

BOOK MARKS

Jenny Tripses
Assistant Professor of Educational Leadership and Human Development
Bradley University

Book Review

Multinational Corporations in Political Environments: Ethics, Values and Strategies

Usha V. Haley

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\$13.00, paperback

What can be done to curb unethical behavior by governments? One traditional answer has been for stakeholders to exert pressure on multinationals through regulations, sanctions and divestitures in the hope that this will induce multinationals to leave the offending nation. Usha V. Haley's book on multinational corporations provides a conceptual foundation for understanding factors that influence decisions of multinationals to leave host countries. The author uses the metaphor of chameleons to illustrate the relationships between multinationals and host countries. Like chameleons, multinationals adapt to their external environments, but their capabilities to adjust are limited. The book guides readers towards a clearer understanding of the impact of stakeholder sanctions upon company decisions by focusing on the conflict between the values of top managers and those of other stakeholders, including governments, consumers, and stockholders. The book also gives insight into the efficacy of sanctions. Included in this understanding are ways that management transforms apparent victories of sanctioning parties into "business as usual".

The first section of the book is taken from the author's doctoral dissertation published in 1990. The dissertation sought to explain the circumstances around which multinationals left a host country using South Africa under apartheid as a case study. The purpose of that particular study was to determine if stakeholder sanctions prolonged or accelerated the demise of apartheid. Related is the question of the impact of political pressures exerted on the multinationals, in the US and elsewhere, to withdraw or modify their South African operations.

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The study confirmed the important effects of social legitimacy, profits and some competition upon multinationals' strategic behaviors. In periods of no government regulation, more symbolic actions, higher profits, and lower order backlogs influenced decisions to remain in South Africa. In periods of government regulation, greater advertising and less product diversification influenced decision to remain. Also included in the study were factors that made sanctions effective or ineffective. In most cases, stakeholder regulations, sanctions, and divestitures either had no effect on the decision to remain in South Africa or the results differed from the original intentions of stakeholders. One example given was the case where multinationals engaged in deception in the form of trusts to stave off stakeholder pressure for human rights in the political arena.

The second section of the book looks at applications of the findings from multinational corporations' experiences in South Africa to the situation in Myanmar, which has been hailed as the new South Africa. The governments of the United States and Europe have shunned Myanmar's ruling military regime for harsh treatment of the pro-democracy opposition of the regime and its poor human-rights record.

Haley concludes the book with a call for new theories about the complex behaviors of multinationals in host countries. Theories need to address questions surrounding reasons for multinationals leaving host countries. Specifically, theoretical frameworks should explain the terms of agreements drawn for assets and questions around who benefits from the sale. Even after multinationals leave, economic ties through licensing, franchising, and distribution continue and should be addressed. Current theory does not address multinationals and the economic ties that remain even after the multinational leaves the host country.

The first section of the book taken from Haley's dissertation reads like a dissertation in that it is very detailed. The parallels between multinational corporations in South Africa during apartheid are relevant to emerging third world countries in the process of entering into the political and economic structures of the world. Although, the reader is referred to websites for more information about Myanmar, a more detailed explanation of the similarities and differences between South African and Myanmar, in terms of their governments, economies, and political situations, as well as changes in the global environment would further the reader's understanding of the challenges and economic, political and social justice opportunities confronting multinationals in Myanmar.

Chameleons adapt to their external environments. The question remains in what ways do multinationals have a responsibility to bolster existing social structures in countries like South African, Myanmar and other parts of the developing world? And what actions can stakeholders take to shape ethical

decision-making? On the one hand, US multinationals provide better jobs and working conditions than do many of the indigenous companies. On the other hand, the needs of the multinational to maintain integrity and consistency with American social and work practices are realistic forces that multinationals must address. This book provides some answers to these questions and at the same time poses other questions about the direction for the future of multinational corporations in the developing world. For multinational corporations concerned with democratic values, additional research and development of theories to guide their actions will greatly assist them in creating a socially responsible presence in developing countries like Myanmar.

Biographical Sketch

Jenny Tripses is the Chair of the Department of Educational Leadership and Human Development at Bradley University. A former school principle, Dr. Tripses is currently writing a chapter for a book on women school leaders. You can reach Jenny at jtripses@bradley.edu