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Legal Challenges in Multinational Corporate Governance: Perspectives of International Legal Universalism and Local Particularism

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Abstract: *Unlike prior studies that treat the universalism-particularism debate primarily as a theoretical dichotomy to be resolved, this article offers a distinctive contribution by integrating Lon Fuller's procedural natural law theory with Franz and Keebet von Benda-Beckmann's theory of legal pluralism into a unified normative-doctrinal framework for analyzing multinational corporate governance. The main challenge faced by multinational companies is how they can navigate the tension between the perspective of international legal universalism, which demands consistency and uniformity, and the reality of legal particularism inherent in each jurisdiction. This study aims to answer the question of how multinational companies respond to the legal challenges arising from the intersection between the principles of international legal universalism and local legal provisions in various jurisdictions. This research is normative doctrinal legal research with statutory and conceptual approach. This study shows that MNCs' responses to global legal complexity involve dynamic strategies of convergence and divergence. Facing the dilemma between universalism and particularism, MNCs actively balance demands for uniform global governance standards with the need to adapt to cultural norms and values, as well as local legal systems. Convergence efforts are evident in the adoption of international best practices and centralized compliance frameworks, driven by the need to attract investors and maintain reputations. However, divergence occurs when MNCs must adapt their practices to local cultures, institutions, and even informal norms, often presenting challenges for local managers.*

Keywords: *Multinational Company; Universalism; Particularism; Jurisprudence.*

A. Introduction

Economic and technological globalization have had a significant impact on corporate governance worldwide. In this era of expanding globalization, multinational corporations (MNC) have emerged as central actors in the modern business world. As key agents in the global economy, multinational corporations now operate in multiple jurisdictions with strikingly different legal norms.[1] This phenomenon brings with it increasingly complex legal challenges and dynamics as these companies operate in various parts of the world.[2] These challenges arise not only from the evolving international legal framework but also from local legal

[1] Patricia Rinwigati, "The Legal Position of Multinational Corporation in International Law," *Jurnal Hukum & Pembangunan* 49, no. 2 (5 July 2019): 376–96, https://doi.org/10.21143/jhp.vol49.no2.2009, hlm. 376.
[2] Duane Windsor, "The Development of International Business Norms," *Business Ethics Quarterly* 14, no. 4 (2004): 729–754, https://www.jstor.org/stable/3858011, hlm. 731.

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provisions with unique characteristics in each jurisdiction.

A key challenge facing global companies is how they can navigate the tension between the universalist perspective of international law, which demands consistency and uniformity, and the reality of legal particularism inherent in each jurisdiction. The extent to which companies can integrate universal legal principles with corporate governance that respects and complies with local legal norms is a complex and strategic issue.[3]

It is within this context that this research takes root, with a specific focus on the legal challenges faced in global corporate governance. The fundamental question arises as to how companies can address and resolve the tension between the need to comply with universal legal principles and varying local legal provisions. This research aims to detail these complex dynamics by analyzing whether a corporate governance model can address these challenges and effectively integrate universal and local principles.

One theoretical framework used is the theory of legal pluralism, which highlights the diversity of sources of legal norms within a society. Therefore, this research will attempt to understand how companies interact with various sources of law, both universal and local.[4] Furthermore, natural law theory will be applied to explore whether there is any convergence between universal principles of international law and local legal practices across jurisdictions.

The debate between universalism and particularism is a fundamental controversy in corporate governance research that exists across cultures and countries.[5] Universality in international law refers to the idea that certain legal principles have uniform validity and application worldwide, regardless of cultural or geographic context. Legal particularism, on the other hand, emphasizes the uniqueness of legal systems shaped by the specific social, cultural, economic, and political context of a region or country. This tension is particularly pronounced in business law practice, where international norms such as human rights, environmental standards, or anti-corruption principles must interact with national regulations that may have differing interpretations or priorities.[6]

The literature review indicates that many studies related to the above issue focus on theoretical dimensions in the field of international law, but there has been no relevant research that combines a normative-doctrinal approach with field analysis through the framework of the Universalism-Particularism debate, particularly in the context of MNC governance in developing countries such as Indonesia. One relevant piece of literature is an article entitled "The Legal Position of Multinational Corporations in International Law" written by Patricia Rinwigati and published in the "Jurnal Hukum & Pembangunan" in 2019. The main focus of that article is to determine the legal position of multinational corporations in the context of international law.[7]

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[3] Larry Cata Backer, "Multinational Corporations as Objects and Sources of Transnational Regulation," *ILSA Journal of International & Comparative Law* 14, no. 2 (2008): 499–523, hlm. 504. https://nsuworks.nova.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1624&context=ilsajournal

[4] Ruth Meinzen-Dick, "Property rights and sustainable irrigation: A developing country perspective," *Agricultural Water Management* 145 (2014): 23–31, https://doi.org/10.1016/j.agwat.2014.03.017, hlm. 26.

[5] Patricia Rinwigati, "The Legal Position Of Multinational Corporation In International Law," *Jurnal Hukum & Pembangunan* 49, no. 2 (2019): 376–96, https://doi.org/10.21143/jhp.vol49.no2.2009.

[6] Zhou Li et al., "Disputes between Multinational Enterprises and Workers in International Settings," Atlantis Press, July 1, 2022, 358–64, https://doi.org/10.2991/aebmr.k.220603.059.

[7] Patricia Rinwigati, "The Legal Position Of Multinational Corporation In International Law," *Jurnal Hukum & Pembangunan* 49, no. 2 (2019): 376–96, https://doi.org/10.21143/jhp.vol49.no2.2009.

The conceptual novelty of this study lies in its dual-theoretical approach. While the universalism-particularism debate has been examined extensively in comparative law and international legal scholarship, few studies have systematically combined Fuller's procedural natural law theory with Benda-Beckmann's legal pluralism framework to analyze MNC governance from a normative-doctrinal standpoint. Fuller's theory provides the philosophical basis for evaluating the internal legitimacy of legal norms that MNCs are expected to comply with, while Beckmann's theory maps the structural plurality of legal orders that MNCs actually navigate in practice. Together, these frameworks allow the present study to move beyond the simple convergence-divergence binary and to explain how MNCs construct governance strategies that simultaneously honor universal principles and accommodate local normative diversity. This article thus contributes to the transnational legal literature not merely by revisiting a classic debate, but by proposing a normative architecture through which the tension between universalism and particularism can be productively managed rather than resolved through the suppression of one by the other.

By detailing these frameworks (universalism-particularism debate), this research is expected to provide in-depth and holistic insight into the complexity of legal challenges in global corporate governance from the perspectives of universalism and particularism. Furthermore, this research is expected to provide conceptual and practical insights that can assist companies in facing these increasingly complex global corporate governance challenges.

Based on the background presented, the problem that can be formulated is: how do multinational companies respond to the legal challenges arising from the intersection between the universalist principles of international law and local legal provisions in various jurisdictions?

B. Methodology

This research is a normative study using a statute approach and a conceptual approach. The primary legal materials used in this research are: 1) relevant international legal documents such as the General Agreement on Tariffs and Trade (GATT) and the Universal Declaration of Human Rights; 2) relevant national legal documents, such as Law Number 25 of 2007 concerning Investment, Law Number 40 of 2007 concerning Limited Liability Companies, and Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law; and 3) decisions of relevant judicial bodies. Secondary legal materials include journals, books, and related scientific works. These legal materials were obtained through literature review and analyzed descriptively and qualitatively.

Legal materials in this study were analyzed through three established approaches in normative legal research. First, the statutory approach was applied by systematically examining the hierarchy and substance of relevant legal instruments — including international documents such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as national statutes such as Law No. 25 of 2007 on Investment, Law No. 40 of 2007 on Limited Liability Companies, and Law No. 6 of 2023 on Job Creation — in order to identify the normative obligations these instruments impose on MNCs and to map the points at which they converge with or diverge from international standards. Second, the conceptual approach was employed by drawing on established legal doctrines and theoretical frameworks — principally Lon Fuller's procedural natural law theory and Franz and Keebet von Benda-Beckmann's theory of legal pluralism —

as analytical lenses through which the universalism-particularism tension in MNC governance is examined and interpreted normatively. Third, the case approach was utilized by analyzing landmark decisions and documented cases — including Philip Morris v. Uruguay and the BNP Paribas sanctions case — to derive legal principles that illuminate how courts and arbitral tribunals have navigated the conflict between universal governance standards and local legal particularity in practice.

C. Results and Discussion

Overview of International and National Law Related to Global Corporate Governance

The existence of multinational corporations is a result of both a source and a driver of globalization. The British East Indies Company (EIC), founded in 1600, is often considered the first multinational company (MNC). Eurostat defines an MNC as a company that produces goods or provides services in more than one country or has its management headquarters in one (or rarely more) country, namely its home country, while also operating in other countries. According to information collected by the European Commission in 2016, multinational corporations controlled more than half of international trade.[8] The number of non-financial MNCs was 82,000 in 2008. Just six years later, in 2014, the Organization for Economic Co-operation and Development (OECD) reported in its database that the number had risen to 230,000. In 2017, the foreign operations of the world's top 100 MNCs represented 9 percent of foreign assets, 17 percent of foreign sales, and 13 percent of the global foreign workforce.[9]

Some of the positive impacts of MNCs in developing countries include economic growth, export-driven industrialization, capital formation, technological development and improved work processes, a cleaner environment, poverty alleviation (reduction), job creation, competency development, and skills enhancement. Negative impacts, on the other hand, include dependency, capital outflow, organized crime, labor exploitation, tax evasion, environmental pollution, health and safety risks, and human rights violations. Despite their importance and significant influence on the international economy and the well-being of society, there is no conventional international law governing the rights and obligations of multinational corporations (MNCs).[10]

The first initiative to create such rules was the OECD Declaration on International Investment and Multinational Enterprises, first adopted by OECD Member Governments on June 21, 1976. Since then, the declaration has been reviewed in 1979, 1984, 1991, 2000, and 2011. The Declaration consists of four elements, the first and most important of which is the OECD Guidelines for Multinational Enterprises.[11] The OECD Guidelines for Multinational Enterprises are recommendations addressed by the governments of OECD member countries to multinational enterprises operating in and/or originating from member countries. These enterprises typically consist of companies or other entities established in more than one

[8] Marcel Kordos dan Sergej Vojtovic, "Transnational Corporations in the Global World Economic Environment," *Procedia - Social and Behavioral Sciences* 230 (2016), https://doi.org/10.1016/j.sbspro.2016.09.019, hlm. 152.
[9] UNCTAD, 'World Investment Report 2018' (2018), 26 <https://unctad.org/en/PublicationsLibrary/wir2018_en.pdf>.
[10] Shameena Ferdausy, Md Sahidur Rahman, 'Impact of Multinational Corporations on Developing Countries' (2009) 24 The Chittagong University Journal of Business Administration 111-137. https://doi.org/10.13140/RG.2.2.25681.79206
[11] OECD, 'Text of the OECD Declaration on International Investment and Multinational Enterprises' http://www.oecd.org/daf/inv/investmentpolicy/oecddeclarationoninternationalinvestmentandmultinationalenterprises.htm.

country and interconnected, allowing them to coordinate their operations in various ways. The OECD Guidelines provide voluntary principles and standards for responsible business conduct, in accordance with applicable law and internationally recognized standards. The guidelines cover nearly all of the principles for the fulfillment of human rights by multinational companies, as mandated by the Universal Declaration of Human Rights.[12]

In addition to these rules, there are also the Guiding Principles on Business and Human Rights. The Guidelines are a framework introduced by John Ruggie, Professor of International Relations at Harvard University, during his tenure as the UN Special Observer on Business and Human Rights. These guidelines were later adopted by the UN Human Rights Council in 2011.[13] The Guidelines consist of three main pillars known as "Protect, Respect, and Remedy," which outline the responsibilities and roles of each stakeholder, including multinational companies, in protecting and respecting human rights. Protect means that states have an obligation to protect human rights from violations by third parties, including companies. States must also create an effective legal framework and law enforcement to prevent human rights violations by companies.[14]

Respect means that companies have a responsibility to respect human rights in their operations. Companies are also expected to conduct human rights impact assessments, identify and prevent potential negative impacts, and address those impacts if discovered. Meanwhile, the concept of "Remediation" means that parties negatively impacted by a company's activities have the right to access redress channels. Effective and equitable redress mechanisms must be available, including national court systems or alternative mechanisms such as mediation or arbitration.[15] These Guidelines reflect efforts to create a global framework that provides guidance for multinational companies to operate with respect for human rights and minimize their negative impacts on society and the environment. Although these Guidelines are non-legally binding, many parties have used them as a foundation for developing more socially and environmentally sustainable business policies and practices.

In addition to the international regulations mentioned above, there is also the General Agreement on Tariffs and Trade (GATT). This regulation is a multilateral trade agreement established in 1947 and was a key factor in the formation of the World Trade Organization (WTO), established in 1995. Although the GATT primarily focuses on trade in goods, it has had a significant impact on multinational companies. Within the context of the GATT, multinational companies are subject to various provisions governing their international trade activities, such as provisions on the Elimination of Discrimination and Non-Discrimination; the Reduction of Tariffs and Barriers to Trade; the Protection of Intellectual Property; Dispute Settlement and Legal Stability; and the Impact on Foreign Direct Investment (FDI).

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[12] Ali Yildiz, "The OECD Guidelines on Multinational Enterprises: Strengths and Weaknesses," *SSRN Electronic Journal*, 2019, https://doi.org/10.2139/ssrn.3390443, hlm. 1.
[13] Jonathan Bonnitcha dan Robert McCorquodale, "The concept of 'due diligence' in the UN Guiding Principles on business and Human Rights," *European Journal of International Law* 28, no. 3 (2017), https://doi.org/10.1093/ejil/chx042, hlm. 899.
[14] Frank Hubers dan Thomas Thijssens, "Protect, respect, remedy, and report? Development of human rights reporting in the context of formal institutional settings," *Corporate Social Responsibility and Environmental Management* 30, no. 6 (2023), https://doi.org/10.1002/csr.2515.
[15] Karin Buhmann, "Business and Human Rights: Analysing Discursive Articulation of Stakeholder Interests to Explain the Consensus-based Construction of the 'Protect, Respect, Remedy UN Framework,'" *International Law Research* 1, no. 1 (2012), https://doi.org/10.5539/ilr.v1n1p88.

Although the GATT focused primarily on trade, its regulatory impact on multinational enterprises was significant, laying the foundation for a more open and organized international trading system. The GATT and its successor, the WTO, continue to serve as important frameworks for regulating international trade relations involving multinational enterprises.

One international regulation that should not be overlooked in discussions regarding multinational enterprises is the ILO Declaration on Fundamental Principles and Rights at Work. This declaration, an initiative of the International Labour Organization (ILO), was adopted in 1998. It provides strong guidance on fundamental labor principles and rights at the international level. In the context of multinational enterprises, this declaration sets standards and responsibilities for ensuring workers' human rights throughout their global operations. Some important aspects covered in this declaration are: Freedom of Association and the Right to Collective Bargaining; Elimination of Forced and Other Forms of Compulsory Labor; Elimination of Discrimination in the Workplace; Prohibition of Child Labor; and the Importance of International Standards in Business Governance.

Meanwhile, nationally, in order to fulfill the development program in the investment sector, particularly related to foreign company investment, in 2007, the Government of Indonesia ratified and enacted a law in the field of Investment, namely Law No. 25 of 2007 concerning Investment, which accommodates investment policies both domestically and foreignly carried out by multinational companies. So that it can serve as a legal basis for increasing investment in Indonesia. Law No. 25 of 2007 concerning Investment promises various incentives, services, and guarantees for investors. This policy is seen as potentially attracting more investors. Of the 40 articles of Law No. 25 of 2007 concerning Investment, many regulate the provision of facilities or guarantees of business certainty to capital owners. These facilities and conveniences include: Fiscal Facilities; Facilitation of Land Rights; Facilitation of Immigration Services; Facilitation of Imports; and Facilities in the Employment Sector.

Furthermore, there is Law No. 40 of 2007 concerning Limited Liability Companies. The regulation provides a mechanism for oversight and law enforcement regarding the activities of both national and multinational companies. Limited liability companies are required to have a supervisory body, such as a Board of Commissioners, to ensure fair and legal continuity of operations. In the event of violations, this regulation provides the basis for law enforcement and appropriate sanctions.

Through the Limited Liability Company Law, Indonesia creates a legal framework that emphasizes shareholder protection, corporate social responsibility, and transparent management, all of which impact how multinational companies operate and contribute to sustainable development in Indonesia.

The most recent regulatory development regarding the existence and governance of multinational companies in Indonesia is the Job Creation Law. However, this policy, often referred to as the Omnibus Law, is a major initiative in Indonesia aimed at streamlining regulations and encouraging investment. In the context of multinational companies, the Omnibus Law introduces several changes related to labor regulations, investment, and the business environment. Key elements of the Job Creation Law for multinational companies include: Flexibility of Labor Regulations; Investment and Ease of Doing Business; Changes in Environmental Permits; and Efficient Investment Dispute Resolution.

Multinational corporations play a central role in the global economy, yet their operations

often present significant legal complexities. MNCs' corporate governance is not only bound by the laws of their home country, but must also comply with the various legal regimes of the countries in which they operate.[16] The central issue in this context is how MNCs balance the demands of the universality of international law with the realities of local legal particularism.[17]

The Debate on Universalism and Particularism

The debate between legal universalism and particularism has long been a topic of discussion in legal philosophy. Legal universalism, often associated with the idea of natural law or transnational legal principles, proposes the existence of legal standards that apply universally to all. Legal particularism, on the other hand, emphasizes the uniqueness of legal systems shaped by the specific social, cultural, economic, and political context of a region or country.[18] This tension becomes particularly pronounced in the practice of business law, where international norms such as human rights, environmental standards, or anti-corruption principles can clash with national regulations that may have different interpretations or priorities. The extraterritorial application of US law, for example, can create legal conflicts for MNCs.[19]

The literature has extensively discussed how MNCs manage legal compliance across jurisdictions. Strategies include harmonization, which aligns internal policies with the highest international standards,[20] and with localization, in order to comply with local laws and norms.[21] The role of MNCs in international trade is often studied from various disciplines, highlighting their political dimensions within the framework of global economic governance.[22] However, there are also cases where MNCs face ethical and legal dilemmas when universal and local norms fundamentally conflict, such as in cases of corruption or employment litigation.[23] MNCs are required to understand their legal obligations, especially in the context of global standards such as the UNGPs and OECD Guidelines.[24] Research on "conflict of laws" is also relevant,

[16] Chidiogo Uzoamaka Akpuokwe et al., "Corporate Law in The Era of Globalization: A Review of Ethical Implications and Global Impacts," *Finance & Accounting Research Journal* 6, no. 3 (2024): 304–19, https://doi.org/10.51594/farj.v6i3.857.
[17] Tauseef Adeel Hassan and Shaukat Hussain Bhatti, "International Business Law and Regulations," *Journal of Social Sciences Review* 3, no. 1 (2023): 422–32, https://doi.org/10.54183/jssr.v3i1.122.
[18] Amir N. Licht, "Culture and Law in Corporate Governance," in *The Oxford Handbook of Corporate Law and Governance*, ed. Jeffrey N. Gordon and Wolf-Georg Ringe (Oxford University Press, 2018), https://doi.org/10.1093/oxfordhb/9780198743682.013.13.
[19] Karl P. Sauvant, "The Next Step in Governance: The Need for Global Micro-Regulatory Frameworks in the Context of Expanding International Production," in *Perspectives on Headquarters-Subsidiary Relationships in the Contemporary MNC*, vol. 17 (Emerald Group Publishing Limited, 2016), https://doi.org/10.1108/S1064-485720160000017013.
[20] Adetoyese Latilo et al., "Strategies for Corporate Compliance and Litigation Avoidance in Multinational Enterprises," *World Journal of Advanced Science and Technology* 6, no. 1 (2024): 073–087, https://doi.org/10.53346/wjast.2024.6.1.0048.
[21] Liudmyla Svystunova et al., "Multinational Corporations' Interactions with Host Institutions: Taking Stock and Moving Forward," *Management International Review* 64, no. 1 (2024): 3–33, https://doi.org/10.1007/s11575-023-00525-1.
[22] Grace A. Ballor and Aydin B. Yildirim, "Multinational Corporations and the Politics of International Trade in Multidisciplinary Perspective," *Business and Politics* 22, no. 4 (2020): 573–86, https://doi.org/10.1017/bap.2020.14.
[23] Htwe Htwe Thein et al., "Should We Stay or Should We Exit? Dilemmas Faced by Multinationals Under Sanctioned Regimes," *Journal of World Business* 59, no. 6 (2024): 101585, https://doi.org/10.1016/j.jwb.2024.101585.
[24] Kateryna Buriakovska and Otgontuya Davaanyam, "Analysing Heightened Corporate Human Rights Responsibilities in the Context of OECD Case Law," in *Exploring Corporate Human Rights Responsibilities in OECD Case Law*, ed. Otgontuya Davaanyam and Markus Krajewski (Springer Nature Switzerland, 2025), https://doi.org/10.1007/978-3-031-75717-4_3.

discussing dispute resolution mechanisms when the laws of two or more jurisdictions have claims on the same case.

The adoption of good corporate governance has been a common response to these challenges, with an emphasis on transparency, accountability and ethical behavior.[25] The effectiveness of this governance often depends on the local context, including the strength of legal institutions and the culture of the community.[26] Pressure to comply with universal standards is increasing, even if local laws may be more permissive, especially in cases of human rights violations.[27] MNCs also often have to respond to external sanctions, which can create ethical dilemmas when deciding whether to remain in or exit a particular market.[28]

Understanding how MNCs respond to this complexity can be deepened by integrating legal philosophy perspectives, particularly through the lens of Lon Fuller and Benda Beckmann's theories, to analyze their compliance and adaptation strategies. Lon Fuller, a highly influential legal scholar, proposed a procedural Natural Law theory that emphasizes the "internal morality" of law.[29] For Fuller, law must fulfill eight criteria of internal morality to be called valid law and have binding power, namely: being general, being announced, being non-retroactive, being clear, not contradictory, not demanding the impossible, being relatively constant, and there being harmony between official actions and the announced rules.[30] Failure to meet these criteria can cause the legal system to be "flawed" or even unable to be called law.[31]

In the specific context of MNC governance, Fuller's eight criteria of internal morality function as a meta-standard against which both international regulatory frameworks and national corporate law can be evaluated for their normative legitimacy. The criterion of clarity (lex certa) demands, for instance, that corporate sustainability reporting obligations — whether arising from the EU's Corporate Sustainability Reporting Directive (CSRD), the UN Guiding Principles' 'report' pillar, or Indonesia's mandatory Corporate Social Responsibility provisions under Article 74 of Law No. 40 of 2007 — be sufficiently precise and actionable to enable consistent compliance. The criterion of non-contradiction becomes critically relevant when an MNC simultaneously faces conflicting legal obligations across jurisdictions: for example, data localization requirements under one national legal order may directly contradict data transfer and privacy obligations under another jurisdiction's law. The criterion of non-retroactivity likewise constrains the permissibility of retroactive changes to investment regimes, a concern directly relevant to MNCs operating under bilateral investment treaties. Fuller's framework

[25] Dominik Anderhofstadt et al., "Corporate Governance and The Internationalisation of African Firms: An Institutional Investor Perspective," *International Journal of Disclosure and Governance* 22, no. 3 (2025): 644–57, https://doi.org/10.1057/s41310-024-00262-3.
[26] Pedro Paulo Melo Arantes et al., "Cultural Determinants of Corporate Governance: A Multi-Country Study," *Internext* 15, no. 2 (2020): 56–71, https://doi.org/10.18568/internext.v15i2.580.
[27] Rachael Ajomboh Ntongho, "Culture and Corporate Governance Convergence," *International Journal of Law and Management* 58, no. 5 (2016): 523–44, https://doi.org/10.1108/IJLMA-04-2015-0016.
[28] Adeyinka Alex Banso et al., "Legal Advocacy and Environmental Conservation in South West Nigeria: A Review of Frameworks and Milestones in Sustainable Development," *Ecofeminism and Climate Change* 4, no. 2 (2023): 138–46, https://doi.org/10.26480/efcc.02.2023.138.146.
[29] Kristen Rundle, "Administrative Discretion and Governing Relationships: Situating Procedural Fairness," in *Procedural Justice and Relational Theory* (Routledge, 2020), https://doi.org/10.4324/9780429317248-16.
[30] E. İrem Akı, "Hukukun iç ahlâkı: Lon L. Fuller'in görüşleri çerçevesinde bir inceleme (The Inner Morality of Law: An Examination within the Framework of Lon L. Fuller's Theory)," *Ankara Üniversitesi Hukuk Fakültesi Dergisi* 64, no. 1 (2015): 1–36, https://doi.org/10.1501/Hukfak_0000001772.
[31] Ira Chadha-Sridhar, "The Value of Vagueness: A Feminist Analysis," *Canadian Journal of Law & Jurisprudence* 34, no. 1 (2021): 59–84, https://doi.org/10.1017/cjlj.2020.22.

thus provides MNCs with a principled philosophical basis for evaluating which governance obligations deserve priority: where a local legal system demonstrably fails to meet the minimum criteria of internal morality — through vagueness, contradiction, or systematic non-enforcement — the MNC retains both a legal-ethical justification and a practical framework for adhering to higher universal ethical standards in lieu of, or in addition to, deficient local requirements.

In the context of multinational corporations, Fuller's theory is relevant for understanding the philosophical basis behind international legal principles that seek to be universal. Principles such as human rights, justice, and good governance in international law can be seen as manifestations of the internal morality of law that is expected to be universally applicable.[32] MNCs, in their operations, are expected to adhere to these universal principles as the foundation of global business ethics, even in jurisdictions with local legal systems that may be less developed or do not comply with them.[33] Fuller's theory helps explain why there is moral and legal pressure for MNCs to not only comply with local laws but also uphold higher universal ethical standards.[34] Thus, MNCs' efforts to adopt global standards in corporate governance can be interpreted as a search for a higher internal legal morality, overcoming the limitations of local laws.

Lon Fuller's Natural Law Theory argues that good law must conform to certain moral principles. This contributes to the debate between universalism and particularism in legal thought. Universalism holds that moral principles are universal and applicable across contexts, while particularism emphasizes that moral values can vary across contexts and cultures. Lon Fuller emphasized the importance of universal moral principles in natural law. Principles such as general applicability and substantial justice reflect the aspiration for widely accepted moral norms. Fuller views law as an instrument for creating a just social order that conforms to a universal morality.[35]

As a concrete example, the Sullivan Principles are an ethical initiative that reflects the triumph of universal moral ideas in the context of multinational corporations. During the apartheid era in South Africa, Leon Sullivan, a member of the board of directors of General Motors, formulated ethical principles that bound multinational corporations operating there. These principles required companies to oppose racial discrimination and promote equal workers' rights.[36] The Sullivan Principles demonstrate that universal moral values can guide business practices globally. Many multinational corporations adopted these principles, demonstrating an awareness of social responsibility and business ethics in responding to human rights issues. This initiative created global pressure to end business support for the

[32] Marc Engelhart, *The Nature and Basic Problems of Compliance Regimes* (Max-Planck-Institut für ausländisches und internationales Strafrecht, Forschungsgruppe “Architektur des Sicherheitsrechts” (ArchiS), 2018), https://doi.org/10.30709/archis-2018-3.
[33] Heidi Kuehl, “Global Legal Ethics and Corporate Social Responsibility: Where’s the Beef?,” *North Carolina Journal of International Law* 46, no. 1 (2021): 111.kuehll https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4125609
[34] Malcolm Rogge, “Humanity Constrains Loyalty: Fiduciary Duty, Human Rights, and the Corporate Decision Maker,” *Fordham Journal of Corporate & Financial Law* 26, no. 1 (2021): 1. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3689968
[35] Ivar R. Hannikainen et al., “Are There Cross-Cultural Legal Principles? Modal Reasoning Uncovers Procedural Constraints on Law,” *Cognitive Science* 45, no. 8 (2021), https://doi.org/10.1111/cogs.13024.
[36] Ralf Barkemeyer et al., “What happened to the ‘development’ in sustainable development? Business guidelines two decades after Brundtland,” *Sustainable Development* 22, no. 1 (2014), https://doi.org/10.1002/sd.521.

apartheid regime, illustrating the triumph of universal moral principles in addressing controversial global issues.

The Sullivan Principles emphasize the importance of the social and moral responsibility of multinational corporations in the context of global challenges. This illustrates how ethical and moral values can guide corporate governance that respects human rights and addresses complex social issues worldwide. However, there is a particularist perspective that argues that the universalist view has its own anomaly, where the universal moral view is deemed not entirely justified. This is because particularist thinkers believe that morality is a value that cannot be shared uniformly by all humans, as humans globally have diverse national, economic, social, cultural, political, and religious backgrounds.

One group of thinkers who firmly stands as particularists is Benda Beckmann, the originator of the concept or theory of legal pluralism. Benda Beckmann's Plural Theory of Law presents an approach that understands the diversity of legal norms across cultures and societies. Within the context of the debate between universalism and particularism in legal thought, this theory highlights the complexity of legal norms arising from different cultural and social contexts. Particularism, as the moral idea underlying this theory, emphasizes the need to understand and acknowledge the diversity of legal values and norms existing in particular societies.

Beckmann's Plural Object Theory of Law demonstrates that a particularist approach can make a valuable contribution in a pluralistic legal context. The diversity of cultures and local values creates complex dynamics in the understanding and application of law. Particularism calls for appreciating the uniqueness of each legal context and considering local norms within a broader legal framework.

The case of Philip Morris v. Uruguay is a well-known example that can be linked to the idea of legal particularism. In this case, the Uruguayan government implemented a strict anti-smoking policy to protect the health of its citizens. Philip Morris, a multinational tobacco company, challenged this policy as a violation of trademark rights. However, the court upheld Uruguay's policy, recognizing that protecting public health can be a more important particular norm than corporate rights, demonstrating the triumph of legal particularism in addressing global issues. The case of Philip Morris v. Uruguay illustrates how legal particularism can influence the resolution of legal disputes at the global level. In the context of multinational corporations, dispute resolution needs to consider the diversity of values and legal norms across jurisdictions. A particularist approach can create space to respect local rights and ensure that dispute resolution reflects local values that may differ from universal norms.

Beckmann's Plural Object Theory of Law and the concept of legal particularism provide new insights into the debate between universalism and particularism within legal thought. The Philip Morris v. Uruguay case highlights the importance of understanding and respecting particular legal norms in global dispute resolution. This marks the triumph of particularist ideas in addressing legal issues involving multinational corporations and emphasizes the need for a balance between universal norms and local values.

Benda Beckmann is one of the leading proponents of the concept or theory of legal pluralism. Benda Beckmann's Theory of Legal Pluralism presents an approach that

understands the diversity of legal norms across cultures and societies.[37] This theory highlights the complexity of legal norms arising from different cultural and social contexts, emphasizing the need to understand and acknowledge the diversity of legal values and norms that exist in particular societies. Legal pluralism illustrates that law takes many forms and can exist in parallel regimes, serving as a framework for considering where law can be found and how it operates.[38]

In the context of multinational corporations, legal pluralism is particularly relevant because MNCs operate in multiple jurisdictions where multiple legal systems may overlap or interact simultaneously.[39] This means that MNCs are not only faced with state law but also with customary law, religious law, or even internal company norms which function as a separate legal system.[40] A concrete illustration of this pluralistic legal interaction can be observed in the extractive industry in Indonesia, where multinational mining companies simultaneously operate under at least three distinct legal orders: state law (principally Law No. 3 of 2020 on Mineral and Coal Mining and Law No. 32 of 2009 on Environmental Protection and Management), customary land tenure law (hukum adat) of indigenous communities in mining-affected regions, and internal corporate compliance norms alongside international industry standards such as the Equator Principles and the International Finance Corporation's Performance Standards. These legal orders frequently generate conflicting obligations — for instance, regarding the scope of land access rights, the nature and extent of environmental remediation duties, and the procedural requirements for obtaining free, prior, and informed consent (FPIC) from affected communities. No single legal authority definitively resolves all such conflicts. This configuration exemplifies Beckmann's conception of a 'plural legal constellation,' in which the MNC must continuously negotiate between multiple normative orders rather than mechanically applying a single, unified legal rulebook. The practical implication is that MNC compliance teams in such settings function less as legal rule-appliers and more as legal diplomats — managing competing normative claims from state regulators, community customary authorities, and international standard-setters simultaneously. Legal pluralism highlights the existence of different actors involved in the struggle for power and authority to produce law and construct its meaning, especially where there is conflict over what is the "correct" law in a particular context.[41]

Benda Beckmann's Theory helps explain how MNCs manage compliance in an inherently diverse and layered legal environment. MNCs cannot rely solely on a single set of rules, but must negotiate and adapt to the various legal "orders" that exist.[42] The particularism approach

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[37] Alexandru Bostan, "Transnational Law – A New System of Law?," *Juridical Tribune* 11, no. special (2021): 332–59, https://doi.org/10.24818/TBJ/2021/11/SP/05.

[38] Ido Shahar and Karin Carmit Yefet, "Rethinking the Rethinking of Legal Pluralism: Toward a Manifesto for a Pluri-Legal Perspective," *Law and History Review* 42, no. 2 (2024): 223–35, https://doi.org/10.1017/S0738248023000184.

[39] Sartika Intaning Pradhani, "Pendekatan Pluralisme Hukum Dalam Studi Hukum Adat: Interaksi Hukum Adat Dengan Hukum Nasional Dan Internasional," *Undang: Jurnal Hukum* 4, no. 1 (2021): 81–124, https://doi.org/10.22437/ujh.4.1. 81-124.

[40] Linda Mensah, "Legal Pluralism in Practice: Critical Reflections on The Formalisation of Artisanal and Small-Scale Mining (ASM) and Customary Land Tenure in Ghana," *The Extractive Industries and Society* 8, no. 4 (2021): 100973, https://doi.org/10.1016/j.exis.2021.100973.

[41] Rodd Myers et al., "Imposing Legality: Hegemony and Resistance under The EU Forest Law Enforcement, Governance, and Trade (FLEGT) Initiative," *Journal of Political Ecology* 27, no. 1 (2020): 125–49, https://doi.org/10.2458/v27i1.23208.

[42] Juana Coetzee, "A Pluralist Approach to The Law of International Sales," *Potchefstroom Electronic Law Journal* 20 (April 2017): 1–33, https://doi.org/10.17159/1727-3781/2017/v20i0a1355.

in the context of legal pluralism can provide a valuable contribution to the understanding of this diverse law.[43] The diversity of cultures and local values creates complex dynamics in the understanding and application of law, so that particularism calls for respecting the uniqueness of each legal context and considering local norms within a broader legal framework. This study rejects the inherent dualism of most contributions in this field, concluding that the tension between universalism and particularism cannot be resolved by supporting one or the other, but rather is an inherent feature of ongoing historical developments that allow both dynamics to function simultaneously in actual societies.[44]

Multinational Corporation Responses in Global and Local Legal Contexts

Multinational corporations continually face the need to balance the universal principles of global corporate governance with the particular demands of local laws and cultures. Convergence in corporate governance is often driven by pressure to adopt international best practices, such as high levels of transparency and accountability, to attract global investors and maintain reputations. These global standards often serve as the basis for MNCs to develop centralized compliance frameworks that integrate local regulations. The rise of International Company Law demonstrates a strong push for international coordination and standard-setting, overcoming the nationalist bias of domestic regimes.[45]

However, divergence arises when corporate governance practices must be adapted to local cultural norms and values, the host country's legal system, or even informal institutional norms. MNCs may need to adopt different globalization strategies in each host country to address strong cultural pressures.[46] Local managers of MNCs often grapple with global decisions and expectations that are inconsistent with their local goals, sometimes threatening their survival.[47] Furthermore, there is debate about the impact of national culture on corporate governance mechanisms and how this affects the outcomes of Good Corporate Governance (GCG) practices. MNCs in the Global South have also pioneered heterodox stakeholder approaches in corporate law, such as mandatory corporate social responsibility in Indonesia and India.[48]

In the face of these tensions, MNCs can employ convergence strategies, such as adopting ISO standards or global best practices, as well as divergence strategies, such as adapting to local customs and negotiating with host governments. The challenge of reconciling local cultural particularities with universal legal principles remains central to contemporary legal and political philosophy.[49]

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[43] David Szablowski, "'Legal Enclosure' and Resource Extraction: Territorial Transformation Through the Enclosure of Local and Indigenous Law," *The Extractive Industries and Society* 6, no. 3 (2019): 722–32, https://doi.org/10.1016/j.exis.2018.12.005.

[44] Nikkie Wiegink, "Navigating Plural Legal Constellations at the Coal Mining Frontier in Mozambique," *Social Sciences & Humanities Open* 8, no. 1 (2023): 100659, https://doi.org/10.1016/j.ssaho.2023.100659.

[45] Mariana Pargendler, "Corporate Law in the Global South: Heterodox Stakeholderism," SSRN Scholarly Paper no. 4495515 (Social Science Research Network, January 15, 2024), https://doi.org/10.2139/ssrn.4495515.

[46] Leon Anidjar, "A Macro-Level Investigation of Transatlantic Controlling Chareholder's Fiduciary Duty," *Legal Studies* 42, no. 2 (2022): 185–208, https://doi.org/10.1017/lst.2021.40.

[47] Pauline Keh and Anne-Sophie Thelisson, "Navigating Global vs. Local Tensions in Multinational Corporations: The Paradoxical Responses of Local Managers to Competing Demands," *International Management / Gestiòn Internacional* 25, no. spécial (2021): 105–23, https://doi.org/10.7202/1086413ar.

[48] Catherine Whelan and Sarah Ann Humphries, "Examining the Relationship Between National Culture and Earnings Management," *Journal of Applied Business and Economics* 24, no. 6 (2022): 23–41, https://doi.org/10.33423/jabe.v24i6.5716.

[49] Adetoyese Latilo et al., "Strategies for Corporate Compliance and Litigation Avoidance in Multinational Enterprises."

Lon Fuller's principles of internal morality of law—generalizability, promulgation, non-retroactivity, clarity, non-contradiction, likelihood of compliance, stability, and correspondence between official acts and promulgated rules—provide a powerful philosophical framework for understanding MNCs' decisions in response to legal challenges.[50] MNCs operating ethically are expected not only to comply with local laws, but also to uphold universal standards that reflect the internal morality of higher laws, even if local laws are less than perfect. The jurisprudence of "integrity" can provide a coherent vision of global legal rules and ethical principles for the rights of the world community that correlate with the obligations of MNCs.[51]

Fuller's principles can serve as a guide for MNCs in developing internal policies that not only meet minimum legal compliance but also reflect a commitment to fairness and ethics. This can be seen in the implementation of mandatory human rights due diligence (mHRDD) initiatives, which emphasize the importance of the obligation to "protect, respect, and improve" human rights in global supply chains.[52] These principles help MNCs navigate ethical dilemmas, such as those arising when operating in sanctioned regimes, where the decision to remain in or exit a market has complex ethical implications for human rights. The implementation of mandatory human rights due diligence attempts to embed the internal morality of law into business practices, encouraging MNCs to go beyond minimal legal compliance and operate with moral integrity. Thus, Fuller's principles encourage MNCs to build governance systems that are intrinsically fair and transparent, which in turn can enhance the legitimacy and sustainability of their operations on the global stage.[53]

Benda Beckmann's theory of legal pluralism provides a crucial analytical lens for understanding how MNCs adapt to the multiple, layered legal systems of various jurisdictions. MNCs deal not only with state law but also with customary law, religious law, internal corporate norms, and industry standards, all of which can interact in complex ways. Legal pluralism highlights the different actors involved in the struggle for power and authority to produce law and construct its meaning, particularly where there are disputes about the "correct" law in a given context. This suggests that law is not monistic, but rather encompasses a broad range of elements.[54]

Benda Beckmann's Theory helps explain how MNCs manage compliance in an inherently diverse and layered legal environment. MNCs cannot rely solely on a single set of rules but must negotiate and adapt to multiple existing legal "orders," including semi-autonomous social spheres that generate their own internal rules. Legal pluralism in business dispute resolution in Indonesia, Vietnam, and Thailand, for example, demonstrates the complex interplay between national, international, and other legal systems, offering flexibility but also creating legal uncertainty. In the mining context, multiple jurisdictions often overlap, resulting in new governance constellations and practices.[55]

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[50] E. İrem Akı, "Hukukun iç ahlâkı."aki

[51] Kevin Thomas Jackson, "Jurisprudence and the Interpretation of Precepts for International Business," *Business Ethics Quarterly* 4, no. 3 (1994): 291–320, https://doi.org/10.2307/3857449.

[52] Peter Muchlinski, "The Regulatory Framework of Multinational Enterprises," in *The Cambridge Companion to Business and Human Rights Law*, ed. Ilias Bantekas and Michael Ashley Stein, Cambridge Companions to Law (Cambridge University Press, 2021), https://doi.org/10.1017/9781108907293.009.

[53] Htwe Htwe Thein et al., "Should We Stay or Should We Exit?"

[54] Jill Dickinson, "Quasi-Public Place-Governance: An Exploration of Shopping Centres," *Business Law Review* 40, no. 4 (2019): 161–69, https://doi.org/10.54648/bula2019021.

[55] Nikkie Wiegink, "Navigating Plural Legal Constellations at the Coal Mining Frontier in Mozambique."

The diversity of cultures and local values creates complex dynamics in the understanding and application of law, so particularism calls for appreciating the uniqueness of each legal context and considering local norms within a broader legal framework. This study concludes that the tension between universalism and particularism cannot be resolved by supporting one or the other, but rather is an inherent feature of ongoing historical developments that allow both dynamics to function simultaneously in real societies. To address pluralism, a case-by-case approach is often necessary, with the autonomy of parties as key, allowing them to choose an economically efficient legal framework.[56]

Some actual case studies that clearly illustrate the intersection between universalism and particularism in the context of multinational corporate governance include:

- Human Rights Abuses in Global Supply Chains: Multinational corporations (MNCs) frequently face allegations of human rights abuses in their supply chains, particularly in developing countries. While international law and universal principles require adherence to human rights, local laws may have lower standards or weak enforcement. These cases highlight the ethical and legal dilemmas facing multinational corporations, which must decide whether to adhere to higher international standards or risk reputational and legal consequences.[57] Transnational human rights litigation demonstrates how the law becomes effective in challenges to corporations, revealing power dynamics and political struggles. Recent developments in environmental law also demonstrate the growing willingness of judicial bodies to address the transnational nature of corporate decision-making and its impact on the environment.[58]
- Economic Sanctions and Legal Extraterritoriality: Cases of US extraterritorial sanctions, such as those affecting the banking firm BNP Paribas, demonstrate how a country's national laws can have extraterritorial effects and create legal conflicts for MNCs operating globally. MNCs must navigate this complexity, where compliance with the laws of one country may mean violating the laws of another. Multinational companies operating under sanctions regimes face ethical dilemmas when considering whether to remain in a market or exit, given the potential impact on human rights if assets are transferred to unethical buyers.[59]
- Corporate Governance Amid Cultural Differences: Multinational corporations face challenges in implementing standard corporate governance practices due to the influence of unique local cultures and institutions. MNCs must find ways to adapt their governance practices to suit the cultural context without sacrificing universal principles of good governance. Conflicts between global standards and local realities often have to be navigated by MNCs' local managers. Studies show that corporate

[56] Juana Coetzee, "A Pluralist Approach to The Law of International Sales."
[57] Angela Lindt, "Transnational Human Rights Litigation," Journal of Legal Anthropology, *Journal of Legal Anthropology* 4, no. 2 (2020): 57–77, https://doi.org/10.3167/jla.2020.040204.
[58] Veerle Heyvaert, "Dislocation of Environmental Litigation – New Developments in Corporate Liability for Environmental Harm," *European Business Law Review* 35, no. 3/4 (2024): 403–28, https://doi.org/10.54648/eulr2024025.
[59] Wang Xinchen, "Research on Legal Regulation of Multinational Corporations' Internationalization Based on the Huawei Incident," *Academic Journal of Business & Management* 7, no. 1 (2025): 68–73, https://doi.org/10.25236/AJBM.2025.070109.

governance practices can differ between home and host countries, with organizational culture also playing a significant role.[60]

The tension between universalism and particularism cannot ultimately be resolved by supporting either position, but is an inherent feature of ongoing historical developments that allow both dynamics to function simultaneously in real societies. Therefore, this study rejects the inherent dualism of most contributions in this field. Instead, universalism and particularity should be understood as concurrent, closely intertwined, and mutually influencing each other. Competitive pressures among global firms, on the one hand, stimulate learning from (for example) "best practices," which in turn leads to a tendency toward universalism. On the other hand, the international division of labor and the increasing integration of production processes worldwide encourage firms to define their own competitive strengths and differentiate them from others, a trend that runs counter to the convergence mindset of universalism.[61]

The analytical synthesis of these dynamics reveals a structured pattern: MNCs do not simply choose between universalism and particularism as governance orientations; rather, they develop layered compliance architectures that operate at different levels of abstraction. At the strategic level, universal norms — such as human rights commitments, anti-corruption standards, and financial disclosure obligations — tend to be standardized across subsidiaries. At the operational and implementation level, governance practices are calibrated to local institutional realities, cultural norms, and informal enforcement patterns. This structural differentiation is itself evidence that the universalism-particularism tension, rather than being a problem to be solved, functions as a productive governance mechanism that drives MNCs toward increasingly sophisticated and adaptive compliance frameworks.

The continuing influence of specific cultural and institutional contexts results in the continuity and diversity of corporate management practices across countries. Therefore, universalistic forces do not determine how social entities develop. Rather, they create challenges and pressures to which social, economic, and organizational communities of multinational corporations must find answers in accordance with local cultural and institutional contexts.

The question of the universal validity of "best practices" in the management of multinational corporations is related to one of the most fundamental debates in political science: whether the concepts of democracy and human rights have universal validity, despite their Western origins. Here, it is assumed that these two principles have universal value, even though their development can only be understood within the specific historical context of the Western world. However, what exactly is meant by democracy and human rights, and how to define and apply them, may be subject to more culturally specific interpretations. Western understandings of these two concepts certainly emphasize the rights of every individual, while Asian or African societies, for example, may prefer a more collectivist interpretation.

In addition to contributing to the universalism-particularism debate, which has been defined as the most fundamental controversy in cross-cultural or cross-national corporate governance research, this study also raises further questions about the extent to which

[60] Sun Hyun Park and Yanlong Zhang, "Cultural Entrepreneurship in Corporate Governance Practice Diffusion: Framing of 'Independent Directors' by U.S.-Listed Chinese Companies," *Organization Science* 31, no. 6 (2020): 1359–84, https://doi.org/10.1287/orsc.2019.1355.

[61] Pudelko Markus, "Universalities, Particularities, and Singularities in Cross-National Management Research," *International Studies of Management & Organization* 36, no. 4 (2006), hlm. 22.

multinational corporations are able to learn from "best practice" models that promote universality. The strong influence of particular social contexts should not be interpreted as making cross-cultural learning impossible, but rather as limiting the potential for adapting universal values that are still within the "fit" of the social context of each societal group. Adopting universal morals into the management practices of multinational corporations seems likely to succeed in situations where this adoption process is based on cultural and institutional foundations that are equally valid in both the home and adopting countries. Otherwise, foreign practices need to be re-adapted to fit the domestic context of the local society. Rather than mindlessly following the most successful model, the real challenge is to integrate these universally perceived ideas with the behavioral patterns of the domestic societal group.

If certain management values and methods are seen as highly successful and universally valid, they are likely to flourish within certain parameters in other countries. However, the way and extent to which they permeate a society will ultimately be determined by the circumstances within that society. The extent to which foreign practices can be adopted also depends on particular domestic factors, such as the power relations of various actors. Finally, the existence of several countries that may simultaneously be considered sites of "best practice" in various aspects will strengthen pluralism and eclecticism in the process of cross-national learning.

This discussion then has implications for the issue of standardization versus localization of corporate governance practices (or integration versus differentiation of multinational corporations). Standardization may be valid when the practices in question do not conflict with specific cultural or social contextual factors. The potential for particularistic forces to oppose universalistic standardization is always possible. In cases where contextual factors may conflict with certain universal practices, a more particularistic approach may be preferable. This is because corporate governance practice is gradually moving toward resolving the standardization-localization or universality-particularity dilemma by not viewing multinational enterprise management as a monolithic entity. Different levels of moral values may be adopted according to different levels of abstraction—for example, there may be more standardization of universal moral values at the strategy level and more particular localization at the implementation level.

It is well known that universalistic arguments emphasizing the convergence of governance practices and particularistic arguments suggesting diversity both have their strengths and limitations, and therefore, they seem most useful when directed toward a common ground in order to establish a unified framework. If the universalistic tendencies are balanced by particularistic tendencies of approximately equal weight, then the two forces will eventually converge, but the status quo will remain more or less unchanged. However, in any given period, some corporate management practices are strongly influenced by the force of universalistic moral values, while in others they are not. The result, over time, is an increase in the implementation of universalistic values. The arguments below provide support for this view.

When it comes to economic systems, many modern countries today adopt market economic principles. Furthermore, in the study of market economics, the distinction between the free-market economies of the Western world and the government-led market economies of East Asian countries appears to be diminishing, with free-market economic principles currently on the rise, while government-led economies are under significant pressure to adopt

what are considered "best practices" of more liberal economies (profit orientation, financial market transparency, effective corporate governance, etc.). The forces of globalization appear to have reinforced this trend.

Furthermore, the trend toward convergence is not limited to the economic realm alone, but also affects the socio-political and even cultural levels. Some of these changes are again driven by understandings of competitiveness. For example, considering the detrimental impact of corruption on foreign direct investment (FDI), many countries have managed to reduce it. At the cultural level, increasing individualism appears to be a global trend. Therefore, if some universalizing tendencies are evident even at the cultural level, they are certainly likely to occur at the level of governance of multinational corporations, where social aspects receive less attention and competitive pressures are much stronger. In other words, one could argue that universalism, or the convergence view, is ultimately the approach that is considered more important, if the chosen time horizon is sufficiently long.

From this it can be argued that, in “absolutist” terms, the governance practices of multinational corporations, as a consequence of international competition, are becoming more aligned with universal values (the convergence argument). However, another point that remains to be clarified here is that sharp differences, if impossible to overcome due to cultural and social concerns, become more important in “relative” terms, as they increasingly determine authenticity in terms of competitive advantage among increasingly similar value systems (the non-convergence argument).

The foregoing analysis permits the identification of three distinct strategic orientations in MNC governance responses, each reflecting a different mode of engaging with the universalism-particularism tension. First, the convergence orientation, in which MNCs voluntarily adopt global best practices — such as integrated ESG reporting, ISO 37001 anti-bribery certifications, or UN Guiding Principles human rights due diligence frameworks — even where local law does not mandate them, driven primarily by capital market pressures, institutional investor expectations, and reputational risk management. Second, the adaptive divergence orientation, in which MNCs design governance structures that depart from universal templates in order to accommodate local cultural expectations, institutional realities, or informal normative systems, without violating core international standards. Third, the negotiated hybridity orientation, in which MNCs actively engage with multiple, overlapping legal orders — state law, customary law, religious law, and internal corporate norms — to construct bespoke compliance arrangements that serve both universal principles and local legitimacy requirements simultaneously. This three-part framework advances beyond simple binary descriptions of convergence versus divergence by identifying the institutional conditions under which each orientation is likely to predominate, thereby providing a more analytically precise account of MNC governance strategies in pluralistic legal environments.

Therefore, what can be expected for future developments is certainly continued universality, in the sense of reducing the diversity of multinational corporate governance in terms of global competitiveness without eliminating particular moral values. Thus, it appears that an "integrated universalism-particularism approach" that takes uniqueness into account is the model that best reflects reality.

D. Conclusion

Through the lens of Lon Fuller's Natural Law Theory and Beckmann's Theory of Material Legal Pluralism, this study demonstrates that MNCs' responses to global legal complexity involve dynamic strategies of convergence and divergence. Facing the dilemma between universalism and particularism, MNCs actively balance the demands for uniform global governance standards with the need to adapt to cultural norms and values, as well as local legal systems. Convergence efforts are evident in the adoption of international best practices and centralized compliance frameworks, driven by the need to attract investors and maintain reputations. However, divergence occurs when MNCs must adapt their practices to local cultures, institutions, and even informal norms, often presenting challenges for local managers. Overall, the findings of this study confirm that the tension between legal universalism and particularism is not a dichotomy to be resolved by choosing one over the other, but rather is an inherent feature of the evolving global legal landscape, where both dynamics function simultaneously.

From a normative standpoint, these findings carry important implications for both MNC governance design and international law reform. MNC governance frameworks should be architecturally flexible: establishing non-derogable minimum standards derived from universal principles — such as prohibition of forced labor, anti-corruption obligations, and core environmental baseline duties — while preserving sufficient operational latitude for local institutional adaptation at the implementation level. The three-orientation framework identified in this study — convergence, adaptive divergence, and negotiated hybridity — provides a practical taxonomy that compliance officers, general counsel, and governance committees within MNCs can deploy when designing jurisdiction-specific compliance strategies. For policymakers and international standard-setters, this study suggests that regulatory frameworks governing MNCs should be designed not to eliminate the universalism-particularism tension, but to manage it productively by establishing clear hierarchies of norms for cases of conflict while fostering structured dialogue between international bodies and local legal institutions. Indonesia's ongoing efforts to align its Investment Law, Corporate Law, and Environmental Law with international standards — through instruments such as the Job Creation Law — illustrate both the promise and the difficulty of this task. Future research should examine empirically how specific Indonesian-based MNCs have navigated these plural legal constellations in practice, building on the normative-doctrinal foundation established by this study.

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