

International Business Diplomacy: A strategy for increasing MNC's performance?

A systematic review on the basis of five European MNC's

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ABSTRACT

The aim of this paper is to conceptualize and identify the relationship between Multinational Corporations' (MNC) international business diplomatic activities and firm performance. The research has been based on a literature review and qualitative studies of five large MNCs that are operating in distinctive industries. Business diplomatic activities have been separated in three particular areas to enable a valuable analysis, namely: (1) MNC-Non-Governmental Organization (NGO) relations, (2) MNC-Host-Government Relations, and (3) MNC-Local Community relations. The main findings suggest that international business diplomacy has a direct positive effect on firm performance in regard to so-called soft or non-financial indicators. These indicators include for example knowledge sharing, reputation, company image and marketing possibilities. These performance indicators can in turn lead to a better financial performance and market stance in the long run. The results of this paper are of high importance in regard to the future awareness and execution of business diplomacy in large MNCs.

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Keywords

International Business Diplomacy, Firm Performance, Multinational Companies, Long-term Relations, Stakeholder Management, Corporate Political Activity

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1. INTRODUCTION

The business environment is increasingly imposed by complex international relations, due to the growing globalization and a higher degree of intercontinental connections (Saner & Yiu, 2003). MNCs are constantly enlarging their presence in many countries and are being exposed to diverse local influences and requirements (Saner & Yiu, 2003; Saner & Yiu, 2005). Thus, companies still need to compete within a largely unregulated global market economy and progress with high levels of financial and political risks (Muldoon, 2005). Furthermore, it can be rather expensive for MNCs to enter markets of developing countries due to weaker institutions and cultural dissimilarity (Creusen & Lejour, 2012). In this regard, Muldoon (2005) posits that MNCs can only survive as global actors, if they successfully develop their own representational mechanisms to manage 'complex interactions with governments, multilateral institutions, and global social movements' (p.355). An opportunity to succeed as a business and to ensure economic vitality is to make use of competencies that build upon long-term relationships with stakeholders, such as governmental bodies, as well as Non-Governmental Organizations (NGOs) (Muldoon, 2005; Saner & Yiu, 2005). Schuler, Rehbein and Cramer (2002) state that companies, which have access to these opportunities, can in turn enjoy competitive advantage. From a network perspective, Goerzen (2007) confirmed that companies could improve their competitive position by establishing non-redundant ties with other international network actors. All of these suggestions add up to the concept of acting within the frameworks of international business diplomacy, which imposes the commitment on MNCs to establish long-term relationships with all different kinds of stakeholders. Since the development of diplomatic ties can be time-consuming and costly, it of high importance for MNCs to see whether their efforts pay off. Nevertheless, literature has so far failed to research the positive effect of international business diplomacy on firm performance. Thus, this paper aims at closing this research gap by answering the following research question:

'Can international business diplomatic activities of MNCs affect their performance?'

The structure of the paper is as follows: First of all, an extensive literature review is provided, concerning the definition and relevance of business diplomacy and firm performance. Second, the conceptualization of firm performance and international business diplomacy is further elaborated by separating activities into three main areas, namely: (1) MNC-NGO relations, (2) MNC-Host-Government relations and (3) MNC-Local Community relations. Thereafter, results are tested by analyzing five semi-structured interviews with large MNCs in order to reach a consensus on the positive outcomes on firm performance. The conclusion finalizes the work by summarizing the main findings, practical and theoretical implications as well as the limitations of the paper.

2. LITERATURE REVIEW

This research has been conducted in order to identify the effects business diplomacy can, if properly applied, have on firm performance. Part of the research will be in the form of a critical qualitative literature review as a starting point for the analysis. The literature has been obtained through web search on scientific databases (Scopus, ScienceDirect and Google Scholar) by searching for keywords such as: Business Diplomacy, Firm Performance, Public Diplomacy, Non-Governmental Organizations, MNC-Host Government Relationships, Corporate Political Activity (CPA) and Corruption. Special emphasis has been put on academic

literature that has been peer reviewed, was recently published and has achieved a considerable number of citations.

2.1. Definition of Business Diplomacy

Authors such as Muldoon (2005) posit that MNCs can only survive as global actors if they successfully develop their own representational mechanisms to manage 'complex interactions with governments, multilateral institutions, and global social movement' (p.355). An opportunity to succeed as a business and to ensure economic vitality is to make use of competencies in order to build long-term relationships with stakeholders, such as governmental bodies and Non-Governmental Organizations (NGOs) (Muldoon, 2005; Saner & Yiu, 2005). Thus, the concept of business diplomacy adds valuable knowledge for MNCs to decrease their international complexities faced through an increasingly connected worldwide business environment, and has been evolving over the past years (Melissen, 2011). In this regard, Muldoon (2005) states that organizations are more and more held accountable for their activities and need to build long-term relationships with stakeholders and to develop cooperative strategies accordingly. Nevertheless, the existing body of knowledge about business diplomacy is scarce and only little empirical evidence exists. Therefore, it is of high importance for the further course of this paper, to develop a clear, uniform and understandable definition of the concept, in order to be able to identify the positive effects that international business diplomacy can have on firm performance.

2.1.1. Different types of Business Diplomacy

When reading about business diplomacy it becomes clear that several authors have been using the equivalent term but understand different concepts behind it. On these grounds, it is essential to distinguish different meanings of Business Diplomacy in contemplation of finding an exhaustive definition. In order to give a more concrete overview of the different meanings, this paper suggest four distinctive categories of business diplomacy, namely: (1) Intra-firm Business Diplomacy, (2) Inter-firm Diplomacy (3) Home-Country Government Diplomacy and (4) International Business Diplomacy.

2.1.1.1. Intra-firm Business Diplomacy

This specific type has been advocated by London (1999), who suggests that business diplomacy is a method of cooperating with people in a way that things get done efficiently. Diplomatic activities can thus also be encouraged by managers and executives inside a company and postulate into a specific management style, that is based on "treating people with respect, being honest, recognizing and valuing differences, voicing agreement when appropriate and accomplishing goals" (London, 1999, p.171). Saner, Yiu and Søndergaard (2000) posit that the attributes of diplomatic managers are comparable to those of political diplomats who need to take responsibility for themselves and others and treat everyone with respect.

2.1.1.2. Inter-firm Diplomacy

The second type focuses on the interaction between businesses within their environment. A large body of research exists within the area of inter-organizational network relations (Hagedoorn & Duysters, 2002; Osarenkhoe, 2010) but have not yet been related to the field of diplomatic activities. Nevertheless, it becomes clear that the nurturing of non-redundant ties with other international network actors should be based on a diplomatic handling. Positive effects of network relations can increase the competitive position by granting access to valuable information through the sharing of relevant knowledge

(Goerzen, 2007; Hagedoorn & Duysters, 2002; Osarenkhoe, 2010).

2.1.1.3. Home-Country Government Diplomacy

The third type of diplomacy depends on Governments as main actors that make use of representatives who promote their home country abroad (Ruël, 2013) and is probably the most popular one. Naray (2008) postulates that countries exercise activities such as business promotion and facilitation in the interest of advocating business developments so that jobs can be created and economic growth triggered. Furthermore, these actions can aid local business to operate in different countries due to the fact that the risk of entering new markets can be reduced (Naray, 2008).

2.1.1.4. International MNC Diplomacy

The last type that will be discussed is the one of international business diplomacy including activities by global companies themselves. As Saner and Yiu (2005) suggest, business diplomacy ‘pertains to the management of interfaces between the global company and its multiple non-business counterparts (such as NGOs, government, political parties, media and other representatives of civil societies) and external constituencies’ (p.302). MNCs are global actors that have their own set of responsibilities towards various groups of stakeholders and need to develop their own representational mechanisms within the global markets (Muldoon, 2005).

2.1.2. International Business Diplomacy

The concept of diplomacy that will be discussed throughout this paper is based on the view of international MNC diplomacy. Goodman (2006) posits that an agreement exists on the premises that global businesses need to act themselves in order to solve problems that have usually been dealt with by governments. Globalization has resulted in complex international relations that enabled non-state actors such as NGOs and transnational companies to enter state-to-state diplomacy relations (Saner & Yiu, 2003; Bayne & Woolcock, 2011). Thus, global acting businesses cannot further attenuate their political influence as well as downplay the consequences of their activities affecting a broader range of stakeholders (Muldoon, 2005). Global markets are still largely unregulated, implying that the business and political environment can rapidly change, which stresses the importance of MNCs to ‘survive’ through building bridges with various stakeholders and by starting diplomatic offensives on their own (Ruël, 2013; Muldoon, 2005; Saner & Yiu, 2000). In consequence, Saner and Yiu (2000) state that transnational companies increasingly form cross-national alliances to strengthen their position and to effectively interact with different stakeholder groups. Muldoon (2005) adds that these interactions need to be based on building long-term relationships that encourage the development of cooperative strategies. It has further been argued by Ruël (2013) as well as Saner and Yiu (2000), that MNCs should set up business diplomacy management functions that deal with “scanning the business environment, interacting with multiple stakeholders and engaging in diplomatic missions, under the supervision of the CEO” (Ruël, 2013, p. 38). Notwithstanding, a study of eight Dutch MNCs by Ruël, Wolters and van der Kaap (2013) revealed that none of the companies applied diplomacy activities at the headquarter level, yet.

The definition that will be used during the course of the paper has been suggested by Ruël, Wolters and van der Kaap (2013) and includes the following:

“Business diplomacy involves establishing and sustaining positive relationships (by top executives or their representatives) with foreign government representatives and

non-governmental stakeholders (economic and non-economic) with the aim to build and sustain legitimacy (safeguard corporate image and reputation) in a foreign business environment.”

2.2. Definition of Firm Performance

The concept of firm performance has been increasingly and widely discussed throughout the scientific literature during the past years, since it has been considered as of major interest to business scholars (Wagner, 2012; Hult et. al., 2008). Firm performance in general, has been defined by the Business Dictionary (n.d.) as “an analysis of a company's performance as compared to goals and objectives” and is commonly analyzed by three performance outcomes, namely: (1) Financial performance, (2) Market performance and (3) Shareholder value performance. Nevertheless, scholars such as Miller, Washburn and Glick (2013), as well as Shenhav, Schrum and Alon (1994), postulate that firm performance is generally problematic, abstract and lacks a clear definition. Furthermore, it has been found that no single measure clearly dominates others around the world (Barton, Hansen & Pownall, 2010). Hansen and Wernerfelt (1989) further posit that performance measures can commonly be split into two major streams of research, concerning economic and organizational models. Results of the study showed that organizational factors explain firm profits twice as much as economic factors. The economic model integrates determinants such as industry characteristics, firm's position compared to competitors as well as the resources. Organizational determinants, on the other hand, include an organizational climate involving all kinds of stakeholders. In regard to stakeholder firm performance determinants, Wagner (2012) points out that dimensions such as working conditions and wages might be crucial, whereas shareholders rather use stock prices, dividends and profits as key performance indicators of the firm's wellbeing (Fiordelisi & Molyneux, 2010; Wagner, 2012). Respecting financial performance measures, Chandra and Ro (2008) argue that it is valuable to observe revenue streams in the long-term. Notwithstanding the existence of several performance measures one can resume that the ultimate goal of good firm performance is to ensure the firm survival in the long-run (Wagner, 2012).

2.2.1. Conclusion on firm performance

Since the literature review suggests that several performance measures exist, the definition for the course of the paper will also be kept broad. This means that both so called ‘hard’ financial and ‘soft’ non-financial performance indicators are of value in identifying possible positive outcomes of international business diplomacy. Financial indicators, on the one hand, can include key performance indicators such as Return on Investment (ROI), Return on Assets (ROA) and cost of shares, non-financial indicators may encompass soft factors such as company image, reputation and knowledge.

3. RELATIONSHIP BETWEEN BUSINESS DIPLOMACY AND FIRM PERFORMANCE

After both concepts have been elaborated independently it is interesting to take a closer look at the conceptualization within existing literature. As a short recap, international business diplomacy is about first establishing long-term relations, which then in turn should have a positive impact on firm performance. Since the scientific literature on international business diplomacy is rarely available on itself, the body of knowledge dealing with the correlation of the effect on firm performance is even scarcer. Nevertheless, a few authors suggested several positive outcomes that can be traced back to the underlying

concept. Goerzen (2007) as well as Creusen and Lejour (2013) state that MNCs have motives to establish long-term ties and alliances in order to improve foreign market access and to reduce entry costs which are often particularly high in developing countries with weak institutions and different cultural backgrounds. In regard to this, Ordeix-Rigo and Duarte (2009) posit that it has become viable for companies to receive a license to operate through reaching accordance with stakeholder expectations. This perceived legitimacy could in turn lead to power and authority. Another theory suggests that global companies can influence political decision-making and therefore alter current legislations to their own advantage (Oliver & Holzinger, 2008; Rizopoulos & Sergakis, 2010). Lastly, a study by Ruël et al. (2013) revealed that out of eight questioned MNCs in the Netherlands, all believe that the concept of business diplomacy can enable the creation of favorable business opportunities. In accordance with that particular empirical study, a theoretical model has been developed that implies positive performance outcomes such as an increased ROA, ROI and Government-derived revenues.

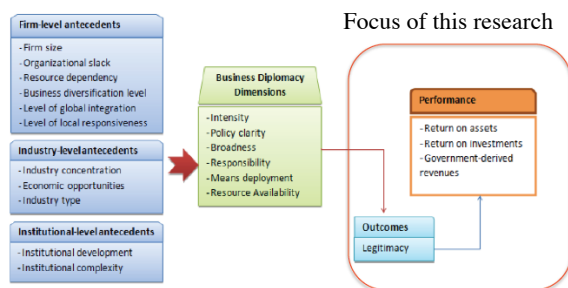


Figure 1. Theoretical model on Business Diplomacy by Ruël, Wolters and van der Kaap (2013).

However, the suggested outcomes of the model have not yet been tested and it is therefore interesting to take a close look at scientific literature of concepts that focus on related activities concerned with business diplomacy. The definition of business diplomacy implies that companies need to build upon relationships with foreign government representatives and non-governmental stakeholders (Ruël et al., 2013). Therefore, the following abstracts will take a separate look at related concepts that have been widely discussed in literature, namely: (1) MNC-NGO Relations, (2) MNC and Host-Government Relations as well as (3) MNC-Local Community Relations.

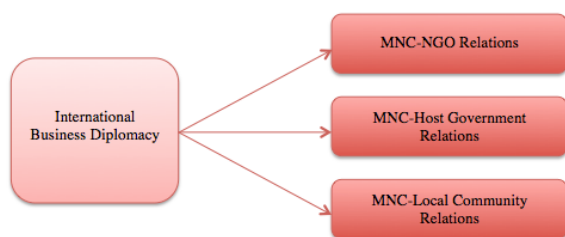


Image 2. Separation of topics according to business diplomacy activities.

3.1. MNC and NGO Partnerships

3.1.1. Importance of NGOs in the Business Environment

Non-Governmental Organizations have simply been defined by Teegen, Doh and Vachani (2004) as “private, not-for-profit

organizations that aim to serve particular social interests by focusing [...] on social, political, and economic goals, including equity, education, health, environmental protection, and human rights” (p. 466). Literature suggests that NGOs have especially emerged since the 1990s as dominant actors and influence business practices in terms of ethical responsibilities towards society (Millar, Choi & Chen, 2004; Perez-Aleman & Sandilands, 2008; Doh & Teegen, 2002). NGOs have been identified as the most important external stakeholders that MNCs must face nowadays (Saner & Yiu, 2005), which has consequently resulted in a growing number of partnerships and alliances between NGOs and MNCs on the grounds of the realizable benefits (Marano & Tashman, 2012; Van Huijstee & Glasbergen, 2010; Perez-Aleman & Sandilands, 2008). Visible signs of the increased number of partnerships are according to Perez-Aleman and Sandilands (2008) for example “standards, certification, eco-labeling, social reporting, and Fair trade products” (p.24).

3.1.2. Effects of MNC-NGO Partnerships on firm performance

Since the emergence of NGOs into the business environment and the implied dominant role, relationships between host-governments and MNCs have been complicated (Doh & Teegen, 2012; Doh & Teegen, 2002). Thus, MNCs face challenges when entering new markets and may lack resources that are inherent in NGOs capabilities (Dahan, Doh, Oetzel & Yaziji, 2010). In regard to these NGO capabilities, literature suggests that NGOs have social capabilities and specific knowledge that is of interest for MNCs (Millar, Choi & Chen, 2004). This becomes visible through the fact that NGOs have expertise not only at an economic and institutional but also on a social level (Millar, Choi and Chen, 2004). Therefore, NGOs attain specific knowledge about for example foreign markets, non-market stakeholders, submarkets, values or sensitivity (Millar, Choi & Chen, 2004; Oetzel & Doh, 2009). Furthermore, Oetzel and Doh (2009) state that NGOs usually are regarded as trustworthy within society and have stronger connections as well as knowledge towards non-market stakeholders. Waddel (2000) posits that NGO relationships can be useful for MNCs in further distinct areas, including the reduction of risks since information trickling can warn about possible stakeholder conflicts. Moreover, costs can be reduced through enhanced transparency, new products can be designed on basis of underlying customer needs, employees can be trained on cultural topics and last but not least challenges and barriers to entry can be built for others through establishing strong networks. Marano and Tashman (2012) support the view of Waddel in the case that transparency can be increased, resources can be shared, new capabilities can be developed and new learning opportunities accessed. Pertaining to Waddel’s mentioned cost reductions, Vachani, Doh and Tegen (2009) postulate that MNCs can decrease transaction costs occurring about problems with operations and reaction to criticism by engaging with NGOs. Marano and Tashman (2012) add another positive feature related to this kind of partnerships, dealing with social legitimacy. The authors suggest that MNCs can gain this kind of legitimacy through engaging with NGOs, which enables access to important resources and increases chances of firm survival in the market. Consequently, partnerships between MNCs and NGOs can combine resources and strengths as well as provide MNCs with necessary resources and channels to different worlds (Waddel, 2000; Yaziji & Doh, 2009). Furthermore, they can provide MNCs with the ability to remain sensitive to the demands and expectations of the market (Saner & Yiu, 2005), as well as help to pursue strategic goals (Oetzel & Doh, 2009). Finally, MNCs ability to survive in society as

well as the long-term viability of investments has been found to depend on successful relations with NGOs (Millar et al., 2004; Doh & Teegen, 2002).

3.1.3. Conclusion on MNC-NGO partnerships

The previous literature review determined various positive effects for MNC firm performance such as shared knowledge about non-market stakeholders, risks and cultural backgrounds, increased transparency and sensitivity to local demands, as well as, social legitimacy and trustworthiness, which are based on a good partnership with NGOs. Nevertheless, there are still some underlying risks such as the different organizational structures and values as well as lack of equivalent experience that need to be controlled by MNCs (Dahan et al., 2010; Millar et al., 2004). Despite the clear positive effects, many relationships have been found to still remain rather adversarial (Marano & Tashman, 2012).

3.2. MNC-Host Government Relations

3.2.1. Importance of Host Governments in International Business

So called MNC-Host government relations (from now on MGRs) have evolved during the past decades (Luo, 2001; Malyshkov, 2013; Ramamurti, 2001). During the 1960s and 1970s, the relationship has been rather tense and host countries have been simply seen as another market and source for cheap labour (Ramamurti, 2001; Almeda & Phene, 2004). Nowadays, authors such as Almeda and Pehne (2004) as well as Ramamurti (2001) posit that host governments are rather seen as potential sources for new knowledge and relationships are dynamic and two-tiered. Furthermore, influences that for example increased through globalization led to a growing impact of governmental authorities (Malyshkov, 2013). This development, among others, has led to a growing interdependence between MNCs and governments (Luo, 2001). An activity that is part of MGRs is also the area of Corporate Political Activity (CPA), which has received an increasing attention during the past two decades and many companies have commenced to make use of activities that influence legislation (Lord, 2000). CPA itself can broadly be described as the efforts of a company to manage and influence political entities (Hillman, Keim & Schuler, 2004). Common CPA activities by MNCs are two-fold: On the one hand there are direct activities that are usually carried out by so-called internal political action committees (PACs) which financially contribute to campaign contributions; on the other hand are indirect activities including lobbying that aim at influencing political decisions (Lux, Crook & Woehr, 2001; Hill, Kelly, Lockhart & Ness, 2013; Hansen & Mitchell, 2000). These activities show that companies aim at combining tactics in order to alter government policies to their own advantage (Hillman & Hitt, 1999; Oliver & Holzinger, 2008). In general, Luo (2001) further suggests that MGRs are long-term oriented and bring attention to further cooperation, aiming at seeking joint payoffs and the accomplishment mutual goals (Luo, 2004). In this regard, literature suggests that cooperations are growing increasingly (Luo, 2001). Important to keep in mind for the further course of this paper is that host governments policies can impose severe constraints on MNCs operations (Moon & Lado, 2000).

3.2.2. Effects of MGRs on firm performance

Literature suggests that MNCs experience differing amounts of government interventions in regard to for example regulatory policies based on their ability to influence host governments (Luo, 2001; Moon & Lado, 2000). Ramamurti (2001) posits that especially developing countries have established mechanisms to screen entries of MNCs and accordingly to

regulate their operations. A poor relationship with governments can thus have negative outcomes for MNCs in regard to catchier ways of carrying out business (Sanyal & Guvenli, 2000). This can be visible in for example rapidly changing policies, the absence of clear-cut rules as well as uncertain procedures. Hence, Sanyal and Guvenli (2000) state that foreign firms try to minimize these negative effects and rather try to receive assistance by the host country. Both MNCs and Host-Governments have sources of bargaining power that increase the likelihood of well-working cooperation's. Ramamurti (2001) summarizes MNC sources of bargaining power as: "Technology, product differentiation, ability to bring in capital, exports, product diversity, worldwide size/ scale, potential to play countries against each other" (p.26). This kind of power can be grounded on resources, technology, product differentiation as well as diversification and their ability to increase exports (Luo, 2001; Ramamurti, 2001). Host country bargaining sources on the other hand are: "granting access to home market; to natural resources, to local labor or other resources, incentives, potential to play MNCs against each other" (Ramamurti, 2001; p.26) and are based on their control of potential market access (Luo, 2001). Well-functioning MGR relations thus can contribute in various ways to an improved MNC firm performance. If governments are willing to collaborate, they can engage in establishing transparent rules, developing favorable tax laws, removing restrictions on transfers and ensuring consistent policies (Sanyal & Guvenli, 2000). In regard to CPA, companies can gain access to political information, which reduces uncertainty and increases the ability to survive within the particular environment (Schuler et al., 2002). Furthermore, larger companies often engage more in the political arena since with size also visibility increases (Brown, Helland & Kiholm-Smith, 2006; Agrawal & Knoeber, 2001). As the political circumstances become more complex, a sound position within policy networks can strengthen the competitive advantage of the company itself (Oliver & Holzinger, 2008; Rizopoulos & Sergakis, 2010). Thus, companies trying to shape public policy usually aim at the reduction of uncertainty and treats as well as the creation of new opportunities (Lord, 2000). This can lead to significant tax reliefs for lobbying firms (Richter, Samphantharak & Timmons, 2009) which amount up to \$220 tax relief per one dollar lobbying expense as stated by Alexander, Mazza and Scholz (2009). Additionally, companies can achieve price supports or ameliorated tariffs (Hansen & Mitchell, 2000). Finally, Lux, et al. (2011) conducted a large meta-analysis, which revealed that CPA has positive effect on firm performance in terms of ROI, ROA as well as Government-driven revenues. The shaping of host country law by MNCs can therefore positively influence MNC firm performance in regard to asset efficiency, financial return and market expansion (Luo, 2001). Almeda and Phene (2004) further propose that MNCs can learn from host governments and generate geographically localized knowledge that can be a source of value creation. Last but not least, Malyshkov (2013) suggests that risk-allocation between both parties can be more efficient.

3.2.3. Conclusion on MGRs

As the literature review suggests, MGRs do influence MNC firm performance positively, since government policies can be shaped, market entry facilitated, important information shared and financial gains made. Thereupon, good relations are of high importance to a foreign firm (Sanyal & Guvenli, 2000). Nevertheless, the development of cooperating forms between business and governments is still evolving and business diplomacy needs to build upon relations based on confidence and responsibility (Malyshkov, 2013).

3.3. MNC Relations with local communities

3.3.1. Importance of Local Community Relations in the Business Environment

Relations between businesses and the society have been of major importance for years (Altman, 1999) and have led to an increasing input of corporations in terms of time and resources into the support of community involvement projects (Hess, Rogovsky & Dunfee, 2002). A uniform definition of communities does not exist within the area of social science but it has been agreed on that it entails networks of people with common or shared characteristics that are based on similar dimensions of geography and identity (Calvano, 2008; Goddard, 2005). Engagement with local communities has been widely discussed in the area of Corporate Social Responsibility (CSR), which has gained an increasing relevance due to the fact that scholars explore the relation between CSR and economic performance (Calabrese, Costa, Menchini, Rosati & Sanfelice, 2013). Even though the popular scholar Milton Friedman (1970) advocated that business should just care about making profits, corporations nowadays increasingly believe that they have a dual purpose, namely to be socially responsible and economically successful (Altman, 1999). This view has been initially promoted by Freeman (1983), who believes that the organization needs to be responsible towards all kinds of stakeholders (Metcalf, 1998). Goddard (2005) posits that Governments are gradually believed not to have the capabilities anymore to help society, and thus scholars argue that corporations think beyond economic returns and use their large influence in developing countries (Ansari, Munir & Gregg, 2012; Goddard, 2005).

3.3.2. Effects of MNC-Local Community Partnerships on firm performance

Porter and Kramer (2002) found that companies today are increasingly depending on local partnerships. Corporate Community Relations (CCR) within corporations have been responsible for tasks such as the community outreach, contributions and volunteerism (Altman, 1999). Nevertheless, Hess et al. (2002) posit that tasks have outreached and have become more complex within the past years. The function has been increasingly used as a strategic tool, which can identify economic benefits (Altman, 1999). As mentioned above, the stakeholder theory by Freeman implies that benefits can only exist when all stakeholders and thus the complete community are included in a company's operations (Goddard, 2005). Furthermore, Goddard (2005) points out that these relations will always exist and therefore need to be taken care off. These relations thus represent significant positive effects for the company itself. For example, Goddard (2005) finds that the gap of the commercial arm of the company towards the community can be reduced and thus brings the company and the community needs closer together. Calvano (2008) suggests that companies can face major conflicts including financial and reputational drawbacks when interests of communities and MNCs collide. Therefore, organizations are increasingly embedding their local community strategies for the long-term since they can obtain a license to operate within the market and strengthen their reputation as well as corporate image (Hess et al., 2002; Goddard, 2005). In regard to the corporate image, companies thus can communicate their activities to the stakeholders leading to a competitive advantage through soft sources (Hess et al., 2002). Another advantage is the access to valuable knowledge, leading to possible better innovation, or important information about the market (Goddard, 2005; Samoff & Stromquist, 2001). Last but not least, literature indicated that community relations can be used for cause-related marketing

efforts and therefore include public relations and advertising (Goddard, 2005; Porter & Kramer, 2002).

3.3.3. Conclusion on MNC-Local Community partnerships

Concluding, one can resume that these partnerships can lead to several benefits for the corporation such as access to valuable information, a good brand image, enhanced marketing possibilities and reduced risk of conflict. Nevertheless, executives still have difficulties in justifying the benefit of charitable expenditures (Porter & Kramer, 2002) and communities are still the least mentioned stakeholder group (Calvano, 2008). Still, corporations must be sensitive to local needs (Hess et al., 2002). Thus, means must be found to show and underline the value of this kind of relationship (Goddard, 2005).

4. THREATS TO INTERNATIONAL BUSINESS DIPLOMACY ACTIVITIES

While engaging in close long-term relationships with government representatives and different organizations such as NGOs as it has been advocated by international business diplomacy, other stakeholders and the wide public might perceive these activities as something that is not quite 'kosher'. Zabyelina (2013) states that advantages through diplomatic agents have recently led to sharp criticism.

4.1. Definition of Bribery and Corruption

Globalization, and thus international business relations, have increased the attention on issues such as bribery and corruption (Baughn, Bodie, Buchanan & Bixby, 2010). D'Souza (2012) posits that bribery includes payments that enable firms to access an unfair or unwarranted advantage, which can include import permits, licenses to operate or contracts with governments. Corruption has been defined as the abuse of public power for a private and positive gain (Rodriguez, Siegel, Hillman and Eden, 2006; Petrou and Thanos, 2013). Baughn et. al (2010) suggest that bribery should not only be seen by the demand side but also by the supply side including the willingness of MNCs to provide bribes.

4.2. Conclusion and relevance of anti-bribery mechanisms

It has been widely agreed on the fact that it was a common activity of MNCs to bribe foreign public officials until the end of the 1990s (D'Souza, 2012). The implementation of laws through the Organization of Economic Cooperation and Development (OECD) in 1997 has lowered the propensity of MNCs that act within these laws in foreign countries (D'Souza, 2012; Baughn et. al, 2010). Nevertheless, companies in general found it difficult to establish strategies dealing with corruption (Rodriguez et. al, 2006). When considering international business diplomacy activities as suggested by this article, it is of high importance to dislodge from activities associated with corruption and bribery. Only that way, the positive effects on firm performance are able to remain in the long-term.

5. RESEARCH METHODOLOGY

The literature review has suggested several findings in regard to the positive effects of business diplomacy and the underlying concepts on firm performance. In order to test these suggestions, qualitative data has been obtained in the form of multiple exploratory case studies with MNC's. These case studies have been based on interviews with large MNCs from Germany, Switzerland and the UK, that are all embedded in distinctive industry environments. The companies that have

been approached need to follow certain guidelines in order to be valuable for the results of this study. These guidelines include, that the MNCs are global actors, operate in more than ten countries worldwide, receive at least a quarter of their revenue from outside operations and already engage in public affairs and corporate social responsibility. The selected companies have than been approached by e-mail, telephone calls as well as Xing. It has been the goal to contact employees in the position as for example public affair executives since their tasks are increasingly concerned with the management of interactions between a company and its stakeholders (Muldoon, 2005). Semi-structured interviews have been conducted via telephone, took about 40-60 minutes and followed a variable interview protocol that can be found in the appendix. This means that each interview proceeded differently in order to receive deep knowledge within various important topics. At the beginning of each interview, the interviewees have been asked about what they understand under the concept of international business diplomacy, so that a general image could be drawn. Afterwards, the definition of business diplomacy that is used for this paper has been explained in detail, enabling the respondents to give focused and accurate answers. The companies that took part in this study can be found below in table 1. Due to the fact that companies had the possibility to stay anonymous, the company names will not be shown and are replaced by the specific industries.

MNC	Industry	Active in Countries	Corporate Employees
Heating industry MNC	Heating Systems	***	***
DPDHL	Mail and Logistics	> 220	55.000
Insurance MNC	Insurance	***	***
Telecommunication MNC	Data networking and telecommunication	***	***
Medical Technology MNC	Medical technology	***	***

Table 1. Interview partners.

6. RESULTS

In order to be able to generate a valuable analysis from the five qualitative case studies, the data sets will be subdivided according to the areas that have already mentioned throughout the literature review. This implies, that the views of all five MNCs will be separated according to the topics: (1) MNC-NGO Relations, (2) MNC-Host Government Relations, (3) MNC-Local Community Relations and (4) Threats to diplomatic activities. The overall opinion towards international business diplomacy, will be further elaborated within the conclusion.

6.1. MNC-NGO Relations

The previous literature review indicated that MNC-NGO relationships may lead to several advantages for MNC operations. These include valuable information due to the two-fold market role of NGOs, as well as reputational benefits in terms of increased trustworthiness and transparency, employee training on cultural issues and local demand sensitivity.

6.1.1. To what extents do NGO relationships exist within the company?

All five MNC respondents state that they are actively involved in various relations with NGOs and other charitable organizations. The Heating industry MNC for example has about 200 relations with organizations, associations or establishments. Common NGOs that are worked with are for example WEF, Red Cross, Greenpeace or save the children. DPDHL follows the principle to subdivide their charitable activities into three main areas, namely: (1) Go Green – Environmental protection; (2) Go Teach – Education; (3) Go Help- Emergency Aid. Nevertheless, the Telecommunication MNC points out, that companies often are cautious about relations with NGOs such as with Amnesty International or Greenpeace since they do not want to reveal too much.

6.1.2. How do these relationships work?

The interviews revealed that MNC-NGO relation's work quite differently in the questioned MNCs. DPDHL and the Insurance MNC for example state that relations are based on mutual discussion points such as for example environmental protection and are established when the MNC is seen in a 'positive light'. The Heating industry MNC, on the other hand, has only few sponsoring relations and rather tries to be a member of organizations if the rules allow doing so and thus just pays membership subscriptions. The Insurance MNC further proposes that they often take part in investigations and rankings that are conducted by NGOs. Furthermore, relations would differ according to varying local conditions and underlying cultures. Within the Telecommunication industry MNC, no official program about NGO relations exists. Employees within the organization usually make requests for relations, but a questionnaire has been developed to make sure that there are no personal ties of customer or employees with the NGO to decrease the possible linkage to corruption. In regard to the string relations mentioned in the literature review, the Telecommunication MNC interviewee posits that NGOs are often just interested in donations, since they have a special tax-exempt. Thus, the relations are usually within the area of CSR and are about loosely talking about connecting topics as well as to donate. The CSR activities imply, that it is valuable to try to help with the own Telecommunication products. DPDHL and the Telecommunication company further underline, that it is highly important to base discussions on facts and a reasonable contact.

6.1.3. Who is involved within these relationships?

Again, answers of this question have been quite diversified. Within DPDHL a central unit guides the activities since the relations have a broad spectrum including innovation within environmental protection or CO2 reduction and must be communicated within the whole organization. Within the Heating industry MNC on the other hand, everyone throughout the hierarchy could be involved within relations since they are separated based on topics. At the Insurance, Medical technology and Telecommunication industry, the CSR unit also guides this type of relations.

6.1.4. Which benefits on the firm performance entail these NGO Relations?

Four out of five MNCs agree upon that MNC-NGO relations can entail several benefits. DPDHL for example states that it is good to have a contact person one can turn to within NGOs and that it is easier to efficiently help in catastrophes. The Heating industry MNC states that benefits are multifarious based on the diversity of NGOs, but that the main benefits can be summarized as: (1) Knowledge transfer with the goal to learn

from each other, (2) Positioning as a sustainable company, as well as the (3) Positioning of corporate interests. The Insurance and Medical technology MNC posit that NGO relations are always a give and get situation. For example, MNCs can generate knowledge through experience about dealing with certain situations, such as the creative solution approaches in different countries and cultures, as well as to meet obligations and to manage the impact on society and the environment. The Insurance MNC further proposes that it is handy to take part in rankings in order to create a certain consciousness about corporate responsibility and to be given an opportunity for improvement. Furthermore, the MNC believes that the corporate image can be strengthened. The Telecommunication MNC, on the other hand, just sees benefits in regard to cooperation for CSR activities including a consulting for the establishment of environmental policies in order to increase the social and environmental reputation.

6.1.5. Conclusion on MNC-NGO relations

The literature review highlighted the fact that NGOs have social capabilities and specific knowledge that can be highly valuable for MNCs when entering a market. Nevertheless, this view has only been supported by Insurance MNC, stating that it is possible that NGOs such as the Red Cross are approached in order to receive market information such as the underlying local structures in order to be able to reach the population. DPDHL and the Telecommunication MNC on the other hand clearly state that they do not believe that NGOs facilitate market entry. To receive information, they rather use local representatives, establish local offices with national employees or contact national trade organizations. Furthermore, both MNCs point out that some MNCs might only donate in order to receive a clean image and that not all NGOs should be viewed as trustworthy. Notwithstanding, the literature review supported that MNCs can strengthen their corporate image and position by interacting with NGOs. This view was only suggested by two out of the five MNCs. As the literature review further indicated, problems may arise due to different company structures and goals, which has been further supported by the Telecommunication MNC, stating that often only few connection points between both parties exist. Thus, the analysis underlines that relations often stay rather adversarial, even if benefits such as knowledge transfer, strengthening of corporate image, more efficiently help during catastrophes and an increased consciousness about CSR exist.

6.2. MNC-Host Government Relations

The literature review indicated that positive effects of host-government relations nowadays are that policies can be shaped, market entry facilitated and important information shared.

6.2.1. To what extent do government relations exist within the company?

All five MNCs state that they actively engage in Government relations that are usually based on classical lobbying activities. The Heating industry MNC nevertheless only focuses systematically on local governments but is intensively networking on the European level. The Medical technology MNC also engages in campaign contributions especially in the UK.

6.2.2. How do these relationships work?

The Insurance as well as Telecommunication MNC specifically point out that it is highly important to be involved as early as possible within the dialogue of uprising themes with different kinds of stakeholders. Thus, reasonable public affairs should already start before legislation processes and should be

embedded in the development of strategies. All five companies engage in classical lobbying activities, and try to base their activities on transparent long-term relations. The Heating industry states that they are trying to develop and expand into political networks and especially try to cooperate with specialized ministries. DPDHL proposes that they are generally serving the public and thus the possibility exists for them to tell government about what would be good for the company, which governments can keep in mind when they are going to establish new policies. Furthermore, the Insurance MNC points out that companies should not only care about policy making, but engage in knowledge transfers with specific ministries. Companies should keep in mind, that the main aim of politics is normally to protect the citizen. A further interesting aspect that has been mentioned by DPDHL is that government relations by MNCs are often very country-specific. For example, it is more common for EU companies to act transparent compared to US MNCs.

6.2.3. Who is involved within these relationships?

Four out of the five MNCs, run their governmental relations over a centralized unit. Within the Insurance and Telecommunication MNC, as well as DPDHL, the government relations or public policy division are involved within these relations. The Heating industry MNC has a narrowly defined group of persons working on these relations that are affiliated to the CEO. Only the Medical technology industry MNC runs these relations decentralized over the various company groups.

6.2.4. Which benefits for firm performance entail those Host-Government relationships?

All of the five questioned MNCs believe that it is important to engage in political activities since laws and policies can often be influenced. The Medical technology and Telecommunication industry MNC underline that global topics that affect the business need to be shaped by businesses themselves, especially, as mentioned by the Telecommunication and Insurance MNC, to provide legislation with a practical point of view. As the Heating industry MNC states, this can have the effect to participate in the creation of framework conditions and to prevent policies that have negative effects on business. Nevertheless, DPDHL and the Insurance company underline, that they are often just one of many and associations can act as an 'anonymizer' of various MNC industry opinions. Another benefit of MNC-Host Government relations that has been mentioned by two of the five MNCs (Heating and DPDHL MNC), is that they aim at engaging in top-knowledge transfers. This includes receiving early on information from politics as well as sharing information as early as possible with specific ministries. The Insurance MNC points out that it is sometimes key to be an innovator in important topics that need to be discussed on a global scale. Furthermore, the Telecommunication MNC posits that while engaging in political activities, the base is established by industries, which work together in order to standardize and regulate specific topics so that they can work on a global basis. These cross-industry relations can thus be the largest potential of influence next to lobbying activities.

6.2.5. Conclusion on MNC-Host Government Relations

The literature review suggests that companies are able to influence and shape government laws through lobbying activities, which has also been supported by the underlying qualitative analysis. These activities may thus in turn lead to firm performance advantages that have been mentioned throughout the review, such as asset efficiency, increased

financial returns, market expansions, price supports, transparent rules and consistent policies. Additionally, companies can receive early-on political information and share their practical knowledge with specific ministries, which can be a source of value creation. The theoretical advantage that companies may also receive tax reliefs has not been supported throughout the qualitative analysis as companies such as the Medical Insurance and Telecommunication MNC mention that they rather try to distribute their money more efficiently throughout tax-efficient countries. This result could on the other hand also be the case since processes are more regulated in Europe and only allow specific possibilities to influence policies (DPDHL) as well as that company opinions are usually bundled by associations. The aim of companies in this regard, is to establish open and honest long-term relations, enabling the MNCs to build upon a sound position within policy networks.

6.3. MNC-Local Community Relations

The literature review on these types of relations indicated that possible positive performance effects could be valuable information, a good brand image and enhanced marketing possibilities.

6.3.1. *To what extents do local community relationships exist within the company?*

The five interviews underlined the fact that community relations are an increasingly important topic, since all of the questioned MNCs engage in some way with their local stakeholders. Solely the Telecommunication MNC posits that relations rather exist opportunistically, whereas the four others believe that local politics, supporting local projects, paying taxes and being a responsible employer are part of their social responsibility in each of their international affiliations. DPDHL even tries to engage in topics that affect their employees locally such as noise control and labor laws, whereas the MNC operating within the Heating industry issued a foundation in 2010 that distributes local commitments uniformly.

6.3.2. *How do these relationships work?*

The majority of interviewees state that applicants such as local community groups approach the Foundation Management Boards for sponsorships or donations. DPDHL as well as the Insurance group further state that it is highly important to be involved with dialogues about topics that concern the public or that are based on local politics.

6.3.3. *Who is involved within these relationships?*

In this regard, the MNC answered quite differently. The Heating Industry MNC handles these relations via the Foundation Management Board, whereas in the Medical technology MNC tasks are complied by the CSR unit. DPDHL and the Telecommunication MNC rather state that these relations happen individually with local branch representatives. The Insurance MNC initiates actions on a headquarter level but implements them in the different countries. For example the MNC organizes yearly action weeks, were social activities as for example painting the walls of a kindergarten are organized for every employee.

6.3.4. *Which benefits for the firm performance entail local community relations?*

The MNCs believe that this type of relation is again somewhat a certain give and get relation. DPDHL, the Heating industry MNC as well Insurance MNC think that a key advantage is the knowledge transfer, enabling MNCs to receive valuable information about local market opportunities as well as structures which may also reduce risk. In regard to the issue that

MNCs can face major drawbacks when they get in conflicts with local communities, which has been provided throughout the literature review, DPDHL tries to solve issues about for example of the availability of branches and mailboxes in accordance with the local community. Additionally, the Heating industry MNC believes that the corporate positioning of interests and sustainability can be strengthened. The Telecommunication MNC states that most benefits are rather theoretical and it is highly important that projects are based on the underlying activities of the company in order to have the possibility to receive more know-how. Furthermore, it can prove beneficial to invest into education to retain good future employees as well as research. Another benefit on firm performance mentioned by the Telecommunication and Insurance MNC is, that activities that do good for local communities are good public relations in regard to employees that are satisfied with the company they work for and thus are motivated to work. Furthermore, activities can strengthen the bond between employees since they do something together as a team while doing something good for the wider public.

6.3.5. *Conclusion on MNC-Local Community Relations*

The qualitative analysis indicates that the MNCs are rather restrained in regard to the positive effects community relations can have on their firm performance, which might also be the case since communities are the least researched group of stakeholders as mentioned within the literature review. Nevertheless, the positive effects that have been indicated by the literature review have somewhat been supported by the analysis. Thus, one can resume that local community relations can lead to a valuable knowledge transfer, reduce conflicts and risks, strengthen company image and improve internal public relation efforts. Concluding, companies rather identify with Freeman's view that each type of stakeholder should be involved, which has also been communicated throughout all interviews.

6.4. Threats to diplomatic business activities

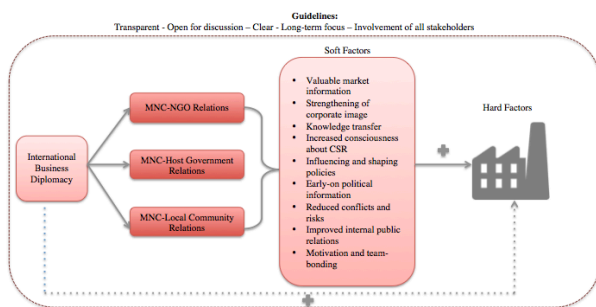
As mentioned within the literature review, companies are still struggling in regard to bribery and corruption issues. As the Insurance MNC suggests, people receive the impression that something is not 'right' when actions are not transparent and entail one-sided benefits. All five MNCs posit that the threat of the linkage to corrupt activities is always present and that they need to be careful about being as transparent as possible and to imply a functioning compliance system to prevent abuse. The Telecommunication MNC just sees risk in the relation with NGOs, since connection points are rare and companies are careful not to reveal too much. DPDHL and the Insurance MNC further suggests that corrupt activities would not create value in the long-term, since activities that get into the media can damage the company image severely. Furthermore, two MNCs mention that NGOs may be corrupt themselves and take donations in order to leave MNCs alone, which underlines the importance of evaluating the purpose and long-term value of any kind of relation. Last but not least, the Insurance MNC states that it is advisable to show that own interests and activities are part of overriding purposes that serve a wider span of people.

7. CONCLUSION

The aim of this research has been to find an answer to the following research question:

'Can international business diplomatic activities of MNCs affect their performance?'

The analysis of relevant literature defined the concept of international business diplomacy that has been used for this paper as “establishing and sustaining positive relationships (by top executives or their representatives) with foreign government representatives and non-governmental stakeholders (economic and non-economic) with the aim to build and sustain legitimacy (safeguard corporate image and reputation) in a foreign business environment” (Ruël, Wolters and van der Kaap, 2013). Effects on firm performance have been separated into the outcomes of three distinct areas that are part of international business diplomacy activities. After a sound literature review on each of these topics, findings have been tested by elaborating five semi-structured interviews with large MNCs. The results of the literature review and qualitative data have been elaborated and the underlying findings can be seen in figure 3.



Model 1. Positive effect of business diplomacy on firm performance.

The model shows that international business diplomacy activities do have a direct positive effect on firm performance. The analysis revealed that the distinct activities that are part of international business diplomacy can lead to several positive soft-factors influences on firm performance, that can in turn evolve into hard financial gains in the long run. The model is surrounded by guidelines, enabling the full unfolding of business diplomacy’s potential. MNCs can only take full advantage of the positive outcomes, if they have clear and transparent operations, are open for discussion, focus on the long-term and engage which each type of stakeholder. Therefore, the research supports the view that business diplomacy has a direct effect on firm performance. In this regard, four out of the five MNCs clearly state that business diplomacy activities have a positive effect on the company. The Insurance MNC further points out that corporate diplomatic activities can be made use of in various dimensions, such as (1) Regulatory Intelligence, (2) Market intelligence, (3) Geo-political intelligence and (4) NGO-Intelligence. Especially the Insurance MNC and DPDHL underline, that it is highly important in diplomatic relations to establish trust throughout long-term relations. The goal is to be involved as early as possible, to maintain a good relation and to nurture relations as best as possible since especially in terms of diplomatic activities it can take time to see results. Furthermore, the core of diplomacy is to be constructive and still to advocate the own interests. Thus, the advantages of business diplomacy activities can only evolve if time and efforts are invested in establishing trust and in practicing network care. In this regard, it might be valuable to establish a central unit, guiding all kinds of activities and ensuring that soft factor firm performance advantages evolve into hard financial gains in the long-run.

8. DISCUSSION

The research revealed that diplomatic activities have direct influence on the soft factors of firm performance. These factors can include, as mentioned within the theoretical framework,

company image, reputation and knowledge. These soft performance influencers can in turn lead to financial hard gains in the long run. In regard to the existing scarce literature on business diplomacy, these findings support the positive effects of international business diplomacy and underline the importance of putting this concept into a higher perspective for global companies. The interviews revealed that MNCs value diplomatic activities in regard to network care with different kinds of stakeholders as well as the establishment of long-term relations. The term ‘business diplomacy’ has been seen by the MNCs as a somewhat theoretical umbrella term, encompassing activities that are often done when needed by varying departments. Since the importance of international diplomacy has been highlighted by this paper, it is interesting to research the use of a central unit located on the headquarter level that oversees all activities that have something to do with business diplomacy. The qualitative analysis shows, that the MNCs have diversified views on this topic. For example, the Telecommunication, Heating as well as Medical technology MNCs posit that it is difficult to distinguish if a central unit would be valuable. Issues might be that the central unit is too far from the actual business or that employees do not see the outcomes of the activities since they are rather long-term focused. Furthermore, it might first be more important to execute and monitor existent tasks as well as to establish intercultural competencies at each location in regard to employing regional executives. Nevertheless, the Heating MNC states that a central unit should exist to control the mentioned tasks. The Insurance MNC, on the other hand, underlines the high importance of a central unit, especially for companies operating globally. The mentioned main advantage is that the company needs to face all kinds of varying stakeholders with a unique overall message. Thus, it is handy to define interfaces and the responsibilities of each stakeholder contact. The next paragraphs will further discuss the relevance of this paper, as well as point out limitations and give recommendations for future research.

8.1. Scientific and Practical Relevance

This paper is both of high scientific as well as practical relevance, due to the fact that the body of literature about international business diplomacy is still scarce. Companies are increasingly faced by complex international relations and are looking for opportunities to use these complexities for their own advantage. Even if literature about business diplomacy is slowly on the up rise, a conceptualization of the positive effects on firm performance has been missing within the literature. This paper aims at closing this gap and providing managers with incentives to make use of this concept. Thus, this paper is of high practical relevance for managers of MNCs as well, since the concept of business diplomacy has been found to create long-term value for their operations and positively affects firm performance. In this regard, MNC are able to manage their complex international relations more efficiently and can use their non-redundant ties with stakeholders to gain advantages such as inside information, policy alterations and good reputation. Furthermore, the study underlines that the integration of a general business diplomacy unit on a headquarter level can be valuable for global acting companies.

8.2. Limitations

The literature review as well as the qualitative research are subject to several limitations. First of all, the literature review is based on secondary literature that has been written in English, which may narrow down the overall perspective of this research. In addition, the study has been limited in time, reducing the scope and scale of the thesis. A consequence of

this is the limited number of questioned MNCs, leading to a lower significance of the outcomes. Only MNCs from the Germany, Switzerland and the UK have been interviewed, and it might be interesting to increase the scope of this research. In this regard, DPDHL mentioned that processes are more regulated within in Europe and only allow for specific possibilities to influence policies, as in example compared to the USA.

8.3. Recommendations for future research

As a recommendation for future research it is advised to approach to underlying limitations of this paper. Thus, it is important to extent the number of MNCs that are investigated in order to receive more significant results. Also, it would be valuable to research the differences of effects in for example the USA and Europe. Lastly, it would be highly interesting to conduct real-life case studies with MNC that are setting up diplomatic activities units on headquarter level and to see how their performance changes in terms of financial and non-financial returns.

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11. APPENDIX

Interview Transcript

Duration:

Date:

Interviewee:

Interviewer:

Do you believe that the concept of Business Diplomacy can bring value?

Respondent:

Interviewer: What do you understand under the concept of business diplomacy

Respondent:

Interviewer:

The concept of Business Diplomacy that will be used during the thesis is as follows:

“Business diplomacy involves establishing and sustaining positive relationships (by top executives or their representatives) with foreign government representatives and other economic and non-economic stakeholders with the aim to build and sustain legitimacy (safeguard corporate image and reputation) in a foreign business environment”

Since the literature about the positive effects from this concept is scarce, the topic has been split down into three well-known areas, namely: (1) MNC-NGO Relations (2) MNC-Host Government Relations and (3) MNC-Local Community relations.

First of all, do NGO relations exist?

Respondent:

Interviewer:

How do these relationships work?

Respondent:

Interviewer:

Who is involved within these relationships?

Respondent:

Interviewer:

What benefits (for the firm performance) entail those NGO relationships?

Respondent:

Interviewer:

Does DHL have relationship with Host-Governments?

Respondent:

Interviewer:

How do these relationships work?

Respondent:

Interviewer:

Who is involved within these relationships?

Respondent:

Interviewer:

What benefits (for firm performance) entail those Host-Government relationships?

Respondent:

Interviewer:

To what extents do local community relationships exist within the company?

Respondent:

Interviewer:

How do these relationships work?

Respondent:

Interviewer:

Who is involved within these relationships?

Respondent:

Interviewer:

What benefits (for the firm performance) entail those local community relationships?

Respondent:

Interviewer:

Do you believe that activities associated with Business Diplomacy could lead to a corrupt image?

Respondent: