

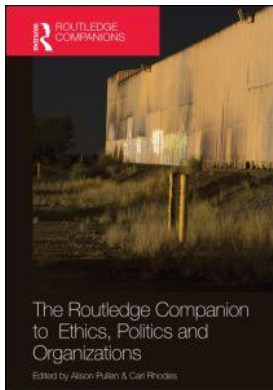
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### **'Black international business' – critical issues ethical dilemmas**

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# 'Black international business' – critical issues and ethical dilemmas

*Sharif As-Saber and George Cairns*

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We seek a climate where the global economy and open trade are growing, where democratic norms and respect for human rights are increasingly accepted and where terrorism, drug trafficking and international crime do not undermine stability and peaceful relations.

(US National Security Strategy, May 1997)

In this chapter, we explore the 'darker' faces of international business (IB). Over a decade ago, Eden and Lenway (2001) raised the need for examining both the 'bright' and the 'dark' side of globalization in order to achieve a better understanding of the concept and of its impact on IB activities. In doing this, they posited the multinational enterprise (MNE) as the 'key agent' and 'face' of globalization and discussed, primarily, the relationship between MNEs and nation-states as the central interface of its impact. Additionally, they posited that, by and large, the community of IB scholars positioned themselves at the bright end of the globalization spectrum, seeing it as essentially positive, whilst most non-governmental organizations (NGOs) and international political economy (IPE) academics set themselves at the dark end. Whilst they acknowledged their own 'bright side' tendencies, they called for a more nuanced consideration of MNEs as what they referred to as the 'Janus face' of globalization.

Here, adopting the ambivalent frame that Eden and Lenway (2001) advocated, we accept that globalization and IB activity have both beneficial and negative impacts. However, in so doing, we wish to prompt the type of critical thinking on the negative features that these authors identify as largely absent from the mainstream IB academic discourse. Taking a 'dark side' standpoint, we might assume that the human desire for power and authority, together with what some consider greed for money and resources, have been major drivers of IB activities over time (cf. Banfield, 1975; Boddewyn and Brewer, 1994).

Looking beyond the MNE/nation-state relationship, in the contemporary world of IB, we find many activities that fall outside this domain. These range from questionable sourcing of minerals in Central Africa (cf. Ayres, 2012) to criminal trade in heroin and human trafficking. Throughout history, from the slave trade of ancient times to modern-day trafficking, and from legal trade in arms to the illicit disposal of electronic waste (cf. BAN, 2005), IB has encompassed many contentious activities carried out by a wide range of legitimate, illicit and criminal

organizations. Building on concepts of the ‘black economy’ and the ‘black market’, developed to describe some of these endeavours, in this chapter we develop the concept and terminology of ‘black international business’ (‘black IB’) and we define and discuss it from an ethical–legal perspective.

Having introduced the concept of black IB and outlined the complexities of ethical–legal deliberation, we offer a taxonomy of black IB typologies which is intended to promote and support more detailed consideration of the full range of actors involved, the impacts of activity by and on them, and ethical deliberation on courses of action in response to these activities. Our framework for ethical consideration is grounded in Aristotle’s (350BC/2004) intellectual virtue of *phronēsis* – or ‘practical wisdom’. Aristotle outlines *phronēsis* as moral deliberation to inform action for the good of ‘man’ (*si*). Here, we draw upon Flyvbjerg’s (2001, 2003) contemporary social science interpretation of *phronēsis* and his four ‘value-rational’ questions for interrogating courses of action. These require explicit consideration of the interests of all involved and affected stakeholders and, specifically, of issues of power.

We hope that this chapter will both prompt and contribute to critical research, deliberation and teaching on the full range of IB activities and their impacts across both the global community of stakeholders and the environment in which they live, both now and in the future.

### **Bright and dark IB – background and emergence**

International criminal activities are nothing new. These can be traced back to the days when formal national boundaries were first drawn up with the imposition of restrictions on movements of people, capital, goods and services. In previous centuries, territorial invasions or annexations through coercive means were generally considered legitimate and legal by the state as resource-seeking activities. A new era of international business began around 1600 when the baton of such expansionist activities was handed over by the British Empire to the very first MNE, the Honourable East India Company (HEIC). During this period, the Dutch also established the Dutch East India Company (Vereenigde Oostindische Compagnie or VOC). The HEIC and VOC stand as examples of private companies that colonized vast areas of the Indian subcontinent and south-east Asia over several centuries through the force of their state-sponsored private armies (Cairns and Śliwa, 2008). The international business activities that they undertook involved, but were not limited to, what we now regard as criminal activities, such as: the slave trade; high-seas piracy; the harvesting and exchange of marijuana, opium and poppy seeds; and the acquisition and secretive trade of artefacts of cultural significance to indigenous populations. Such corporate activities, designed to gain optimum levels of profit while disregarding the consequences for individuals and the colonized countries, have continued to the present (cf. Proulx, 2011).

The industrial revolution and the subsequent advancements in transportation, information and communication technologies made cross-border transactions easier and faster, allowing illegitimate international business activities to flourish in both scale and scope. These developments made it easier for entities engaged in illicit and illegal activities to “cross borders and to expand the range and scale of their operations” (Federation of American Scientists, 2011). The advent of globalization and associated developments such as the liberalization of the global economy has made illegal international business operations far more pervasive and attractive in nature across the globe.

In the twentieth century, the *modus operandi* of IB expansion moved away from explicit territorial occupation by corporations. In recent times, resource exploitation and the search for dominance of markets for profit maximization became established as the driving forces for

international corporate entities. In this search, businesses have often become involved in dubious activities. These can take various forms, ranging from legal but questionable acts, such as tax avoidance and transfer pricing (cf. Sikka and Willmott, 2010); environmental pollution (cf. Katz, 2012) and exploitation of labour (cf. Snyder, 2010); to illegal activities including tax evasion (cf. Otusanya, 2011) and, in the worst cases, direct involvement in money laundering (cf. Maggetti, 2012). It is not unknown for companies to be involved in criminal activities such as bribing foreign government officials in exchange for undue favours (e.g. Sanyal, 2005). Also, it is recognized that states are often more than happy to sponsor criminal activities (cf. Brenner and Crescenzi, 2006) whether through state-run enterprises, private corporations and other legitimate authorities, or through engagement with illegitimate organizations, groups or individuals (cf. Marat, 2006).

International business crimes today include a wide range of acts. Often they go beyond the 'traditional' corrupt practices, e.g. bribery and tax evasion, to include internationally recognized illegal activities such as high-seas piracy (cf. Sullivan, 2010), human trafficking (cf. Todres, 2012) and money laundering (cf. Maggetti, 2012). However, they may also include activities that are not generally illegal, but that are carried out in breach of the laws of affected jurisdictions, including major forms of sports betting (cf. D'Angelo and Irwin, 2012), and trade in redundant ships for breaking (cf. Cairns, 2007). The full range of such activities involves but is not limited to: intellectual property theft, counterfeiting, and illegal trading of drugs, arms, artefacts, live endangered animals and even human blood and body parts. Additionally, we find evidence of state involvement in dubious cross-border activities such as: nuclear waste disposal, sponsored terrorism, undue influence on international business contracts, arms trade in contravention of international embargoes and illegal removal of vast amounts of soil from one nation in order to reclaim land from the sea in another (cf. As-Saber, 2011). Similarly, environmental crimes can be seen in the activities of MNEs, where their activities contribute to environmental degradation and resultant disasters while the organizations show reluctance for taking any responsibility for these acts (cf. Mutti et al., 2012). Finally, the rapid advancement and spread of electronic communication has had a major bearing on international criminal activities in recent years. Online gambling including illegal sports betting, threats and extortion, hacking and identity frauds (cf. Sproule and Archer, 2009), and transactions of illegal objects such as pornographic materials and pirated music and books represent some examples of illegal 'e-activities' affecting international business.

In an era of such widespread opportunity for organizations to engage in extreme activities, resorting to extreme violence is not uncommon for enterprises or individuals seeking to achieve their criminal international business objectives (Enderwick, 2009). In the complex IB arena, many legitimate businesses including MNEs use third parties – often under the innocuous title of 'consultants' – to pay bribes to avoid direct contact with the politicians or bureaucrats that are the recipients of illicit payments (cf. Otusanya, 2012). These third parties, in some cases government officials, take bribes in exchange for providing undue favour, including arranging legislation of policies favourable to the business service or product of the business, the winning of government tenders or facilitating tax avoidance. Transparency International recently reported on these types of arrangements, referring to the third party go-betweens as 'shell companies', while the seemingly legitimate organizations using these 'shells' are termed the 'puppet masters' (Sharman, 2012).

Despite the gravity, intensity and rapid growth of criminal international business activities as outlined above, their full scope and nature have yet to be systematically studied from an international business (IB) perspective. Some studies have been done to examine the firm's exposure to the host-country macro-environment and to risk factors such as crime and

corruption in its field of activities (cf. Wedeman, 2013). Another strand of studies has been conducted on illegal activities carried out by individual firms themselves such as tax evasion and exploitative behaviour including the use of child and bonded labour (cf. Giri, 2012). More recently, there has been a greater focus on transnational criminal enterprises and their strategy and structure (Enderwick, 2009) and on the need for legitimate MNEs to be made more accountable (de Jonge, 2011). Nonetheless, studies of such non-mainstream IB activities remain sporadic in nature and they do not provide any comprehensive explanation or tools to understand and analyse these widespread and rapidly growing illegal international business activities.

### **Black IB – some illustrative examples**

There is a plethora of examples to show the rapid development and spread of what we will term black IB practices and their contemporary embeddedness in the most formal of organizations. Here, we present a small number of illustrative examples, selected to show the diversity of both ‘business’ and geographic contexts in which these practices exist. Further, we start with examples that have been subject to debate and scrutiny in the media, so exist in the public domain rather than behind the closed doors of organizational boardrooms or Internet firewalls. It is also likely that they represent only the tip of the iceberg of such practices (cf. Brown and Cloke, 2011).

At the end of the Cold War, economic collapse in the former Soviet Union led to a huge release of arms and ammunition from Cold War stockpiles to customers, including “potentially undesirable end-user states” (Bertsch and Grillot, 1998: 1). More recently, the Russian regime has supplied shiploads of weapons to Syria despite an international embargo (Grove, 2013). Corruption and conflicts involving the harvesting and trading of valuable minerals including diamonds, gold and oil have been long-standing. Profits from the illegal diamond trade – worth billions of dollars – were used by warlords and rebels to buy arms during devastating wars in Angola, the Democratic Republic of Congo and Sierra Leone. These resulted in the death of an estimated 3.7 million people (Amnesty International, 2013).

In Australia, there was widespread media reporting about the alleged involvement of senior executives from a section of the Reserve Bank of Australia (RBA) in illegitimate deals made by this legitimate publicly owned entity (Morton, 2012). Note Printing Australia (NPA), a wholly owned subsidiary of RBA and its sister organization, Securrency, allegedly bribed foreign officials in countries including Nigeria, Nepal, Vietnam, Indonesia and Malaysia to secure lucrative note-printing contracts (Baker and McKenzie, 2013). In 2009, RBA authorized Securrency to pay \$7 million to a shell company, SPT Ltd, registered in an Indian Ocean tax heaven, the Seychelles Islands, despite an ongoing investigation of the company by the Australian federal police (Baker and McKenzie, 2011).

In another example, it is public knowledge that the Australian Wheat Board (AWB) regularly paid bribes to the Saddam regime in Iraq to continue selling wheat to Iraq. The AWB remitted almost \$300 million to Saddam’s regime between 2001 and 2004 in a period when Iraq was subject to UN sanctions (Overington, 2007; Butler, 2012). There are numerous similar examples from across the world, including the following. It was alleged that Swedish company, Bofors, bribed Indian politicians (including the then prime minister, Rajiv Gandhi) and officials in order to win a bid to supply 140 155mm field howitzers to India in the mid-1980s (IBNLive, 2012). In April 2013, the US government lodged a lawsuit against the Swiss pharmaceutical company Novartis AG with the accusation that it paid millions of dollars in kickbacks to doctors in exchange for prescribing their drugs (Stempel, 2013).

International business is also linked to the exploitation of labour while ignoring the working environment and worker safety. The disastrous collapse of the Rana Plaza factory in the Savar sub-district of the Bangladesh capital, Dhaka, in April 2013, killed at least 1,150 garment workers, mainly women, and injured thousands more, many losing their limbs (As-Saber, 2013; Cairns, 2013). This is the worst of a multitude of examples of exploitation in the ready-made garment (RMG) industry, where multinationals and big brands exploit low-cost workers in sweatshop conditions while ignoring their health and safety (War on Want, 2008).

The activities of illegal migration and human trafficking, which have escalated in scale since the millennium (Shelley, 2010), fall within the domain of our concerns. The transportation of illegal immigrants from countries like Afghanistan, Sri Lanka and Iran via Indonesia and Malaysia to Australia on unseaworthy boats in exchange for money paid to professional intermediaries has been an issue of concern for successive Australian governments. Similar problems exist at the US–Mexico border (cf. Nevins, 2002) and in European Union countries (cf. van Houtum, 2010), particularly those facing south across the Mediterranean. Further, illegal trafficking involving women and children smuggled out of poorer developing countries including the Philippines, Vietnam, Thailand, Afghanistan and even China is seen as a growing problem of global significance (UNODC, 2013). Australian police regularly raids brothels around the country to check for illegally trafficked women who are often forced to work as prostitutes (Reilly et al., 2011; Oakes, 2013).

In this section, we have provided illustrative examples of the range of IB activities that we consider as falling within the domain of black IB. In the next section, we elaborate on the conceptual framework by which we define the term broadly and categorize different subsets.

### **Black international business: a concept unveiled**

As we have indicated, terms such as ‘illegal’, ‘illegitimate’, ‘illicit’, ‘criminal’, ‘unlawful’ and ‘immoral’ have been used to define many IB activities. In recent times, the terms ‘non-market’, ‘informal’ and ‘black economy’ have also come into use. Whilst we propose a single term, black IB, to embrace the range of activities discussed thus far, it is obvious that a more nuanced classification is required. In looking at the dark side of IB, we must recognize and accept that we are not addressing activities that can be clearly termed either ‘black’ or ‘white’. Rather, we are dealing with a range of activities that span shades of grey, and individual examples that will be similarly graduated across different jurisdictions.

Terms such as ‘illegal’ and ‘illicit’ are contested and confused. Certain activities might be generally accepted across society as being illicit, but at the same time they may be illegal in one country yet perfectly legal in another. So-called ‘facilitation payments’ are a prime example of this, being classified as ‘bribery and corruption’ – a criminal offence – under some jurisdictions but not under others (cf. FAFO, 2012). Where such payments are made by a MNE headquartered in a county where they are illegal, but in the context of a nation where they are a cultural norm and expectation, questions of legality and morality become complex, ambiguous and contested (cf. De Kretser, 2012).

However, no common term has yet been found to identify and develop a body of literature dedicated to this intriguing field of knowledge. Subsequently, we proffer the term ‘black international business’ (or ‘black IB’) to capture the multidimensional and complex nature and scope of this important area of study, encompassing the various types of ‘black’ activities, both illegal and illicit (acceptable by choice/convenience to some). We apply the term to relevant activities regardless of organizational form: public or private, legitimate or illegitimate, organized or unorganized, and individual or group-based. As such, we offer a term that must be considered not as a unifying classification but as the overarching term for a range of subcategories.

In the next section, we elaborate on the notion of a taxonomy of black IB and discuss how such a framework might then stimulate and inform multidimensional and multi-vocal debate on such activities globally but with attention to context.

## Proposing a taxonomy of ethics and legitimacy

In setting out a taxonomy of black IB subcategories, we propose two criteria that we consider appropriate for the analysis of individual cases, serving as ‘axes of analysis’ on such a taxonomic matrix. These we term ‘business legitimacy’ and ‘ethical orientation’. Our choice of these issues is based upon our thinking of how any particular IB activity might be viewed from two very discrete viewpoints. First, as we have outlined above, activities may be classified as legal or illegal under a particular jurisdiction. Whether the entity – or entities – carrying out the activity is a legitimate MNE or a criminal gang, the activity itself will normally be defined as either legal or illegal. Here, we recognize that some legitimate businesses will seek to remain within the law, but to test its boundaries to the extreme, as in the fine line between tax minimization and tax avoidance. We apply the term ‘business legitimacy’ to indicate the location of the activity relative to the legal framework in which it is being undertaken. As we have stated, this classification will normally be fairly easily determined but, as we have illustrated, may not be consistent across jurisdictions.

Our second issue, ‘ethical orientation’, is more complex and contested for many activities. Whilst there are many IB activities that are most likely to be considered ethical or unethical by ‘the man on the Clapham omnibus’,<sup>1</sup> we must acknowledge and accept that ethical judgements are much more complex and ill-defined than legal ones. In today’s multicultural societies within, let alone across, nation-states, such judgements are subject to wide variation. However, it is because of this lack of clarity, and to promote debate in response to it, that we consider the categorization appropriate. As we will discuss later, we seek to prompt discussion here from an ethical stance that transcends individual values and seeks to explore the notion of the ‘common good’ (cf. Garriga and Melé, 2004), what is of benefit to the greatest number. So, we present the taxonomic matrix in Figure 8.1, not as a context for placing issues in a single quadrant with certainty but, as a setting for discussion of complexity, ambiguity, uncertainty and conflict across boundaries.

To illustrate both the application and the contested nature of our taxonomic categories, we consider further illustrative examples. Again, we chose these because of their scale and complexity and because they have been widely discussed in the public domain. Our first selected example is that of trade in arms. In most countries, particularly in relation to government-sanctioned and/or financed trade, the sale and purchase of arms is perfectly legal. Also, being government-sanctioned, it is generally considered to be ethical – preventing ‘worse harm’ than might otherwise befall the owners and users. As such, these IB transactions would be classified as Type 1 – both legitimate and ethical. However, there are obviously many individuals and groups who consider selling arms under any circumstances to be unethical, even when they must recognize that their own nation-state accepts the trade as entirely legal. For these people, the activity would be rated Type 2. Further, there are situations in which governments, even those of the major arms producer nations, classify international sales as illegal – albeit this status can change virtually overnight (cf. Erickson, 2013) – and also espouse a rhetoric of them being unethical, placing them in Type 4 (cf. UNODA, 2013).

Whilst the arms trade is one in which we can identify differences in categorization at a point in time across nation-states and between stakeholders within the state, there are activities – e.g. drug trafficking – where differences are seen across time. In the present day, drug trafficking is

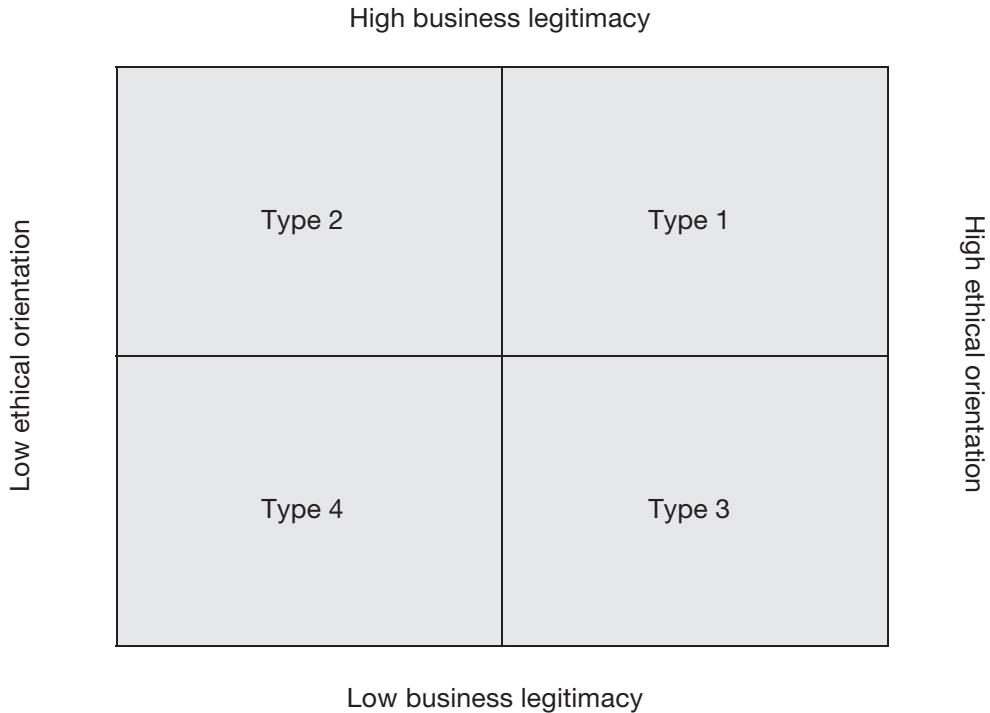


Figure 8.1 Black international business: a taxonomy of legitimacy and ethics

generally seen as being counter to the common good and, as such, it is classified as illegal and considered by most as unethical, hence falling under Type 4. Yet, as outlined above, in the days of the HEIC and the British Empire, dealing in opium was considered legitimate business and also ethically sound. As Cairns and Śliwa (2008) note, Scottish entrepreneurs William Jardine and James Matheson built a trade in the 1830s around importing opium to China to trade for teas and textiles. Classified Type 1 activity in their day, what would now be considered a Type 4 activity laid the foundations for a business empire that carries their names to this day.

Whilst it is relatively easy to identify Type 1 and Type 4 activities, along with Type 2 where the business is legal but ethically dubious, it is probably more difficult to think of an IB activity that is considered highly ethical but illegal. One example that comes to mind is the battle between MNE pharmaceutical companies and the South African government over patents for drugs used in the treatment of HIV and AIDS (cf. Silverman, 2014). The drug companies have challenged the government for sanctioning production of generic alternatives to their branded products, in alleged breach of legal protection of their patents. In response, they have been faced with opposition based on the ethical argument in support of affordable access to medicines, an argument that they cannot directly refute. As such, they must consider the alternative drug production as being a Type 3 activity, whilst the South African government sees it as Type 1. This example shows how categorizations according to both business legitimacy and ethical orientation are subject to and must be understood and discussed within and across contextual constraints – both geographic and historical.

We do not posit that all, or even most, IB activities will fall under multiple categorizations in the way we have illustrated, but we would argue that the narrow views of IB activity as



either bright or dark identified by Eden and Lenway (2001) are, when taken in isolation, simplistic and myopic. However, if we place arguments of bright and dark, or black and white, side by side and view them simply as being indicative of differences of opinion and as incommensurable, then we risk shutting down exactly the type of multidimensional discussion that they and we seek to promote.

Having outlined this taxonomy and the possibility for classifying single activities under multiple typologies, let us now consider how to address such complexity and ambiguity in a structured manner, but with a focus on the ethical dimension. Here, we present a framework for informed debate between stakeholders who hold multiple and possibly conflicting viewpoints, with a view to focusing on the common good.

### **Ethical deliberation on black international business**

As discussed thus far, many of the activities we classify as ‘black international business’ are complex, ambiguous and contested, such that there is no single legal or ethical framework under which we can analyse them in order to provide definitive answers to questions of legality and morality. If they are not to be treated merely as domains of contested and conflicting views and left unattended, we must find a framework for critical debate in which all lines of argumentation and sets of evidence can be heard. However, we do not advocate for an approach of moral relativism in which all arguments are given equal weighting. Rather, we seek a forum in which issues of ‘more good’ and ‘less bad’ can be debated in search of the greater ‘common good’ (Garriga and Melé, 2004).

Here, we draw upon Aristotle’s (350BC/2004) *Nicomachean Ethics* and his concept of *phronēsis*; generally referred to as ‘prudence’ or ‘practical wisdom’. Aristotle outlines *phronēsis* as the moral virtue that informs thinking on action for the good of ‘man’ (*sic*). We refer to interpretation of *phronēsis* in contemporary social science (Flyvbjerg, 2001, 2003) as a model for engaging in critical discussion of issues in order to inform action toward the common good. Specifically, we employ Flyvbjerg’s value-rational framework for inquiry using four key questions: (a) where are we going? (b) is this development desirable? (c) what, if anything, should we do about it? and (d) who gains and who loses, and by which mechanisms of power? (Flyvbjerg, 2001: 60).

In the field of international business studies, Cairns et al. (2010) have outlined an approach that applies Flyvbjerg’s phronētic inquiry framework to explore complex and ambiguous issues through the use of the scenario method. Based on the premise that the future is not predictable while it is not completely unknown or unknowable, they show how future scenarios can be constructed to frame the limits of possibility and plausibility around any critical issue. However, they have a particular interest in and focus on the impacts of activities by powerful actors, such as MNEs and governments, on other stakeholders. They show how discussion of where we are going within a particular future can lead to very different views on whether or not this is desirable. For those individuals and organizations benefiting from such a direction, the answer may be an obvious ‘yes’, whilst for those at the margins who may be exploited, excluded or dispossessed, the answer could be very different.

The question of what, if anything, should be done about any particular future trajectory raises questions of ethical and moral judgement. Whilst what *will* be done is a matter of prioritization, resource allocation and decision making by the powerful actors, what *should* be done is a matter that should reasonably be addressed within a framework of the ‘common good’ (cf. Garriga and Melé, 2004). The framework of phronētic inquiry makes the nature of available decision choices explicit and transparent to both powerful stakeholders and people or communities adversely affected by such decisions.

The final question of who gains and who loses and by which mechanisms of power highlights not just the relative nature of ‘winning’ and ‘losing’ within a particular future, but also the means by which winning is achieved and losers determined. In subjecting the types of activities that we discuss here to this questioning framework, it is likely that the ‘mechanisms of power’ will be exposed as highly dubious, illicit and in many cases illegal. If the mechanisms of power are not readily identifiable, either within the norms of corporate responsibility or the legislative frameworks of relevant jurisdictions, then it must be asked why a veil has been drawn over the decision-making machinery, and what action should be directed at making them visible and transparent.

In addition, discussion on issues of desirability, gains and losses and on related power structures can also prompt consideration of complex issues of disparity across contexts, for example where an activity is legal in one domain but illegal in another. Also, since the mode of inquiry is based on explicit consideration of value-rationality (Flyvbjerg, 2001), debate should open up issues of competing value-rationalities. Against this backdrop, the knowledge of black international business may provide a platform of opportunity to aid our understanding of the complex relationship patterns across the competing social, as well as market, forces and their ethical and moral implications for all concerned. For example, in the case of international trade in pharmaceuticals, as we have discussed previously, profit maximization through patent protection will generally be the dominant rationality of the multinational pharmaceutical company, backed by the legislative framework of its parent country. However, in another country, such as South Africa, the dominant rationality will most likely be to save lives of those at risk who cannot afford access to the patented drugs. Here, the interests of different stakeholders are widely varied, conflicting and seemingly irreconcilable (cf. Benatar, 2004). However, as Flyvbjerg points out, phronetic inquiry is about making difficult decisions between such conflicting demands, not about engaging in some form of moral relativism in which all cases are given equal weighting.

Initial consideration of issues that we classify under the broad ‘black IB’ taxonomy may indicate that judgements on matters of legal/illegal, moral/immoral are open to common binary classification by the ‘person of reason’. However, we posit here that many are open only to consideration under conditions of ‘both/and’ where a broad and inclusive set of perspectives on values and impacts is established, with a focus on specific contextual factors. Such conflicts of values across contexts are likely in cases ranging from international trade in arms and pharmaceuticals that we have discussed here, through post-war reconstruction contracts in Iraq, to the handling of so-called ‘boat people’ by a range of involved actors, ranging from people traffickers in their home state, across agents in intermediate countries, governments of all nations and the people themselves.

## Conclusions

In this chapter, we draw no normative conclusions on what constitutes a definitive ‘good’ or ‘bad’ within the overall list of black IB activities. But, neither do we advocate some moral relativism within which views on good or bad are given equal weighting. Rather, we outline a framework for inquiry in which, with a particular focus on Flyvbjerg’s final question, we bring attention to the specific issues of the costs – social, economic and ecological – to those that we classify as ‘losers’ in enabling others to become ‘winners’. We see losers as those who are deprived of both resources and opportunity in order that others make gains from their deprivation. Black IB activities, in this regard, may postulate a range of issues contributing to such costs while negatively affecting global law and order. Many of the activities that will be classified as ‘black IB’ are, of course, both illegal and unethical across all nation-states, but many,

as we have illustrated, are both legal within most nations and considered ethical by government and business. We cannot hope to reach the community of criminal IB actors with our writing, but we can perhaps appeal to the humanity of those in positions of governmental and organizational power.

We must, of course, acknowledge that our proposed framework of inquiry is not something that is instilled in the minds of many, perhaps even most, in the world of business. The dominant ethical dimension of IB is probably best summarized in the oft-quoted words of the economist Milton Friedman (1962: 133), who stated that:

There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud . . . for corporate officials to make as much money for their stockholders as possible.

As Solomon (2004: 1026) points out, the Aristotelian ethical perspective demands that this narrow view be supplanted with an ideal that the role of business is, “to serve society’s demands and the public good and be rewarded for doing so”. Solomon further argues that how we define business entities, which must include MNEs, is not by a formal or legal process – as on our business legitimacy axis – but by their “communal and cultural status” (p. 1032), defining culture as, “first of all a structured community of individuals and their inter-relationships” (p. 1034). We would posit that any appeal for an Aristotelian ethics of *phronēsis* as a basis for debate and judgement in the IB arena must be an appeal to those individuals who constitute the decision makers within the organization to see themselves and their responsibilities in the broader context of community at large – human society and its environment, now and in future. Perhaps we may appear idealistic here, but it is perhaps time for corporations to take the concept of corporate social responsibility (CSR) seriously and, in the words of Freeman and Liedtka (1991, quoted in Solomon, 2004: 1021) to see themselves as, “places where both individual human beings and human communities engage in caring activities that are aimed at mutual support and unparalleled human achievement”.

In this chapter we have introduced a new strand of IB studies at a time when IB research has arguably reached a state of stagnancy, with activities focusing primarily on three major research areas, namely flows of foreign direct investment (FDI), MNE structure and strategy, and firm internationalization (Buckley, 2002). Notwithstanding the range of sources that we have drawn upon in writing this chapter (e.g. Brown and Cloke, 2011; de Jonge, 2011; Otusanya, 2011, 2012), an IB research agenda involving the types of black international business activities that we have outlined and addressed here has by and large been ignored in the mainstream IB research community. We hope that the opportunities for a different focus that are opened up by the black international business concept prompt and contribute to further expansion and elaboration of the critical management approach to IB scholarship.

## Note

- 1 ‘The man on the Clapham omnibus’ is a term acknowledged in English law as referring to a person whose behaviour and opinions are thought to be typical – i.e. conforming with societal norms.

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