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Corruptive practices, digitalization, and international business

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ABSTRACT

This perspective paper, including the role of an editorial, systematically reviews extant studies on ‘multinational corporations’ corruption’ and ‘digitalization’ in the international business (IB) domain, revealing why this special issue is both timely and necessary. We chronologically identify recent key studies that have been influential in the research on corruptive practices and digitalization in IB, and examine their main findings. We find that interdisciplinary research simultaneously exploring corruptive practices and digitalization is still in its infancy, and while some contributions have been made, there is still a large research vacuum. In addition, we introduce the twelve papers chosen for this special issue, which we believe represent meaningful breakthroughs and offer useful academic implications. We conclude by suggesting invaluable paths for future research to extend our understanding of the theme.

1. Introduction

We are delighted to submit this perspective paper, which serves as an editorial, as we wrap up our special issue on corruptive practices, digitalization, and international business (IB). Indeed, although corrupt behaviors have been variously defined, and there have been multiple meanings of corruption, the most accepted description is the abuse of power for personal or organizational gain (Gorsira, Denkers, & Huisman, 2018). Corruption may include various activities, such as bribery, influence peddling, and individual embezzlement, and it may also involve unethical practices which are legal in many host countries¹ (Park, Hong, & Xiao, 2022). Notably, corruption and bribery are pervasive in many less-developed and emerging economies (Petrou & Thanos, 2014; Wang, Xu, Zhang, & Shu, 2018), and even in certain developed markets. For instance, some leading oil companies in Brazil are alleged to have bribed politicians through covert subsidiaries, while some organizations in India and Russia are accused of utilizing slush funds in Mauritius and Cyprus for related aims. According to Reuters (2014), although Europe is considered the least corrupt region, corruption costs the European Union (EU) 120 billion euros a year, or around one percent of its economic output. Meanwhile, EU countries are

increasingly seeking to pass laws that might weaken efforts to root it out, raising questions as to how committed the bloc is to fighting corruption. Snider, Quaid, Frauley, and Bittle (2023) recently delivered a report from the Organization for Economic Co-operation and Development (OECD), arguing that Canada’s enforcement of laws against foreign bribery is weak and must do more to deter foreign (e.g., multinational corporations’) bribery and other corruption offences.

Some scholars debate whether bribes paid by multinational corporations (MNCs) in certain economies represent purely unethical behavior or are an unavoidable “grease” that aids subsidiary performance and longevity in foreign markets. While some argue that business “greasing” is a necessary evil in certain economies, MNCs’ corrupt actions can adversely affect host countries’ socio-cultural and economic landscapes, preventing them from evolving their institutional frameworks (Shleifer & Vishny, 1993). The latter school particularly perceives that MNCs often mastermind corruption in host markets and considers MNCs as preferers of bribery. However, in some cases, MNCs also become victims of corruption. In host countries, unethical practices are not limited to MNCs as they also emerge from governments, suppliers, business associates, and even civil society and judiciary (i.e., as corruption). Such practices often present significant challenges for both

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¹ We will include all these similar topics in the special issue.

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MNCs and the countries in which they operate (Doh, Lawton, & Rajwani, 2012). Should MNCs' strategies in navigating these challenges be viewed as "non-market strategies" (see Brouthers, Yan, & McNicol, 2008; Uhlenbruck, Rodriguez, Doh, & Eden, 2006)? Should bribe-givers and receivers be held equally accountable? Real-world examples, such as Enron's Dabhol power plant controversy in the 1990s (The Economist, 2001) and the more recent Reckitt Benckiser toxic humidifier sterilizer incident in South Korea (BBC, 2016), demonstrate the considerable economic and social fallout of MNCs' unethical actions.

Corruption is by no means a novel issue, and it has deep historical roots (Barkemeyer, Preuss, & Ohana, 2018; Kouznetsov, Kim, & Wright, 2019; Steidlmeier, 1999). However, the recent proliferation of information and communication technology (ICT) has fortified anti-corruption efforts by magnifying public oversight (Adam & Fazekas, 2018). Specifically, six ICT-based interventions bolster the battle against corruption: digital public services and e-government, crowdsourcing platforms, whistleblowing tools, transparency portals combined with big data, distributed ledger technology (DLT) and blockchain, and artificial intelligence (AI). These technologies amplify access to public information, oversee official activities, digitalize public services, and promote the reporting of corrupt practices (Adam & Fazekas, 2018; Davies & Fumega, 2014; Subhrajyoti, 2012). For instance, Kenya's and Indonesia's whistleblowing platforms, which have facilitated corruption case management and anonymous interplays with whistleblowers, receive more than 2,000 corruption reports yearly (Kossow & Dykes, 2018). Indian Prime Minister Modi stated that the Digital India initiative² has not only curbed corruption in India but also enhanced convenience for citizens (Prakash, 2016). Digital media can significantly influence the reduction of corruption and promote corporate social responsibility (CSR). Besides, these changes through the digitalization are prone to enable manufacturing advancement and accelerate international operations by improving business environments and lifting local regulations (Meyer, Li, Brouthers, & Jean, 2023). This impact is evident in how it shapes MNCs' engagement in the private and public sectors (e.g., Ghoul, Guedhami, Nash, & Patel, 2019).

While ICT holds immense potential, it also serves as a gateway to malfeasance. This includes new avenues for corruption linked to the dark web, cryptocurrencies, or even the inadvertent misuse of well-intended technologies, including digital public services and centralized databases. For instance, Iranian authorities seized roughly 1,000 bitcoin mining machines from two abandoned factories, a response to the rising adoption of cryptocurrencies by locals as a hedge against their unstable local currency due to sanctions (BBC, 2019). Therefore, leveraging ICT effectively to combat corruption depends on its fit "for local contexts and requires technological skills and experience" (Adam & Fazekas, 2018, p. 27).

Scholars in IB have extensively explored foreign direct investment (FDI) through the lens of MNCs, often sidestepping the challenges posed by unethical practices in less developed and emerging markets. Instead, IB discourses have primarily addressed questions like why MNCs engage in FDI, the circumstances that determine their entry modes, and the essential conditions for profit maximization. This focus has sometimes overshadowed considerations of business ethics, CSR, and the digitalization implications (Choi & Park, 2014; Rodriguez, Uhlenbruck, & Eden, 2005). In particular, extant studies dealing with corruption have generally focused on the national level, and thus they have a propensity to overlook the importance of different observation angles (Yang, Ma, & Cui, 2021). Consequently, there remains a huge gap in our understanding of the relationship between MNC corruption and digitalization abroad and the effects of various focal points (e.g., national, subnational, corporate, and individual levels) on the corruption and the role

played by digitalization in the process. In this vein, our editorial intention does not only seek to amalgamate theoretical and empirical insights on corruptive practices, emphasizing digitalization's role in both domestic and international arenas but also draw an overall picture by including all different levels of analysis. We invited a range of submissions, from empirical studies to literature reviews and meta-analyses, inclusive of interdisciplinary and intersectoral research. After issuing our call for papers in the first half of 2020, we received 45 submissions between May 1 and October 15, 2020. Among these 45 submissions, the majority were based on empirical experiments using a quantitative method rather than a qualitative one, while only a couple of manuscripts were conceptual/theoretical papers. In general, many papers tend to use either quantitative or qualitative research as their sole method of empirical study; however, to enhance the robustness of empirical results, we suggest the use of triangulation in future research. Of the 45 papers we received pertaining to our special issue's themes, only 12, after rigorous double-blind peer reviews and subsequent revisions, made the cut for publication by guest editors. Indeed, the scope of this special issue has expanded from the institutional perspectives in most of the prior studies to the complementary frameworks with new institutional economics and resource dependence (Yang et al., 2021), moral intensity (Malik & Froese, 2022), institutional and agency theories (Liedong, Aghanya, Jimenez, & Rajwani, 2023; Romero-Martínez & García-Muñia, 2021), resource based view and relational school view (Kim, Shin, Jean, Cavusgil, & Chen, 2023), and stakeholder and transaction costs economics (Li, Zhang, Fan, & Li, 2021). Therefore, this special issue can address more complex processes and the mechanisms of corruption in IB.

2. Literature review

2.1. Research on corruption in international business

Recently, the issues of corruption and bribery have garnered significant attention in the IB field, as evidenced by a growing body of research (e.g., Birhanu, Gambardella, & Valentini, 2016; Cuervo-Cazurra, 2016; Yi, Teng, & Meng, 2018). The illicit nature of such activities imposes substantial costs on businesses and negatively impacts organizational outcomes, spurring an increasing number of studies aimed at identifying effective strategies for eliminating or mitigating corruption (Ashforth, Gioia, Robinson, & Trevino, 2008; Gorsira et al., 2018).

The term, "corruption" itself has multiple definitions (Cuervo-Cazurra, 2016). Some emphasize its illegal aspect, defining it as an unauthorized payment made to a government official to gain an advantage for a private individual or business (Rose-Ackerman, 1999). Others focus on its illegitimate nature, so "corruption refers to acts in which the power of public office is used for personal gain in a manner that contravenes the rules of the game" (Jain, 2001, p. 73). Some perspectives concentrate on the underlying economic dynamics, defining corruption as monetary payments to agents—either public or private—to induce them to act against the interests of their principals in the bribers' favor (Rose-Ackerman, 2006). Other definitions specifically address "government corruption," characterizing it "as the sale by government officials of government property for personal gain" (Shleifer & Vishny, 1993, p. 599) or as "the misuse of public office for private gain" (Svensson, 2005, p. 20).

Given that corruption is more often the rule rather than the exception globally (Beets, 2005), managers frequently face a crucial strategic decision: whether to engage in or abstain from local corrupt practices. The decision outcome can have far-reaching effects on an MNC's operations, reputation, and overall success, both in the host country and internationally. The ramifications are especially significant for MNCs from countries with well-established anti-corruption measures (Spencer & Gomez, 2011). Recent research suggests that these MNCs are less inclined to invest in corruption-prone environments (e.g., Spencer &

² The Digital India initiative, according to the Indian government, aims to benefit Indian citizens by enhancing online infrastructure and digitally empowering the country (Prakash, 2016).

Gomez, 2011), likely due to the complexities involved in reconciling conflicting norms and regulations between home and host countries.

Aligning with a significant body of scholarly work (e.g., Cuervo-Cazurra & Genc, 2008; Luo & Han, 2009), Jensen, Li, and Rahman (2010) sparked a new wave of discussions on corruption in IB. They based their arguments on an empirical analysis using World Bank enterprise survey data, encompassing over 44,000 firms in 72 countries from 2000 to 2005. According to Jensen et al., corruption is a pressing concern for politicians, citizens, and organizations alike. Studies from the early 1990s through 2009 aimed to understand the causes and consequences of corruption using organization-level survey data from various countries, but Jensen et al.'s work overlooked two crucial potential issues: nonresponse and the possibility of false responses from organizations. In politically repressive environments, organizations often resort to nonresponse or provide false information as mechanisms for self-protection, leading to a likely underreporting of corruption. Neglecting these systematic biases could result in a significant underestimation of the true extent of corruption in politically repressive countries.

In 2011, Spencer and Gomez examined the effects of institutions and subsidiary strategies on MNCs in relation to corruption. They argued that the pressure on MNC subsidiaries to engage in corruption in the host country increases when corrupt practices are institutionalized in both the host and home countries. Furthermore, they contended that an MNC's localization strategy moderates the relationship between the home country's corruption level and the pressure felt in the host country. Their findings indicated a positive association between the host country's corruption environment and the subsidiaries' likelihood of engaging in local bribery. The results were mixed for MNCs from home countries that are part of the OECD Convention on Combating Bribery. That is, when MNCs operated without local partners, firms from less corrupt home countries reported less pressure to partake in corrupt activities locally. However, this correlation disappeared when local partners were involved.

In the same year, Duanmu (2011) explored how the corruption distance between countries influences MNCs' choice of entry mode into China, specifically between wholly-owned subsidiaries (WOS) and joint ventures (JV). Duanmu found that MNCs from countries less corrupt than China generally prefer WOS over JV; the greater the corruption distance between their home countries and China, the more likely they were to opt for WOS. However, MNCs from countries with equal or higher corruption levels showed no such preference, and the corruption distance did not impact their entry mode decision. Duanmu also noted that market orientation universally affects the entry mode choice, regardless of the home country's corruption level, and weakens the inclination for MNCs from less corrupt countries to choose WOS over JV.

Next, building on previous research focusing on the antecedents of bribery, Lee and Weng (2013) shifted the focus to the consequences by investigating the effect of home country bribery on firm exports. Sampling firms in transition economies, they formulated two opposing hypotheses. The first posited that bribery can enhance exports by improving efficiency, as preferential treatment from government officials might give bribing firms a competitive edge in international markets. The second hypothesis suggested that such preferential treatment could reduce exports by reinforcing firms' established positions in domestic markets, reducing their incentive to venture abroad. Lee and Weng's findings revealed that bribery within the home country tends to decrease rather than increase firm exports.

In the following year, Luiz and Stewart (2014) explored how South African MNCs responded to corruption in African markets, particularly amidst institutional voids. Corruption creates both uncertainty and additional transaction costs, requiring a strategic response from MNCs. Employing a qualitative approach, Luiz and Stewart analyzed a sample of MNCs experienced in international expansion into Africa. Their findings indicated widespread corruption in African markets that is strongly linked to the presence of these countries' institutional gaps.

While MNCs often perceive themselves as entities that adapt to existing institutional frameworks rather than corporate units that influence or change them at the organizational and individual levels, they often underestimate their impact on these institutions, whether positive or negative. Instead, they mainly focus on organization-level strategic responses to address operational challenges posed by host country corruption.

In 2015, Godinez and Liu contended that existing research on the association between corruption and FDI had produced inconsistent findings. Consequently, their study not only replicated earlier research within the ownership-location-internalization (OLI) framework but also aimed to enhance our understanding of the relationship by introducing the concept of corruption distance between countries. They specifically applied this concept to Latin America as a case study. After adjusting for transaction costs and other institutional variables, they found that corruption distance asymmetrically impacts FDI. For host countries with a positive corruption distance relative to their home countries, there was no significant change in inward FDI levels. However, host countries with negative corruption distance experienced a substantial reduction in inward FDI.

In the same year, Keig, Brouthers, and Marshall (2015) used an institutional theory framework to empirically demonstrate that firms operating in environments with higher levels of formal and informal corruption are more likely to engage in corporate social irresponsibility (CSiR). Their study highlighted the importance of considering corruption's informal dimension and revealed that failure to do so can cause skewed perceptions of an MNC's operating environment. This is especially true when the formal dimension of corruption is low but the informal dimension is high—a scenario present in about one-third of the firms in Keig et al.'s sample. Including the informal aspect of corruption provided additional explanatory power, offering a more comprehensive understanding of how formal and informal aspects of corrupt institutions influence MNCs' CSiR levels.

In 2016, Cuervo-Cazurra offered a comprehensive framework for future studies on corruption, examining its types, measures, causes, consequences, and controls. Additionally, he suggested ways to enhance prevailing business theories by using corruption as a laboratory to test their underlying assumptions. His suggestions included extending agency theory by analyzing unethical agency relationships, augmenting transaction cost economics by exploring the minimization of illegal transaction costs, broadening the resource-based view by considering the capacity for CSiR, enriching resource dependency theory by examining ethical power dynamics, and expanding neo-institutional theory by investigating illegal legitimacy.

Two years after Cuervo-Cazurra's publication, Godinez and Liu (2018) advanced the understanding of how corruption influences FDI allocation, drawing insights from interviews with 28 managers responsible for operations in highly corrupt host countries. Godinez and Liu found that firms based in countries with low corruption levels are more proactive in preparing anti-corruption strategies for foreign operations compared to firms from more corrupt home countries. This proactivity is attributed to strong domestic pressures against engaging in corruption, as well as inadequate experience in handling corruption in their home countries, potentially making these firms more cautious abroad. Conversely, firms from countries with high corruption levels often lack a clear strategy for handling corruption in foreign markets. This may be because they are accustomed to operating in corrupt environments and, therefore, may not perceive it as a significant hurdle in international operations.

Also, in 2018, Yi, Teng, and Meng investigated the role of formal institutions as macro-level mechanisms and external auditing as micro-level mechanisms in curbing MNCs' involvement in bribery. Utilizing World Bank data and analyzing 38,673 firms across 113 countries, they found a positive association between an organization's foreign ownership and its engagement in bribery. They further revealed that formal institutions and external auditing serve as substitute mechanisms for

controlling such unethical behavior. Specifically, Yi et al. argued that when formal institutions are weak, a firm's internal governance mechanisms become crucial in preventing bribery. While neo-institutional theory and agency theory provide macro- and micro-frameworks for understanding and combating corruption, few studies have explicitly examined the effectiveness of these mechanisms or explored their interrelationship in the context of IB. Notable exceptions include works by [Cuervo-Cazurra \(2016\)](#) and [Spencer and Gomez \(2011\)](#), while Yi et al.'s work goes some way towards filling this vacuum.

In 2019, Sampath and Rahman analyzed 220 transactions involving 85 MNCs across 55 host countries. These corporations had been sanctioned for bribery under the Foreign Corrupt Practices Act (FCPA). The researchers explored how cultural and organizational distances between MNCs' home and host countries, as well as between different entry modes and MNC headquarters, impacted corporate bribery. Utilizing data from cross-border transactions sanctioned by U.S. regulators between 1978 and 2011, their empirical analysis found support for all main and moderating hypotheses. Their findings suggested that MNCs risk their legitimacy when operating in host countries prone to corruption.

Again in 2019, Rabbiosi and Santangelo examined the challenges facing MNCs operating in countries with more corruption than their home countries. Their study focused on the costs related to information processing, a lack of local legitimacy, and potential legal and reputational risks. Drawing upon organizational perspectives on corruption, they argued that granting subsidiaries more autonomy could minimize these costs, although increased communication between headquarters and subsidiaries could diminish these advantages. Their analysis of 261 Italian foreign subsidiaries operating in 25 host countries largely confirmed their arguments, except for the moderating effect of MNC experience, thereby contributing to the literature on corruption, FDI, MNC strategies in weak institutional contexts, and headquarters-subsidiary relationships.

In the same year as Rabbiosi and Santangelo's publication, Cordero and Miller focused on manufacturing MNCs entering Mexican cities, developing a theoretical framework to examine how political party tenure affects MNC entry into an economy. Drawing on the upper echelons and public administration literature, they proposed a curvilinear association between political party tenure and MNC entries, arguing that parties with excessive tenure are less responsive to MNCs and more likely to engage in corruption. Cordero and Miller further explored how government bureaucratic responsiveness and corruption mediate this relationship.

In 2020, Sator and Beamish noted that existing research indicated a higher likelihood of exit for subsidiaries of MNCs from advanced economies when operating in emerging markets with elevated corruption levels. Merging organizational perspectives on corruption and the integration-responsiveness framework, they proposed that integration-oriented strategies could mitigate the positive association between high corruption levels and the likelihood of subsidiary exit. To test their theory, Sator and Beamish examined how corruption influences a subsidiary's exit probability, as well as how a firm's equity ownership and expatriate staffing strategies moderate this relationship. Their findings showed that increasing the equity ownership share of the foreign-investing MNC can negatively moderate the relationship between high corruption levels and subsidiary exit likelihood in emerging markets. However, their data did not support the hypothesis concerning the impact of expatriate staffing strategies. Sator and Beamish's research offers valuable guidance for MNCs from developed countries, providing insights into effective strategies suitable for emerging markets with significant corruption risks.

To capture the development of academic research on corruption in IB, we performed our search of the literature, which is summarized in

[Table 1](#),³ for this section. In this way, we intend to address current research agendas and gaps in research on corruption in IB through this special issue. The following section reviews the studies on digitalization in IB. We believe that this literature review offers useful insights to researchers as it is a newly emerging theme.

2.2. Research on digitalization in international business

In 2018, Hannibal and Knight used the global factory concept, originally developed by [Buckley and Ghauri \(2004\)](#), to examine the potential impact of additive manufacturing on global production systems. Defining additive manufacturing as a set of technologies that facilitate the 3D printing of physical objects, they argued that it could significantly alter the structure and operations of IB. They proposed a nuanced framework, considering factors such as intellectual property status, industrial standards, and branding, to understand how additive manufacturing could influence the distribution of production activities at multiple levels.

In a follow-up study in 2019, Zeng, Khan, and De Silva focused on the rise of multi-sided platform MNCs, such as Facebook, Alibaba, and Uber, in the context of the digital economy. Utilizing internalization theory and the network perspective, they examined these firms' value creation mechanisms, especially those operating in China. They suggested that conventional internalization theory should be updated to consider local networks' influence on the business models of these new types of MNCs. The researchers contended that by effectively integrating their internal and external knowledge networks, these digitally native MNCs are better positioned to achieve sustainable competitive advantages in today's information age.

In 2020, Qi et al. explored the link between corruption and export activities in emerging economies. Drawing on an institution-based perspective and considering the unique characteristics of emerging markets, they posited a U-shaped relationship between corporate corruption and exports. They argued that while moderate corruption may discourage firms from exporting, excessive spending on corrupt practices could incentivize firms to adopt export strategies to bypass their domestic markets' institutional inefficiencies. The study also delved into the moderating effects of various external factors, such as political instability, regulatory burdens, and competition from the informal sector, on the corruption-export relationship. Utilizing a multi-country sample of firms in emerging markets, Qi et al. found empirical support for the proposed U-shaped relationship. Their findings further revealed that in business environments characterized by high political instability, heavy regulatory burdens, or strong competition from informal sectors, the correlation between corruption and exports may be amplified.

In 2022, Brierger et al. scrutinized the impact of digitalization on the internationalization of new ventures, including the influence of a home country's institutional voids and the quality of its digital infrastructure. They hypothesized that institutional voids and weak digital infrastructure in a home country could amplify the positive correlation between a new venture's digitalization and its international reach. Employing multilevel modeling on a dataset of over 6,000 entrepreneurs from 62 countries, their research empirically supported these predictions and remained robust across alternative specifications. The study found that entrepreneurs who use the internet for business are more likely to target foreign markets when encountering institutional shortcomings and inadequate digital infrastructure in their home countries. Theoretically, the study clarified the conditions under which digitalization facilitates new venture internationalization. Practically, it suggested that domestic challenges, such as institutional voids and poor digital infrastructure, can paradoxically aid entrepreneurs in both domestic growth and international expansion.

In the same year as Brierger et al.'s publication, [Luo \(2022\)](#) provided

³ See the method and details of this literature search in Appendix A.

Table 1
Summary of papers on corruption in international business.

Authors (Year)	Theory	Main findings	Sample	Method	Variables of interest
Jensen et al., 2010	Agency theory	Firms in countries with limited press freedom tend to give nonresponses or false responses regarding issues of corruption.	World Bank enterprise survey data of more than 44,000 firms in 72 countries for the period 2000–2005	Quantitative research	Corruption and firm response
Spencer & Gomez, 2011	Institutional theory	The research identifies a positive association between the corruption environment of the host country and the pressure faced by subsidiaries to engage in local bribery.	46 foreign-owned firms operating in Ghana	Quantitative research	Corruption, subsidiary's need to engage in bribery, and localization
Duanmu, 2011	None	MNCs from countries less corrupt than China favor WOS over JV; the greater the corruption disparity with China, the more likely to choose WOS.	Survey data on FDI, by foreign MNCs from 72 countries and regions, from Suzhou, China, in 2005	Quantitative research	Corruption distance, market orientation, and foreign ownership choice
Lee & Weng, 2013	None	This research tests how domestic bribery affects firm exports, developing two contrasting hypotheses and finds that bribery decreases, rather than increases, exports.	7,227 firms based in 23 countries with 14,302 firm-year pairs	Quantitative research	Bribery and export intensity
Luiz & Stewart, 2014	Integrative social contract theory and the co-evolution theory of MNCs	This research finds that corruption is widespread in African markets and tightly linked to institutional voids in these countries.	15 MNCs from various industries and across differential African markets	Qualitative research	Corruption and institutional voids
Godinez & Liu, 2015	OLI paradigm	This research reveals that corruption distance asymmetrically affects FDI, with negative corruption distance in host countries linked to reduced inward FDI.	48 observations of FDI inflows to 12 Latin American countries during 2006–2009	Quantitative research	Corruption distance, FDI, and institutions
Keig et al., 2015	Institution-based view	Higher levels of formal and informal corruption in a firm's operating portfolio link to increased corporate social irresponsibility.	692 firms with 70,513 firm-location observations	Quantitative research	Corruption and corporate social irresponsibility
Godinez & Liu, 2018	Institutional theory	Firms from low-corruption countries are more proactive in addressing foreign corruption than those from high-corruption countries.	28 foreign firm managers responsible for establishing operations in Guatemala	Qualitative research	Corruption and FDI allocation
Yi et al., 2018	Agency and institutional theories	Bribery is more prevalent in firms with foreign ownership, especially where formal institutions are weak and internal governance is key to control.	38,673 firms in 113 countries based on World Bank's data	Quantitative research	Foreign ownership and bribery
Sampath & Rahman, 2019	Institutional theory	This research assesses how cultural and organizational distance affect corporate bribery, revealing legitimacy risks for MNCs in corrupt host countries.	220 transactions involving 85 MNEs sanctioned for bribery in 55 host countries during 1978–2011	Quantitative research	Bribery and cultural distance and organizational distance to core values
Rabbiosi & Santangelo, 2019	Organizational perspective of corruption	HQ-subsidiary communication and MNC experience in corrupt countries reduce advantages in minimizing legitimacy and information-processing costs.	261 Italian foreign subsidiaries in 25 host countries	Quantitative research	Corruption, headquarters-subsidiary relations, and subsidiary autonomy
Cordero & Miller, 2019	Upper echelon and public administration perspectives	There is a curvilinear relationship between political party tenure and MNC entries, with excessively long-tenured parties being less responsive and more corrupt.	4,600 foreign manufacturing entries into Mexican cities by manufacturing MNCs	Quantitative research	Political party tenure and MNC location choices
Sator & Beamish, 2020	Organizational perspective of corruption and integration-responsiveness paradigm	Higher equity ownership by foreign-investing MNCs reduces the chance their subsidiaries will exit corrupt emerging markets.	29,014 observations of 5,093 FDI by 1,455 MNCs in 18 emerging markets from 1998 to 2015	Quantitative research	Integration-oriented strategies, corruption, and foreign subsidiary exit

a comprehensive framework for the risks associated with digitalization in IB—a subject not yet thoroughly examined. Luo introduced an organizational information-processing framework to delve into the types and sources of risks, evaluate assessment and management strategies, and identify the firms most vulnerable to these risks. Focusing on three specific types of risks—digital interdependence, information security, and regulatory complexity—Luo analyzed both within-country and cross-country risk drivers. Luo also identified factors, such as information flow intensity, geographic diversity, international strategy, and participation in global platforms, that significantly influence firms' risk exposure and response. The framework culminated in suggesting specific actions, both individual and collective, that MNCs can undertake to manage digital risk. These suggestions underscored the need for building and deploying digital intelligence to achieve transnational resilience in an increasingly interconnected digital ecosystem.

Taken together, digitalization has been changing how MNCs strategize and organize internationally. The digitalization does not only enable cost reduction in doing business in local markets but also enables the development of the quality of products and operation models.

However, barriers to IB hold out, persist, or even reappear, such that the study of IB remains crucial in the digital age (Unctad, 2017). Meyer et al. (2023) clearly argue that MNCs operating internationally should improve digitalization strategies that are closely interdependent with their internationalization strategies, but such discussions are still in their infancy. Gawel, Mroczek-Dąbrowska, and Pietrzykowski (2023) also point out that internally within MNCs, digitalization enables efficiency escalation, process optimization, innovativeness achievement, and the enlargement of capability to access a wide market, enabling them to go beyond local and national markets. In contrast, Meyer et al. (2023) claim that externally, changes in institutional regulatory environments, an improved awareness of the inadequacies of corruptive practices, and changes in buying behaviors (recently driven by the COVID-19 crisis) generate new opportunities to deliver digital technology-based solutions for purchasing, production, marketing, logistics, and communications across national boundaries. MNCs are thus developing digitalization strategies to create new business models and increasingly switching productions and services from their own firm to business collaborators, subsidiaries, and other stakeholders abroad, confirming that

digitalization is salient in IB, and this special issue can theoretically and empirically cement existing research gaps. The method and details of our literature search of the literature on digitalization in IB for this section are explained in [Appendix B](#), which is similar to the previous section.

2.3. Research on combining corruption with digitalization in international business

Before the launch of our special issue's call for papers, there was scant research exploring the intersection of corruption and digitalization in the IB. During the revision and resubmission process for papers submitted to this special issue, only one notable article on the subject was published, namely [Jiménez, Hanoteau, and Barkemeyer \(2022\)](#). They examined the role of e-procurement in reducing firm corruption in the context of securing public contracts. Their study emphasized the moderating effects of governance quality and supranational support. Utilizing transaction cost economics as their theoretical framework and analyzing a sample of 8,373 firms across 72 countries, Jiménez et al. discovered that implementing an e-procurement system can indeed diminish corruption within firms. Nevertheless, this effect only becomes prominent when the analysis accounts for the quality of country-level governance institutions, which can strengthen the relationship. Furthermore, they found that e-procurement systems are most effective in mitigating firm corruption when bolstered by supranational support. Their study thus adds a valuable dimension to the evolving academic discourse on the influence of digitalization on corruption.

Although empirical experiments simultaneously exploring corruption, digitalization, and IB are extremely sparse, which confirms the value of this special issue, official reports and empirical studies undertaken by international organizations, such as Transparency International and the United Nations, exhibit evidence of the contribution of digitization to controlling corruption. In other words, there seems to be a close relationship between the quality and quantity of the efforts made by both governments and MNCs in digitalization and their level of corruption. The [United Nations Development Program \(2021\)](#) advises us that digitalization has gained prominence as an anti-corruption strategy globally. For instance, digitalization can battle corruption through the simplification of administrative procedures, lessening illegality, dishonesty, and the potential for bribery when doing business. In the area of anti-corruption, digitalization has become one of the greatest allies for inhibiting and tackling corruption, focused not only on detecting, analyzing, and monitoring corruption but also on promoting efficient, accountable, and inclusive institutions through digital implements. As discussed above, MNCs have become increasingly dependent on global networks of consumers, governments, suppliers, and business partners. The augmented interaction between parties in various countries has burgeoned the opportunities for them (i.e., parties) to seek advantage from illegal incentives. Under the situation that research on combining corruption with digitalization in IB is tremendously scant, these series of explanations inform us why digitalization is relevant to research into corruption and how it (i.e., digitalization) is linked to corruption and IB.

Given this context, the 12 studies in our special issue exploring the intersection of corruption and digitalization in IB serve as a foundational step toward bridging the existing research gap. The special issue aspires to become a milestone in this rapidly evolving and increasingly relevant academic field.

In the next section, we discuss the main theories of corruption and digitalization research in IB.

3. Theories for corruption and digitalization research in international business

3.1. Main theories to analyze corruption research in international business

Although numerous theories have studied corruption in IB, [Cuervo-Cazurra, 2016](#) work stands out for its comprehensive analysis of the main theoretical frameworks used in this area. Cuervo-Cazurra identified five overarching theories that are particularly relevant for examining corruption in IB: (1) agency theory, (2) transaction cost economics, (3) the resource-based view, (4) resource dependence theory, and (5) institutional theory. Nevertheless, the present paper has attempted to further extend Cuervo-Cazurra's theoretical framework.

First, [Cuervo-Cazurra \(2016\)](#) expanded agency theory to broaden unethical relationships between managers and government officials, as well as between managers at headquarters and those in host countries. According to him, managers are the principals and government officials are the agents, and managers at headquarters and managers in the host country also engage in an unethical agency relationship. To elaborate, in the corruption between the MNC managers in host markets and the local government officials as an agency relationship, the managers are the principal and task a government official as an agent to provide the firm with a benefit that is within their control in exchange for the corruption, such as a bribe. The managers are often confronted with the unusual adverse selection challenge of uncovering a corrupt government official who is willing to accept bribery and circumventing moral officials who may disclose the managers' corruptive behaviors in the case where they are offered a bribe. However, in addition to discovering a corrupt official who can be bribed, the managers need to find one who will carry out their end of the bargain once the officials have received the bribe. Another case is associated with the situation that managers at headquarters, the principals, are ethical, but local managers, the agents, prefer to grease the wheels by bribing government officials to improve their business potential and personal promotion. In this atmosphere, managers at headquarters exert controls and offer incentives to prevent host country managers from engaging in bribery, ensuring not only that the agents accomplish the aims of the principals but also that they attain these goals within the law. Traditional agency relationships rely on contracts and controls to enforce good behavior ([Eisenhardt, 1989](#)), but bribery relationships defy such mechanisms. This illegality necessitates mutual trust, challenging the conventional wisdom of agency theory that often emphasizes mistrust ([Cuervo-Cazurra et al., 2021](#)).

Second, transaction cost economics ([Williamson, 1975](#)) can be incorporated to discuss the minimization of illegal transaction costs ([Cuervo-Cazurra, 2016](#)). This perspective suggests that bribery can be a cost-effective, albeit illicit, strategy for dealing with cumbersome regulations and inspections ([Cuervo-Cazurra & Li, 2021](#)). Thus, bribery becomes a tool for navigating complicated regulatory circumstances more efficiently. Third, the resource-based view can be incorporated with CSIR capabilities. Traditionally, this theory emphasizes competitive advantages derived from unique resources not offered by competitors ([Barney, 1991; Dierickx & Cool, 1989](#)). However, the willingness to engage in bribery can also be seen as a resource, termed a CSIR capability. This is not merely an outcome of a firm's inability to manage complexity but rather a deliberate strategy for attaining a competitive advantage ([Cuervo-Cazurra et al., 2021](#)).

Fourth, resource dependence theory ([Pfeffer & Salancik, 1978](#)) can be extended to include "ethical power escape" ([Cuervo-Cazurra, 2016, p. 45](#)). To counter the influence of bribe-seeking host country officials, managers claim to be bound by home country ethics and anti-bribery laws. Unlike traditional resource dependence theory, this approach leverages the conditions enabling managers to successfully employ a strategy to mitigate the influence of host country officials and their bribery requests ([Cuervo-Cazurra & Li, 2021](#)). Fifth, neo-institutional theory can be expanded to discuss "illegal legitimacy," addressing the

dilemma where bribery, although illegal, is considered normative in corrupt countries (Cuervo-Cazurra, 2016). This creates tension in the definition of what is legitimate, not only in the host country but also in the context of the MNC's internal policies (Cuervo-Cazurra, Mudambi, & Pedersen, 2019).

Along with expanding upon each of the five theories in section 3.1., corruption studies in IB serve as a useful framework for synthesizing them. Accordingly, in Fig. 1, Cuervo-Cazurra (2016) attempts to integrate these theories by situating them in areas where they are most applicable. He suggests that combining agency and resource dependence theories can best explain the causes of corruption, primarily because they can be simultaneously used to examine the relationships between managers and government officials. Meanwhile, the resource-based view and neo-institutional theory are more effective for understanding the consequences of corruption, as they focus on firm behavior in relation to competitors. Lastly, transaction cost economics is ideal for examining the mechanisms to control corruption, as it centers on the governance of economic relationships.

Extending Cuervo-Cazurra (2016) Fig. 1, we further refine his theoretical model, yielding more comprehensive theoretical justifications in Fig. 2. As depicted in Fig. 2, we elucidate the deterrent impact of resource dependence theory on agency relationships. Additionally, we demonstrate that neo-institutional theory serves as the foundational basis for the integration of five corruption theories. Therefore, our changed diagram demonstrates a more sophisticated overall picture of analyzing corruption in IB through the integration of five overarching theories.

3.2. Main theories to analyze digitalization research in international business

While numerous theories have been utilized to study corruption in IB, researchers have only recently cast light upon the main theories that can be employed to explore digitalization in IB. Based on the new scholarly attention, we identify six particularly relevant overarching theories: (1) internationalization process theory, (2) resource dependence theory, (3) internalization theory, (4) network theory, (5) dynamic capability theory, and (6) institutional theory.

First, internationalization process theory contains the process-based view (Luo, 2022); with major changes in the digitally connected environment, traditional distance becomes less relevant, giving way to digital distance. Instead of incremental commitment, embracing digital transformation becomes essential, while the influence of path dependence diminishes. Second, underpinning resource dependence theory, we can theoretically explain digitalization and an MNC's global value chain (GVC) (Lee, Kim, et al., 2023). Leveraging digitalization, firms with unique resources can dominate dependent exchange partners. Amid market turbulence, these firms pursue stability by adapting to environments, forming coalitions, and strengthening ties with influential GVC partners. Third, internalization theory can be theoretically

linked to digitalization and new connectivity in IB. Banalieva and Dhanaraj (2019), in effect, tried linking them by focusing on the digitalization and near-decomposability of firm-specific assets (FSAs), 'cross-border transferability of technology FSAs and human capital FSAs', and governance choice. In a similar vein, Luo (2022) took digitalization and affixed it to internalization theory. According to this perspective, new connectivity amplifies value creation by adaptively combining foreign location advantages with governance choices, introducing innovative methods of internalizing through governance and orchestration choices. Connectivity bridges the complementarity between internal and external organizing.

Fourth, network theory could be a fruitful lens to analyze digitalization research in IB from the viewpoints of both network-based (Luo, 2022) and network-learning perspectives (Lee, Yang, Ghauri, & Park, 2022). Luo (2022) explained that new connectivity strengthens both internal and external network effects, fostering innovative ways to collect, collaborate, and cooperate with fellow subsidiaries and ecosystem partners. New connectivity is neither structured nor institutionalized and is thus free from boundary-spanning restrictions. Lee et al. (2022) discussed that networks are crucial for organizational learning, termed "network learning." Through these networks, firms efficiently acquire skills or blend existing information with new external knowledge. Inter-firm networks enable member firms to share and amass knowledge in their "knowledge reservoir." Fifth, dynamic capability theory contains the capability-based view (Luo, 2022); in the era of digital globalization, resource mobilization increasingly depends on novel connectivity. In recent business environments, the latest trend is for global knowledge and innovation to become more closely interwoven with new connectivity, and thus enhanced connectivity provides greater opportunities for knowledge sharing. Sixth, from institutional theory, Lee, Yang, et al. (2023) theoretically discussed institutional pressures and digitalization. In e-commerce, international new ventures' cross-border digital transactions occur within institutional environments, subjecting participating firms to both formal and informal restrictions.

Digitalization studies in IB serve as a useful discipline for integrating the six theories in section 3.3. Thus, Fig. 3 seeks to synthesize these theories by situating them in areas where they are most applicable. We propose that internationalization process theory and resource dependence theory are best suited to explain the causes of digitalization, while dynamic capability theory, as a capability-based view, is more effective for understanding the consequences of digitalization in IB. Furthermore, internalization theory and network theory are ideal for investigating the mechanisms affecting the relationship between digitalization and IB. Moreover, internalization theory and network theory are complementary to capture a glimpse of these mechanisms in particular. Lastly, institutional theory is a background theory for explaining the digitalization environment.

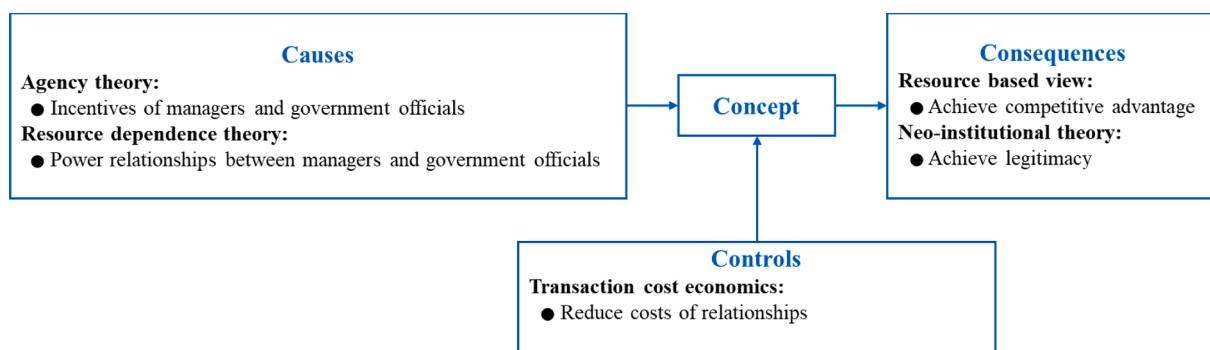


Fig. 1. Cuervo Cazurra's (2016) integrating theories of corruption research in IB (p. 46).

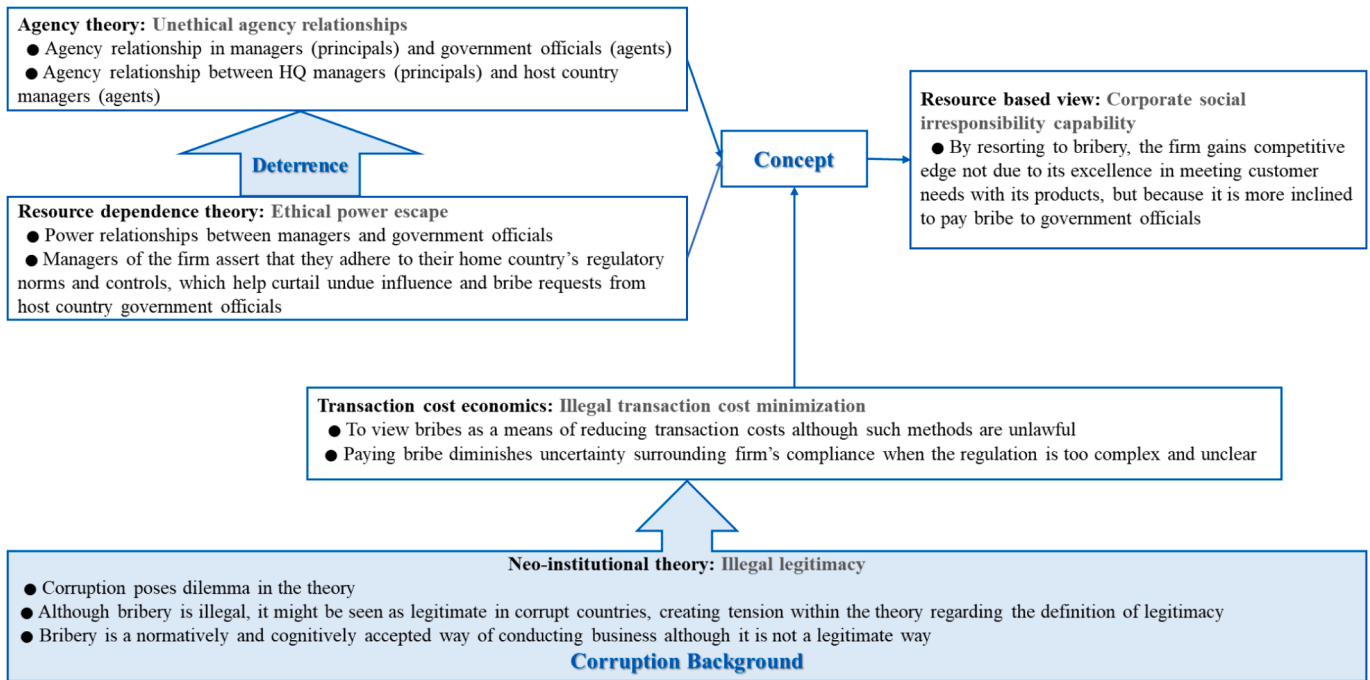


Fig. 2. Our expanded view of integrating theories of corruption research in IB.

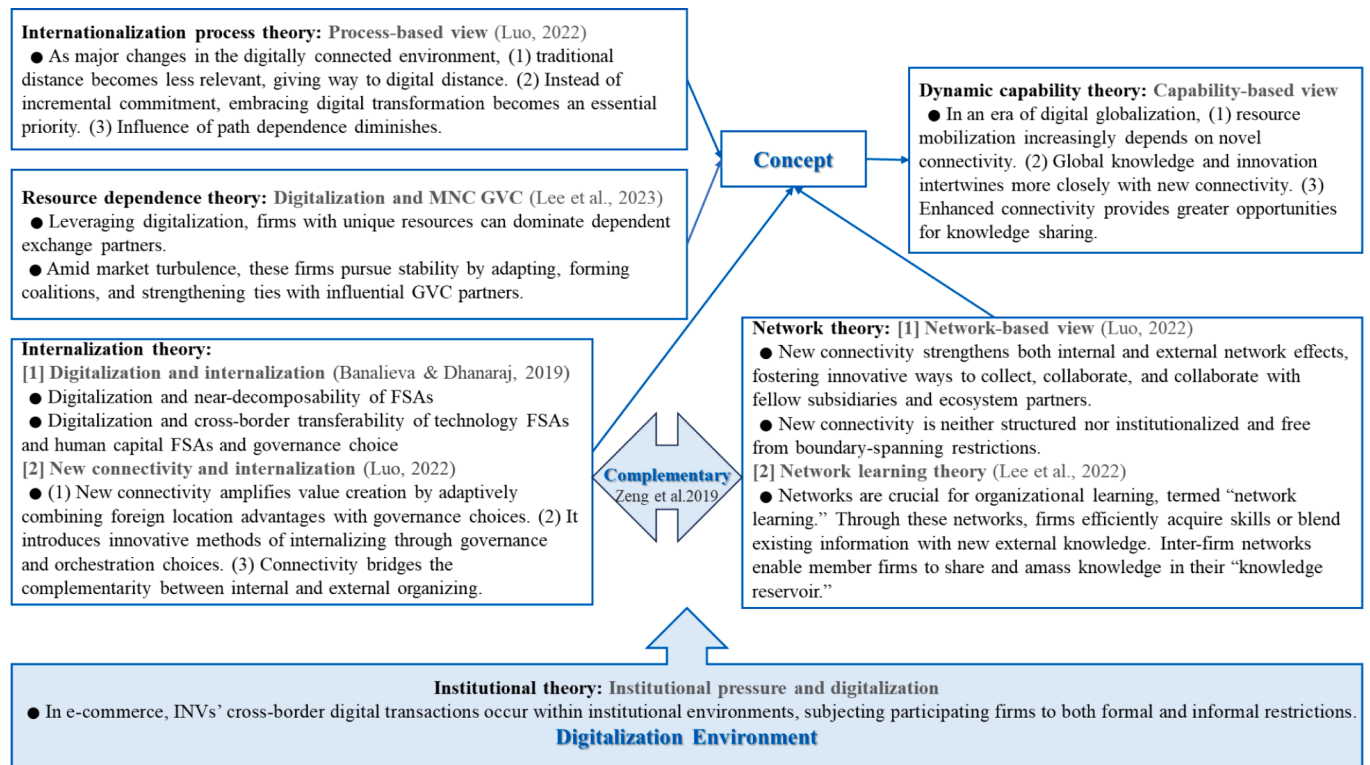


Fig. 3. Our expanded view of integrating theories of digitalization research in IB.

4. Directions for future research

4.1. Future research avenues on corruption in international business

Based on our literature review and expanding theoretical frameworks on corruption in IB, there are several future research directions for the research domain (i.e., corruption in IB) as avenues for future

researchers. First, we must distinguish different types of corruption, emphasizing its relevance for both academic study and practical application (Cuervo-Cazurra, 2016). Laws, such as the U.S. Foreign Corrupt Practices Act, differentiate between “petty corruption” (allowed under certain circumstances, such as grease payments) and “grand corruption,” which has legal consequences. This distinction is crucial for studies examining the impact of corruption on firm actions, as the legal

implications differ considerably. Additionally, companies respond differently to pervasive versus arbitrary corruption (Cuervo-Cazurra, 2008a; b). Future research is encouraged to delve deeper into how MNCs navigate these different corruption challenges and how multinational subsidiaries manage varying perceptions of corruption across countries, acknowledging that practices considered bribery in one place may be seen as normal in another.

Second, it is crucial to understand how the definition of a bribe varies across countries, affecting bribery reporting (Cuervo-Cazurra, 2016). Legal practices, including lobbying payments in the U.S., might be deemed illegal elsewhere. This variation leads to differences in how people respond to questions about bribery, as demonstrated by Jensen et al. (2010). Future research should investigate these differing perceptions to better comprehend and address global bribery issues.

Third, Kostova, Roth, and Dacin (2008) suggest that MNCs, especially in the realm of social responsibility, form their own unique “meta-institutional” area, meaning they are not merely part of their home or host countries’ organizational areas but are a distinct category with specific behavioral expectations. Consequently, MNCs likely face similar expectations from key stakeholders, regardless of their individual characteristics (Spencer & Gomez, 2011). This can open future research avenues.

Fourth, African markets impose unique challenges on MNCs due to their unfamiliarity and weak institutional frameworks, including poor regulatory systems and evolving political systems (Luiz & Stewart, 2014). These conditions create a corruption-prone environment, as companies might engage in corrupt practices to exploit weaknesses or out of necessity. However, the research has overlooked whether, instead of perpetuating corruption, MNCs can alter business environments desirably and adequately by establishing ethical standards and contributing to the development of stronger institutions in these markets. This can also offer a future research avenue.

Lastly, it is necessary to expand the ‘L’ component of the OLI paradigm by incorporating institutional factors, specifically focusing on corruption’s impact on FDI (Godinez & Liu, 2015). The concept of liability of foreignness (LoF) suggests that increased costs in searching, negotiating, and enforcing contracts internationally can deter FDI, particularly in environments dissimilar to a company’s home country. Thus, we argue that firms accustomed to dealing with corruption in their home country possess a location-bound specific advantage, enabling them to more effectively navigate similar challenges abroad. To capture this dynamic, we need to introduce corruption distance as a measure of institutional distance between home and host countries, thus refining the LoF concept within the OLI framework. This approach is supported by transaction cost and institutional theories, positing that familiarity with corruption can reduce related costs in foreign operations. This can be an empirical avenue for future research.

4.2. Future research avenues for digitalization in international business

Based on our literature review and expanded theoretical framework of digitalization in IB, there are several future research avenues for digitalization in IB. First, no study has explored the connections between an MNC’s GVC and its internal value chain, nor have any examined the relationship between an MNC’s interfirm and intrafirm trade, despite the close association of GVCs with internal value chains (Lee, Kim, et al., 2023). Additionally, investigating the varied effects of Industry 4.0 on an MNC’s domestic versus international value chain activities presents an intriguing opportunity for both IB managers and scholars. We hope that future studies will delve into these linkages and effects, provided that pertinent data become accessible.

Second, empirical experiments examining the internationalization and digital platform risks of emerging market international new ventures (INVs) are sparse (Lee, Yang, et al., 2023). This domain reveals both differences and similarities between large enterprises (e.g., MNCs) as well as small and medium-sized enterprises (SMEs), such as INVs.

Environmental disruptions, such as the pandemic, a significant contingency factor, impact both (i.e., ‘large’ and ‘small and medium-sized’) firm types, but their effects vary due to specific SME characteristics like resource constraints and the liability of newness identified by Lee, Jiménez, and Devinney (2020). Large MNCs, with their considerable resources, may navigate these challenges more easily than SMEs, including INVs. However, environmental disruption, which includes the pandemic threats, also presents opportunities for both large and small internationalized organizations adept at digital technologies. Future research should theoretically and empirically investigate both categories of internationalized organizations to provide a comprehensive comparative analysis.

Third, additive manufacturing technologies could signal the onset of a transformative era in global production, primarily due to their role in the digitization of physical goods (Hannibala & Knight, 2018). This potential shift, highlighted by Nyman and Sarlin (2014), suggests significant changes for MNCs in several key areas. According to D’Aveni (2013), additive manufacturing technologies are expected to have profound implications for supply chain management, logistics, and manufacturing. This gap should be further researched.

Lastly, the shift towards a knowledge-based economy, emphasizing blueprints and software, marks a departure from traditional manufacturing (Hannibala & Knight, 2018). This new paradigm focuses on customization, specialized products, and small-batch production, prompting MNCs and other firms to rethink their value chain strategies, including production locations and governance structures. Retail firms in particular must adjust their strategies to this changing landscape. Overall, these shifts represent a significant transformation in production and consumption, comparable in impact to the Industrial Revolution. This gap should be filled in future research.

5. Review of special issue papers

As can be seen in the discussion above, the existing literature has extensively explored questions related to corruption and IB, and more recently, it has begun addressing issues concerning digitalization and IB from diverse theoretical perspectives. However, prior to our special issue, scarce research integrated these two streams of study. Thus, this special issue seeks to merge theoretical and empirical insights from both research streams, offering expanded and comprehensive discussions on the interplay between corruption, digitalization, and IB.

Following our call for papers issued in the first half of 2020, we received 45 submissions. Additionally, we pre-emptively rejected several proposals and papers from researchers whose projects did not closely align with the themes of this special issue. We extend our deepest gratitude to the numerous anonymous reviewers who assisted in the review process, greatly enhancing the quality of the manuscripts with their insightful comments. After a rigorous peer-review process, we finally selected 12 papers that effectively address key issues on the themes of “Corruptive Practices, Digitalization, and IB” and significantly contribute to current knowledge by cementing various research holes. These 12 papers are detailed in Table 2 below.

Building on the provided context, the 12 studies in our special issue exploring the intersection of corruption, digitalization, and IB significantly enhance our understanding of how these dynamics interact in varied global contexts. Each paper contributes to filling a critical research gap by integrating theoretical perspectives, such as institutional theory, resource dependence theory, and new institutional economics, to examine the nuanced effects of corruption and digitalization on IB practices.

The studies presented extend existing theories in several ways. First, they provide empirical evidence that digitalization can either mitigate or exacerbate corruption, depending on institutional and firm-specific factors, as seen in the findings of Adomako, Amankwah-Amoah, Tarba, and Khan (2021) and Li, Zhang, Fan, and Li (2021). This dichotomy underscores the complex role digital technologies play in

Table 2
Summary of special issue papers.

Authors (Year)	Theory	Main findings	Sample	Method	Variables of interest
Yang et al., 2021	New institutional economics and resource dependence theory	The research examines the impact of local corruption on foreign firms and their strategies to mitigate it through alliances with local governments.	41,508 firm-year observations from 21,157 firms during 2011–2013	Quantitative research	Subnational corruption and foreign firm performance
Adomako et al., 2021	Institution-based view	Higher perceived corruption in the home country correlates with increased digitization of business processes, which in turn is positively linked to a greater degree of internationalization.	464 internationalizing SMEs from the manufacturing sector in Ghana and Nigeria	Quantitative research	Perceived home country corruption, business process digitization, and the degree of internationalization
Malik & Froese, 2022	Theory of moral intensity	The likelihood of individuals in MNCs engaging in corruption is influenced by the moral intensity of each act and facilitated by the complexity and modularity of products and services in IB.	Not applicable	Theory paper	Moral intensity, corrupt business practices, and modularity and complexity at the <i>meso</i> -level
Liedong et al., 2023	Institutional theory and agency theory	The positive relationship between lobbying and bribery at the firm level is weakened by extensive internet penetration in a country and the foreign ownership of firms.	25,528 firms operating in African countries during 2002–2018	Quantitative research	Lobbying, firm-level bribery and in-country internet penetration and foreign ownership
Paul, Parameswar, Sindhani, & Dhir, 2021	None	The political leaders from the ruling government exhibit high frequencies of tweeting, in contrast to Congress and other opposition leaders who tend to tweet less frequently.	A total of 589,871 tweets were extracted from 6 months' worth of Twitter data, spanning from December 1, 2018, to June 1, 2019	Qualitative research	Corruption and the tweet frequency of the top political parties and leaders
Fan, Kuper, Choi, & Choi, 2021	Institutional theory	The connection between ICT development and perceived corruption is shaped by different elements in institutional and competitive settings.	39,796 firms from 76 countries spanning 2007 to 2016	Quantitative research	ICT development and perceived corruption pressure
Kim et al., 2023	Resource based view and relational school view	A single partner leading supply chain development gains disproportionate benefits from information system skills, creating ethical concerns due to non-disclosure.	184 B2B companies	Quantitative research	Interorganizational information systems and relational performance
Li et al., 2021	Stakeholder perspective and transaction cost economics	A host country's free digital media encourages emerging market multinationals to opt for WOS for FDI, bolstered by transparency and corruption control.	1281 observations from 387 Chinese listed manufacturing firms during 2010–2016	Quantitative research	Host country's digital media freedom and WOS
Park & Xiao, 2021	Neoinstitutional theory	Foreign subsidiaries are more likely to adopt anti-corruption practices (ACPs) under strong institutional pressure, leading to improved firm reputation and innovation.	216 foreign subsidiaries operating in China	Quantitative research	Institutional pressures and ACPs of MNC foreign subsidiaries
Romero-Martínez & García-Muñia, 2021	Institutional theory and agency theory	Country selection for business is greatly affected by the strength of its institutions, with higher digitalization levels reducing corruption risks	64 internationalized Spanish hotel chains	Quantitative research	Digitalization level, corruptive practices, and location choice
Riaz, Ray, & Ray, 2022	Institutional theory	International institutional mechanisms are a practical method for enhancing corporate governance to safeguard stakeholder interests.	114 firms from the S&P/ASX 300 index firms	Quantitative research	Digitalization and corporate governance
Wu et al., 2023	Institutional theory	Foreign subsidiaries fare worse in moderately corrupt areas, with a slight improvement in highly corrupt environments, but still underperform compared to corruption-free contexts.	18,250 foreign subsidiaries in emerging markets	Quantitative research	Host country corruption, digital sector affiliation, and foreign subsidiary profitability

governance and compliance across different jurisdictions. Second, the papers enrich our understanding of the strategic responses of MNCs to corruption in host countries. For instance, Yang et al. (2021) explore how MNCs use local alliances to navigate the challenges posed by subnational corruption, highlighting the resource-based strategies firms employ to maintain performance and compliance.

Moreover, this special issue brings to light how digital tools and internet penetration affect lobbying and bribery practices within firms, as discussed by Liedong et al. (2023). These insights are crucial for policymakers and business leaders to design more effective anti-corruption strategies and leverage digitalization as a tool for transparency.

The theoretical contributions of this special issue are further distinguished by their focus on both macro- and micro-level impacts. At the

macro level, studies like those by Romero-Martínez and García-Muñia (2021) and Wu, Yang, and Mickiewicz (2023) examine how country-level digitalization and institutional frameworks influence corporate corruption and governance strategies. At the micro level, research explores the internal dynamics of firms, including the moral intensities and ethical considerations that shape individual and collective behaviors towards corruption and digitalization.

In sum, this special issue aims to make theoretical and empirical contributions to the literature on corruption and digitalization in IB. It not only broadens theoretical and empirical limitations but also serves as a critical resource for developing more effective and efficient strategies to handle the challenges and opportunities presented by corruption and digitalization in the IB environment. This comprehensive approach ensures that the special issue will serve as an invaluable reference point

for future research and practice in the field.

6. Conclusion

The guest editorial team of this special issue is delighted to introduce and release these 12 selected papers, each delving into vital aspects of corruption, digitalization, and IB, to the academic community. These papers underwent a thorough double-blind review process, ensuring their quality and relevance. Consequently, each paper significantly contributes to the theory of IB and enhances our comprehension of the roles of corruption and digitalization within the IB context.

Despite the growing theoretical and empirical interest in the roles of corruption and digitalization within IB, our comprehensive understanding of how these elements interact remains nascent. Scholars have explored various topics using related samples, but most studies have primarily developed theories focusing on each research stream separately. Therefore, traditional IB theories, such as internalization theory (Buckley & Casson, 1976; 1996) and the OLI paradigm (Dunning, 1980; 1988), may not fully address the emerging perspective on the convergence of corruption, digitalization, and IB.

Thus, we would like to emphasize that it is time to explore the research agenda in an interdisciplinary amalgamative manner; thus, the primary goal of this special issue is to deepen our comprehension of the interplay between corruption, digitalization, and IB. It presents a unique opportunity to reevaluate and expand existing theories related to these themes, reflecting the growing importance of these issues in IB. This endeavor is significant as it offers an expanded view, yielding relevant implications not just for IB but also for broader domains. Accordingly, we sought papers that enhance the theoretical frameworks by integrating extant theories, contributing new insights and knowledge, and offering substantial implications for the interplay of corruption, digitalization, and IB.

As a concluding remark, we hope that this special issue contributes to bridging various research gaps, leaving unexplored areas as avenues for future research.

CRedit authorship contribution statement

Jeoung Yul Lee: Writing – review & editing, Writing – original draft, Supervision, Methodology, Formal analysis, Conceptualization. **Byung Il Park:** Writing – review & editing, Writing – original draft, Funding acquisition, Conceptualization. **Pervez N. Ghauri:** Writing – review & editing. **Vikas Kumar:** Writing – review & editing.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Appendix A

To analyze recent trends in publications on corruption in IB, we reviewed studies employing methodologies similar to those used by Lee et al. (2020). Our literature review revealed 14 papers published from 2010 to 2022 across 16 journals in IB, strategy, and general management. This search, conducted from August to September 2022, adhered to the guidelines set by Nolan and Garavan (2016). Based on these guidelines, we formulated the keyword string that was – (Corrupt* OR unethical* OR bribe*) AND (multinational* OR MNE* OR MNC* OR foreign direct investment* OR FDI* OR international* OR global). We

utilized the database of Web of Science since this database can cover rich sources with reserved accuracy. We selected only double-blind reviewed journal papers and, following Ordanini, Rubera, and DeFillippi (2008), excluded any “gray literature.” The choice of journals was based on their topic coverage and rankings according to the Chartered Association of Business Schools (CABS) (Lee et al., 2020). The journals included in our sample are categorized under IB, strategy, and general management in the CABS rankings. In line with the literature (Lee et al., 2020), our analysis encompassed empirical, conceptual, and theoretical papers.

Appendix B

To examine recent trends in digitalization publications within International Business (IB), as outlined in section 2.1, we utilized a methodology similar to Lee et al. (2020). Our literature review identified 11 papers published between 2010 and 2022 across 16 journals in the fields of IB, strategy, and general management. From these, we highlighted 5 papers as the most relevant. The search, conducted from August to September of 2022, followed the guidelines of Nolan and Garavan (2016). Accordingly, we formulated the keyword string that was – (digit* OR internet* OR e-commerc*) AND (multinational* OR MNE* OR MNC* OR foreign direct investment* OR FDI* OR international* OR global). We utilized the Web of Science database and selected double-blind reviewed journal papers. Our choice of journals was based on their topic coverage and rankings according to the CABS (Lee et al., 2020). The journals included in our sample are classified under IB, strategy, and general management by the CABS rankings. Following Lee et al. (2020), as we did in section 2.1, we analyzed empirical, conceptual, and theoretical papers.

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