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LEIZ CASE STUDY #9

# Entertaining an Increasingly Complex World

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LEIZ CASE STUDY SERIES

## **Relational Economics in Practice. An Introduction and User Guide**

Josef Wieland

Julika Baumann Montecinos

The research program of relational economics constitutes the core of the Leadership Excellence Institute Zeppelin | LEIZ. Building on the publications of the Springer series "Relational Economics and Organization Governance" and the annual conferences of the emerging relational economic community, a theory is developing and establishing itself that represents a paradigm shift in the field of economics: the unit of analysis is no longer the actor or the market, but the relational transaction in its complex, polyvalent, uncertain, context- and time-dependent constitution. The aim behind this is to come closer to an understanding of the real conditions and consequences of economic action. For this reason, and in view of the fact that the corresponding conceptual description tools are now available, it seems highly plausible and expedient to focus even more on examples of application. If relational economics has the declared aim of depicting economic realities as precisely as possible, then such an undertaking of practical application should not only be productive in terms of concrete recommendations for decisions, but should also, in turn, further confirm the relevance of the theoretical concept.

The series of case studies presented here aims to offer nothing more and nothing less: We invite students, practitioners and colleagues to join us in trying out what relational economics has to offer in its application to real case studies. The analytical tools available for this purpose are briefly presented below in order to provide our readers with a kind of instruction manual without implying that real-world complexity can be dealt with in a one-size-fits-all manner. Rather, the analytical steps proposed here are intended to help describe a relational transaction as a basis for then working out more context-

and time-specific options for action. This is carried out using the stakeholder model as the basic analytical structure, which is complemented in the respective cases by further case-specific methods derived from the toolbox of relational economics.

The attitude of a thorough and competent detective is required if one really wants to capture and describe a relational transaction appropriately: identifying and analysing the stakeholders involved, their resources and interests, and above all their mutual interaction, which, in turn, changes them, play a central role before further theoretical building blocks of relational economics can be applied. Accordingly, this analysis step also forms the common denominator with which the analysis of all the case studies collected here finds its starting point. For this reason, the stakeholder model is placed in the foreground in this user guide and is now briefly explained - other models are then introduced in the individual case studies and discussed in the application of these cases.

## Stakeholder Model of Relational Decision Making

The theory of relational economics defines a firm as a nexus of stakeholder interests and invested stakeholder resources and corporate action via relational transactions that combine, in a cooperative and productive manner, the interests and resources of the stakeholders involved. The fact that, in particular, this takes place across cultural and sectoral boundaries is emphasised here and is related to the claim to take the real complexity and uncertainty of economic activity into account – thinking, for example, of global value creation networks or of the requirements from the ESG discussion.

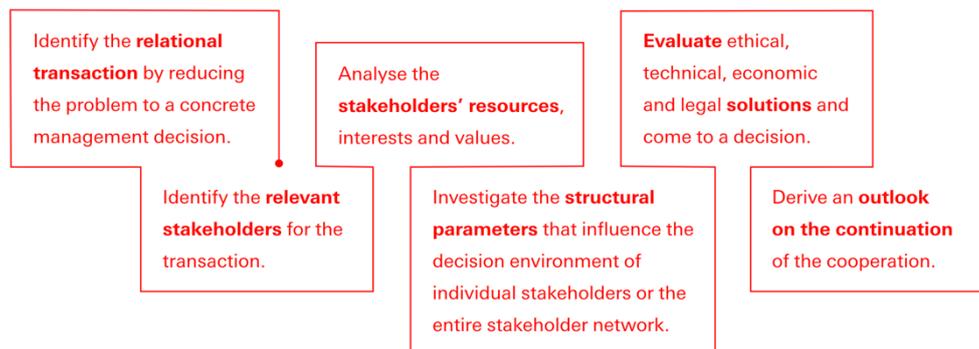
In order to derive a management decision in a specific constellation – for example, in the situations depicted in the LEIZ case studies – the stakeholder model provides the basic framework (Wieland 2020: 97ff.) and is presented here in a condensed form for the given purpose. The application of this model reveals the time- and context-specific microstructures of the relational processes and structures. It comprises six steps:

1. **Reducing the problem to a concrete management decision.** This concrete management decision ideally is a clearly narrowed down yes/no/alternative decision. This decision is the relational transaction that is to be analysed in the subsequent steps.
2. **Identifying the relevant stakeholders with reference to the transaction.** This includes the identification and prioritisation of the involved individual or collective stakeholders. Depending on the transaction, the stakeholders can be, for example, employees, management, customers, suppliers, investors, competitors, NGOs, political institutions or the public.
3. **Analysing the respective stakeholder resources, interests and values.** This entails a thorough look at the polyvalent constitution and motivation of each stakeholder. Such resources and interests could be, for example, economic, political, moral or professional, and the values can be, for example, performance values, communication values, cooperation values or moral values, which need to be combined and balanced.
4. **Investigating the problem along the structure of the decision environment.** This requires checking the relational transaction in depth via the following eight structural parameters (Wieland 2020: 99):
  - I. Decision-making stress (for example, due to political or media pressure)
  - II. Intrapersonal value conflicts (for example, conflicting values arising from role-based expectations)
  - III. Inter-organisational value conflicts (for example, ideals held by the collective actors that are non-negotiable for them)
  - IV. Intercultural values conflicts (for example, differences in the moral doctrines of different groups)
  - V. Information deficits (for example, regarding the scope and consequences of an assigned task)
  - VI. Communication deficits (for example, resulting from the type of communication between the network partners)
  - VII. Responsibility diffusion (for example, who is responsible for creating and solving a given problem and on what grounds)
  - VIII. Rules deficits (for example, resulting from the lack of private or state regulation, or from its unenforceability).

5. **Evaluating ethical, technical, economic and legal solutions and reaching a decision.** In most cases, this decision combines ethical, technical, economic and legal approaches by evaluating the transaction-specific advantages and disadvantages of the available decision logics and considering their interdependency.
6. **Deriving an outlook concerning the continuation of the cooperation.** The question here is what new commonalities have been formed and to what extent the stakeholders involved have changed as a result of the transaction (Baumann Montecinos 2022).

FIGURE 0

### An outline of what such an analysis could look like in general terms



Source: Own illustration.

Thus, the foundations have been laid for working on the LEIZ case studies. We will be delighted if this material is used to promote learning and exploration of relational economics, particularly in its strength of practical application. Feedback from and exchanges between lecturers would be more than welcome.

## Literature

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## Entertaining an Increasingly Complex World

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### Introduction

Globalisation has interconnected economies through offshoring and trade, creating interdependent networks. As a result, global supply chains—now referred to as global value networks—are increasingly becoming the focus of due diligence legislation. Both national and supranational due diligence laws serve as regulatory mechanisms, ensuring that these connections prioritise human rights and environmental sustainability. Although challenges such as enforcement and economic inequality remain, these laws aim to mitigate the negative externalities of globalisation, promoting a more ethical and resilient global economy. Companies involved in these global value networks face the challenge of balancing their business interests with their relationships to suppliers in countries that have vastly different cultural, legal, and political environments. They must navigate potential ethical, legal, and reputational dilemmas when conducting business in emerging markets. Netflix<sup>1</sup> is one of the world's leading media and entertainment companies and is well known for its global streaming services and mobile games.

The company offers a subscription-based platform for streaming entertainment. Founded in 1997 as a DVD rental-by-mail service, Netflix transformed itself in 2007 by introducing streaming services, which has become its primary business model (Britannica money, 2025). The quick development and deployment of high-speed internet and mobile internet enabled this transformation. In 2010 Netflix announced it would become a fully global service and launch in every tangible market in the world.

<sup>1</sup> This case study is prepared for educational purposes only. It is based on publicly available information and does not imply any endorsement, sponsorship, or affiliation with Netflix Inc.

Today, Netflix is available in all but five countries around the world (Netflix, 2025a). Here is a breakdown of what makes Netflix a significant case study.

## Revolutionary business model

With the launch of its streaming service, Netflix disrupted the traditional Hollywood film-making industry, which relied heavily on cinema box-office sales. With a change in the revenue-generating model also came a change in emphasis on multiple-episode series versus multi-hour films (Westberg, 2024). Streaming services, in general, made series of 45–50-minute episodes more popular than films - which has had consequences for the entire production ecosystem, where films were the dominant revenue generator. Finally, the release of full seasons of series all at once instead of weekly episode releases increased the overall consumption of media entertainment (binge watching). With these disrupting changes, companies like Netflix have changed the way hundreds of millions of people around the world are consuming entertainment today (Westberg, 2024).

## Entertaining the world

Netflix's mission is to "entertain the world" (Netflix, 2025b). Its core purpose is to provide entertainment for everyone, through films, series, documentaries and mobile games. "Entertaining the world" requires a wide range of content that caters to diverse audiences. Netflix understood early on that if you want to entertain the world, you cannot work from Hollywood alone. It recognised that great stories can come from anywhere and has invested heavily and successfully in non-American markets, reducing the dependence on Hollywood. Titles like *Squid Game* (South Korea), *Money Heist* (Spain) and *Lupin* (France) have attracted huge audiences around the globe. The company has also invested heavily in bringing the stories of underrepresented groups on screen. This leads to diverse casting and storytelling, which is groundbreakingly liberating for many and condemned as "too woke" by others. Netflix's content is also not always without controversy. Series like "13 Reasons Why" (teen suicide), "Unorthodox" (religious oppression), and "Cuties" (child exploitation) lead to widespread debate in communities. This on-screen diversity is not always appreciated

by governments and religious groups, who see the representation as conflicting with their cultural agenda or norms. Netflix's formal position has always been that it is 'just providing entertainment', but with the current size, reach, and scope of the company, it has become a global cultural influencer.

## Revenue generation

Netflix's revenue comes primarily from paying subscribers, with pricing varying by country and subscription tier. The assumed global average of a standard subscription fee is approximately US\$ 10 per month. By Q3 of 2024, it had more than 280 million subscribers worldwide (Netflix, 2024). Netflix also generates revenues from ad sales in its ad subscription tier and, to a lesser extent, from consumer product sales (merchandise, royalties, events, etc).

## Competitors

If Netflix's mission is to "entertain the world" then the time that people are being entertained by Netflix (i.e., the time people are using a Netflix application) is probably a good indicator of success. Now if entertaining the world is your mission, then who are your competitors? Competing media and entertainment streaming services (e.g., Disney+, HBO Max, AmazonPrime, Apple TV+ Peacock) are some of them. So are traditional broadcasting corporations with their own streaming services (e.g., BBC, Britbox, CNN, Sky), and other online media players (e.g., YouTube, TikTok, PornHub). Then there is a whole array of offline entertainers who are competing for consumers' attention: opera houses, museums, theatres, cinemas, clubs, festivals... So, who is Netflix's competitor, really? Since Netflix recognises the competitive landscape is so broad, it focuses more on "doing its own thing right" rather than being distracted by competitors.

## Organisational Culture

Netflix is known for its “No Rules Rules” culture (Netflix, 2025c). It is a culture that focuses on individual freedom and responsibility for employees, high alignment without directive action, and a high degree of transparency and context instead of restrictive policies or control mechanisms. At the very core of this culture is the notion of *Talent Density*: The belief that a small group of highly talented and motivated people can accomplish a lot more than a larger group of averagely talented and motivated people can (Netflix, 2025c). If you have hired a small group of highly talented and motivated people, they require context and alignment with others to function as a whole. Nor does it make sense in this philosophy to tie people to strict job descriptions or policies. This rather explicit culture has fuelled a level of creativity, innovation and adaptability to change that is not often seen in companies of a similar size. The downside of this culture is that it provides little security, leads to a stressful work environment and has the potential to turn toxic or nepotistic relatively quickly and without being noticed.

In summary, Netflix is a compelling case study because of its transformation of the media landscape, its commitment to innovation, and its global brand-building success. Its ability to adapt and grow within the rapidly changing entertainment industry provides a powerful example of digital disruption and consumer-centric innovation. The following cases illustrate the challenges that a company such as Netflix faces. Entertaining an increasingly complex world requires leadership and management that addresses and solves challenges at a global, regional, and local level. This will be explored in the following.

### Case 1: From Russia with Love

March 2022 was the moment Netflix pulled out of Russia. Netflix first paused all development and acquisition projects in Russia, shortly afterwards followed by a complete suspension of service (Keslassy & Shanfeld, 2022). Until that point, Netflix had built up a rather modest subscriber base in Russia, with just under a million subscribers being affected by the suspension (Bursztynsky, 2022).

*Key event 1 - The Ukraine Conflict*

After the invasion of Ukraine by Russia in February 2022 many international organisations suspended operations or completely pulled out of Russia. This was partly to protest against the erupting conflict, but also had to do with Western sanctions, prohibiting certain business services and imposing trade restrictions on Russia. Major Russian banks were banned from using the SWIFT international payment system, which disrupted international financial transactions with Russia, creating serious obstacles for international organisations to do business in Russia. Last, but definitely not least, was the intense consumer pressure in many Western countries on companies to suspend their operations in Russia. This led many international organisations to pull out in order to mitigate reputational risk, even when they were not legally obliged to do so.

*Key event 2 - Vitrana TV Law*

In early 2022, Russia passed the Vitrana TV Law, which required streaming services with over 100,000 subscribers in Russia to carry 20 free-to-air Russian channels, including state-owned ones like Channel One. Netflix was, at the time, the only international streaming service in Russia that surpassed 100,000 subscribers and would hence need to comply with this law by March 2022 (Flint, 2022).

The official reason for the Vitrana TV Law was to promote local content and ensure that Russian viewers had access to domestic programming. However, the timing and context of the law's passage—amid Russia's invasion of Ukraine—led to concerns that it was also aimed at controlling the narrative and spreading state propaganda. By requiring international streaming services like Netflix to include these channels, the law would have forced them to broadcast content that aligned with the Kremlin's view.

**Challenges: Moral differences**

Even before 2022, the relationship between Netflix and Russia had not been cosy. Some Russian viewers and officials criticised Netflix for streaming content that they considered inappropriate or contrary to Russian cultural values. This included movies and series that depicted themes such as LGBTQ+ relationships and other sensitive

topics in Russia. As the largest international streaming service, Netflix was the only media outlet that could show this type of content to a Russian audience who would not be able to see this elsewhere. This led to continuous scrutiny by Russia's communications regulator, Roskomnadzor, which oversees media and internet content in the country. The regulator had raised concerns about Netflix's compliance with Russian laws and regulations (Reuters, 2021).

### Case Questions:

You are on the executive board of Netflix at the beginning of 2022. Events unfold rapidly. You have invested heavily in your establishment in Russia and are engaged in a nuanced balancing act with local government and regulators. You are aware of the impact and social debate your service has in Russia, and yet you are "only providing entertainment".

1. Overall question: Should Netflix stay or pull out of Russia?

*To analyse:*

2. Imagine you are on the board of directors of Netflix. Map out the different stakeholders, their key interests, their resources, and their importance to your overall decision.
3. Try to find as many arguments as possible for Netflix to either stay in Russia or leave. What social, political and economic arguments can you find?
4. Where do you find commonalities between your own and your stakeholders' interests and expectations? Where and how can you mitigate any differences?
5. Please prepare a short and official statement explaining your decision.

*To reflect:*

6. What feelings and reactions does the case trigger in you?
7. What matters most for you in such situations?

*Learnings:*

8. What are the key lessons learned from this case?

9. What would it take for Netflix and Russia to cooperate again and resolve their differences?
10. To what extent can a company simply provide a service, and when must it take a public stance? What public position will you adopt?

*Final note:*

11. Be sure to make a decision and think about how to communicate it. Consider who you will approach first, which media channel to use, and what tone to take.

## Case 2: Netflix and the Dave Chappelle Controversy

The Dave Chappelle controversy with Netflix began in October 2021 when Netflix released *The Closer*, a stand-up comedy special by Dave Chappelle. The special included jokes that many considered offensive, especially towards the LGBTQ+ community, and sparked a backlash for perceived transphobic content. This led to a significant public response, including criticism by LGBTQ+ advocacy groups and Netflix employees (Chow, 2021; Kaufmann & Bowers, 2024).

### *Key Event - The Closer*

In the stand-up comedy *The Closer*, Dave Chappelle made remarks that many in the audience found offensive, particularly about the transgender community. This drew criticism from advocacy groups for reinforcing harmful stereotypes and jokes at the expense of marginalised groups. Some Netflix employees, including those in the LGBTQ+ community, openly protested against the special, arguing that Netflix's support for the content was contrary to its commitment to inclusivity and respect for diversity. A group of employees staged a walkout to voice their concerns. CEO Ted Sarandos initially defended Netflix's decision to keep the special on the platform, citing creative freedom and emphasising that Chappelle's comedy was within Netflix's content standards. However, Sarandos later acknowledged that his initial response lacked empathy and understanding of his employees' concerns.

## Challenges: Updated Culture Memo

Following the controversy around *The Closer*, Netflix updated its cultural guidelines by including an “artistic expression” section (Spangler, 2022) that highlighted that employees may be asked to work on productions that went against their personal values. The section recognises that all employees may have different values and viewpoints but also expects that this should not limit their willingness or ability to do their jobs. Netflix is not for everyone; it reads, and employees are encouraged to make decisions that align with their values. For some, this was stating the obvious (it is hard to work at a tobacco firm if you are fundamentally against smoking); for others, this was perceived as an implicit threat that employees are not expected to raise their voices or protest against certain content on the service.

## Challenges: What was said: The key jokes and themes from *The Closer*

Before discussing the case questions, it is relevant to know what has been said in *The Closer*. Below is a summary of the key jokes and themes that led to the controversy:

- Misgendering Daphne Dorman: Toward the end of *The Closer*, Chappelle makes a joke in which he misgenders Daphne Dorman, a transgender comedian who was a friend of his. He asserts that Dorman would have appreciated the joke despite acknowledging its painful nature for many in the audience. This has been interpreted as a dismissal of the hurt caused by misgendering.
- Comments on Gender: Chappelle asserts that “gender is a fact,” emphasising biological determinism by stating that every person “had to pass through the legs of a woman to be born.” This statement has been criticised for invalidating transgender identities and reinforcing binary gender norms.
- Comparison to Rachel Dolezal: He compares being transgender to Rachel Dolezal’s racial identity claims, suggesting that if one can identify as a different race, then one could similarly identify as a different gender. This analogy has been condemned for equating racial and gender identities inappropriately, undermining the legitimacy of transgender experiences.

- Support for J.K. Rowling: Chappelle expresses solidarity with J.K. Rowling, who has been criticised by some readers for her anti-trans views, claiming to be “Team TERF” (Trans-Exclusionary Radical Feminist). This alignment further alienates trans individuals by endorsing views that deny their identities.
- Punching Down: Throughout his special, Chappelle refers to himself as “transphobic” and acknowledges that he is “punching down” in his jokes about trans people. Critics argue that this approach perpetuates harmful stereotypes and contributes to societal stigma against the transgender community

### Case questions

1. Overall question: Should the stand-up comedy special by Dave Chappelle be removed from the platform?

*To analyse:*

2. Map your different stakeholders, their key interests, their resources and their importance for your overall decision.
3. Where do you find commonalities between your stakeholders’ interests and expectations? Where and how can you mitigate any differences?
4. When your purpose is to ‘entertain the world’, you will come across groups who have opposing views of what is acceptable entertainment. These can be advocacy groups, employee groups, religious groups or governmental organisations. How do you determine which groups will let you influence your decision-making?
5. Imagine you are the CEO of Netflix. Please prepare a short and official statement explaining your decision. Who and what would you address in the statement?

*To reflect:*

6. When considering the key jokes and themes, what mental or physical response did this evoke in you? What might explain this response for you personally?

7. Stand-up comedy is an art form that intentionally explores the boundaries of what is considered morally or socially acceptable. Are there limits to artistic expression? How restrictive or open should a global media entertainment company be when commissioning this type of entertainment?
8. Given the sensitivities surrounding this subject, how would you have addressed the concerns of employees and advocacy groups?
9. What is the role of context? To what extent does context influence the message (of a joke)?

*Learnings:*

10. What are the key lessons learned from this case?
11. What corresponding governance structures can be redesigned (e.g., stakeholder dialogues)?
12. How should such stakeholder dialogues be organised, and what should they look like?

*Final note:*

13. Remember to make a decision and think about how you will communicate it. Who will you approach first, which media channel will you use, what tone will you adopt, and so on?

### Case 3: Controversies in Brazil, Saudi Arabia, India and the Philippines

In recent years, certain series and films have caused controversy in various countries. These controversies revolve around the portrayal of religious figures, political leaders and governments and the difficulties of standardisation and local adaptation. Four cases from Brazil, Saudi Arabia, India, and the Philippines are briefly introduced. Your task is to develop a Corporate Social Responsibility (CSR) strategy for Netflix that will enable the company to manage such situations successfully in the future.

### The First Temptation of Christ (2019) – Brazil

A Brazilian comedy special depicted a gay portrayal of Jesus, leading to widespread outrage among religious groups in Brazil and calls for Netflix to pull the special. Many viewers argued that it was disrespectful to Christianity.

Despite public outcry and a lawsuit, Netflix kept the show available, stating that they support creative freedom and diverse content. However, the controversy prompted Netflix to be cautious with religiously sensitive content in the future. In religiously conservative countries, Netflix faces a significant backlash for content that could be perceived as offensive, revealing the need for cultural awareness in content decisions (Guardian 2019).

### Patriot Act with Hasan Minhaj (2019) – Saudi Arabia

In 2019, Netflix removed an episode of Patriot Act in Saudi Arabia after government officials claimed it violated cybercrime laws. The episode was critical of Saudi Arabia's human rights record, including discussions around the murder of journalist Jamal Khashoggi.

Netflix complied with the government's request but defended its decision by citing adherence to local laws in countries where it operates. This move sparked debates on corporate ethics versus compliance with local laws (Folkenflik 2019).

This case underscores the ethical complexities that arise when balancing freedom of speech with the legal requirements of different countries

### A Suitable Boy (2020) – India

The adaptation of Vikram Seth's novel sparked controversy due to a scene featuring a Hindu girl kissing a Muslim boy in front of a temple. This led to protests and calls for legal action from some Hindu nationalist groups who felt the scene was disrespectful to their religion. While Netflix did not remove the content, it faced a government inquiry. This controversy highlighted the sensitivities around religious and interfaith relationships in Indian media (Ellis-Petersen 2020).

This case emphasises the need for sensitivity around religious and cultural issues in regions where such topics can lead to a public backlash and even legal consequences.

### How to Fix a Drug Scandal (2018) – Philippines

Netflix's documentary on the Philippines' controversial war on drugs sparked criticism. Supporters of President Duterte accused Netflix of bias, while human rights groups welcomed the spotlight on the extrajudicial killings tied to the campaign.

Netflix maintained its stance on releasing the documentary, asserting the importance of journalistic freedom and awareness of human rights issues. However, it faced pressure from local authorities (Hicks 2018).

The incident shows that Netflix's approach to content on political issues can lead to a significant backlash in politically-charged environments.

### Case questions

Following these controversies, Netflix's CEO commissioned a team to develop a CSR strategy to deal successfully with such situations in the future. You are part of this team, and you must develop a CSR strategy that can align global standards and local realities. The CEO also asks you to adjust or correct the information on the official website if needed (Netflix).

1. Overall question: Design a CSR strategy for Netflix. What could a CSR strategy that combines local realities and global standards look like?

*To analyse:*

2. Map your different stakeholders, their key interests, their resources and their importance for your overall CSR strategy.
3. Where do you find commonalities between your stakeholders' interests and expectations? Where and how can you mitigate any differences?
4. How can your CSR strategy take into account/consider different political, religious and social groups?

5. Please prepare a short presentation of your CSR strategy.

*To reflect:*

6. What emotions and reactions did the controversy provoke in you?
7. Which controversies did you immediately understand/relate to and which ones did you not?

*Learnings:*

8. What are the key lessons learned from the controversies?
9. What responsibility does Netflix have in these controversies?
10. What are the criteria for a successful CSR strategy?

*Final note:*

11. Remember to make a decision and think about how you will communicate it. Who will you approach first? Which media channel will you use? What tone will you adopt, and so forth?

## Discussion

All the above cases highlight a company's challenges in successfully working across different cultures and responding to different stakeholder interests, needs, and demands. The following presents current research findings and concepts in cross-cultural management, relational ethics and diversity management to support the discussion of the case study question.

### Diversity, Equity, Inclusion and Belonging (DEIB) at work

Diversity, Equity, Inclusion and Belonging (DEIB) are four separate concepts that together can help to boost morale, engagement, productivity, success, and innovation within the workplace. Human resources (HR) teams and organisations as a whole are more aware than ever that DEIB initiatives can mean the difference between an organisation thriving or flagging.

The four concepts in more detail (Verlinden, 2025):

*Diversity:* This refers to demographics, including gender, age, ethnicity, race, sexual orientation, location, nationality, disability status, and more. The wider the range of these demographics, the more diverse your organisation is. However, having a diverse team is not enough. Creating a workplace environment that supports and nurtures diverse employees is what matters.

*Equity:* An equitable organisation means that every employee receives equal opportunities, is treated fairly, and has the resources they need to succeed in their job, regardless of their background.

*Inclusion:* An inclusive environment means that all employees are treated with respect and care despite any differences and made to feel welcome, valued, and heard. A report by Gartner found that inclusive teams perform up to 30% better than non-inclusive teams.

*Belonging:* All employees should feel accepted, valued, and heard at work. Belonging is about fostering psychological safety in team situations, where every team member is comfortable expressing themselves without fear of judgment or retribution. Regardless of how long an employee has been in the company or team, they should feel welcome and needed and receive the same comradery and opportunities as anyone else.

While global organisations such as Netflix widely recognise the benefits of DEIB, the path to achieving these ideals is often complex and presents unique challenges.

## Relational ethic

The case studies also deal with ethical and moral issues. Having moral conversations with different stakeholders is a difficult task, as we have seen from the cases.

Gergen's article "Toward a Relational Ethic"(2019) argues for a shift from individualistic, foundational ethics to a relational ethic rooted in human interactions and social processes. According to Gergen, traditional ethical frameworks (e.g., religious doctrines, Enlightenment rationality) struggle to address modern global challenges due to their rigid, universal claims. Moral relativism, while rejecting

dogmatic ethics, often leads to moral indifference, where all values are seen as equally valid, weakening ethical accountability. Gergen argues that moral values emerge from social relationships rather than objective truths. Ethics are constructed through shared interactions, similar to how language develops. This relational process naturally creates both ‘good’ and ‘evil’ by establishing norms and defining behaviours that fall outside them. Below is an overview of his approach to relational ethic:

**TABLE 1**  
**Traditional Ethical Frameworks vs. Relational Ethic**

<b>Aspect</b>	<b>Traditional Ethical Frameworks</b>	<b>Relational Ethic (Gergen, 2019)</b>
<b>Foundation of Ethics</b>	Based on universal moral principles, religious doctrines, or rational rules.	Rooted in human relationships and social interactions.
<b>Source of Moral Values</b>	Derived from objective truths, laws, or cultural norms.	Co-created through ongoing relational processes and shared experiences.
<b>Approach to Morality</b>	Seeks fixed, universal definitions of right and wrong.	Embraces pluralism, recognizing diverse and evolving moral perspectives.
<b>Responsibility</b>	Focus on individual responsibility and accountability.	Focus on relational responsibility, caring for and sustaining relationships.
<b>Conflict Resolution</b>	Emphasizes rule enforcement, punishment, or corrective action.	Encourages dialogue, collaboration, and mutual understanding.

Source: Own representation with support from OpenAI (2024).

This comparison highlights how Gergen’s relational ethic offers a more adaptive and inclusive approach to ethics by prioritising relationships over rigid rules. Following a relational approach, a decision-making model to deal with ethical dilemmas in global value networks can be applied (Wieland & Schwengber, 2024). The decision-making model starts with identifying the ethical dilemma and understanding the decision to be made. In the next steps, all the relevant stakeholders regarding this ethical dilemma are identified and scanned with their interests, values, and resources, including the environment. After this, possible solutions from different angles can be identified, e.g. ethical, technical, economic, and legal. When considering the various solutions to

ethical dilemmas, it can be useful to consider whether private and public norms and regulations have been violated – a normative analysis. Once all these steps have been considered, a decision must be made. (*Ibid.*).

### Standardisation versus localisation

In 2022, Caprar et al. explored the concept of countercultural business practices, challenging the traditional "When in Rome, do as the Romans do" approach in international business. Their article provides a comprehensive review of research on firms that deviate from local norms and practices in foreign markets, emphasising how such countercultural strategies can create positive value, foster innovation, and align with ethical or global standards. The authors critically analysed the dominant logic in the international business literature according to which multinational corporations should adapt business practices to "fit" host cultures. Their findings indicate, however, that countercultural approaches can also be useful. The authors highlight the conditions under which these practices succeed or fail, examining factors like cultural context, stakeholder reactions, and institutional environments.

The study offers a more nuanced and balanced perspective on the role of culture and cultural diversity in international business, drawing strategic attention to the productive potential of learning from and with each other in contexts of cultural complexity beyond standardisation or localisation (*Ibid.*).

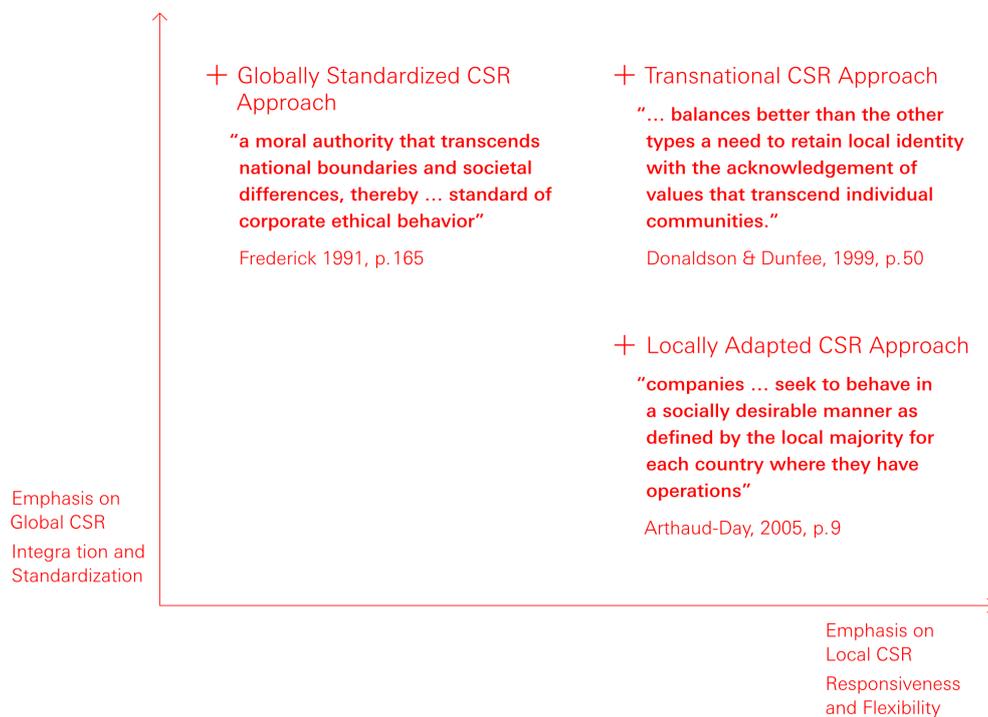
### Transnational CSR approach for multinational corporations

Accordingly, Stahl et al. (2018) have introduced a transnational corporate social responsibility (CSR) approach that focuses on how multinational corporations (MNCs) can effectively manage CSR across diverse geographic and cultural contexts. This approach addresses the complexities faced by global companies, like balancing local cultural expectations with global CSR standards. The framework considers CSR as a strategic, multi-level practice rather than a one-size-fits-all solution, emphasising adaptability and inclusivity across different regions.

Figure 2 shows how a transnational CSR approach tries to balance an emphasis on global CSR integration and standardisation versus an emphasis on local CSR responsiveness and flexibility.

FIGURE 1

### Transnational CSR Approach



Source: Stahl et al. 2018: 360.

Below is an overview of the benefits and dangers of a global, local, and transnational CSR approach based on Stahl et al. (2018):

**TABLE 2**  
**Global, Local & Transnational CSR Approaches**

<b>Global CSR Approach</b>	<b>Local CSR Approach</b>	<b>Transnational CSR Approach</b>
<b>BENEFITS</b>	<b>BENEFITS</b>	<b>BENEFITS</b>
<ul style="list-style-type: none"> <li>  Ensures global consistency in decision making and behaviour</li> <li>  Provides clear rules of conduct</li> <li>  Supports transfer of best practices</li> <li>  Fosters a culture of integrity, responsibility, and inclusion</li> <li>  Alignment with global ethical standards and brand reputation</li> </ul>	<ul style="list-style-type: none"> <li>  Greater flexibility and speed of decision making</li> <li>  Greater sensibility to local context and stakeholder needs</li> <li>  Takes into account a range of diverse perspectives</li> <li>  Promotes cross-cultural learning</li> <li>  Enhanced local partnerships and community engagement</li> <li>  Greater legitimacy and acceptance by local stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>  Balances global consistency with local responsiveness, leveraging the strengths of both global and local approaches</li> <li>  Encourages innovation by combining global expertise with local insights</li> <li>  Builds legitimacy and credibility by addressing global standards while respecting local priorities</li> </ul>
<b>DANGERS</b>	<b>DANGERS</b>	<b>DANGERS</b>
<ul style="list-style-type: none"> <li>  May lead to cultural arrogance and imperialism</li> <li>  Neglects the needs and legitimate demands of local stakeholders</li> <li>  Encourages applications of rigid rules and policies</li> <li>  Does not take into account the context- and time-dependent nature of responsibility standards</li> <li>  Potential for resistance or backlash from local stakeholders</li> <li>  Overlooking specific societal needs or priorities in diverse geographic locations</li> </ul>	<ul style="list-style-type: none"> <li>  May lead to “moral blindness”</li> <li>  Makes it difficult to create or follow common rules or ethical standards</li> <li>  May promote tolerance for discriminatory practices and human right violations</li> <li>  Fragmentation of CSR efforts, leading to inconsistency in the firm’s overall CSR strategy</li> <li>  Increased costs and complexity in tailoring initiatives to each market</li> <li>  Risk of undermining global brand consistency and ethical standards</li> </ul>	<ul style="list-style-type: none"> <li>  Complexity in coordinating and integrating diverse CSR activities across locations</li> <li>  Challenges in managing stakeholder expectations at both global and local levels</li> <li>  Risk of “watering down” global standards to accommodate local practices, or vice versa</li> </ul>

Source: Stahl et al., 2018: 360.

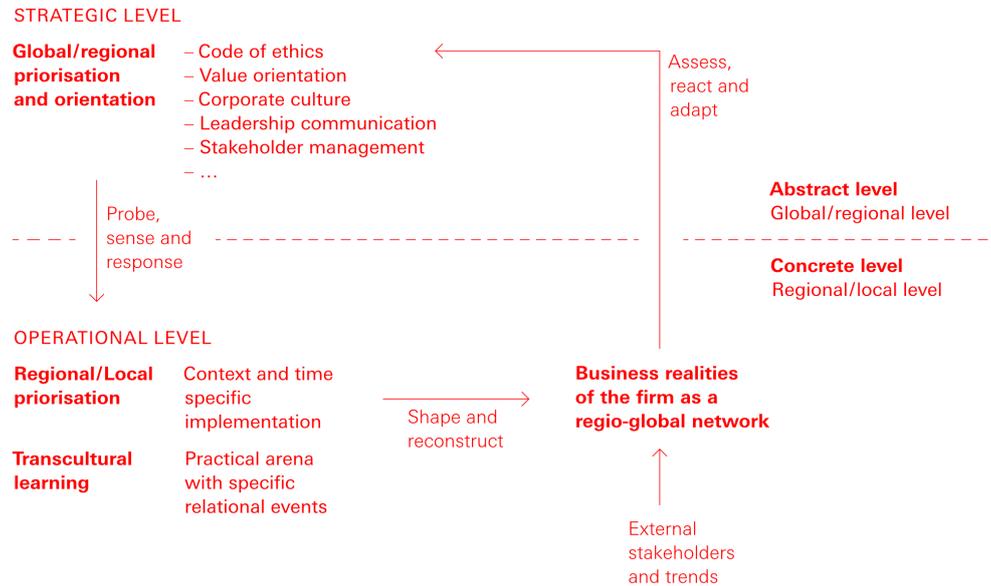
Transnational CSR is particularly highlighted here as the most effective way to navigate the challenges of diverse cultural and geographic contexts, provided that MNCs invest in robust coordination mechanisms and culturally intelligent leadership.

## Transcultural Management System

Furthermore, Grünfelder and Baumann Montecinos (2024) have introduced a Transcultural Management System (TMS) that helps to relate productively the global, regional, and local levels of multinational enterprises.

A transcultural approach to management emphasises the development of commonalities across cultures to ensure the continuity of cooperation. Rather than over-emphasizing cultural differences and promoting adaptation to diverse local customs, the transcultural management system centres on developing commonalities across cultures (*Ibid.*). This approach is based on relational theory, where the focus is on the dynamic and context-specific relationships between entities rather than on the entities themselves (e.g., individuals, organisations or nations). Instead of aiming for assimilation or adaptation to local cultures, transcultural management emphasises identifying and fostering commonalities while maintaining cultural diversity. This allows MNCs to leverage shared interests, such as mutual business goals or values, to foster cooperation and collaboration in culturally diverse environments. The TMS aims to establish ongoing, adaptive cooperation. It uses shared experiences as a foundation for transcultural learning, enabling actors in different cultural contexts to create new, shared practices and values over time. Figure 2 illustrates the Transcultural Management System.

**FIGURE 2**  
**Transcultural Management System**



Source: Grünfelder & Baumann Montecinos, 2024: 18.

The key terms of this figure are clearly explained in a table (Grünfelder & Baumann Montecinos, 2024, p.18). The TMS highlights the need for international organisations to connect and relate the global and local levels in an ongoing transcultural learning process. In sum, this transcultural management approach encourages MNCs to focus on creating new shared meanings and practices across cultures, ensuring the continuity of cooperation without forcing cultural uniformity. This framework highlights that real cultural competence in international business requires more than just managing differences; it calls for developing cooperative networks that actively integrate and build upon developed commonalities.

As already mentioned, the presented research results and concepts (Gergen, 2019; Wieland & Schwengber, 2024; Caprar et al., 2022; Stahl et al., 2018; Grünfelder & Baumann Montecinos, 2024) should support the discussion and answering of the case study questions.

## Key learnings

Finally, there are several learnings from the case studies:

*Mapping and prioritisation of stakeholders:* An analysis of the relevant stakeholders and their specific interests and resources for a particular situation and management decision is always helpful, does justice to the real complexity and avoids generalisation or simplified solutions (e.g., standardisation or localisation).

*Culture and cultural sensitivity matter:* Netflix must navigate diverse cultural and political landscapes, especially as it expands globally. Missteps can lead to a backlash, legal repercussions, and brand damage. All cases have shown that different cultures (e.g., national, regional, organisational, professional, industry cultures, etc.) impact the business reality of companies and that these create challenges and learning opportunities.

*Freedom of expression vs. different social groups or local laws:* Balancing the values of freedom of speech with compliance with local laws or different social groups (political parties, LGBTQ+, etc.) is an ongoing challenge, especially in restrictive environments. There are often no clear answers/solutions to these discussions, and companies are called upon to actively promote these discussions so as to develop new meanings and actions jointly.

*Ethics and Corporate Social Responsibility matter:* The controversies in all the case studies are part of successful CSR strategies and must be addressed by leadership and management. Netflix's response to controversies reflects broader ethical dilemmas about the content it chooses to platform, balancing its commitment to inclusivity, artistic expression, and sensitivity to marginalised communities. Companies like Netflix need to recognise that these ethical, social and political discussions are part of their stakeholder management, and they cannot neglect or even avoid them. There will be more and more of these discussions in the future, and it is the responsibility of companies to conduct and facilitate them productively.

*Pro-active CSR Strategy:* By anticipating how different cultural, political, religious or minority groups might react to content, Netflix can better manage potential controversies. This can be achieved through a Transcultural Management System and a transnational CSR strategy that enables, promotes and strengthens mutual learning

between different stakeholders. Transcultural learning emphasises that new global best practice and forms of cooperation can only be developed through shared experiences and learning.

Overall, these cases highlight Netflix's ongoing challenge to balance its global reach with regional sensitivities and expectations, which is essential for a multinational entertainment platform that wants to entertain an increasingly complex world.

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## Keywords

Stakeholder management, corporate social responsibility, relational economics, transcultural management, transcultural learning, relational ethic.

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