

The Past and Going Forward: Some Thoughts on International Business and Sustainability

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Gary Knight: Background



- Five years of industry experience as manager and executive in international business
- MBA, University of Washington, 1993
- Ph.D., Michigan State University, 1997
- 30+ years teaching undergraduate, MBA, and PhD courses, mainly in international business
- Creator and leader at two universities of 10+ study abroad programs in Asia, Europe, and Latin America

A Few Highlights, cont'd

- Research focus: international entrepreneurship, born global firms, and international marketing
- Articles in scholarly journals, including JIBS, JWB, IBR, JAMS, JBV, ETP, and others
- Decade Award, 2014, Journal of International Business Studies, for 2004 article on born global firms (with S. Tamer Cavusgil)
- Several books on international business, including Cavusgil, Knight and Riesenberger, *International Business: The New Realities*

A Few Highlights, cont'd

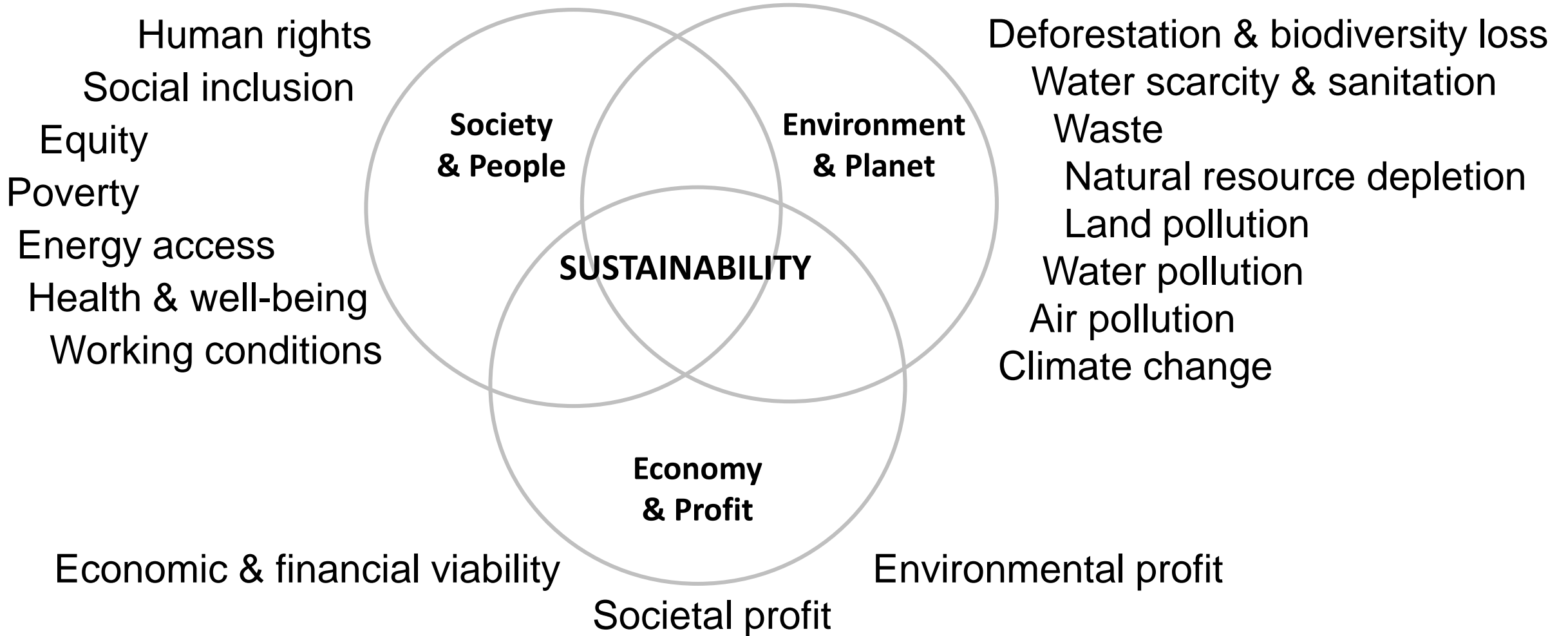
- President, Association of Japanese Business Studies, 2013-15
- Fellow, Academy of International Business (AIB), since 2019
- Previously served as Vice President of the Academy of International Business (AIB) and Chapter Chair of the AIB U.S. West chapter
- Elected President of the AIB in 2023

Sustainability



- Meeting humanity's needs today without harming the ability of future generations to meet their needs
- Related to *Corporate Social Performance* — principles, practices, and outcomes of company relationships with people, organizations, institutions, communities, societies, and the earth, as deliberate actions directed to stakeholders and the unintended externalities of business activity (Wood, 1994)
- Triple bottom line approach: Economic, environmental, and social

Sustainability, cont'd



Sustainability is Complex



- The nature and salience of sustainability initiatives vary, due to the diversity of industries and locations
- Factors that affect the ability to launch successful sustainability initiatives:
 - Home and host country environments
 - External and internal stakeholders
 - Organizational environment
 - Organizational resources and capabilities
 - Organizational postures and strategies
- Launching sustainability initiatives is an *innovative* and *entrepreneurial* act

International Intrapreneurship and International Entrepreneurship

- *International intrapreneurship* is associated with large and well-resourced MNEs that undertake new entrepreneurial ventures
- *International entrepreneurship* is associated with new venture firms, including small and medium-sized enterprises (SMEs), that undertake proactive and innovative internationalization
- SMEs that undertake early, substantial internationalization are often termed ‘born global firms’ or ‘international new ventures’ (INVs)
- Research findings on international entrepreneurship holds many implications for international intrapreneurship

International Entrepreneurship

- International entrepreneurship in SMEs is especially interesting because:
 - International SMEs are far more numerous than large MNEs. International SMEs collectively have a huge impact. However, research on international SMEs and sustainability is very limited.
 - Large MNEs possess substantial resources and capabilities through which they can launch and manage entrepreneurial initiatives
 - International SMEs face various **liabilities**:
 - *Small size* (which implies limited resources and limited power);
 - *Externalization of value chain activities* (which implies lesser ability to monitor and control the behavior of value chain partners); and
 - *Foreignness* (the complexity of international value-chain activities)

International Entrepreneurship, cont'd

- Due mainly to these liabilities, SMEs are relatively disadvantaged both in international business and the ability to develop and maintain sustainable operations. However,
- Having an *international entrepreneurial orientation* — being internationally innovative and proactive — can support SMEs to undertake sustainability in international activities
- SMEs are often more agile, flexible, and adaptable. They can more easily implant an organizational culture that supports sustainability.
- International SMEs can embrace *innovation* and *technology* to launch and maintain sustainability initiatives

Emergent, Innovative Technologies

- Videotelephony
 - 5G digital cellular networks
 - Artificial intelligence (AI)
 - Robotics
 - Additive Manufacturing (AM)
 - The Internet of Things (IoT)
 - Digital platforms
 - Big data platforms and analytics
 - Blockchain
- Sometimes called 'Industry 4.0' or the 'Fourth Industrial Revolution'
 - Innovative technologies support SMEs through their ability to facilitate the efficient and cost-effective realization of sustainability initiatives, overcoming the liabilities of small size, externalization of value chain activities, and foreignness.

Videotelephony

- Zoom, Teams, and other videotelephony platforms facilitate long-distance meetings, improve global communications, and reduce the need for travel
- Videotelephony's wide adoption during Covid-19 suggests that individuals and firms can rapidly adopt novel technologies that lessen the impact of crises and other urgent circumstances
- SMEs can use videotelephony to:
 - reduce energy usage, waste, and pollution,
 - increase productivity, social inclusion, and diversity, and
 - increase access to healthcare and education.

Artificial Intelligence (AI)

- AI can perform activities ranging from simple to complex, often combined with algorithms to complete a wide range of tasks
- Can manage supply chains, optimize manufacturing processes, and undertake complex managerial decision-making
- SMEs can use AI to:
 - help minimize waste
 - conserve energy
 - optimize sourcing and distribution
 - rationalize company operations, thereby saving energy, reducing pollution, and eliminating hazardous working conditions for people

Robotics



- Robots can perform various tasks with great efficiency and effectiveness, including hard labor and onerous tasks ordinarily performed by humans
- Robots can work continuously, and do not require lighting, heating, or cooling
- Robots minimize production errors and can reduce production costs
- SMEs can use robots to:
 - increase the safety of work environments
 - relieve humans from performing hard labor and onerous jobs
 - save energy
 - reduce waste
 - free scarce resources to support sustainability goals

Additive Manufacturing (AM)

- Also known as 3D printing, the use of AM is growing rapidly and has been adopted in most industries
- Allows goods to be produced at minimal cost at or near the user's location
- Can increase the efficiency and effectiveness of goods production
- SMEs can use AM to:
 - reduce the burden of certain types of manufacturing processes
 - reduce waste
 - reduce the use of various natural resources
 - reduce the need for long-distance transportation and physical supply chains, thereby saving energy
 - save resources that can be applied to support sustainability

Internet of Things (IoT)

- Refers to devices and software that connect and exchange data with other devices and systems
- Provides efficiencies in the flow of goods by tracking shipments, and controlling and coordinating transportation systems
- Firms can use IoT to monitor and control machines, equipment, and objects, anywhere in the world, at low cost
- SMEs can use IoT to:
 - optimize resource and energy usage
 - reduce waste and pollution
 - improve working conditions
 - reduce the costs of transportation and logistics, and time in transit
 - save resources that can be applied to support sustainability

Digital Platforms



- Enable highly efficient transactions among users — e.g., Amazon, Ebay, Airbnb, Uber, Kiva, Mooch — especially sellers and buyers and those who ‘share’ goods
- Enable information search and matchmaking, and generate direct and indirect network economies by connecting diverse actors to central platforms
- SMEs can use digital platforms to:
 - increase access to goods and services, including healthcare
 - help reduce poverty by reducing the cost of consumption
 - reduce energy usage and waste by eliminating the need for brick-and-mortar stores

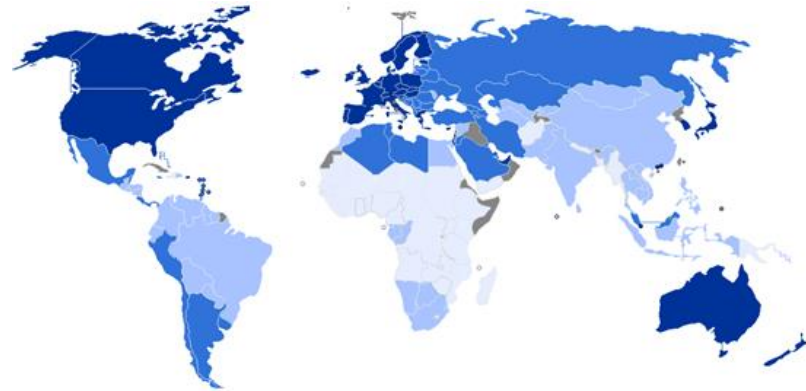
Blockchain



- A decentralized, consensus-based, continuously appended, immutable, and fully secure digital ledger
- Firms use blockchain to enable ‘smart contracts’, eliminate intermediaries, optimize inventory quantities, facilitate traceability of inputs, and track sourcing with maximal accuracy
- SMEs can use blockchain to:
 - optimize the handling, movement, and storage of goods
 - reduce energy usage
 - minimize corruption in international transactions

General Implications of Industry 4.0 Technologies

- Costs of transmitting data and information worldwide, and of transacting with customers and value-chain partners, are basically zero
- Global production and international trade are more efficient
- Better control over value chains, including supply chains and distribution channels
- Increased productivity
- Greater ability to innovate



Recommendations for SMEs



- Embrace technologies that enhance the capacity to innovate, and develop and maintain sustainable operations
- Make Industry 4.0 technologies central to organizational architecture, strategy development, and processes
- Leverage videotelephony, AI, IoT, digital platforms and other technologies to improve the efficiency and effectiveness of sustainability activities
- Become more agile and entrepreneurial to manage and leverage technological breakthroughs, information, and data, to support sustainability initiatives
- Emphasize processes, stakeholders, outcomes, and measurement

Literature Review on CSR and CSP in IB, since 2012



- Examined 19 academic journals in IB, CSR, and CSP. Performed a content analysis on 46 articles.
- Most research has been opportunistic rather than programmatic.
- Has tended to neglect the development or application of consistent, uniform conceptualizations of key constructs
- Much fragmentation in the literature, with limited implications for managers
- Emphasized confirmatory research approaches, via quantitative data, and most often secondary data.

Source: Elizabeth Napier, Gary Knight, Yadong Luo, and Andrew Delios (2023), "Corporate Social Performance in International Business," *Journal of International Business Studies*, 54: 61-77

Agenda for Better Research

- Emphasize more systematic and programmatic research
- Emphasize better formulated and integrated theoretical frameworks to develop explanations, propositions and hypotheses, in both theoretical and empirical works
- Employ more *exploratory (qualitative) research* approaches to identify constructs, relationships, and generally deepen understanding of relevant phenomena, consistent with early-stage research
- Better emphasis on *measurement quality and validity of findings*
- Identify *resources, capabilities, and strategies* at the national, industry, and firm levels that support sustainability

Research Agenda, cont'd

- Examine the various ways that SMEs can utilize innovative *technologies* to launch and maintain sustainability initiatives
- Examine sustainability and sustainable operations in *less-developed economies*, which are characterized by lesser resources and variable institutional environments
- Investigate the role of *public policy* in sustainability in international firms
- Investigate how business research findings can benefit *social enterprises* and *non-governmental organizations (NGOs)*
- More focus on research that informs managers on how to develop, measure, and implement CSR, CSP, and sustainability

Relevant Theoretical Perspectives for Research



- Institutional Theory
- Organizational Identity Theory
- Resource-Based View
- (Dynamic) Capabilities View
- Organizational Learning View
- Social Capital Theory
- Technology Acceptance Model
- Technology Innovation Perspectives
- Diffusion of Innovation
- Strategic Choice Theory
- Entrepreneurship Perspectives
- International Entrepreneurship View
- Integration-Responsiveness Paradigm
- Triple Helix Model (university-industry-government partnerships)

Journal of International Business Studies

Recently-Added Criteria for Assessing Paper Submissions

Societal Relevance:

The ideas and findings of this study have the potential to inform practice and multinational firm strategies for international business. The ideas can potentially advance or contribute to the betterment of societies, locally or globally, through influencing or enabling positive IB practices

<input type="radio"/> Not applicable	<input type="radio"/> Very poor	<input type="radio"/> Poor	<input type="radio"/> Below average	<input type="radio"/> Average	<input type="radio"/> Above average	<input type="radio"/> Excellent	<input type="radio"/> Outstanding
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Importance of Topic to Betterment of Society:

Is the subject matter or research question under consideration of a timely and topical nature that merits research attention in today's international business environment? Does the paper address important issues and problems in society that are particularly relevant for international business?

<input type="radio"/> Not applicable	<input type="radio"/> Very poor	<input type="radio"/> Poor	<input type="radio"/> Below average	<input type="radio"/> Average	<input type="radio"/> Above average	<input type="radio"/> Excellent	<input type="radio"/> Outstanding
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Thank you!

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