



Journal of World Business

Special Issue Call for Papers

INTERNATIONAL BUSINESS UNDER SANCTIONS¹

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Background

This Special Issue deals with an increasingly important yet so far understudied phenomenon in the IB literature: international business under sanctions. Sanctions have been important instruments of foreign policy for decades (Selden, 1999). Today, “sanctions have become a central tool of foreign policy” (The Economist, 2021) and “one of the most favored tools for governments to respond to foreign policy challenges” (Council on Foreign Relations, 2019). Although “the use of financial or trade pressures to achieve political ends is likely as old as trade itself” (Coates, 2020) and threats and promises designed to achieve a wide range of foreign policy goals were a commonplace in the Cold War (Schelling, 1960), the scale, scope, and frequency with which sanctions are imposed nowadays in international relations are unprecedented.

Recently, sanctions on Russia in the context of the military conflict in Ukraine have accelerated attention to sanctions. However, sanctions appear in multifaceted forms and between a variety of different countries. Earlier sanctions include EU sanctions on Belarus due to the forced landing of and flight in Belarus, the threat of sanctions by the US on businesses associated with the Nord Stream pipeline from Russia to Germany, sanctions on businesses related to the military in Myanmar due to the military coup in February 2021, US sanctions on Russia due alleged cyberattacks during the US elections, US sanctions on Huawei for breaking U.S. sanctions against Iran, US sanctions on cotton imports from Xinjiang province of China due to alleged human right violations along with countersanctions by the Chinese authorities against firms taking a stand on the issue, Chinese sanctions on Australia for its position on investigating the origins of the COVID-19 virus, and Indian sanctions on Chinese apps due to alleged national security concerns. The recent rise in geopolitical tensions suggests that sanctions are emerging as a major concern to businesses operating internationally (Allison, 2017; Li, Shapiro, Peng, & Ufimtseva, 2022; Meyer & Li, 2022; Witt, 2019; Witte, Burger & Pennings, 2020).

Sanctions can be defined as *nonmilitary coercive measures imposed by a country or a group of countries against another country, organization, or individuals* (Meyer, Fang, Panibratov, Peng, & Gaur 2022). They ultimately aim to achieve political objectives with respect to another country by disrupting bilateral business

¹ Please refer to the perspective paper (Meyer et al., 2022) in which the special issue editors have further flushed out these ideas.

transactions. Thus, they may be viewed as instruments of coercive diplomacy used by a sanctioning country in view of a conflict or war (Felbermayr et al., 2021). Sanctions are “the foreign policy instrument commonly used by the twenty-first century West to signal disapproval of countries breaking international law” (Oxenstierna & Olsson, 2015: 9) and to achieve what diplomacy and military intervention cannot accomplish (The Economist, 2021). Sanctions usually lead to the withdrawal of the sanction-target country from the customary trade and financial relations between that country and the sanction-imposing country for foreign policy purposes (Council on Foreign Relations, 2019). While sanctions normally target political actors, their immediate impact is on businesses engaged in cross-border transactions such as trade, investment, and knowledge transfers, and their ultimate impact is on stakeholders of international businesses such as consumers, employees, officials, and community members.

Sanction regimes range from comprehensive technological, economic, and trade sanctions to more targeted measures such as travel bans, digital platform blocking, and arms embargoes. Their targets vary: (1) Political entities such as governments, parliaments, and their respective members; (2) Specific individuals or groups of people associated with a government; (3) Specific firms deemed close to key political decision makers; (4) Selected sectors or industries; or (5) Comprehensive sanctions against all economic transactions with a particular country with very limited exceptions (such as US sanctions on Cuba, Iran, and North Korea).

Recent scholarly studies have focused on sanctions related to Russia since 2014 (Abramova & Garanina, 2018; Gaur, Settles, & Väättänen, 2022; Oxenstierna & Olsson, 2015). However, the phenomenon is much broader as reflected in studies in many other contexts (Askari, Forrer, Teegen, & Yang, 2003; Meyer & Thein, 2014; Becker, 1987). Sanctions primarily impact firms in the sanctioning country engaged in business with the sanctioned country, and firms in the sanctioned countries engaged in international activities or acting as local partners to foreign investors. However, firms in a third country also may experience substantive impact, either in form of opportunities arising from the withdrawal of competitors, or from extraterritorial effects of sanctions, namely *secondary sanctions*, on firms engaged in activity in/with both the sanctioned and the sanctioning country (Barry & Kleinberg, 2015).

There are many challenges in analyzing the effects of sanctions at the firm level. For example, we lack reliable firm level data to analyze the effect of sanctions, and when such data is available, it is difficult to isolate the effect of sanctions in the presence of many other factors that impact firm level outcomes. To explain the impact of sanctions on businesses and the reactions of businesses, it is important to look at the sanctions’ evolution, types, properties, and mechanisms throughout their history. New geopolitical realities create new demand on the analysis at the level of organizations. In their pioneering research on international sanctions against Myanmar, Meyer and Thein (2014: 157) observe that “to date no studies explored the reactions of firms on a more micro-level using the theoretical perspectives of international business research.” This observation still largely holds true to date. Moreover, as sanctions have expanded from general economic sanctions to multifaceted sanctions against precisely targeted individuals, organizations, and sectors (Ahn & Ludema, 2017; Gaur et al., 2022), the effects of sanctions require more nuanced analysis in all IB-related areas—thus necessitating our Special Issue.

From an institution-based view, sanctions represent some fundamental changes to the rules of the game in IB (Peng, Wang, & Jiang, 2008). Sanctions are a nonmarket factor (Boddeyn, 2003) related to identity politics that aim to affect firms’ international development (Zhu & Sardana, 2020). As an IB-related phenomenon, sanctions have been investigated with the idea of “smart sanctions” (Gaur et al., 2022; Mirkina, 2018), the role of government for sanctioned economy (Gibson, 1999), and the effect of the sanctions for specific countries, with Russia being the most recent illustration (Abramova et al., 2018; Panibratov & Gaur, 2018).

If trade (and IB broadly) is win-win, sanctions, by definition, are lose-lose. Companies operating in sanctioned environments must develop skills to mitigate the effects of sanctions. The understanding of the impact of sanctions on different types of companies, domestic and international, can shed considerable light on how companies need to react to sanctions and how they can leverage their international presence.

Topics and scope

The focus of this Special Issue is on businesses affected by, and responding to, sanctions. These businesses may be based in the sanctioning country, the sanctioned country, or third countries affected directly or indirectly. Theoretical and/or empirical papers may address but are not limited to the following broad research questions that examine the dynamic relationships between sanctions and various IB topics:

1. How do big powers' geopolitical wrestling in international relations impact business, management and organizations?
2. How do sanctions affect internationalization processes of firms from the sanction and sanctioned country?
3. How do sanctions affect the ecosystems, structures and operational processes of global value chain (GVC)?
4. How do sanctions related to knowledge transfer affect innovation in the sanctioned country?.
5. How do sanctions impact the HRM policies of multinationals?
6. How do sanctions influence corporate sustainability and social responsibility practices?
7. How do MNEs handle conflicting demands from home-country and host-country stakeholders when sanctions disrupt their business model?
8. How do sanctions affect firms operating internationally using digital business models?
9. How do sanctions interact with aspect of national culture, such as the attitude towards foreign companies and brands?
10. How do sanctions interact with informal economy and shadow trade in the sanctioned country?

How can we orient and develop IB research on sanctions? Can Meyer and Thein's (2014) "low profile strategy" framework derived from their study of the international sanctions against Myanmar be applied to today's situation such as Swedish H&M's decision-making concerning cotton purchase from Xinjiang, China? How can firms develop novel organizational forms that would allow them to develop business sustainably in the emerging bifurcated business world? Chipman (2016) calls for "corporate foreign policy" to be introduced at the firm level instead of passively waiting for or relying on actions and reactions at the state level. Li et al. (2022) advocate "corporate diplomacy" and Doh, et al. (2022) "international business diplomacy." Do firms in cross-border business need their own corporate foreign policy? If yes, why and how?

Endeavoring to attract high-quality submissions that focus on the timely and important topics of sanctions, we encourage submissions from a wide range of theoretical and/or empirical perspectives or themes. Contributions to the Special Issue are expected to inform academy and policy making. For theory, it is important to suggest how to explain the effects of sanctions at the country-, government-, and organization-level, which may help to further integrate and articulate the economic and political perspectives within IB. For practice, contributions may provide advice on companies on how to build capabilities to overcome sanctions and remain competitive under adverse conditions (Aguinis et al., 2022).

Deadline, submission process, and workshop

Between February 1 and February 15, 2023, authors should submit their manuscripts online via the Journal of World Business submission system. To ensure that all manuscripts are correctly identified for consideration for this Special Issue, it is important that authors select 'VSI: Sanctions' when they reach the "Article Type" step in the submission process. All submitted manuscripts will be subject to the Journal of World Business's double-blind review process.

To help authors develop and improve their papers, we plan to organize a sponsored workshop as part of the 9th EMIC conference in May 2024 in Stockholm, Sweden. For more information about this Call for Papers, please contact the Special Issue Editors Mike W. Peng (mikepeng@utdallas.edu), Klaus E. Meyer (kmeyer@ivey.ca), Andrei Panibratov (panibratov@gsom.spbu.ru), Tony Fang (tony.fang@sbs.su.se), and Ajai Gaur (ajai@business.rutgers.edu).

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Special Issue Guest Editors' Bios

Mike W. Peng (PhD, University of Washington) is the Jindal Chair Professor of Global Strategy and Executive Director of the Center for Global Business at the University of Texas at Dallas, USA. With over 160 journal articles, five books, and over 50,000 Google citations, he is widely regarded as one of the most prolific and most influential scholars in global business and strategy. His textbooks—*Global Strategy*, *Global Business*, and *Global*—are used in over 50 countries, and are available in Chinese, Portuguese, and Spanish. His 2005 article in the *Journal of International Business Studies* (JIBS) (with K. Meyer) won a JIBS Decade Award in 2015. His 2008 JIBS article (with D. Wang and Y. Jiang) is the top-seven most-cited article in the history of JIBS. He has been a Fellow of the Academy of International Business and Asia Academy of Management since 2019. At JWB, Peng served as a Consulting Editor (2016–2017), Senior Editor (2013–2015), and Editorial Review Board Member (2006–2012). He was Supervising Editor for a JWB Special Issue on “Multinationals, Sustainability, and Extractive Industries” (2018).

Klaus E. Meyer (PhD, London Business School) is Professor of International Business at Ivey Business School, Canada, and a leading scholar in the field of international business conducting research on the strategies of multinational enterprises (MNEs) in emerging economies, especially Eastern Europe and East Asia. A central theme of his research is the influence of local contexts on the strategies and operations of MNEs operating in emerging economies. Recent work is investigating the strategies of MNEs originating from emerging economies, in particular China, and how their origins shape their international growth strategies. He has published over 80 articles in leading scholarly journals, in particular in *Journal of International Business Studies* (JIBS), *Strategic Management Journal* (SMJ) and *Journal of Management Studies* (JMS). He has published nine books, including the textbook *International Business* (with M. Peng, published by Cengage, 3rd ed., 2019). He has been serving as JIBS's Area Editor from 2016 to 2022. In 2012–2014, he was Vice President of the AIB and chaired the 2014 AIB conference in Vancouver, Canada.

Andrei Panibratov (Doctor of Science, Moscow State University of Management) is Professor in the Graduate School of Management and Director of the Center of Russian MNEs and Global Business at St. Petersburg State University, Russia. His research and teaching concentrate on the internationalization, legitimacy, and liability of foreignness of emerging market firms, state ownership and political capital, and competitive advantages of Russian MNEs. He is the first National Representative of Russia and the Board Member of the European International Business Academy. He serves as an expert of the Russian Academy of Sciences and of the Ministry of Education and Sciences of Russia, and on editorial and review boards of a number of Russian and international journals. He is the author of the books *Russian Multinationals: From Regional Supremacy to Global Lead* (Routledge, 2012) and *International Strategy of Emerging Market Firms: Absorbing Global Knowledge and Building Competitive Advantage* (Routledge, 2017). He has published in the *British Journal of Management* (BJM), *Journal of International Business Policy* (JIBP), *International Business Review* (IBR), and *Management and Organization Review* (MOR).

Tony Fang (PhD, Linköping University) is Professor of Business Administration, Stockholm Business School, Stockholm University, Sweden. His research interests include: culture, cross-cultural innovation and leadership, intercultural communication; international management, international business negotiation, emerging markets, and issues that require interdisciplinary examination. Fang is the author of the book *Chinese Business Negotiating Style* (Sage, 1999) and several academic articles such as “A critique of Hofstede's fifth national culture dimension” (2003, IJCCM), “From onion to ocean: Paradox and change in national cultures” (2005–2006, ISMO), “Changing Chinese values: Keeping up with paradoxes” (2008, IBR), “Yin Yang: A new perspective on culture” (2012, MOR), and “Negotiating with the Chinese: A socio-cultural analysis” (with P. Ghauri, JWB). Fang is a Senior Editor of *International Business Review* and member of the Editorial Review Board of *Journal of International Business Studies*.

Ajai Gaur (PhD, National University of Singapore) is a Professor of Strategic Management and International Business and Chair of the Department of Management and Global Business at Rutgers Business School, Newark and New Brunswick. He is a Fellow of the Academy of International Business and currently serves as the Editor-in-Chief of the *Journal of World Business* and a consulting editor at the *Journal of International Business Studies*. He served as the president of the Asia Academy of Management for two terms from 2015 to 2019. He has published more than 70 articles and a textbook – *International Management* (with Jonathan Doh and Fred Luthans, 12th Edition, McGraw Hill).