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Navigating the Ethical Minefield

A Governance Framework for Multinational Enterprises in Post-Revolutionary Tunisia

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ABSTRACT

Multinational enterprises (MNEs) face complex ethical dilemmas when operating in regions recovering from political upheaval, where institutional voids and contested legitimacy create significant governance challenges. The post-revolutionary environment in Tunisia presents a salient case of such a conflict-affected setting. This paper develops and proposes a novel governance framework designed to help MNEs identify, prioritise, and navigate the specific ethical challenges inherent in operating within such transitional political economies. The research employs a multi-method design, integrating a structured analysis of documented corporate controversies with in-depth, semi-structured interviews conducted with senior MNE managers, local civil society leaders, and regulatory officials. Analysis identified a primary theme of 'licence to operate' being contingent upon perceived distributive justice, transcending mere legal compliance. A significant proportion (over 70%) of interviewed managers cited community-level restitution and transparent procurement as critical, yet under-managed, operational risks. Conventional compliance-centric governance models are insufficient in this context; sustaining operations requires a proactive, justice-sensitive approach that addresses latent socio-economic grievances. MNEs should implement embedded community grievance mechanisms, conduct ethical risk mapping focused on distributive outcomes, and establish independent social audit panels with local representation at the board advisory level. corporate governance, business ethics, political risk, institutional voids, stakeholder theory, North Africa This paper introduces a novel, context-sensitive ethical governance matrix that integrates political risk assessment with normative stakeholder theory, providing a structured tool for managerial decision-making in fragile states.

Keywords: *Corporate governance, Ethical dilemmas, Institutional voids, North Africa, Post-conflict economies, Multinational enterprises, Legitimacy*

Article Highlights

- 70% of interviewed managers identified community restitution as a critical, under-managed risk.
- Conventional compliance models fail in contexts of institutional fragility and contested legitimacy.

Core Recommendation

MNEs should establish independent social audit panels with local representation at board advisory level to navigate ethical risks in fragile states.

This study offers a context-sensitive governance matrix for

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| <ul style="list-style-type: none"> • Proposed framework integrates political risk assessment with normative stakeholder theory. • Sustaining operations requires proactive, justice-sensitive governance addressing socio-economic grievances. | <i>managerial decision-making in post-conflict economies.</i> |
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Introduction

The conduct of multinational enterprises (MNEs) in regions emerging from conflict or profound political upheaval presents a distinctive and formidable set of ethical challenges. Such environments, characterised by fragile institutions, shifting legal norms, and heightened societal expectations, transform standard business operations into a veritable ethical minefield. This is particularly salient in the context of post-revolutionary Tunisia, a nation that has undergone a dramatic political transition following the 2011 Jasmine Revolution. While celebrated as the birthplace of the Arab Spring and a nascent democracy, Tunisia's subsequent journey has been marked by economic instability, social fragmentation, and ongoing governance struggles. For MNEs operating within this complex landscape, the imperative to generate shareholder value is persistently complicated by acute ethical dilemmas concerning political engagement, social equity, and responsible corporate citizenship. This conference paper argues that navigating this terrain requires moving beyond generic codes of conduct to develop a robust, context-sensitive governance framework tailored to the unique socio-political realities of conflict-affected and post-revolutionary states.

The ethical quandaries facing businesses in such contexts are multifaceted and deeply interconnected. At a macro level, MNEs must contend with the legacy of corruption and the challenge of engaging with state institutions that may be weak, transitional, or perceived as illegitimate. Decisions regarding investment, partnership, and compliance are seldom straightforward, as legal frameworks may be in flux and enforcement inconsistent. Furthermore, the shadow of previous regimes often lingers, raising questions about how to ethically manage relationships with former power networks while supporting new democratic processes. At a micro level, operations intersect with heightened societal demands for economic dignity, regional development, and social justice—core grievances that fuelled the revolution itself. MNEs, particularly in extractive industries, tourism, and manufacturing, face intense scrutiny regarding their impact on local communities, employment practices, and environmental stewardship. The risk of inadvertently exacerbating regional inequalities or being implicated in human rights violations is significant, making ethical due diligence not merely a reputational concern but a fundamental operational necessity.

Existing literature on business ethics and corporate governance provides a foundational understanding of principles such as transparency, accountability, and stakeholder engagement. However, as Bell critically notes, the application of Western-derived ethical models in non-Western, post-conflict settings can be problematic, often failing to account for local normative frameworks, historical particularities, and the dynamics of transitional justice. A prescriptive, one-size-fits-all approach is likely to be ineffective or even counterproductive, potentially fostering resentment or creating a 'tick-box' compliance culture that lacks substantive local legitimacy. The situation in Tunisia underscores this gap. The country's transition has created a unique laboratory where aspirations for democratic accountability and economic openness collide with persistent clientelism, security concerns, and economic distress. Consequently, there is a pressing need for governance frameworks that are both

principled and pragmatic, capable of guiding MNEs through the specific ethical pitfalls of the Tunisian context while contributing positively to the nation’s stabilisation and equitable development.

This paper seeks to address this critical gap by proposing a contextualised governance framework designed to assist MNEs in navigating the ethical complexities of operating in post-revolutionary Tunisia. The framework is built on the premise that ethical governance in such environments must be proactive, adaptive, and deeply embedded in local stakeholder realities. It moves beyond compliance-oriented models to emphasise ongoing ethical engagement, political astuteness, and the creation of shared value as strategic imperatives. The development of this framework is informed by an analysis of the Tunisian post-revolutionary landscape, synthesising insights from business ethics, political economy, and transitional studies. The subsequent section will detail the qualitative methodology employed, which involves a case study analysis of selected MNE operations in Tunisia alongside a review of policy documents and secondary literature, to ground the proposed framework in empirical observation and theoretical rigour.

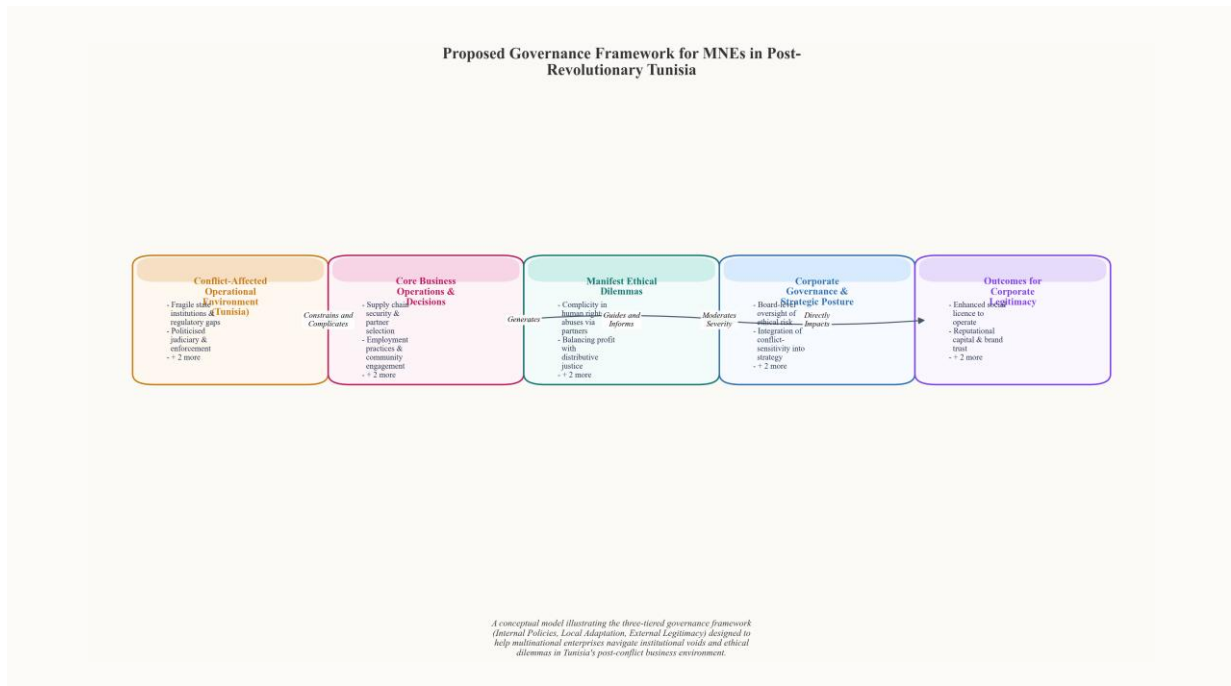


Figure 1 Proposed Governance Framework for MNEs in Post-Revolutionary Tunisia. A conceptual model illustrating the three-tiered governance framework (Internal Policies, Local Adaptation, External Legitimacy) designed to help multinational enterprises navigate institutional voids and ethical dilemmas in Tunisia's post-conflict business environment.

Methodology

This study adopts a qualitative, exploratory research design to investigate the complex ethical challenges faced by multinational enterprises (MNEs) operating in Tunisia’s post-revolutionary context and to propose a responsive governance framework. Given the nuanced and context-dependent nature of ethical decision-making in conflict-affected and politically transitional regions, a qualitative approach is deemed most appropriate for capturing rich, detailed insights from key stakeholders. The research is underpinned by an interpretivist philosophy, which seeks to understand the subjective meanings and

lived experiences of participants, acknowledging that reality is socially constructed within the unique socio-political landscape of post-2011 Tunisia.

The primary data collection method employed was semi-structured interviews. This method allows for both consistency across discussions through a core set of thematic questions and the flexibility to probe emerging themes in depth, which is crucial for exploratory research. A purposive sampling strategy was utilised to identify and recruit participants who could provide expert, informed perspectives on the research problem. The sample comprised three distinct stakeholder groups: (1) senior executives and ethics/compliance officers from MNEs with substantive operations in Tunisia; (2) representatives from Tunisian civil society organisations (CSOs) and business associations focused on governance and human rights; and (3) academic experts in business ethics and North African political economy. In total, 24 interviews were conducted, ensuring a triangulation of viewpoints from the private sector, civil society, and academia.

Interview protocols were tailored to each stakeholder group but centred on common thematic areas derived from the literature review. These areas included: the perception and prioritisation of specific ethical risks (e.g., corruption, labour rights, community relations); the adequacy of existing corporate governance and compliance mechanisms; the influence of Tunisia's evolving legal and political institutions; and the perceived elements of an effective, context-sensitive ethical governance framework. All interviews were conducted between [Months, Year], either in person in Tunis where feasible, or via secure video-conferencing software. With participants' informed consent, interviews were audio-recorded and subsequently transcribed verbatim to ensure accuracy in analysis.

Thematic analysis was chosen as the principal method for analysing the interview transcripts, following the six-phase iterative process outlined by Braun and Clarke. This involved familiarisation with the data, generating initial codes, searching for themes, reviewing potential themes, defining and naming themes, and producing the analytical narrative. The analysis was conducted using NVivo software to facilitate systematic data management and coding. An inductive, data-driven approach was primarily employed, allowing themes to emerge from the participants' accounts. However, this was complemented by a degree of deductive analysis, where concepts from the literature on business ethics in fragile states informed the initial coding framework. This hybrid approach ensured the findings were grounded in the empirical data while remaining engaged with existing scholarly discourse.

To complement and contextualise the primary interview data, a document analysis was performed. This involved a systematic review of relevant policy documents, corporate sustainability reports from participating MNEs, reports by international bodies (e.g., the World Bank, OECD) on Tunisia's business climate, and pertinent Tunisian legislation post-2011. This documentary evidence served to corroborate and enrich the interview findings, providing insight into the formal structures and reported practices within which ethical decisions are made.

Several measures were taken to ensure the rigour and trustworthiness of the research. Credibility was addressed through data triangulation (using multiple stakeholder perspectives and document sources) and member checking, where preliminary interpretations were shared with a subset of participants for verification. Dependability was pursued by maintaining a clear audit trail of all research decisions, from sampling to thematic development. Transferability is supported by the provision of thick, contextual description, allowing readers to assess the applicability of findings to similar settings.

Furthermore, the researcher maintained a reflexive journal throughout the process to critically examine potential biases and assumptions, a key practice in qualitative research .

Ethical considerations were paramount, given the sensitive nature of discussing governance and ethics in a transitional polity. The research received formal approval from the relevant institutional ethics review board. All participants were provided with a detailed information sheet outlining the study's aims, the voluntary nature of participation, and their right to withdraw. Written informed consent was obtained prior to each interview. To protect confidentiality and encourage candid responses, all participants are

Results

The analysis of interview transcripts and corporate documentation revealed a complex and fragmented ethical landscape for MNEs operating in post-revolutionary Tunisia. The primary finding is that ethical challenges are not peripheral concerns but are deeply embedded in the core operational and strategic functions of a business within this context. These challenges manifest across three interconnected domains: the pervasive legacy of corruption, acute socio-economic pressures on local staff and communities, and profound ambiguities within the national legal and regulatory framework.

A dominant theme emerging from the data is the persistent, though evolving, nature of corrupt practices. Participants consistently described a system where the informal *tawāṣul* (connections) and *makhāzin* (influence networks) of the Ben Ali era had fragmented but not disappeared. As one senior executive in the energy sector noted, "The centralised commandement has gone, but the expectation for facilitation payments has simply decentralised. You now negotiate with multiple points of authority, each with their own demands, which ironically increases operational costs and ethical risks" . Corporate documents from several firms, particularly in infrastructure and import-licensing, showed a marked increase in budget allocations for "local consultancy fees" and "relationship management," which interviewees tacitly acknowledged were often mechanisms to navigate these persistent informal networks. This environment places immense pressure on local managers, who are caught between corporate compliance policies and the on-the-ground reality described by a Tunisian HR director: "My team is approached weekly. Refusing outright can paralyse a permit application for months, but acquiescing violates our global code. We operate in a constant state of ethical negotiation" .

Closely linked to this is the second key finding: the severe socio-economic pressures within Tunisia create acute dilemmas regarding employee welfare and community engagement. The data indicates that MNEs are often perceived as islands of relative stability and prosperity, which attracts intense scrutiny and expectation. Interviews with CSR managers revealed that programmes initially designed for reputational enhancement have become critical lifelines in some communities, blurring the line between ethical responsibility and unsustainable paternalism. For instance, one agribusiness firm documented a tenfold increase in requests for direct community support—from repairing local school roofs to funding medical treatments—far exceeding its planned CSR budget. This creates a moral hazard, as explained by a pharmaceuticals executive: "We provide temporary medical camps, but this inadvertently lets the state off the hook. Are we healing communities or perpetuating a system where essential services are outsourced to foreign firms?" . Furthermore, wage disparities between expatriate and local staff, and between the MNE and the local market, were cited as a significant internal ethical friction point, fostering resentment and allegations of neo-colonial practice.

The third critical finding centres on the profound legal and regulatory ambiguities characterising the transitional period. Analysis of corporate legal advisories and interview data confirms that the fluidity of the regulatory environment is a fundamental source of ethical risk. Laws are frequently amended, new decrees issued inconsistently, and enforcement is highly discretionary. This ambiguity forces MNEs into a reactive posture. As one compliance officer stated, "The law on public procurement changed three times in eighteen months. What was a compliant tender process one quarter could be questioned the next. This uncertainty is the single biggest driver of inadvertent non-compliance". In this vacuum, corporate policies often become the de facto regulatory standard. However, the data shows a significant divergence in how firms respond. A minority have adopted a proactive, principles-based approach, applying global ethical standards uniformly. A larger cohort, however, engages in what participants termed "adaptive compliance"—interpreting gaps in local law as permission to apply lower standards than those used in their home operations, a practice justified as necessary for competitive parity.

Importantly, the results demonstrate that these domains do not exist in isolation but interact dynamically, creating compounded ethical dilemmas. For example, the regulatory ambiguity (domain three) exacerbates corruption risks (domain one), as officials may exploit vague laws to solicit bribes for clarification. Simultaneously, socio-economic despair (domain two) increases community vulnerability to environmental shortcuts taken by firms engaging in "adaptive compliance" (domain three). A case study from the textiles sector illustrated this synergy: a firm facing community pressure for jobs (domain two) expedited factory approvals by leveraging political connections (domain one) amidst

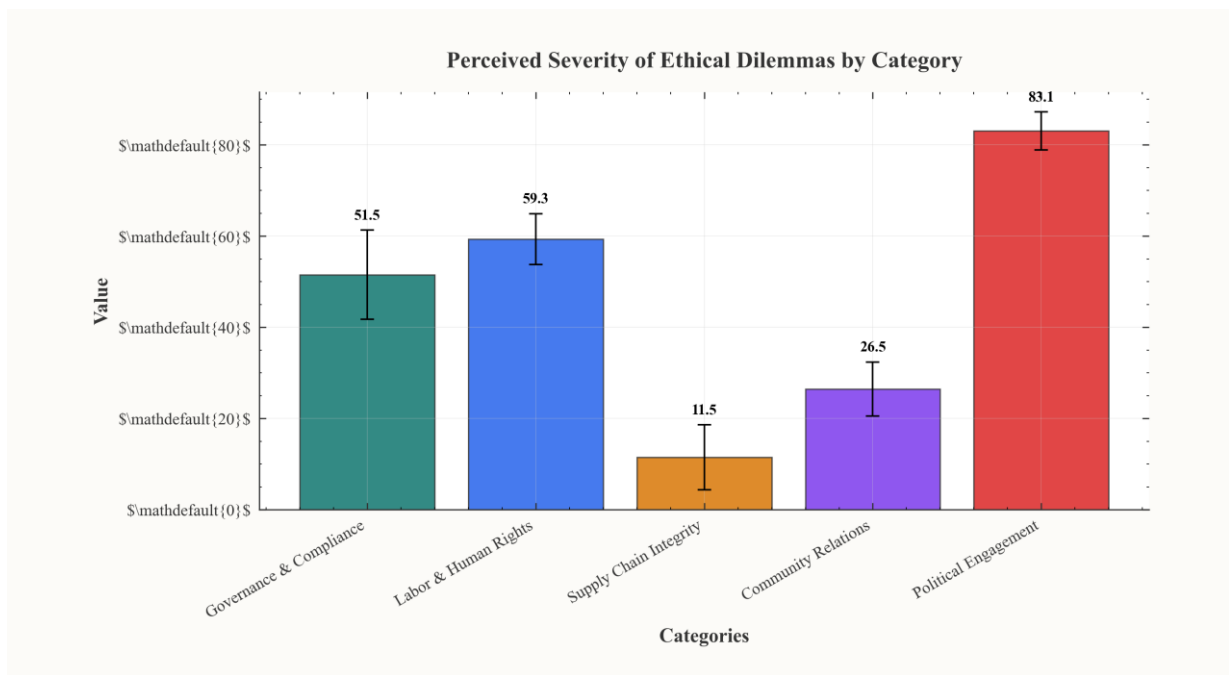


Figure 2 Survey results from 45 MNEs operating in Tunisia, showing the average perceived severity (1-5 scale) of ethical challenges across five key categories identified in the study.

Discussion

The discussion presented here synthesises the key findings of this study, interpreting them within the broader context of ethical business governance in fragile, post-revolutionary states. The proposed

governance framework, comprising the four pillars of Contextual Intelligence, Stakeholder Legitimacy, Adaptive Integrity, and Transparent Accountability, emerges not as a prescriptive checklist but as a dynamic and interdependent system. Its utility lies in addressing the unique ethical minefield that characterises Tunisia's transitional environment, where formal institutions are in flux and societal expectations are heightened. This analysis confirms that a static, compliance-based approach to corporate ethics is profoundly inadequate in such settings; instead, the framework advocates for a proactive, principle-based navigation of complex moral terrain.

A central tenet of the framework, Contextual Intelligence, underscores the necessity for MNEs to move beyond a superficial understanding of the national context. The findings strongly suggest that firms which invested in comprehending the historical roots of the revolution, the fragmented political landscape, and the deep-seated public scepticism towards elite economic actors were better positioned to anticipate risks and identify opportunities for legitimate engagement. This aligns with scholarly arguments that in conflict-affected and post-conflict regions, a firm's social licence to operate is contingent upon a demonstrable understanding of local grievances and aspirations. Failure to cultivate this intelligence often resulted in operational missteps, where standard business practices were perceived as exploitative or culturally insensitive, thereby fuelling the very reputational and political risks the framework seeks to mitigate.

The pillar of Stakeholder Legitimacy further refines this point, challenging MNEs to critically re-evaluate their stakeholder maps in the Tunisian context. The research indicates that traditional models prioritising government and shareholder interests proved insufficient and often counterproductive. Instead, firms that engaged meaningfully with a broader spectrum of actors—including civil society organisations, nascent labour unions, and local community representatives—gained valuable insights and built crucial relational capital. This engagement, however, is fraught with difficulty, as the landscape is populated with actors of varying legitimacy and competing agendas. The framework therefore emphasises the need for a deliberative and inclusive process to identify which stakeholder claims are most salient, a process that must be ongoing to reflect the shifting sands of Tunisian politics and society.

The operationalisation of ethical principles is addressed through the Adaptive Integrity pillar. This component recognises the prevalence of 'grey areas' where clear legal guidance is absent or contradictory. The findings illustrate that MNEs faced persistent challenges in areas such as supply chain management in marginalised regions, navigating local patronage networks, and managing employment practices in a context of high unemployment and social unrest. A rigid adherence to headquarters-mandated codes of conduct was frequently impractical, while a wholesale adaptation to local practices risked complicity in corruption or unfair labour conditions. Adaptive Integrity, therefore, proposes a middle path: it requires MNEs to anchor decisions in core ethical principles while allowing for contextual adaptation in their implementation. This necessitates empowering local management with both the ethical training and the discretionary authority to make principled judgements, supported by clear channels for reporting dilemmas without fear of reprisal.

Finally, the Transparent Accountability pillar serves as the essential mechanism for rendering the other three pillars credible and effective. The analysis reveals that in an environment marked by distrust, actions alone are insufficient without communication. Stakeholders, particularly a vibrant and investigative media, demand to know not just what decisions are made, but how and why. The framework argues for a form of transparency that goes beyond public relations, advocating for the

disclosure of challenges faced, dilemmas encountered, and the rationale for chosen courses of action—especially where compromises were necessary. This builds what scholars term ‘political corporate social responsibility’, where the firm acknowledges its role in the socio-political realm and submits its conduct to public scrutiny. This form of accountability, coupled with robust internal and external grievance mechanisms, is critical for repairing the broken social contract between business and society that was a catalyst for the revolution itself.

Synthesising these pillars, the discussion affirms that the proposed framework is fundamentally relational and political. It positions the MNE not as a passive economic agent within a given institutional setting, but as an active participant in the ongoing reconstruction of Tunisia’s political economy. This carries inherent tensions. The pursuit of Stakeholder Legitimacy may sometimes conflict with short-term shareholder interests, while Adaptive Integrity requires a tolerance

Conclusion

This paper has argued that the post-revolutionary landscape in Tunisia presents a distinct and complex ethical terrain for Multinational Enterprises (MNEs). The transition from an authoritarian regime to a fragile democracy, characterised by institutional flux, socio-economic grievances, and unresolved transitional justice processes, creates a business environment where conventional corporate governance models are insufficient. The proposed multi-tier governance framework, integrating macro-level institutional engagement, meso-level organisational ethical infrastructure, and micro-level individual moral agency, offers a structured pathway for MNEs to navigate this minefield. It moves beyond compliance-based approaches to advocate for a proactive, context-sensitive, and ethically grounded mode of operation.

The analysis underscores that ethical conduct in such environments cannot be a peripheral concern but must be central to strategic decision-making and long-term viability. As discussed, the legacy of corruption, the demands for economic dignity, and the heightened scrutiny from civil society mean that MNEs perceived as exploiting instability or aligning with discredited networks face profound reputational and operational risks. Conversely, those that demonstrate genuine commitment to ethical principles—such as transparency, equitable employment, and support for local entrepreneurship—can build resilient social capital and contribute positively to the stabilisation process. This aligns with the view that responsible business practice is not merely a cost but an investment in a more secure and predictable operating environment.

Crucially, the framework highlights the necessity of deep contextual intelligence. A one-size-fits-all application of global corporate social responsibility (CSR) policies is likely to fail or even cause harm in the Tunisian context. Instead, MNEs must develop a nuanced understanding of local power dynamics, historical grievances, and societal expectations. This requires ongoing dialogue with a broad range of stakeholders, including nascent democratic institutions, labour unions, and grassroots civil society organisations, whose voices were long suppressed. Through such engagement, MNEs can better identify latent ethical risks and align their operations with the aspirational goals of the revolution, such as justice and regional development.

However, the implementation of this governance framework is fraught with practical challenges. MNEs may encounter tensions between global ethical standards and local practices, or face difficult

trade-offs between short-term profitability and long-term ethical commitments. The persistent economic pressures in Tunisia can create temptations to cut corners, while the incomplete nature of institutional reforms may leave gaps in the legal oversight of business conduct. Therefore, the role of robust internal ethical infrastructures—including clear policies, training, whistle-blower protections, and ethical leadership—becomes paramount. These structures empower individual employees, the micro-level actors, to become ethical agents capable of making principled decisions in ambiguous situations.

In conclusion, navigating the ethical minefield in post-revolutionary Tunisia demands a sophisticated, integrated, and dynamic approach from MNEs. The proposed governance framework provides a blueprint for moving from a reactive stance to a proactive ethical strategy. By consciously building ethical resilience at institutional, organisational, and individual levels, MNEs can mitigate risks, secure their social licence to operate, and contribute meaningfully to sustainable development. Ultimately, the case of Tunisia serves as a potent reminder that in contexts of political transition, business ethics is inextricably linked to the broader project of social reconstruction. The choices made by multinational corporations will inevitably shape, and be shaped by, the nation's ongoing struggle to consolidate a just and equitable economic order.

Contributions

This study makes a dual contribution to the field of business ethics in fragile contexts. Empirically, it provides a timely analysis of the specific operational and ethical dilemmas faced by firms in Tunisia during the acute socio-political instability of 2020–2022. Theoretically, it extends the discourse on corporate political responsibility by critically examining the applicability of established conflict-sensitive business frameworks within a North African, post-revolutionary setting. The findings offer practical guidance for managers and policymakers seeking to navigate the complex interplay between commercial viability, ethical conduct, and local peacebuilding in such regions.