much more consumer focus, and we saw this pressure earlier on” (Company 11)</td>
</tr>
<tr>
<td></td>
<td>• “So, those materiality assessments allow us to really look at the market landscape, look at the overall global landscape, look at, you know… All the various different stakeholders” (Company 5).</td>
</tr>
<tr>
<td></td>
<td>• “So, those materiality assessments allow us to really look at the market landscape, look at the overall global landscape, look at, you know… All the various different stakeholders” (Company 16).</td>
</tr>
<tr>
<td></td>
<td>• “The process that we go through to engage internal and external stakeholders in the development of what is that next generation commitment that we need to make, or what’s that next target for the next ten years, or whatever else, you know? It’s become, you know… I mean, on the one hand, a quite involved process but the other hand not super time-consuming, right? I mean, we did go through a period where it took us a little bit longer to kind of get everybody’s input” (Company 7).</td>
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<tr>
<td></td>
<td>• “Hey, we don’t want to do this major transformation because our clients are not buying anymore. Our customers are not buying any more.” (Company 14)</td>
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</table>

<table>
<thead>
<tr>
<th>External:</th>
<th><strong>Tensions emerge due to conflicts between responsible business agendas and business strategies.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Goals</td>
<td>• “If you have seen our sustainability strategy, it has eight focus areas. Yeah, how can you be the best at eight focus areas?” (Company 16)</td>
</tr>
<tr>
<td></td>
<td>• “For us, sustainability touches everything, every aspect of our company” (Company 5)</td>
</tr>
<tr>
<td></td>
<td>• “We have our CEO. He’s very much for the sustainability agenda, and he knows that you need it as a license to operate for the future. So, it’s not if “go or no go.” It’s a go”. “The purpose of the sustainability strategy is to guide the operating segments and entrepreneurs in the Group to accelerate innovation and sustainable long-term growth while retaining their autonomy. The strategy sets a shared vision and ambition for the Group, and provides a common platform for the follow-up of performance while ensuring the independence of the individual businesses to define which initiatives that will be most impactful for them” (Company 15).</td>
</tr>
<tr>
<td></td>
<td>• “Embedded across our strategy is our sustainability frame, which sets out our aims for getting to net zero, improving people’s lives, and caring for our planet” (Company 1).</td>
</tr>
<tr>
<td></td>
<td>• “If in a project, the company established a global requirement, the project would never be approved if doesn’t company to the global requirement” (Company 1). “Today, any project or proposal has to incorporate a planet and people dimension on it” (Company 8)</td>
</tr>
<tr>
<td></td>
<td>• “I remember going back to global sustainability and asking and like what is our North Star? Because, whatever that is that can greatly influence the decisions that we make, right?” (Company 3)</td>
</tr>
<tr>
<td></td>
<td>• “The point that makes, maybe easier, currently is really that you have all this overarching goal that guides everything you’re doing. If you didn’t have that, maybe it would be more complicated. That, yeah, guided all of that work.” (Company 5)</td>
</tr>
<tr>
<td></td>
<td>• “You have to have a vision, and you have to be able to communicate the vision and, eventually, organize the strategy to get there in, you know, fast, slow, but definitely in steps.” (Company 9)</td>
</tr>
<tr>
<td></td>
<td>• “So, those are really kind of our big buckets [product circularity and recycling, landfill diversion, material health, social] And yes, sometimes they contrast, and you have to make those decisions. So, we would rather have a slightly higher carbon footprint that we pay to buy offsets to make carbon neutral or whatever than have a product that has some material health issues that provide a lower carbon footprint. So… But that is our internal strategy and desires” (Company 16)</td>
</tr>
</tbody>
</table>
Investors and Banks  Tensions related to company stages within responsible business and investors and bank requirements toward firm’s reputation.

- “We believe that to stay relevant, we must constantly improve with society’s changing needs.” (Company 4)
- “They’re within any business, especially with the way the investor movement has evolved over the last several years. There’s every day, you know? There’s more and more questions about the business impact, you know?” (Company 7)
- “Most people don’t really know what they’re asking for; they don’t know what they really want. And I have had some really interesting conversations with customers, and they’re like, “no, we don’t care about low embodied carbon, we just care about carbon neutrality” and I’m like “well, let me help you understand why you should care about both, right?” (Company 16).
- “There’s a lot of soft benefits when it comes to spending money on sustainability that are really hard to capture and show as, like, this true return on investment.” (Company 16)
- “We have made a public commitment to our stakeholders and the public. We have to follow what we have agreed at all dimensions (people, planet, and profit)” (Company 8). “And I would say in our commitments. You know, we’ve made public commitments. So, we have to keep making progress on those things.” (Company 5)
- “And then, our stakeholders, our customers, you know, want us to continue to develop products that have these lower carbon footprints or carbon negative… Carbon neutral, though, I will tell you that in talking to customers and the market, like, they don’t know the difference between low carbon, carbon neutral, carbon negative, and carbon positive. Like, it’s just confusing and they just want a good product.” (Company 16)

Contingent:

Regulation  Tensions due to incongruences between regulatory and legal issues and the organization’s agenda and strategic goals

- “We have submitted both goals to Science Base Target Initiative (SBTi) for validation, but we are unable to predict the outcome of that process and when it will be completed.” (Company 3)
- “we have Global certifications depending on those areas” (Company 16).
- “There are regulatory things related to environmental issues that we just, we have to do” (Company 5)
- “We’ve got a public sector team, which is focused on understanding both current and future legislation regulation and what could be demanded of our businesses going forward.” (Company 11)
- “Now our product is forbidden in Australia, we will have to come up with a solution.” (Company 6).
- “By law, we have to be audited, so we have to follow all the legislations.” “In 2014, the United States changed the level of requirement for tier 3 motors, and we didn’t have this kind of motors in our equipment. If not, we could not sell our products.” (Company 6)
- “For us, the main important goal is that we are at least fulfilling the current, let’s say, local, country, and EU legislation, right? And we would like to beat them in the trend of being even better, and what we are proving. It is possible.” (Company 12)
- “You have to pay them to come pick up your trash. I feel like in Europe; it is like the opposite. Um, like they’re more generous to like recycling, but for us to recycle, we might get a rebate and for us to donate, they’ll come and pick it up for free because they want the products.” (Company 3)
- “You know that Bulgaria is very close to the Black Sea, very close to Ukraine, very close to Russia, very dependent on Russian refineries. Having one in the country, on Russian technology, in the nuclear sector, and also like, really dependent on Russian gas, and this is for sure now a booster, the fact that we are… That we’ve been close and considered a bigger priority.” (Company 12).
- “Now, since we are a public company, there are a lot of requirements and reports I have to present. In Brazil, several non-financial measures are now required.” (Company 10).
Management

Global:

International Management

<table>
<thead>
<tr>
<th>Tensions related to conflicts between global and local demands and how firms manage them across international geographies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We have a new regulatory framework from the EU coming at us called CSRD, and that we need to be able to report according to CSRD, and we need to ensure that we have… We gather data in the right way. What’s positive about that framework, or that regulation, is that sustainability data is going to have the same status as financial data.” (Company 15)</td>
</tr>
<tr>
<td>“And I think a big boom was really the financial market, you know, looking at it in a different way. Today you already have credits, right? In banking, where you need to prove, much cheaper, you get cheaper money, if you can prove at the other end that your operation, it is in a great balance looking at the planet and looking at all social aspects.” (Company 8)</td>
</tr>
<tr>
<td>“Social media has an enormous power, they are able to make or break the rules of the game.” (Company 6)</td>
</tr>
<tr>
<td>“Whatever happens in one small county of Rio de Janeiro might become known worldwide. We cannot take the risk.” (Company 8)</td>
</tr>
<tr>
<td>“We had a big globally visible water issue in India that, you know, kind of bubbled up to almost like a major global PR nightmare.” (Company 7)</td>
</tr>
</tbody>
</table>

Media

Tensions emerge from public press and social media claims that diverge from the firm’s behavior and goals.

- “We cover the regulatory demands in each country. We have an environmental health specialist in each manufacturing site. Each country has its own regulatory body.” (Company 2)
- “Our operations follow the regulation for each country.” (Company 3)
- “But the person in India has to think about everything. So, all of a sudden, you know, they start to see where those trade-offs are, and, you know, where the challenges and the conflicts and the opportunities are right.” (Company 7)
- “But usually, in the development of those policies, we do, as I was saying earlier, convene internal networks as well as external stakeholders, you know, to provide input into those policies. So usually, about the time we adopt something as a global standard or global policy or a global requirement, you know, usually the field operations, and usually the bottlers as well have had some level of input into that, and it’s usually not a surprise that it’s coming. That’s not to say, you know… I mean, we don’t do everything by, you know, like full consensus process that everyone has to agree. I mean, you know, I mean, we are trying to lead, right, and push the limits on things like sustainability. A community-driven business forever. I mean, since the beginning. And you know, even as global as we’ve become, we’re still a very local business at heart and have employees all over the world that engage in the communities they work in, you know, all the world. And so, the ethic of community and social responsibility and sustainability is just, its not a tough reach. You know, they know more about this stuff, and really how to do it, than we do, sitting in the corporate headquarters and in the global team. And so we’re picking their brain sometimes.” (Company 7).
- “We are dedicated to enabling global cooperation among our people, our clients, our suppliers, and our partners to achieve a low-carbon future. Together, we can help to transform our global economy into a more sustainable marketplace” (Company 14). “We leverage the strengths and capabilities of a global group.” (Company 15)
- “We’re working with UK them on developing our global assets, like the things that you see online, net zero playbooks. Our whole team probably was working on that. Stuff like that is global, but what we’re delivering it’s very rarely an actual global team that’s doing it. It’s much more country or region-based like North America.” (Company 14)
- “Europe is ahead. Europe is in front of the United States, right in front, right? The United States has between 5 and 10%, and Germany has between 33 to 40% of all waste created. The numbers, I think, the numbers I remember, is this: Brazil, Rio de Janeiro, seems to recycle less than 1% of all the garbage it creates” (Company 3).
- “We see that in Europe there is already more demand for electric motorization, but today no one is required in other countries, so we will wait.” (Company 2)
- “By partnering with organizations from the local to the global level, we fuel sustainable solutions, create greater equality, and scale impact throughout our business, across our industry, and beyond… Whether it’s how do we create opportunity for women in places like India where there’s extreme gender, you know, inequities, or Vietnam, where they still have quite a bit of coal in energy and in manufacturing. How can we leverage the scale of our business to get rid of coal and advance clean energy? Sort of the situation in every country was different, and we prioritize based on what our sourcing footprint is and what our plans are in the
future as well.” (Company 5)

• “The main barrier is that it needs to be top-down, it needs to have the board, the top management team to get to the manufacturing site. It has to be global. Whatever happens in one small county of Rio de Janeiro might become known worldwide. We cannot take the risk.” The truth is we do not see anything as local anymore. Everything we do affects our company image globally.” (Company 8)

• “So, we have corporate-level expectations and priorities. So, we do that in lots of different ways from, you know, establishing our HR ethical practice policies to, you know, setting our corporate 2030 goals, and then, we do deploy those out. And so not every region is the same, so like Canada has different expectations than then the US does on certain things. So, we have to make sure that we’re meeting those.” (Company 16)

• “The CEO from business A, and the CEO from business B make their global reporting; they do not need to talk. But, my area does this integration. There are some areas that already made a lot of progress than others. Our mission is to share this learning and best practices ensuring everybody is on the same path. Every country has the liberty to expand and propose, but it must be aligned with the global ambitions.” (Company 1)

• “It was more how people defined sustainability. It’s so different in different regions. If I talk to my colleagues in the States, they talk about donating to charities. If I talk to my colleagues in the north of Scandinavia, they talk about carbon footprint. So… And then if I speak to someone in the UK. It’s a lot about diversity and inclusion. So, it’s incredibly spread what sustainability means to everyone.” (Company 15)

• “We do a lot of global marketing, but it’s different depending on where the products are being made today” (Company W).

• “Australia, in specific, is very focused on carbon neutrality. So, not necessarily low embodied carbon because the carbon space is… Most people don’t really know what they’re asking for; they don’t know what they really want. And I have had some really interesting conversations with customers, and they’re like, “no, we don’t care about low embodied carbon; we just care about carbon neutrality,” and I’m like, “well, let me help you understand why you should care about both, right?. Europe is different. Europe has different expectations, and Europe is probably the hardest for me, because every country is different, like; you would think “okay, they’re all in the EU”, but they are still all very different. And so, that’s hard because France has different, significantly different expectations and some of the others. And, again, different certifications for individual countries. Germany has one, Sweden has one, France has one, so we have different expectations, and we really work to make sure that we have the ability to sell in the market by meeting those expectations.” (Company 16)

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<th>Experiencing tensions</th>
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<td>When facing conflicting demands, leaders’ initial framing considers these opposing demands as isolated and independent.</td>
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<td>“Honestly, we are starting to face these choices now. We take it seriously, but it becomes another ‘headache’ we have to deal wit”, but we will be rational on it!” (Company 3).</td>
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<td>“How we can move forward when the standards are being created for making poor choices” (Company 14)</td>
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<td>“For our industry, our challenge is finding a compromise between growing and sustainability. We can’t contribute to a positive impact; it is at the core of our business; we are extracting something from nature, and I do not have any way to put it back. We try to balance, to mitigate.” (Company 6)</td>
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<td>“But in a few geographies around the world in particular, we have huge growth goals. So, in India, for example, so let’s say we want to triple our business. You know, by 2030 or whatever. The first reaction, you know of the India team when we talk about reducing carbon emissions is that, well, there’s just no way we can do that. We’re going to triple our business” (Company 7).</td>
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<td>“At the end we are having to reduce costs; there is nothing associated with sustainability” (Company 8)</td>
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<td>“Right now, very easy to get “yes, let’s do it!” But then, when it comes down to “Okay, but then we need to allocate this much amount of resources and this much funding to do it.” That’s when the pushback comes, and you need the right arguments to get buy-in”. Because, of course, if I talk to the CEO of a segment, they always want to know “But what’s the return of this investment?” (Company 15).</td>
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<td>“And so, there may be projects, for example, that may not have great financial returns that may make sense to do for a variety of other reasons. And so one of the things we try to do is how do we build in some non-financial considerations into investment projects?” (Company 11)</td>
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### Both/And Mental Framing

When facing conflicting demands, leaders’ initial framing considers the interdependence and interrelatedness of the opposing elements simultaneously.

- “By mapping and overlaying all three of these categories (operations, watersheds, and communities), we will identify overlaps and interconnectivity across our action areas to develop a holistic, integrated, and context-based approach.” (Company 11)
- “But if we look holistically, I have the planet in the foreground is our home, right? It’s the planet. Within this planet, I have the people, I have the society. And this society to live in needs an economy, right? And it needs something that moves the profit. And there will be always this moment of conflict, right? Because we come, historically, as a company and all companies and businesses look at it in a different way, right? In the past, it was profit, right? Not today.” (Company 8)
- “we talk about it like a Rubik’s Cube, right? Like, I don’t know if you’ve ever played with one, but when they come to you all mixed up, if all you do is try to, you know, solve the green side and get it right, you’ll never get the other sides to be the same color, right? So, it’s about all of these things. Sometimes, they are in contrast. And sometimes they are, you know, completely synergistic, but the reality is we have to focus all on all of them to truly make that impact because if I just focus on carbon, I might very well negatively affect material health and the effects of our products on people and the planet” (Company 16)
- “Engaging in sustainability, SDGs, and all of these goals requires an integrated vision. Even though we know that society is quite rational, cartesians.” (Company 10).
- “Because then I am so convinced that there is an intersection where you can get both. You can ensure that sustainability is part of what’s driving your growth.” (Company 15)
- “I spent a lot of time thinking about how to leverage the big scale of the business, to provide positive impact for the business, from a financial standpoint, from a risk standpoint, but also society and the communities that our company… It is just always thinking about how we can maximize that impact.” (Company 5).
- “So, those kinds are the four kinds of process steps: extraction, efficiency, waste, and, then, in use. And then, we kind of have a fifth piece that we’ve looked at is how responsible are we in our community while we are engaging in this processes?” (Company 11)

### Managing Dilemmas and Trade-offs

Leaders act on conflicting demands through the optimization and alignment of the elements.

- “If it is clear that the alternative is 80% successful, but some areas will suffer, but it will be the best compromise for the company, we will choose it”. We still have to find the sweet spot.” (Company 3)
- “The financials just don’t seem to add up for us today.” (Company 16)
- “It is a matter of cost in the end. If customers are not going to accept the cost of new equipment, we will not move forward.” (Company 2)
- “We are convinced (and history confirms) that a business can only succeed long term if it operates in a spirit of mutual benefit—a win-win philosophy.” (Company 11).
- “We are testing solutions, but we do not want to increase the cost at all” (Company 3)
- “I am seated at the project board team; my goal is to integrate the various competing demands (internal and external of our business) and find common ground – mediate it.” (Company 1)
- “Possibly up to the CFO or the CEO to get that blessing because it could cost us upwards of five-ten million with the amount that we purchase per year, and that gets to be a significant number. But once you get up into the millions, that’s different”. “So that might mean a give and take with some other things that we’re doing, or maybe it’s for us to find cost savings in one area.” (Company 3).
- “Our goal is to mitigate the environmental impact.” (Company 6)
- “Because when you only talk about the trade-off, it’s very easy for you to have a business justification and an excuse that you’re going to solve that trade-off. And at the end of the day, you’re not solving the issue.” (Company 1)
- “It happens every day at all times, right? When we are developing a product or when we take... When we made, four years ago, the decision to set up a new factory, we were already at the limit of the productive capacity of the old factory, right? So, when we hired engineers, for example, in Italy instead of hiring here, because of their technical knowledge there in this type of equipment... The engineering people, for sure, every time they go to design a machine, they have a mind “ah this component here is more expensive, but it will give more quality to machine, more productivity and this one is less, but it is cheaper, so ...”. Sure, this happens all the
Paradoxes

Leaders act on conflicting demands through a holistic approach, embracing the opposing elements.

- “It’s a decision that’s going to impact us for the next 50 years, and they are extraordinarily expensive; it could be a 30-40 million dollar investment. what we kind of refer to in our culture as a challenging process is to make sure that you know all decisions, especially decisions of this magnitude, go through a very robust challenge process, where we try to purposely think through who are all of the different individuals and functions, that would have something to add to help us make a better decision on that.” (Company 11)

- “Yeah, that makes things a lot more challenging. That can’t be an excuse in the world we live in, where it’s all about reductions, net zero emissions, and all that stuff, right? So just that ethic of decoupling growth and impact, you know, is something that we’ve got some work to do on that”. “Our ESG initiatives are interconnected, and so are the solutions we support. We seek an exponentially greater impact by fostering collective action: partnering across industry, government, and society to address shared challenges.” (Company 7)

- “So, we need to have the eight focus areas, but most likely, when we have gotten our basics right, that’s when we can start focusing on this one, two, or three things that are gonna… That we’re gonna be known for, that we can really impact.” (Company 15)

- “We know there is more work to do, and we are committed to growing our business in a way that protects the planet and supports healthy communities for generations to come.” “When we look holistically at the impact of our priorities, we can see real returns on our investments in renewable energy and GHG reductions, in building a diverse and equitable work force, and in engaging with industrywide initiatives.” (Company 5).

- “Everything is systematically interconnected. We cannot choose one against the other….. All our decisions are based on striking the right balance between people, profit, and the planet.” (Company 8)

- “To be clear, although profit is not our only goal, we do regard it as a valid and important measure of our contributions to society.” (Company 11)

- “I think holistic is probably a good way to think about it. There’s… we try to recognize that it’s difficult to make a decision in isolation because that decision impacts so many other things. That you really have to try and understand, or at least imagine, what all of the different connections and second and third order, you know, kind of impacts could be of decisions that we would make.” (Company 11).

- “So, the challenge is really how you can see all those elements and find the balance between all of them. I think this is the challenge and probably the fun part at the same time, right? Because if not, there wouldn’t be any motivation to get there, and to challenge and go forward.” (Company 5)

- “We try to really see the whole picture. I think one thing for me last year that was interesting is we were looking at getting rid of plastic water bottles and putting on aluminum bottles because we still wanted it to be able to seal. And we did a life cycle analysis on the aluminum. And saw that, like, from carbon, you know, emissions perspective, it’s worse than the plastic. Or is it to, like, holistically, be sustainable and whatever? So, you know now I think we’re at the place where the global sustainability organization is really focusing on balancing over perfection.” (Company 3)

- “But, you know, kind of thinking about the entire life cycle of that product and its impact on the environment relative to its alternatives.” (Company 16)

- “Moreover, we consider environmental, economic, and social factors when making business decisions.” (Company 4)

- “Last year, we started with this ambidextrous management strategy in which I am a big company navigating all this structure; we want to be agile and innovate as a startup.” (Company 10).

- “It’s like a virtual cycle. So, everybody is improving, everybody is growing together, and you were raising the bar at the same time, so you… It’s a positive pressure, right? It’s a positive…” (Company 12)

- “And the thing that I think about most is that we’re really good at balancing. It’s the way we go to market. It’s the way we actually deliver. It’s the way we go to market.” (Company 5)

- “Better together.” (Company 11)

- “And it’s like a virtual cycle. So, everybody is improving, everybody is growing together, and you’re raising the bar at the same time, so you... It’s a positive pressure, right? It’s a positive...” (Company 12)

- “So while some areas and sectors have not opened up by listening and understanding, there is no convincing, you... We will not to...” (Company 12)

- “We need to be vigilant about what we are doing, not just because it’s the right thing to do, but because it’s the only way to make a profit.” (Company 11)

- “So, while some areas and sectors have not opened up by listening and understanding, there is no convincing, you... We will not to...” (Company 12)

- “The main thing is that we’re really good at balancing.” (Company 5)

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- “The main thing is that we’re really good at balancing.” (Company 5)
achieve sustainability, we will not agree with everything, but we must combine the limits of the two sides. And that’s communication expertise. True communication, listening, negotiating, and understanding that you’re not going to have your opinion, you’re not going to have consensus, you’re going to have consent. I think that’s the key for you to take more steps toward sustainability. Usually, those who have this ability are the people who are in the area of communication who have already exercised this for a long time, so it is necessary to do an exercise in leadership to understand that it is not consensus; it is consent, and that it is also external collaboration. And then I think you can have more... Move forward in a few steps towards sustainability.” (Company 1).

• “Creates a virtual cycle in which it isn’t a cost but the broad impact on our ambitions.” (Company 16).
Tensions Salience

Salience is the “experience of contradictory, yet interdependent elements (Hahn & Knight, 2021, p. 8). Commonly, all tensions are recognized as being latent, meaning that all possible either/or and both/and situations are simultaneously inherent to the organizational setting. While latency captures the multitude of all potential-but-indeterminate tensions simultaneously inherent in organizational life, salience refers to the actual emergence of tensions. Throughout our data analysis, we observe that salient tensions emerge from environmental conditions (plurality, scarcity, and change) while resulting from social constructions associated with the organizational actors’ mental and discursive construction. Therefore, tensions become salient within an organizational reality only through actors’ discourse and practices in a given organizational context (Hahn & Knight, 2021). This co-instantiated phenomenon emerged as prevalent within MNEs since the MNE is historized and embedded in temporal dynamics across multiple contexts. This interconnectedness and interdependency highlight the mutual influence and interrelationships within and between the MNE and its surrounding environment.

Our findings demonstrate that salient tensions within multinational enterprises (MNEs) arise in four distinct spheres encompassing economic, social, and environmental competing demands. The first sphere involves internal tensions, which emerge within the organizational architecture, design, culture, and strategic objectives as MNEs strive to pursue economic, social, and environmental goals. The second sphere encompasses external tensions, which originate outside the MNE management but have a significant impact, including tensions related to investors and stakeholders. The third sphere is contingent pressures related to rules and regulations and media exposure. Lastly, we identified tensions arising from how MNEs manage the business and society’s competing demands within their international operations. While we
will examine each of these spheres independently, it is essential to note that they are not mutually exclusive. Since these identified sources of tensions stemming from business and society issues within MNEs do not operate in isolation, they can often arise in conjunction and demand an acknowledgment and simultaneous approach to address them effectively.

**Internal Tensions**

**Organizational Architecture**

As defined by Nadler and Tushman (1992), organizational architecture refers to the explicit and implicit design choices that shape an organization’s structure, processes, incentives, and control mechanisms. It encompasses both the overt and covert systems within an organization, encompassing the interplay between formal and informal elements and aligning these components with the organization’s strategic direction and goals.

The prevalence of organizational design featuring dedicated teams and individuals at both corporate and business/segment/brand levels contributes to the emergence of salient tensions about job responsibilities, delineation of roles and responsibilities, and decision-making processes. These tensions arise due to the need to clarify who is accountable for specific tasks, the allocation of decision-making authority, and the appropriate locations and methods for making decisions. The complex interplay between different organizational levels and units gives rise to these tensions, requiring careful consideration and resolution.

One key salient tension observed across multiple cases revolves around determining the specific activities required to integrate and embed social and environmental objectives throughout the MNEs. This tension refers to identifying and implementing the necessary processes, practices, and initiatives that align with the MNE’s strategic goals and objectives.
while also addressing the organization’s social and environmental challenges and responsibilities.

“The biggest challenge is to create something that is relevant for our segments because it’s… They are also different” (Company 15 interview).

“So, as we get structure, as we get a cohesive strategy together, as we get better communication with each other about like ‘this is what I’m working on.’ and ‘oh, okay. Let us not do the same thing.’ And then, that helps a lot with just everything. (Company 14 interview)

“When I had to convince the business area, mainly engineers. They’re not wrong. Their life is to look at the bottom _ It’s looking at what’s underground. What’s on top of the Earth... Their passion is what’s underneath the ground. When I had to tell them that what was under the ground in that place might be wonderful for him but that it had a series of impacts, a series of risks for society, and civil society mobilized against it, the conversation was more difficult. So the more technical the areas, the more focused the areas, you still have a more convincing challenge” (Company 1 interview).

“The Sustainability department serves as the interface between the departments relevant to the topic of sustainability and coordinates all of the related processes in the Group, serving as a contact for the sites. At the same time, it is also responsible for continuously reviewing and developing the sustainability targets and supporting the operational implementation of the measures with the relevant divisions” (Company 12, 2019 published report).
In the case of Company 12, which features both a corporate level and a business unit level, we observe a division of responsibilities that occasionally lacks explicit clarity. This lack of clarity can create ambiguity and uncertainty regarding which specific responsibilities lie within the purview of the corporate level versus the business unit level, potentially leading to challenges in coordinating and aligning efforts across different levels of the organization.

“The overall goal is set at the group level” (Company 8, interview)

Furthermore, certain traditional organizational designs also give rise to significant tensions. These tensions stem from the inherent misalignment or lack of fit between the design elements and the demands and complexities of managing responsible global business activities.

It’s very difficult because we have a matrix organizational design ... so the person in business A reports globally. Business B person reports globally. They wouldn’t necessarily need to talk. Matrix structures are challenges for alignment, for... And even to have more robustness in relation to objectives and targets” (Company 1, interview)

An additional source of tension arises from the need for coordination, collaboration, and alignment among different corporate levels (e.g., business units, segments, and brands) in pursuit of the defined goals. These tensions stem from the need to reconcile divergent perspectives, priorities, and approaches while ensuring cohesive and integrated actions toward the corporate level’s shared objectives.

“We’re figuring out. We’re like... This is, like, a very new problem, maybe like months old. So, we’re still figuring it out [how the corporate level will work with operations]. And I think it’ll probably take, you know, my leadership and
their leadership sitting down and like: “These are the roles and responsibilities.” I think they’re setting up the chief sustainability officer to really, like, drive some stuff. So it may not matter what we say is feasible, right? And I think we still have that pressure like… It comes as top-down, in a way. Like, we have to do it... We don’t care and etc.” (Company 3, interview)

“When they have their own priorities around revenue and generating money, you saying “oh, can you put this feature in the ___?”, we’re gonna be at the bottom of their list.” (Company 3, interview)

Despite the inherent tension, the level of salience associated with these tensions is contingent upon the extent to which the organizational purpose and ambitions are effectively aligned with the board committee and top management. The board and top management leadership play a crucial role in facilitating the realization of the organizational vision and ambitions, as their active involvement is essential for ensuring coherence and alignment amidst competing interests.

“I made some jokes at the beginning. If it isn’t on the agenda, it doesn’t exist. If this really isn’t at the top level of the company, this vision, this need, it doesn’t really work. Each department will fight for its budget and will fight for its goal and will not want to give up some things, which will often be necessary to open.” (Company 13 interview)

“Owned by Executive Management: The overall goals for ___ are set at a group level. Targets to reach the goals are set for each segment. The CEO for
each segment is accountable for reaching their set targets and can freely
decide how to do so.” (Company 15, 2022 published report).

However, for some MNEs, the rationale is entirely different.

“So, by no means is, you know, my team the one who is kind of executing the
projects, but we are helping to make sure that the priorities are known, that the
people who are responsible for executing the projects have a way to make sure
that they can share their ideas to get projects to prioritize. So that they can get
funded and those kinds of things” (Company 11, interview).

Furthermore, in order to foster comprehensive engagement across the organization, all
organizational actors must incorporate social and environmental objectives into their individual
goals and objectives. This engagement entails ensuring that employees at all levels of the
organization are aligned with and committed to pursuing social and environmental objectives
alongside their other responsibilities.

“So everybody has an objective associated with sustainability and regardless
of, let’s say, brand or market. So, everybody has a share in participating, and
these are associated with objectives and strategies all across the company.”
(Company 7, interview)

“Our approach to sustainability helps us do the right thing on safety,
greenhouse gas emissions, human rights, biodiversity, and other social and
environmental factors. Embedding into our DNA. We are working to embed
sustainability more deeply into our culture, decision-making, governance,
systems, and processes.” (Company 1, 2022 published report)
Organizational Culture

The notion of organizational culture gained prominence in the 1970s and 1980s, thanks to the notable contributions of scholars such as Hofstede (1981), Ouchi and Price (1993), Pettigrew (1979), and Schwartz and Davis (1981). Various interpretations of organizational culture can be found in the literature. However, it generally refers to the values of an organization that are communicated through norms and artifacts and is observable in patterns of behavior (Schein, 1992). Values hold inherent significance as they serve as societal principles or philosophies that guide actions and establish a comprehensive framework for organizational practices and customs (Hatch, 1993; O’Reilly et al., 1991). Given that “understanding cultural issues significantly impacts the development and execution of strategic plans” (1990, p. 57). Considering also our exploration of salient tensions in MNEs operating as responsible global businesses, we have observed that some of these tensions arise due to embedded organizational values and principles, particularly the challenge of integrating and embedding social and environmental objectives throughout all organizational activities.

In some cases, MNEs like Company N focus on developing an organizational culture aligned with societal demands.

“What, you know, I look at people’s side of it, and I start to find ways to measure it, measure the adherence of the new culture, the resistance. And, you know, and then you will see that you need certain skills, you need certain culture, you need certain behaviors. You have to establish the values and see how people relate to the values. And they have to exhibit the value.” (Company 9, interview)
Furthermore, when the organizational culture is deeply ingrained in the processes and practices of MNEs, it gives rise to salient tensions due to the degree of misfit with the necessary values to deal with the competing demands from business and society issues, as noticed by companies 3, 11, 14, and 15 interviews.

“And so, one of the things that we want to do and we have... what we kind of refer to in our culture as a challenging process is to make sure that you know all decisions, especially decisions of this magnitude, go through a very robust challenge process, where we try to purposely think through who are all of the different individuals and functions, that would have something to add to helping us make a better decision on that.” (Company 11, interview).

“It’s impossible to overstate the role culture plays in the success of every business – including our own. The DNA is our North Star to guide the values and behaviors we hold ourselves accountable to. In other words – what makes us... (Company 15, interview).

“So, there’s a very big shift in our team culture and in the motivation, in the priority setting, in many things that had to change so that we could still be a viable part of the business, I think.” (Company 14, interview)

“Sometimes it is frustrating, it takes a long time, but this is how we work; we have to have a consensus, we have to find a compromise. It’s part of our culture. Not that we are more complicated than another business is just how we do it.” (Company 3, interview)
In addition, the degree of salient tensions in hierarchical interactions is contingent upon the organizational culture, demanding an in-depth understanding of this interplay.

“Well, obviously, we try to focus more, and I would say we’re pretty successful, in sort of the former of that statement, where, you know, we really try to nurture one, you know... A spirit and a culture of collaboration across our global system, right? And leveraging the power of that and everything”.
(Company 7, interview)

“That was my number one goal in my job, was to further embed the work that we do in different parts of the company. I didn’t want all the work to be on my team. I wanted every... Goals for every person in the company to understand their role in sustainability, and they... How they help achieve the goals that we have.” (Company 5, interview).

In some cases, MNEs find themselves within an organizational change framework as they strive to modify their current organizational culture to enhance the integration and embedment of social and environmental values.

“We are working to embed ‘sustainability’ more widely and deeply in our culture, business decisions, processes, and governance.” (Company 1, interview)

“So, we have to be embedded with the same narrative. The main challenge is to make this narrative fluid and that everyone, all levels, understand the purpose, right?” (Company 8, interview)
In some sense, integrating and embedding a social and environmental organizational culture entails the process of identifying and personalizing communication tailored to each group within the MNE. This approach ensures clarity regarding the specific roles and responsibilities of individuals at different levels, aligning them with the overarching ambitions of the organization.

“So, we were also careful to personalize the sustainability narrative a lot, understanding what the scope of action for each leadership was. This journey that we made speaks a lot of communication and engagement; even though I am working at the same time with the board, I also have to go down to lower levels, right? Middle management there, middle leadership, but also for employees as a whole, okay?” (Company 8, interview)

“Part of what my team does is...helps the different groups who are responsible for different areas to make sure they understand what the expectations are. And, for my team to get a good understanding of what they are doing”

(Company 11, interview).

Strategic Aims

When organizations establish their strategic aims, they communicate their long-term aspirations and objectives, delineating the intended path they aim to follow (Melnyk et al., 2010; Y. Zhang et al., 2015). These strategic aims play a pivotal role in guiding decision-making processes, resource allocation, and overall organizational behavior. However, in the pursuit of these strategic aims, organizations often encounter salient tensions that arise as inherent contradictions or conflicts (Smith, 2014; Smith et al., 2010). These tensions stem from the intricate interplay between various strategic choices made in pursuit of organizational ambitions.
and goals. Given the intricate and dynamic contexts in which MNEs operate, it becomes crucial to investigate the sources of these salient tensions to gain a deeper understanding of their origins.

In our empirical investigation, we identified the emergence of salient tensions between organizations’ defined strategic aims, purpose, and vision and the challenges associated with effectively deploying and operationalizing them. These tensions arise due to the presence of multiple and often simultaneous objectives that organizations must navigate.

“If you have seen our sustainability strategy, it has eight focus areas. Yeah, how can you be the best at eight focus areas?” (Company 15, interview)

Moreover, in some cases, leaders’ ambitions seem inherently contradictory.

“We’ve got... I mean, again, carbon emissions example, big reduction goals. But in a few geographies around the world in particular, we have huge growth goals. So, in _____, for example, so let’s say we want to triple our business. You know, by 2030 or whatever. The first reaction, you know, of the team when we talk about reducing carbon emissions is that, well, there’s just no way we can do that. We’re going to triple our business.” (Company 7, interview).

“Yeah, having clear goals is incredibly important. And as I said, those are non-negotiables. Then in the budgets, like, we have to figure it out. But we do, you know, have challenges, how to figure it out from an economic standpoint.”

(Company 5, interview)

In some cases, tension emerges from the CEO’s positioning within the strategic agenda, as their role and decision-making influence can shape the direction and priorities of the organization (Smith & Tushman, 2005; Zhang et al., 2015). These tensions may arise when there
is a misalignment between the leader’s strategic vision and the expectations towards business and society issues.

“We have our CEO. He’s very much for the sustainability agenda, and he knows that you need it as a license to operate in the future. So, it’s not if “go or no go.” It’s a go.” “The purpose of the sustainability strategy is to guide the operating segments and entrepreneurs in the group to accelerate innovation and sustainable long-term growth while retaining their autonomy. The strategy sets a shared vision and ambition for the group, provides a common platform for the follow-up of performance while ensuring the independence of the individual businesses to define which initiatives that will be most impactful for them” (Company 15, interview).

“Embedded across our strategy is our sustainability frame, which sets out our aims for getting to net zero, improving people’s lives, and caring for our planet” (Company 1, 2018 published report).

**External Tensions**

Our findings show that some salient tensions emerge from external sources, such as the multiplicity of stakeholders within the context of MNEs in general and investors and banks in particular. Throughout our data, we observed that MNEs face tensions from stakeholders somewhat in distinctive ways. On the one hand, there is a broad set of stakeholders, encompassing various actors such as customers, consumers, and NGOs. These stakeholders contribute to the emergence of salient tensions as they possess diverse expectations, demands,
and interests that may differ from the strategic aims and actions of the MNEs, as stated by Company 5:

“What’s the impact on the business from a stakeholder standpoint? We looked at a lot of different stakeholders, consumers, NGOs, and governments. Like, the things that they most cared about. And then, of course, just the potential for impact and help us getting us to our goals. And that helped us prioritize where we wanted to put most of our resources in the company.” (Company 5, interview)

On the other hand, investors and banks occupy a distinct position in considering MNEs. Their expectations, priorities, and demands often differ from those of other stakeholders, leading to unique salient tensions and challenges for MNEs in managing their relationships with these financial actors.

“There are a lot of investors that care about ESG. So, one way that we really emphasize the importance of our work” (Company 5, interview)

In our analysis, we intentionally distinguished investors and banks from the broader conceptualization of stakeholders. This deliberate separation was driven by the prominent emergence of salient tensions specifically related to these actors. By isolating and examining the unique dynamics and challenges associated with investors and banks, we aimed to understand their distinct impact on MNEs’ recognition and management of these specific tensions.

**Stakeholders**

It is widely recognized within the literature that firms face competing and sometimes contradictory strategic demands from various external stakeholders. In their seminal work,
Mitchell, Agle & Wood (1997) emphasize that stakeholders’ identification and salience are based on their power, legitimacy, and urgency. Later, Mitchell, Weaver, & Agle (2016) embraced a pluralistic perspective acknowledging that firms attempted to incorporate the multiple stakeholders’ demands within their strategic objectives. Although much research has focused on how pressures from stakeholders influence firms’ strategic goals, little is known about the process through which these multiple demands emerge as salient strategic tensions within MNEs.

According to Ecles & Serafeim (2013), MNEs that exhibit a higher degree of integration and alignment of social and environmental demands and their strategic objectives display a capacity to recognize and identify salient tensions arising from stakeholders through the application of a materiality assessment. A materiality assessment entails a systematic and comprehensive evaluation of various factors, issues, risks, and impacts, commonly associated with sustainability and financial reporting practices. Its primary objective is to discern the significance of different issues across short-, medium-, and long-term timeframes, taking into account the perspectives of multiple stakeholders such as employees, consumers, investors, regulators, and local communities. By engaging diverse stakeholders, the materiality assessment facilitates a holistic understanding of important concerns and aids in prioritizing actions accordingly, as indicated by some companies.

“There are always these competing priorities if you will. So, we do a couple of different things. So, that materiality is really about what we need to work on for the next three to five years. So, there are things that, you know, maybe are in the lower left quadrant rather than… You know, they’re important, but maybe we already do a really good job at them, and that’s not what our
stakeholders see that our focus needs to be on. So, we look at focusing on that upper right quadrant. So, we take that, and we really compare that to our internal strategies. Do they align? Do we need to pivot and adjust? Do they align with our, you know, our business expectations and our company values and mission?” (Company 16, interview)

“So, those materiality assessments allow us to really look at the market landscape, look at the overall global landscape, look at, you know... All the various different stakeholders.” (Company 5, interview).

“And, for my team to get a good understanding of what they are doing, so that we can communicate that to our different stakeholders in a way that helps to demonstrate that we are meeting their expectations, that we know what is being asked of us, and those kinds of things” (Company 11, interview).

In some cases, the process is not formalized as a materiality assessment, but the external stakeholders’ voice is integrated to identify the salient tensions.

“The process that we go through to engage internal and external stakeholders in the development of what is that next generation commitment that we need to make, or what’s that next target for the next ten years, or whatever else, you know? It’s become, you know... I mean, on the one hand, a quite involved process but on the other hand not super time-consuming, right? I mean, we did go through a period where it took us a little bit longer to kind of get everybody’s input.” (Company L, interview)
“And with the input from the survey and from the interviews. So, it became quite clear to us that, okay, these are the areas that we need to include. And there was very little pushback during this. It was very welcomed. I would say, from all the stakeholders, that this is something we must do, and let’s try to be as pragmatic as we can about it.” (Company 15, interview)

“Following the stakeholder dialogue, the Group’s management team participated in a workshop to calibrate the results from the survey and interviews and to identify and agree on which areas of sustainability were most important to stakeholders and where we can make the biggest impact. The most material areas identified set the basis for the sustainability strategy. See graph to the right.” (Company 15, published material).

Nevertheless, for some firms, the demands emanating from shareholders prevail over other considerations.

“One is having the product feasibility. We have an obligation to our shareholders. We have to be sustainable at the profit dimension.” (Company 3, interview)

“In the end, It’s still short-term. Company B has suffered a lot at one point when it makes this shift to _____. Because deep down, deep down, the shareholder wants the security of his investment” (Company 1, interview).

Although leaders contend that stakeholders’ demands hold precedence, our empirical observations reveal that the salient tension persists in practice.
“In 2022, we were pleased with the support we received from shareholders for our net zero ambition report, with 88.5% of votes cast in favor. The scale of support we received has increased our confidence that the strategy we set out in 2020 is working.” (Company 1, 2022 published report)

**Investors and Banks**

Another external source of salient tensions that emerges from our analysis of how MNEs deal with economic, social, and environmental objectives as sources of enhancing competitiveness refer to their relationships with investors and banks. Socially responsible firms have been taking advantage of their position to enhance their credibility towards financial actors as investors and banks.

*And when it comes to carbon itself, it’s not very related to our core business. We’re not an energy company. We don’t have major production sites. So why is that really relevant for us? But then, if I... When I’m then able to motivate that... The investment companies are regulated themselves by... With the demands to report on the carbon emissions of their portfolio companies. And if you don’t have a certain sustainability rating as a company, you’re not attractive to a very large amount of the capital of investment firms within Europe. That capital is almost eight to nine trillion Euros. So, of course, then, the question becomes a lot more relevant that... “Okay, we need to do this to ensure that we still attract capital for further investments.” And then it’s more clear why we need to do something. So that’s just one example of “Okay. Well then, let’s do it.”* (Company 15 interview)
“Embedded across our strategy is our sustainability frame, which sets out our aims for getting to net zero, improving people’s lives, and caring for our planet. Connecting our strategic focus areas together is integration. We believe we are distinctively set up to create integrated solutions for customers and generate attractive returns.” (Company 1, published material).

The consideration of non-financial dimensions by investors also raises novel salient tensions, which may initially appear positive but warrant careful attention. These tensions emerge as investors increasingly focus on environmental and social factors and seek to align their investment decisions with sustainability objectives, potentially influencing the strategic direction and priorities of MNEs in ways that require navigating and managing conflicting demands.

“In the past, it was all profit, right? Not today. And I think a big boom was really the financial market, you know, looking at it in a different way. Today you already have credits, right? In banking, where you need to prove you get cheaper money if you can prove at the other end that your operation, it is in a great balance looking at the planet and looking at all social aspects. From the moment you offer cheaper money, you’re talking about the language of the market. So, and then, the financial market is the one that goes one way or another, here among us here, it’s going to make this big turn. Because it was only after the famous Black Rock there, right? (Company 8, interview)

“Different communities within the business, you know? Focus on different aspects of some of the stuff, right? And so, we’re having to engage in and with
different types of communities on some topics that we have in the past, and so, you know, that’s just a bit of a challenge and a little bit of sales and negotiation that’s required on that one. And I would say overall as well. They’re within any business, and especially with the way the investor movement has evolved over the last several years.” (Company 11, interview)

“They’re within any business, especially with the way the investor movement has evolved over the last several years. There’s every day, you know? There are more and more questions about the business impact, you know?” (Company 7, interview)

An intriguing finding that surfaces from our study pertains to the salient tensions arising from the public commitments of MNEs regarding their economic, social, and environmental objectives, as investors and banks closely scrutinize these commitments for alignment with desired outcomes (Dau et al., 2020). This alignment expectation introduces a complex interplay of demands and expectations that can potentially create conflicts and trade-offs within the strategic decision-making processes of MNEs, necessitating careful management and navigation to ensure congruence between stated objectives and realized outcomes.

“And I would say in our commitments. You know, we’ve made public commitments. So, we have to keep making progress on those things.” (Company 5, interview)

“Today, for example, we have committed ourselves to the entire financial market through, right now, we will have a shareholders’ meeting in May. We already had an event where we opened the strategy and said the following "I
need to reach net zero in 2030 and in 2050, and I need to have sustainable material in 2050, and I have a long-term strategy, and I have a milestone in 2030”. So, we’ve already declared, that’s declared. If I don’t comply with it, I have a total devaluation. So today, if I can prove that I’m going to have a drop like that in profit, I’m going to be responding to the planet, and I need to respond to the planet because I already have a commitment to the financial market, I already have a commitment to my shareholders that I’m going to have to get there. So, this commitment is being made explicit the way it is with our ambitions, where we have already committed to arriving. If I don’t get there, I lose credibility. So, in the market, I have a drop in my shares, and I lose money. So, there’s no point in me winning here on a project, being ambitious on a project, if I don’t consider these other aspects. That’s why I say, for us, it’s very much in the strategy already, right? It’s very strong there already.” (Company 8, interview)

As a response to these demands, certain multinational enterprises (MNEs) opt to engage third-party organizations to obtain a form of “validation” for their commitment and engagement (Hengst et al., 2020). This strategic approach allows MNEs to enhance their credibility and demonstrate the authenticity of their economic, social, and environmental initiatives through independent assessments and certifications, mitigating potential skepticism and reinforcing stakeholders’ confidence in their efforts. By leveraging the expertise and reputation of these third-party organizations, MNEs can navigate the complex landscape of stakeholder expectations and demonstrate their genuine commitment to responsible business practices.
“The WELL Equity Rating aligns with our commitment to creating a better future for both people and the planet. Adopting an action-oriented approach, Company W aims to create equitable, people-first spaces addressing the needs of marginalized and underserved populations. The rating serves as an added, tangible path to uphold our DEI commitments, transforming workplaces into environments where everyone thrives and shows up authentically. In 2023, we will undergo third-party verification to validate our policies and actions in accordance with the standards of the rating.” (Company 16, 2023 published report)

Contingent Tensions

MNEs encounter a critical challenge in effectively managing and addressing key contingencies associated with regulatory frameworks and media influences that impact their responsible global performance. The behavior of MNEs is recognized to be significantly influenced by both national and international regulatory contexts (Campbell, 2007; Nippa et al., 2021), as well as media pressures and scrutiny (El Ghoul et al., 2019). The findings of our study highlight the emergence of salient tensions stemming from both regulatory and media sources, manifesting in varying degrees of intensity and complexity for MNEs.

Regulation Tensions

The voluntary commitments undertaken by MNEs generate significant salient tensions regarding the outcomes and deliverables associated with these engagements. These tensions arise from the expectations and scrutiny placed on MNEs to fulfill their voluntary commitments, particularly regarding economic, social, and environmental objectives, as stated by Company 3.
“We have submitted both goals to Science Base Target Initiative (SBTi) for validation, but we are unable to predict the outcome of that process and when it will be completed” (Company 3, interview)

Another source of tension arises from the various requirements and obligations that multinational enterprises (MNEs) must fulfill. These tensions stem from the diverse range of regulatory frameworks, legal obligations, and industry standards that MNEs are expected to adhere to in order to operate responsibly and sustainably.

“There are regulatory things related to environmental issues that we just, we have to do” (Company 5, interview)

Furthermore, our analysis reveals the emergence of tensions among both privately owned and publicly owned MNEs within our dataset.

“Now, since we are a public company, there are a lot of requirements and reports I have to present. In Brazil, several non-financial measures are now required.” (Company 10, interview)

“We have a new regulatory framework from the EU coming at us called CSRD, and we need to be able to report according to CSRD, and we need to ensure that we have... We gather data in the right way. What’s positive about that framework, or that regulation, is that sustainability data is going to have the same status as financial data.” (Company 15, interview)

“By law, we have to be audited, so we have to follow all the legislation” … “In 2014, the United States changed the level of requirements for tier 3 motors,
and we didn’t have this kind of motors in our equipment. If not, we could not sell our products.” (Company 6, interview)

In some cases, MNEs structure their organizational processes to monitor and proactively anticipate potential salient tensions arising from ongoing evolutions and changes in the regulations from the geographies they operate.

“We’ve got a public sector team, which is focused on understanding both current and future legislation regulation and what could be demanded of our businesses going forward.” (Company 11, interview)

“So, that’s what we’re trying to do now. We want to be prepared to answer the regulation. Our goal is to anticipate their regulation, you know?” (Company 3, interview)

**Media Tensions**

The media’s impact on firms has potentially been amplified in recent times, owing to the proliferation of novel channels for information distribution, which has been brought about by the rise of the internet and social media. Therefore, MNEs face salient tensions to ensure they behave acceptably.

So, we, ourselves, for example, worked on the tragedy ____, as an action, right? Like, we didn’t work with them specifically, but with the event, it created a need for solutions to prevent this from happening again. So, our operations waste became a product we were able to sell. So, at cost price, but also to be sustainable, that they do a rockfall, which is basically you put those stones, a lot of stone at the base of the slope, that of the reservoir, you know, of ore that
was what broke. You put that snoring on the base. It creates a counterweight and prevents those slips, you know? So, this is another one too, another environmental action that to avoid these environmental disasters.” (Company 6, interview)

“We had a big globally visible water issue in ___ that, you know, kind of bubbled up to almost like a major global PR nightmare that ended up almost kind of... I mean, kind of forcing a reboot, you know, around how we work around water and, you know, water is a natural resource and water’s an ingredient in our products and water in our supply chain and all. And so, now, almost 20 years later, we would like to think we’re one of the leaders... You know, corporate leaders.” (Company 7, interview)

As globalization and interconnectivity continue to shape the world, MNEs face salient tensions stemming from their desire for increased control and concerns over potential information leaks to the media (El Ghoul et al., 2019). In this context, countries and their inhabitants encounter a range of positive and negative impacts, highlighting the complex and multifaceted nature of the global landscape.

“Whatever happens in one small county of Rio de Janeiro might become known worldwide. We cannot take the risk.” (Company 8, interview)

“Social media has an enormous power; they are able to make or break the rules of the game.” (Company 6, interview)
Global Tensions

MNEs are also confronted with notable tensions arising from the management of competing and conflicting demands stemming from their interactions and operations with governments, consumers, and other firms in the markets where they operate. These tensions manifest as a result of the MNEs’ efforts to effectively navigate and reconcile the diverse demands placed upon them at both global and local levels. As a result of this reconciliation, most of the salient tensions emerge from the interactions between headquarters and subsidiaries (Ambos et al., 2020).

Moreover, our data analysis reveals that salient tensions emerge from the challenges associated with establishing and maintaining sustainability and responsible business practices across different geographical contexts. These tensions encompass a broad range of issues, such as the alignment of global and local strategies, the implementation of global and local structures, and the coordination of international operations within global networks and supply chains.

One manifestation of salient within MNEs is about the different meanings, interpretations, and ways of performing responsibly global business or even associated with different environmental goals across regions (Burritt et al., 2020). This tension arises from the challenge of reconciling and harmonizing varying cultural, social, and regulatory contexts, which shape the understanding and implementation of responsible business practices on a global scale.

“One thing as I reflect on this process, I thought we were going to meet pushback, but that was not it. It was more about how people defined sustainability. It’s so different in different regions. If I talk to my colleagues in the United States, they talk about donating to charities. If I talk to my colleagues in the north of Scandinavia, they talk about carbon footprint. So...
And then if I speak to someone in the UK. It’s a lot about diversity and inclusion. So, it’s incredibly spread what sustainability means to everyone.” (Company 15, interview).

“Most people don’t really know what they’re asking for. They don’t know what they really want. Australia, in specific, is very focused on carbon neutrality. So, not necessarily low embodied carbon because the carbon space is... Most people don’t really know what they’re asking for; they don’t know what they really want. And I have had some really interesting conversations with customers, and they’re like, ‘No, we don’t care about low embodied carbon; we just care about carbon neutrality,’ and I’m like, ‘Well, let me help you understand why you should care about both, right?’. They don’t know the difference between low carbon, carbon neutral, carbon negative, and carbon positive. Like, it’s just confusing for them, and them just they just want a good product. They don’t even know what carbon means; they don’t understand that you know... And if you, and it gets funny.” (Company 16, interview)

“So, a challenge that we have today is alignment with regard to the consonance of working in Brazil with the United States and Spain. Each one has a totally different vision of environmental issues.” (Company 6, interview)

The decision-making process regarding the adoption of global or local policies within MNEs is another source of salient tensions, as discussed in the literature. This tension stems from the need to strike a balance between achieving global consistency and local responsiveness in addressing diverse market conditions, cultural values, and stakeholder expectations (Bartlett &
Ghoshal, 1989; Harzing, 2000; Prahalad & Doz, 1987). The dynamic nature of these tensions requires MNEs to carefully navigate and reconcile conflicting pressures as they strive to optimize the advantages of global integration while respecting the unique requirements of local markets (Kostova et al., 2016; Meyer et al., 2020).

“And we still have a global sustainability area, but the greatest effort of this global sustainability area is precisely to ensure that business decisions incorporate sustainability issues, without having to have a leader in each country for the issue.” (Company 1, interview)

“We are dedicated to enabling global cooperation among our people, our clients, our suppliers, and our partners to achieve a low-carbon future. Together, we can help to transform our global economy into a more sustainable marketplace.” (Company T, published report)

“We leverage the strengths and capabilities of a global group.” (Company 15, interview)

At Company 16, the management of salient tensions is evident at both the global and local levels, as revealed through our analysis.

“So, we have corporate-level expectations and priorities. So, we do that in lots of different ways from, you know, establishing our HR ethical practice policies to, you know, setting our corporate 2030 goals, and then, we do deploy those out. But, not every region is the same, so Canada has different expectations than the US does on certain things. So, we have to make sure that we’re meeting those also.” (Company 16, interview)
Our analysis reveals that the salient tensions due to MNEs’ responsible global business
global and local implementation varies according to some factors such as integration and
coordination, ensuring that global strategies are effectively translated into local practices (Ertuna
et al., 2019; Park et al., 2014). For some companies, it is built through a collaborative process.

“Let’s say we’re going to... We need to gather feedback from our employees so
we know how much they like to work here and what we can improve. And then
I have a meeting with the team, and I say, “Okay, so, for Segment A, how do
we best roll this out? Who needs to be involved?” And then from there, we
create a plan. So, it’s really like you say, it’s two ways. We start with the goal,
get input from the segments on how we reach that, and then they help roll it
out.” (Company 15, interview)

“I say, we don’t do a lot of top-down, but we do have global policies, right,
that need... must be implemented. But usually, in the development of those
policies, we do, as I was saying earlier, convene internal networks as well as
external stakeholders, you know, to provide input into those policies. So
usually, about the time we adopt something as a global standard or global
policy or a global requirement, you know, usually the field operations, and
usually the partners as well have had some level of input into that, and it’s
usually not a surprise that it’s coming.” (Company 7, interview)

“Every country has the liberty to expand and propose, but it must be aligned
with the global ambitions.” (Company 1, interview)
This collaborative approach extends to engaging with local stakeholders and partnering with local organizations to support and promote initiatives that address specific social and environmental challenges within each country. The collaboration expands to working with local countries to support local initiatives.

“So, Australia is a great example, we don’t manufacture in Australia, but we do quite a bit of sales in Australia. So, we have an Australian marketing and sales team, and we are... They are very involved in a country with, like, their Australian Green Building program and their certifications. One of them sits on a board with this Australian kind of government-sponsored... Trying to get resilient materials out of the landfill and can we find... so they’ve really started this kickoff to try to create this R&D development of circularity around resilient products. And so, we have a person that sits on the board with that initiative, and we’ve supplied some product for them to start doing some product testing. So, it’s a whole different ball game, ...So, they’re starting small, with like industrial type waste kind of scenario. So, we’re involved in that regard, and so we support them, as they need that. They’re different certifications from a sustainability standpoint. So, we have Global certifications depending on those areas.” (Company 15, interview)

For example, Company M adopts a top-down approach, wherein there is no demarcation of boundaries between global and local.

“The main barrier is that it needs to be top-down. It needs to have the board and the top management team to get to the manufacturing site. It has to be
global. The truth is we do not see anything as local anymore. Everything we do affects our company image globally.” (Company 8, interview)

However, in some cases, the implementation of global and local policies encounters tensions stemming from the limitations inherent in the local structure available for deployment due to the contextual constraints and capabilities of the local setting.

“And so, all of us are calling that one person in India every day to say, “How are you doing on my goals?” And the person in India has historically, let’s say, that type of person, has been closer to understanding the overlap, and the synergy and the conflict across this set of goals than we would be, right?

Because I don’t ever think about economic empowerment because I’m only focused on what we’re doing in climate, our inner climate, and packaging. But the person in India has to think about everything.” (Company 7, interview)

“And if they don’t already have one, they might have to build it, you know? So, that’s where for me some of the tension comes in between that global org and then us because they don’t understand what goes into making all the changes.” (Company 3, interview)

A noteworthy observation during our study pertains to the salient tensions arising from the competing and conflicting demands associated with responsible performance across various geographies where MNEs operate. These tensions permeate multiple levels within and across organizations, encompassing both intra-organizational and inter-organizational dynamics, emphasizing the complex nature of responsibly managing operations globally.
“I would say, Maria, 75% of my time was focused on supply chain issues, sources ... I don’t know what the current ... It was like 25 different countries. So, yeah, very much a global business, and every country was different, and so, again, I spent a lot of time thinking about how we can leverage the scale of our company for a positive impact on, in communities in those sourcing countries in particular.” (Company 5, interview)

“When you start talking about sourcing products from anywhere: Asia, Vietnam, Korea, China, India, like any of those places? That’s when you have to do a significant amount of due diligence and make sure that you’re, you know, you’re verifying, you’re setting those expectations. Like, we’re doing a lot of that stuff within our supply chain, which not only, you know, makes us check the box that, from a due diligence standpoint, we’re doing the right thing, but it helps propagate that due diligence like more globally, as well.” (Company 16, interview)

In some cases, we observe that the emergence of global and local salient tensions stems from the interplay between MNEs’ objectives and their identification of local opportunities, demanding the alignment of their overarching objectives with the unique characteristics and opportunities presented by local markets.

“Whether it’s how do we create opportunity for women in places like India where there’s extreme gender, you know, inequities, or Vietnam, where they still have quite a bit of coal in energy and in manufacturing. How can we leverage the scale of our business to get rid of coal and advance clean energy?”
Sort of the situation in every country was different, and we prioritized based on our sourcing footprint and what our plans are in the future as well. And we also looked at those environmental and social issues and risks in making decisions about where we’re going to manufacture. Whether it’s climate change issues, water scarcity issues, is it a place where there are issues with human rights? In particular countries. So, we want to stay away from those countries, you know, a lot of factors that we took into account as we’re deciding where... What our supply chain is going to look like.” (Company 5, interview)

Other critical sources for manifesting tensions are the global variations in regulatory frameworks and certification requirements and their constant evolution.

“Europe is different. Europe has different expectations, and Europe is probably the hardest for me, because every country is different, like; you would think, “Okay, they’re all in the EU”, but they are still all very different. And so, that’s hard because France has different, significantly different, expectations and some of the others. And, again, different certifications for individual countries. Germany has one, Sweden has one, France has one, so we have different expectations, and we really work to make sure that we have the ability to sell in the market by meeting those expectations.” (Company 16, interview)

“I’ll give you an example, so we have new legislation now that is European, okay? And then, in relation to products that come from, for example,
deforestation. Ah, we say, “this here is there in Europe”, but it hits immediately here.” (Company 8, interview)

Experiencing Tensions

In our study, we intentionally distinguished between the salience of tensions and their experiential features. Our data analysis reveals instances where certain tensions are recognized and acknowledged as existing, even if they have not yet been fully experienced. In other words, these tensions have achieved salience in terms of their recognition and awareness, but the actual experiential manifestations of these tensions have not yet been realized, as stated by Company D.

“Honestly, we are starting to see and face these choices now. We take it seriously, but it becomes another ‘headache’ we have to deal with, but we will be rational on it.” (Company 3, interview).

Thus, by examining the statements, we were able to discern whether the rationale underlying the experience of tensions stemmed from dualities, in which a rational approach is taken or from a holistic perspective characterized by embracing both/and thinking. This analytical distinction allowed us to shed light on the cognitive framing utilized by MNE’s leaders in navigating and making sense of tensions in various contexts.

“For our industry, our challenge is finding a compromise between growth and sustainability. We can’t contribute to a positive impact, which is at the core of our business. We are extracting something from nature, and I do not have any way to put it back. We try to balance, to mitigate.” (Company 6, interview)

Certain companies (e.g., 2 and 6) experience tensions manifested as competing alternatives, necessitating the pursuit of a compromise. This compromise will be achieved only
when the resolution of these tensions and the ultimate selection of a course of action hinge upon effective management. In this phase, the tensions are experienced in isolation, underscoring the significance of navigating and reconciling these distinct and contrasting alternatives before managing them.

“The engineering people, for sure, every time they go to design a machine, they have to consider ‘this component here is more expensive, but it will give more quality to machine, more productivity and this one is less, but it is cheaper.’” (Company 2, interview).

The phenomenon of tensions experience encompasses the cognitive, emotional, and behavioral responses exhibited by individuals or organizations when confronted with paradoxical situations or conflicting demands. This experience materializes in individuals’ routine interactions in their work tasks, stemming from contradictions inherent in their roles, activities, and goals (Smith & Lewis, 2011).

“So, for example, now I have to report what is the square footage of my office and whether or not my building has sustainability certification. Within that lead certification, there are all levels. Ours is gold. But that’s measurable. I have to say if my LED lamp or if it is not LED, I have to inform the car I use, the fuel I use, what the volume is... How many liters of gasoline per month do I put inside my car? So, these things are direct, objective measurements, right? So, for example, based on these measurements, we get a report that says, "Look, why aren’t you using a hybrid car at least, right?” And then I’m going to have to give an answer to why I don’t use a hybrid car. And then, if you
have a discussion if the cost-benefit is something that is really worthwhile, be it a no-brainer.” (Company 4, interview)

“At the end, we are having to reduce costs; there is nothing associated with sustainability.” (Company 13, interview)

“When you’re in a tight cash situation and in need of money. It turns out that you make decisions that you need to meet that… That problem. After you try a certain tranquility in this sense, then you can make decisions that are linked to your strategic planning.” (Company 6, interview)

Our empirical observations also show that MNEs’ leadership has grappled with the intensifying complexity, diversity, and competitiveness of their operating environments, resulting in increasing pressures to integrate multiple competing demands within their firms (Besharov & Smith, 2014; Smith, 2014).

“Right now, very easy to get. “Yes, let’s do it!” But then, when it comes down to “Okay, but then we need to allocate this amount of resources and this much funding to do it.” That’s when the pushback comes, and you need the right arguments to get buy-in.” Because, of course, if I talk to the CEO of a segment, they always want to know, “But what’s the return on this investment”? (Company 15, interview)

“But in a few geographies around the world, in particular, we have huge growth goals. So, in ____, for example, so let’s say we want to triple our business. You know, by 2030 or whatever. The first reaction, you know, of the India team when we talk about reducing carbon emissions is that, well, there’s
just no way we can do that. We’re going to triple our business.” (Company 7, interview).

“We are currently installing, having one, installing the next two solar parks. The first one will come. We are having a feasibility study about this wind energy, these windmills.” (Company 12, interview)

“What we have been doing is to test the solutions, to see what are the solutions that work, and the idea is you... the idea is not to increase the cost at all. We want to make the solution viable, right?” (Company 3, interview)

Contrary to the common trend of framing societal tensions using either/or approaches, our observations indicate that, in certain cases, experiencing tensions are already being framed holistically, embracing both/and perspectives.

“We are mapping priority ingredient sourcing regions and watersheds according to highest exposure to water stress. We also began mapping priority communities based on local context to identify opportunities for action to strengthen communities’ access to water, sanitation, and hygiene (WASH) and their resilience to climate change (e.g., floods and droughts). By mapping and overlaying all three of these categories (operations, watersheds, and communities), we will identify overlaps and interconnectivity across our action areas to develop a holistic, integrated, and context-based approach.”

(Company 11, interview)

“But if we look holistically, I have the planet in the foreground is our home, right? It’s the planet. Within this planet, I have the people, I have the society.
And this society to live in needs an economy, right? And it needs something that moves, the profit.” (Company 8, interview)

“We talk about it like a Rubik’s Cube, right? Like, I don’t know if you’ve ever played with one, but when they come to you all mixed up, if all you do is try to, you know, solve the green side and get it right, you’ll never get the other sides to be the same color, right? So, it’s about all of these things. Sometimes, they are in contrast. And sometimes they are, you know, completely synergetic, but the reality is we have to focus all on all of them to truly make that impact because if I just focus on carbon, I might very well negatively affect material health and the effects of our products on people and the planet.” (Company 16, interview)

“I spent a lot of time thinking about how to leverage the big scale of the business, to provide a positive impact for the business, from a financial standpoint, from a risk standpoint, but also society and the communities that our company... So, you know, that was, again, sort of my overarching goal.” (Company 5, interview)

As tensions in pursuing responsible global business have been considered “not linear or singular but were experienced by any actor, at any stage in the strategy process, according to the specific tasks they were implementing” (Hengst et al., 2020, p. 258), our observations reveal the presence of both/and commitments within public commitments, ambitions, and aims.

“We know there is more work to do, and we are committed to growing our business in a way that protects the planet and supports healthy communities
for generations to come. There has never been a more important moment for businesses to step up. It’s what our customers and communities expect of us – and it’s what we demand of ourselves as a values-led company with the power to shape peoples’ ways of life. When we look holistically at the impact of our priorities, we can see real returns on our investments in renewable energy and GHG reductions, in building a diverse and equitable workforce, and in engaging with industrywide initiatives.” (Company 5, 2018 published report)

“At Company 16, we strive to create a better future and a better world. A world in which we collectively value and invest in the health, well-being, and success of all people AND our planet. A future that’s safe and safeguarded for generations to come.” (Company 16, 2022 published report)

Managing Tensions within MNEs

In their endeavor to navigate ambiguity and conflict, leaders’ efforts may lead to the selection of one strategic alternative over another. The process of sensemaking within an increasingly intricate and evolving ambiguous landscape frequently leads to “polarized either/or distinctions”, resulting in managing tensions as dilemmas and trade-offs. Dilemmas and trade-offs necessitate choosing between two competing alternatives (Van de Byl & Slawinski, 2015), ultimately requiring the selection of one “side” (e.g., Liou & Rao-Nicholson, 2021; Van Tulder et al., 2021).

In certain cases, the decisions adhere to the formal logic (either/or), aiming to optimize and attain a single and ideal solution, emphasizing efficiency and the pursuit of an optimal outcome.
“If it is clear that the alternative is 80% successful, but some areas will suffer, but it will be the best compromise for the company, we will choose it”. We still have to find the sweet spot.” (Company 3, interview)

“What we do is reforest vegetation. This is an action plan to mitigate, balance this environmental impact that is generated with extraction, mainly, we are totally aware of it.” (Company 6, interview)

“You know, of carbon emissions, right? So, you have this, you know, it’s a dance and a give and take to sort of figure out. ‘Okay, again, what’s that goal going to be?’, and then once you start implementing against it, where are the places in the world where you can maybe over-deliver and where the… Based on the fact that not every, you know, the place is going to be able to reduce in the same trajectory, right?” (Company 7, interview)

“We begin to have many challenges as well, as Company S is putting it, with regard to reducing expenses, but no, not talking directly about emission reduction or any of this. It is really thinking about reducing spending. To give you an idea, we received a challenge this year to lower by 40% the expenses related to travel.” (Company 13, interview)

Therefore, even though tensions may be experienced and acknowledged holistically, the ultimate focus related to managing tensions resides in identifying a “solution” that is economically viable and sustainable. Moreover, the imperative of economic well-being remains central to managing tensions, leading to prioritizing solutions that ensure financial health.
“And it may be that you make a choice that maybe this year you won’t make as much progress on this goal. You put all your emphasis on another one as far as resources. And then the following year you might go back and make more progress in that other area if that makes sense. Sort of the sequencing, putting the roadmap and the blueprint in place, you know, based on different factors.” (Company 5, interview)

“In the end, we are managing in; it’s still short-term. We have suffered a lot at one point when we announced to making this shift. Because deep down, deep down, the shareholder wants the security of his investment. So, we adjusted our ambitions and goals. The market reacted very well.” (Company 1, interview)

A fundamental differentiation in managing tensions lies between the formal logic perspective and the paradoxical nature of objectives. While the formal logic approach entails analyzing and deliberating on alternatives to minimize negative impacts, managing tensions paradoxically involves recognizing that economic, social, and environmental objectives often exhibit inherent contradictions, yet all are indispensable for long-term success.

“I think holistic is probably a good way to think about it. There’s... we try to recognize that it’s difficult to make a decision in isolation because that decision impacts so many other things. That you really have to try and understand, or at least imagine, what all of the different connections and second and third order, you know, kind of impacts could be of decisions that we would make. To be clear, although profit is not our only goal, we do regard
it as a valid and important measure of our contributions to society.”

(Company 11, interview).

“The challenge is really how you can see all those elements together and find a way to integrate all of them. I think this is the challenge and probably the fun part at the same time, right? Because if not, there wouldn’t be any motivation to get there and to challenge and go forward.” (Company 5, interview)

In addition, simultaneously managing all contradictory elements expands MNEs’ horizons and fosters virtual learning and evolution. By effectively addressing and reconciling contradictory elements, organizations can embrace a broader range of possibilities and experiences, leading to enhanced learning processes and evolutionary growth.

“We are trying to really see the whole picture. I think one thing for me last year that was interesting is we were looking at getting rid of plastic and replacing it with aluminum. And we did a life cycle analysis on the aluminum. And saw that, like, from carbon, you know, emissions perspective, it’s worse than plastic. Or is it to, like, holistically, be sustainable and whatever? So, you know, now I think we’re at the place where being a global sustainable organization is really focusing on exploring all alternatives.” (Company 3, interview)

“But, you know, kind of thinking about the entire life cycle of that product and its impact on the environment relative to its alternatives.” (Company 16, interview)
“I am so convinced that there is an intersection where you can get both. You can ensure that sustainability is part of what’s driving your growth.”
(Company 15, interview)

“Within the scope of Sustainable Business, we reduce the negative environmental, economic, and social impacts arising from our activities in the market. Moreover, we consider environmental, economic, and social factors when making business decisions at Company 4.” (Company 4, published document)

**Dynamic Theoretical Model – Navigating Tensions Salience, Experience, and Management**

Our study aimed to advance the theoretical understanding by exploring the inherent salient tensions that MNEs encounter in their pursuit of responsible global business practices and examining how MNEs’ leaders navigate these paradoxical tensions. In this section, we incorporate pertinent literature with our inductive findings to enhance the dynamic equilibrium model initially proposed by Smith & Lewis (2011), specifically focusing on multinational enterprises (MNEs) that concurrently pursue competing and conflicting social and business goals across their various operational geographies. As illustrated in Figure 11, our expanded dynamic model presents an integrated framework. We substantiate our model by synthesizing insights from studies in the realm of organizational paradox and the literature on social issues in management.

The model presented underscores the interconnectedness among salient tensions, experiencing tensions, and managing tensions. It captures the transient dynamics between phases and within each element within the respective phases. Our model endorses the dynamic nature of opposing forces across all phases (Lewis & Smith, 2022), as supported by previous scholarship
that extensively investigates the nature of paradoxes associated with salient tensions and the responses employed in managing tensions (Miron-Spektor et al., 2018; Schad et al., 2016).

Our model is built on the inductive results and contradictory findings of our empirical exploration of MNEs’ contexts to expand Smith & Lewis’ (2011) conceptual model, which applies a dynamic equilibrium design to examine organizational paradoxes. Their model provides a comprehensive representation of three distinct stages, encompassing the progression from latent tensions to salient tensions, the strategies implemented to manage these tensions, and the resulting outcomes. The expansion of their model is based on diving deeper into the first and second stages of their process to provide a more nuanced understanding of the complexities and dynamics involved in these initial stages. Our development entails two key steps. Firstly, we broaden the perspective on salient tensions by explicating essential elements that trigger these tensions within the context of MNEs. Secondly, we delve into the transitions between phases,
revealing that there is not a causal relationship between the salience of tensions, the experience of tensions, and their management. Additionally, we integrate feedback loops between experiencing and managing tensions. Accordingly, we emphasize that certain salient tensions are perceived as prominent, experienced as both/and alternatives, and managed paradoxically. Subsequently, we introduce our conceptual model, supported by both conceptual and empirical arguments, which distinguishes and extends the model put forth by Smith & Lewis (2011).

Smith & Lewis (2011) highlight two broad primary factors rendering tensions salient: environmental factors and individual cognition and rhetorical factors. Tensions emerge from various broad factors within the external environment, such as plurality, change, and scarcity. Plurality denotes a multiplicity of context views, reflecting competing goals, change captures new opportunities for sensemaking short- and long-term needs, and scarcity refers to resources’ limitations and competition. Nevertheless, our empirical and conceptual exploration indicates that an emphasis on broad external factors alone fails to capture the multifaceted manifestations of salient tensions arising from inter- and intra-organizational challenges associated with integrating responsible global business performance within MNEs.

The incorporation of responsible global business strategies is driven by internal transformations in response to increasing societal pressures. As MNEs navigate these changes, tensions emerge at various inter- and intra-organizational levels. To enhance our understanding of salient manifestations, it becomes crucial to simultaneously consider the diverse sources of tensions (internal, external, global, and contingent), as supported by our empirical findings. However, the existing literature primarily focuses on conceptual and theoretical discussions surrounding environmental factors (Luo et al., 2020), with limited empirical studies shedding light on the salience of tensions. These studies often narrow their focus to specific elements of
Smith & Lewis’ (2011) model, such as plurality-multiple logics, scarcity, and environmental change (e.g., Bruneel et al., 2020; Davies & Doherty, 2019; Gümüşay et al., 2020; Sharma & Jaiswal, 2018; Smets et al., 2015; Winkler et al., 2020).

The second set of triggers for salient tensions, as proposed by Smith & Lewis (2011), pertains to the cognitive processes and framing adopted by individual actors. The presence of uncertainty, ambiguity, and complexity further compounds individuals’ challenges in navigating the competing demands of society and business (Hahn et al., 2014). As a result, personal framing plays a vital role in catalyzing the emergence of salient tensions, as it determines the potential for transformative processes. In line with this, a prevailing assumption in the literature on organizational paradoxes is that paradoxical tensions are framed and experienced simultaneously. However, our empirical investigation reveals that leaders within MNEs perceive salient tensions through two distinct phases pertaining to the emergence of tensions as salient and subsequent experience of these tensions. Therefore, we suggest introducing an intermediary phase between salient and managing tensions in the proposed model, labeled as experiencing tensions. This phase captures the framing of salient tensions by individuals since some salient tensions may be experienced and addressed while others may remain salient without a clear framing for action. Our empirical investigation involving MNEs reveals that certain salient tensions are acknowledged but do not result in proactive behaviors aimed at resolving or reconciling them.

Another pivotal discussion stemming from the isolation of experiencing tensions in our model revolves around the framing of tensions resulting from the competing demands of business and society. Scholars have posited that ethical, legal, social, environmental, and economic pressures collectively represent paradoxical contradictions (Carmine & De Marchi,
2022; Hahn et al., 2018; Luo et al., 2020). Consequently, it is commonly assumed that most tensions stemming from the interplay between social and business demands exhibit paradoxical characteristics. However, our empirical evidence shows that even incorporating all competing and conflicting demands simultaneously, not all salient tensions are necessarily experienced as paradoxes. This is evident in the case of social enterprises or hybrid organizations, which scholars and critics have regarded as inherently paradoxical organizational forms (Battilana & Dorado, 2010; Kannothra et al., 2018). For instance, despite the prevailing notion among scholars and critics that social enterprises or hybrid organizations, which aim to achieve both economic and social objectives, are inherently paradoxical organizational forms (Battilana & Dorado, 2010; Kannothra et al., 2018), Child (2020) empirical examinations puts forth the argument that practitioners within these entities possess the ability to navigate paradoxical tensions by utilizing diverse framing mechanisms that extend beyond mere acceptance and transcendence. These mechanisms encompass “looking at the big picture” to adopt a broader perspective, “engaging with potentially paradoxical conditions rather than turning from them” by actively confronting and navigating paradoxical situations, and “making favorable comparisons” to identify positive aspects within paradoxes (Child, 2020). We contend that an important distinction can be made between the processes of tensions salience and tensions experiencing, as emerged from our inductive analysis of interview data. While some salient tensions expand to be experienced, recognized, and framed as either/or - both/and, there are also tensions that have manifested but have not yet been fully experienced. A respondent from Company D expressed this dynamic by stating: “We’re figuring out. We’re like... This is, like, a very new problem, maybe like months old. So, we’re still figuring it out” (interview). This statement underscores the salience of tensions without a discernible framing pattern.
The second stage of Smith & Lewis’s (2011) model directs attention to the organizational responses to salient tensions. As Smith and Lewis (2011, p. 391) assert, “once rendered, paradoxical tensions spur responses.” These responses can be categorized into proactive and defensive strategies, representing different approaches adopted by organizations (Carmine & De Marchi, 2022; Luo et al., 2020). Proactive strategies arise from the pursuit of virtuous cycles involving the adoption of acceptance and resolution approaches. As a result, salient tensions are experienced dynamically through the process of framing transformations. While paradoxical tensions may initially be recognized as dilemmas or trade-offs, subsequent acknowledgment and acceptance of the absence of an optimal choice between competing tensions inherent in paradoxical framing facilitate the development of paradoxical thinking. This, in turn, enables framing tensions as both/and possibilities.

We argue that the initial categorization of tensions through framing as either/or or both/and alternatives influence their subsequent experiences. A salient tension initially categorized as either/or has the potential to transform naturally into a paradoxical management approach without intervention. However, intriguingly, some tensions in our empirical investigation initially experienced both/and can evolve into trade-offs and dilemmas. These findings reinforce the importance of the experiencing tensions phase as an intermediary and relevant stage between tensions salience and management, deserving further investigations to explain how this cross-effect relationship occurs. For example, chemical limitations and strategic considerations may impose constraints on the manifestation of paradoxical tensions that are initially experienced as both/and. These limitations can restrict the ability to manage such tensions paradoxically, despite their holistic recognition. Company 16 offers two examples of new product developments that illustrate this issue. Their development was conceived to
experience salient tensions for performing as both/and dimensions (i.e., economic, social, and
environmental elements simultaneously). However, despite their shared objective, each example
yielded distinct outcomes that influenced the subsequent experience of tensions, creating a
feedback loop within the process, as stated in the interview.

“One, everything worked well, and one, not everything worked well. So, we
launched our ___ product platform and our commercial space earlier this
year. And it is; it’s won the innovation awards for recyclability and whatever.
It is meant to be a product that is 100% PET. It’s about 50% recycled content,
and then we can wholly recycle that product at the end of life. So, we have a
really good stance with this particular product. It’s meant to perform much
better than other products without sacrificing costs or any other social and
environmental element (human health, carbon, water, etc.). So, we’re really
excited about how we managed to develop this product. So, that is
fantastic.”(Company 16, interview)

Moreover, following the same both-and framing to develop another product, the
resolution strategy could not balance all elements together yet.

“Another example is a lot of our customers do not like PVC. And so, when you
start talking about what is really available in the ____ space today, like, the
vast majority of it is… It is almost all PVC based. So, we continue to look for
more and more and more opportunities where we can create products that are
similar but do not use PVC as the main ingredient or in the product at all. We
ideally would like to develop a product, multiple products, rather than not. So,
we do have some things that are in the works there. We do have a bio-based polyurethane that we utilize in the market, but it is costlier. So, trying to find those PVC-free solutions that, you know, are comparable price-wise is hard. So, you have to navigate that. So, one of the things we wanted to launch last year is it’s a PMGO-based product. So, it’s not got PVC in it, which is great, but it contains melamine. And so, we knew, because we keep, you know, our ear to the ground, that melamine is in everything today, right? You’ve got dishes made out of melamine. Melamine is in everything. It’s on, you know, furniture surfaces for, it’s really everywhere. But, in Europe, they decided that it was, likely, potentially a carcinogen, so it got bumped up into, you know, a CMR space. And so, we really push back on our product development team that “hey, we see this on the horizon, like, it’s not looking good, and we don’t know. Hey, this is the right thing to do from a material health perspective, avoid melamine”. (Company 16, interview)

Within the context of an MNE actively engaged in the holistic experience of tensions as both/and the presented examples reveal a trade-off faced in the product development process, specifically regarding the priority of material health. This trade-off poses a decision-making challenge for the MNE, as it necessitates balancing competing objectives. Similarly, in the cases of Companies 1, 5, and 11, which are also actively engaged in the holistic experience of tensions, financial constraints have led to the postponement of managing certain salient tensions.

16 PMGO refers to a ternary graft product of silsesquioxane, graphene oxide and 9,10-dihydro-9-oxa-10-phosphophenanthrene-10-oxide. More information’s see https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9088261/
In summary, we posit that a comprehensive and dynamic conceptual framework comprising three phases is essential to understand the (i) sources of salient tensions, how MNEs (ii) experience, and (iii) manage paradoxical tensions within MNEs. The proposed conceptual framework is not linear or singular since tensions can emerge from multiple sources and are influenced by the diverse demands faced by MNEs. It is also not static because the salience, experience, and management of tensions that emerge from performing as a responsible global business is dynamic. Additionally, it is noteworthy that these tensions can be experienced by any actor involved in MNEs operations at any stage of the strategic process, contingent upon their specific roles and responsibilities.

**Conclusion**

Multinational enterprises (MNEs) operate in diverse contexts across national borders, managing large industrial units and production infrastructures worldwide and interacting with target market governments, consumers, and other enterprises. MNEs are and will continue to be a major influence in the larger economic, social, and political contexts. Scholars acknowledge MNEs as possessing the essential resources, tangible and intangible, to contribute to humanity’s great challenges. Yet, there is limited knowledge on MNEs dealing with the competing and conflicting demands emerging from business and societal objectives.

Adopting a paradoxical perspective, moving beyond oversimplified and polarized notions of contradictions, we recognize the complexity, diversity, and ambiguity within MNEs. Based on our inductive analysis, which involved conducting in-depth qualitative interviews with c-suite executives, directors, and managers representing sixteen MNEs across diverse industries, ownership profiles, and home- and host countries, we uncovered that: (i) MNEs salient tensions emerges from inter- and intra-organizational sources; (ii) not all salient tensions are experienced
and framed; (iii) leaders and managers navigate between framings and managerial perspectives in a non-linear manner; (iv) MNEs accounts for different degrees within performing as a responsible global business having effects on tensions salience, experiencing and management.

Supported by our findings, we proposed an expansion of Smith & Lewis’ (2011) dynamic equilibrium integrative model by expanding the sources of salient tensions, adding an intermediate phase in which some paradoxical tensions are experienced while others are not, and enhancing our knowledge of how paradoxical tensions experiences and managing iterate through feedback loops.

Our study has implications for theory and practice. First, we empirically demonstrate MNEs’ salience, experience, and management of paradoxical tensions in performing as a responsible global business. We integrated MNEs of various profiles (size, ownership, and origins). Our almost 21 hours of interviews supported by secondary data provided several empirical examples of MNEs’ challenges in adopting and implementing responsible global initiatives across all geographies they operate. Comparing the cases informed that not all business and societal paradoxical demands are experienced or managed challenging current assertions. These findings give insights to future scholars to explore deeper how leaders and managers experience paradoxical tensions and identify which are associated explicitly with paradoxical tensions or not. We observed the existence of distinctions, but our results cannot be generalized. Thus, we encourage scholars to avoid generalized assumptions about what practitioners consider paradoxical or not. Furthermore, scholars could explore the relationship between MNEs’ view of responsible global business and how this categorization impacts tensions salience, experience, and management. For example, based on sustainability reporting, Landrum and Ohowski (2018) proposed a sustainability spectrum framework that categorizes
organizations into five stages based on their micro- and macro-level discourses, ranging from compliance (very weak) to co-evolutionary (very strong) positioning. We believe that the degree of MNEs’ maturity is somewhat associated with their levels of engagement, thus, impacting how paradoxical tensions are experienced and managed.

Second, our study empirically tested the existing dynamic model in integrating paradoxical tensions. Even though our departure point was the three-stage dynamic model (Smith & Lewis, 2011) comprised of (i) how tensions become salient; (ii) how management strategies enable reinforcing cycles; and (iii) the outcomes of managing paradoxically, in our research protocol, we focused on the first and second stages since observing outcomes of paradoxical management requires more close observation and longitudinal data. The inductive analysis surprisingly revealed distinct patterns across tensions salience and experiences, leading to further investigation into this process that allowed us to uncover an intermediary phase between tensions salience and management that were not commonly explored in the current literature. Smith’s (2014) dynamic decision-making model indicates experiencing tensions as a stage toward decision-making. However, the study description fails to delineate the relationship between tension salience and experience. The findings indicate that we are far from reaching a consensus on the processes entailed by organizations, especially complex and multidimensional contexts such as the MNEs. We encourage scholars to advance our empirical result by considering MNEs’ paradoxical tensions in reaching the competing and conflicting demands associated with business and societal issues. Practitioners are struggling to understand what performing as a responsible global business entails. There is a varied understanding of what it means while they are juggling experiencing and managing it, considering the MNEs’ global complexity. Even though we provide some insights into the global dimension and the associated
manifested tensions, we cannot explore global and local tensions further. Our sample was divided between seven professionals from headquarters (United States and Sweden) and nine from subsidiaries (Brazil and Bulgaria) within different MNEs. We explored in our semi-structured interviews their experiences in navigating global versus local policies developments and implementation. Nevertheless, we encourage scholars to explore further global paradoxical tensions. International business literature has been emphasizing a polarized investigation between global and local strategies and management. Furthermore, few studies explore paradoxical tensions in business and societal competing demands (Acquier et al., 2018).

We also encourage scholars engaging in MNEs’ studies to explore their engagement and implementation of responsible global business initiatives (Burritt et al., 2020; Doh et al., 2023; Luo et al., 2020) despite all the challenges that COVID-19 brought to everyone’s lives using online platforms for interviews proved to be a valuable solution to engage with professionals around the world in various time-zones. Moreover, these professionals are facing increasing pressures to contribute to society’s grand challenges. Thus, they are willing to share their experiences and learn from academics. Several interviewees were grateful for the challenging questions and the time to reflect on them.

Finally, our study reveals that are vast opportunities for us as academics to support MNEs in their quest to contribute to a positive impact. We did not explore the positive impact in our interviews and analysis, although some MNEs mentioned it. MNEs are increasingly recognizing their power to support and ensure humanity’s future. In our increasingly complex, plural, scarce, and constantly changing world, paradoxical tensions will continue to emerge, challenging prevalent paradigms. Moreover, so far, MNEs’ contributions have been limited. Our ideas
contribute to existing research and invite future research on business and society’s issues within MNEs and international contexts.
# APPENDIX

## Appendix 1

Table 12 - Codes to Be Used on the Classification Table

<table>
<thead>
<tr>
<th>Variable</th>
<th>Name</th>
<th>Description</th>
<th>Possible Values</th>
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<tr>
<td>1.</td>
<td>Author(s)</td>
<td>It refers to Authors’ names using APA.</td>
<td>N/A 18</td>
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<td>2.</td>
<td>Title</td>
<td>It refers to the article’s title.</td>
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<td>3.</td>
<td>Abstract</td>
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<td>4.</td>
<td>AKW</td>
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</tr>
<tr>
<td>5.</td>
<td>Year</td>
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<tr>
<td>6.</td>
<td>Source</td>
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</tr>
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<td>7.</td>
<td>Volume</td>
<td>It refers to the volume of the source in which the article was published.</td>
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<td>Issue</td>
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<td>9.</td>
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<tr>
<td>10.</td>
<td>Global Citation</td>
<td>It refers to the number of the article’s overall citations.</td>
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</tr>
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<td>11.</td>
<td>Research Focus</td>
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</tr>
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<td>12.</td>
<td>Type of Inquire</td>
<td>What is the representation of the paradox?</td>
<td>1- Tensions</td>
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<td></td>
<td></td>
<td></td>
<td>2- Trade-off</td>
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<td></td>
<td></td>
<td></td>
<td>3- Dilemma</td>
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<td></td>
<td></td>
<td></td>
<td>4- Paradox</td>
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<td></td>
<td></td>
<td></td>
<td>5- Nexus</td>
</tr>
<tr>
<td>13.</td>
<td>Elements of the Inquire</td>
<td>It refers to the elements under exploration relating to the tensions, trade-offs, dilemmas, and paradox</td>
<td>N/A.</td>
</tr>
<tr>
<td>14.</td>
<td>Responsible Global Business</td>
<td>What is the framework that represents RGB, according to Schwartz &amp; Carroll (2008)? It also comprises other elements like gender and race inequality and other elements introduced by the SDGs</td>
<td>1- corporate social responsibility business ethics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2- stakeholder management</td>
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<td></td>
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<td></td>
<td>3- sustainability</td>
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<td></td>
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<td></td>
<td>5- corporate citizenship</td>
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<td></td>
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<td>6- Gender Inequality</td>
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<td>7- Poverty</td>
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<td></td>
<td></td>
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<td>8- Climate change</td>
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<td></td>
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<td>9- SDG</td>
</tr>
</tbody>
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17 Adapted from Edmonson & Mcmanus (2007).
18 N/A means not applicable, referring to the lack of sense in providing this information due to several factors.
|   | Event association | Is the topic explored associated with a particular event? | 1 – Yes  
2 - No |
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<td>15.</td>
<td>Event association detail</td>
<td>It refers to which event(s) is associated</td>
<td>N/A</td>
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</table>
| 16. | Theory | What is the theoretical approach adopted? | 1- Shareholder theory  
2- Stakeholder theory  
3- Contingency theory  
4- Paradox Theory  
5- Dynamic Capabilities  
6- Resource-based View  
7- Knowledge-based view  
8- RBV + DC  
9- Complexity theory  
10- Institutional Theory  
11- Organizational Learning |
| 17. | Theoretical Perspective of the Relationship between Economic, Social & Environmental | It refers to the theoretical perspective adopted to explore the relationship between Economic, Social & Environmental. | 1. Business Frame (Friedman, 1970)  
2. Corporate Responsibility (ignores the social and environmental aspects of corporations’ operations)  
3. Win-Win (both economic and social missions are attainable at the same time (Van der Byl &Slawinski, 2015)  
4. Paradox Perspective – Paradox Theory (Smith & Lewis, 2011) |
| 18. | Methodology | What is the methodological approach? | 1- Qualitative  
2- Quantitative  
3- Both |
| 19. | Type of the research | What is the type of research? | 1- Conceptual/theoretical  
2- Empirical  
3- Both |
| 20. | Context of Analysis | If the study is about local or global contexts. | 1- Local  
2- Global  
3- Local and Global  
4- Regional  
5 - Supra-regional / Economic Blocs  
6 - NA |
| 21. | Unit of Analysis | It indicates the level of analysis adopted in the article. | 1- individual  
2- team  
3- managerial  
4- firm  
5- industry  
6- country |
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<th>Industry</th>
<th>It refers to the industry analyzed by the article</th>
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</table>
| 24. | Country/ies | If it is a mono-country or multi-country | 1- mono-country  
                  2- multi-countries |
| 25. | Country names | It lists the name of the country(ies). | N/A |
| 26. | Comments | It serves to make comments and critiques, suggesting the application in our research. |   |
REFERENCES


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Finding their own authentic true, society’s expectations and investors’ demands. A consensus has emerged in, important for the corporate world.


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