Risks of MNCs involved in international business diplomacy: the OECD Guidelines for Multinational Enterprises as a facilitator?

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This paper investigates the relationship between risks to MNCs involved in conducting international business diplomacy and the possible facilitating effect of the OECD Guidelines for Multinational Enterprises. Risks and challenges of multinational corporations are presented as well as regulatory frameworks established to reduce conflicts of multi-stakeholder collaboration. A multiple case study has been conducted; analyzing recent stakeholder conflicts of five MNCs, Primark, Wal-Mart, GlaxoSmithKline, BP Plc and JPMorgan Chase & Co. Objective of the research was to identify antecedents of the multiple stakeholder conflict, the companies' response and the consequences of the conflict to the MNC. Analysis findings were combined with the presence of external or internal guidelines in the organizational structure. It was found that external regulations have a facilitating effect on the outcome of a conflict, whereas internal guidelines seem to have a weaker potential to reduce risks of international business diplomacy

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1. INTRODUCTION

The number of multinational corporations (MNCs) has been steadily increasing over the past decades. In 2010, 82,000 MNCs existed worldwide, accounting for one third of the world trade. MNCs are exploring foreign locations in order to seize competitive advantages created, among others, through an increased market reach, access to knowledge, technology and human capital not accessible in the home country (United Nations, 2010 and 2013. World Investment Report). Apart from all benefits, there are also challenges and risks accompanied by operations in foreign countries. MNCs face a more complex environment due to an increased number of involved stakeholders who have different expectations and requirements concerning cultural and legal aspects or accountability issues. Challenges, such as conduct regarding to bribery, corruption, taxation and cultural issues and the effect of business operations on local communities and governments have to be taken into consideration. Business diplomacy is needed in order for a company to survive and cope with these challenges. Despite the importance of conducting business diplomacy, collaboration among multiple stakeholders harbors risks due to its complex and challenging nature. Regulations and guidelines by the OECD provide guidance to MNCs about working conduct and the right behavior given specific situations and environments (Crane & Matten 2010; Saner et al. 2000; Saner & Yiu 2005; Ruël et al. 2013). The purpose of this paper then is to provide an understanding of risks accompanied by conducting business diplomacy and show whether regulatory frameworks and guidelines, such as the OECD Guidelines for Multinational Enterprises, can help managers to cope with the aforementioned risks.

The resulting research question is as follows: *What risks are involved in conducting international business diplomacy by MNCs, and to what extent can the implementation of the OECD Guidelines for Multinational Enterprises contribute to manage those risks?*

In order to elucidate the research question a multiple case study has been conducted, investigating the antecedents of multiple stakeholder conflicts, the MNCs response to the conflict as well as consequences of the conflict to the MNCs. Resulting observations were consociated with the establishment of internal or external codes of conduct within the MNC.

Scientific Relevance

Existing literature has addressed business diplomacy in terms of its relevance to MNCs, mainly focusing on business diplomacy management and its implementation within the corporation. No literature has been found discussing the relationship between risks arising through business diplomacy and regulatory tools that might be useful addressing these challenges. Most literature focuses on either risks of MNCs or business diplomacy; however not on risks involved in conducting business diplomacy and consequently no tools useful to manage those challenges are provided in the literature. Thus, this paper is focusing on this gap and discussing the relationship between risks of MNCs arising through conducting business diplomacy and the OECD Guidelines for Multinational Enterprises.

Practical Relevance

The findings of this research can help managers of MNCs to become aware of conflict potential of multiple stakeholder collaboration and show response mechanisms to cope with conflicts and reduce negative consequences to the corporation. Further, effectiveness of regulatory frameworks and the extent to which these frameworks facilitate conflict management are highlighted; altogether this paper provides guidance to managers on successful conduct in respect to multiple stakeholder conflict management.

This article is structured as follows: First, the existing literature regarding business diplomacy, risks of MNCs, regulatory guidelines and firms' mechanisms facilitating stakeholder collaboration are reviewed. Second, a preliminary framework resulting from literature findings is presented. Third, the research methodology including data analysis is illustrated. Following, the findings of the analysis and a revised model are illustrated. Next, a discussion constitutes a relation of the findings to the research question and hypothesis. Concluding the paper, recommendations for further research as well as limitations of this study are given.

2. LITERATURE REVIEW

The subsequent literature review aims at providing an overview of the current state of research and herewith provides definitions of business diplomacy and its development over the years as well as relevance of business diplomacy. Further, risks as well as antecedents and effects of multiple stakeholder conflicts are elaborated. Regulatory frameworks that are likely to provide guidance to managers are highlighted, focusing on the regulatory framework by the OECD. Finally, mechanisms used by MNCs to facilitate shareholder collaboration are illustrated. All in all, the review identifies the need for further research determining the relation between regulatory frameworks and the reduction of risks involved in international business diplomacy.

2.1 Business Diplomacy defined

London (1999) examines business diplomacy in context with principled leadership. Hereby, the author relates business diplomacy to the Japanese concepts of *kyosei*, which describes respectful and kind interpersonal relations and conduct. The author affirms that managers incorporating business diplomacy in their leadership style take various stakeholder interests into consideration; thus, empathizing values and opinions of other parties and grounding their decisions on ethical values. Principled leadership and business diplomacy complement each other as ways of management in order to 'enhance interpersonal work relationship and are particularly valuable in making tough decisions, resolving emotional conflicts, and negotiating sensitive issues.' (London 1999, p.171). Further, business diplomacy is a means to establish and maintain trust and relationships among various stakeholders and therefore improve interpersonal work relations by using empathy, respect, trust and attention (London, 1999). Londons' assertions differ to subsequent publications in the field of business diplomacy to the extent that the complexity of globalization implications is not explicitly investigated. London mainly demonstrates management styles within a company. Another publication by Saner, Yiu and Sondergaard (2000) constitutes that business diplomacy management 'involves influencing economic and social actors to create and seize new business opportunities; working with rule-making international bodies whose decisions affect international business; forestalling potential conflicts with stakeholders and minimizing political risks; and using multiple international forums and media channels to safeguard corporate image and reputation (p.85).'' This definition, in contrast to the concept named by London 2000, shows the complexity of international operations of MNCs. In 2005, Saner and Yiu, modified the definition as follows '''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.''(Saner & Yiu 2005). The authors hereby underline the difficulties of operating in various countries facing diverse and complex legal and cultural realities. Therefore, business diplomats from a MNC is responsible for mediation with foreign stakeholders as well as forming of strategies, policies and processes aligning with external expectations within the MNC (Saner and Yiu, 2005). Amann (2007), recognizes the increased complexity global operating companies have to face due to incremented stakeholder demands and expectations in diverse, sometimes conflicting, situations. MNCs need corporate diplomacy in order to address these issues in a reasonable and professional manner (Amann,2007). Ordeix-Rigo & Duarte (2009) outline corporate diplomacy as a process of corporations ''to develop corporation's power and legitimacy within society.'' Thereby, the corporation shows commitment towards society and acts in alliance with stakeholder needs; a conduct that consequently leads to an improved decision making power of MNCs and advanced interactions with societies. Over the years further research on business diplomacy has been conducted and the authors Ruël, Wolters and Loohuis (2013) suggest the following definition: "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." The aforementioned, most recent definition incorporates the concept of legitimacy as well as the complexity of global operations and relations.

In the literature is no consistency regarding the terminology used describing the concept of business diplomacy as delineated in the previous section. Amann (2007) and Ordeix-Rigo & Duarte (2009) use the term 'corporate diplomacy' to describe the same underlying understanding of business diplomacy. This paper employs the terminology 'business diplomacy' referring to the most recent definition by Ruël, Wolters and Loohuis (2013) as it represents all concepts of earlier definitions.

2.2 Relevance of business diplomacy to MNCs

Globalization defined as 'a process which diminishes the necessity of a common and shared territorial basis for social, economic, and political activities, processes and relations.' (Crane & Matten, 2010, p.19) has created a complex environment for multinational corporations. Ulrich Beck coined the term 'organized irresponsibility' referring to the current situation where governments are not longer able or willing to solve major political problems and as a result other actors, such as MNEs or NGOs interfere as political actors (Crane & Matten, Beck, 1997). Crane and Matten (2010) describe a 'weakened state' (p.69) and the 'massive rise in corporate power and influence' (p.69), in respect to the increased power multinational corporations have and additionally the decreased power of governments. Named reasons for the shift in power are among others, privatization of public services, the major effect on employment an MNE has and the effect of production facilities on local communities and national governments. NGOs become political actors when a weak government is present. In that context NGOs monitor operations of MNCs and exercise pressure on MNCs in case of questionable, unethical business practices. MNCs operating abroad are in direct contact with local communities which can arise conflicts among the parties as MNCs operations can conflict with values and expectations of local communities. Further, the level of corruption, bribery and governmental institutions differs among the foreign countries and MNCs have to adapt to distinct realities. (Crane and Matten, 2010). This view is supported by Saner et al. 2000, Saner and Yiu 2005 and Steger 2006. Saner et al 2000, names three reasons for the relevance of business diplomacy, namely *Increasing Public Scrutiny and Push for Accountability*, referring to increased power the public has gained due to easy access to information and technology and the concomitant claim for responsible business conduct, secondly *Emerging Markets. Security Issues, and Power Politics* underlining the increased complexity due to the rising number of MNCs from emerging markets and its implications. Lastly, *Securing Foreign Assets* drawing on the ability of business diplomacy to facilitate securing operations in foreign countries

2.3 Risks of MNCs

In 2010, 82000 MNCs existed, accounting for one third of the world trade with numbers increasing; especially growth of MNCs originating from developing countries is remarkable. (United Nations 2010 and 2013. World Investment Report). Reasons driving MNCs to operate beyond national borders are, among others, extended market reach, access to technology, human capital or knowledge not accessible in the country of origin (Alcácer and Chung 2007). Apart from advantages global operations bring, there are several risks for MNCs associated as well. In the following, general risks MNCs face and risks involved in conducting international business diplomacy are discussed.

2.3.1.1 General Risks

In the previous paragraph, realities causing the need for business diplomacy were discussed. These factors, including exposure to different cultures, weak governments, corruption, powerful NGOs and local communities represent general risks to the MNCs. Tan (2000) points challenges of MNCs out, such as weak, immature institutions, presence of bribery and corruption, increased public transparency, lack of regulations and laws and different views and conduct on human rights. A further threat for MNCs is potential outward knowledge spillover. Alcacer & Chung (2007) clarify that firms' operating globally can be a 'source of knowledge' to their competitors. This implies competitors operating at the same location can gain access to internal company information through e.g. common buyers or suppliers, employees switching jobs or coincidental meetings between the firms' employees and others. According to the authors, technologies advanced firms are peculiarly attractive for less advanced firms. Another issue for MNCs is a potential performance, productivity or quality decrease. This can be due to unskilled, uneducated workforce available in the location abroad which differs noticeably from the human capital in the home country. Technical knowledge might not always be transferable and thusly lead to a performance decrease. Research has shown that there is a link between the level of corruption present in the country of operation and a firms' profitability. The authors found that MNCs subsidiaries located in countries where corruption is low were more profitable (Lee & Hong 2012).

2.3.1.2 Antecedents and effects of multiple stakeholder collaboration

Collaboration between multiple stakeholder can be challenging as the problem nature is highly likely to be complex and differences in priorities, viewpoints and involvement are present. Hence, finding a consensus among all stakeholders involved can appear to be problematic (Thabrew, L., Wiek,A. & Ries, R. (2008)). Further sources of multi-stakeholder conflict with public entities are first mover disadvantages, leadership localisation and fast expansion in host countries. The authors emphasize an 'irresponsible stakeholder management style' (Zhao et. al. p.8) as a threat to first movers. Management styles adapted to local environment, exploiting weak governmental structures and regulations early stages of foreign operations in times when stakeholder are not able to execute high pressure on MNCs. However, this power balance might change over time and consequently tensions among stakeholder are likely to increase. Changing established managerial conduct represents a problematic, resource intense concern to MNCs. Secondly, hiring local managers because they are acquainted with local culture, business practice and knowledge could also facilitate public crisis as local managers are familiar with business conduct of the host country which, in emerging countries, is below global average and thereby justify unethical business practices. As an example, the severeness of corruption might be seen differently by Chinese managers than by Western managers. Thirdly, a fast expansion of an MNC is also named as a possible root for a crisis. Fast expansions can reach the managerial limits of an MNC leading to insufficient control, training and investments in subsidiaries which consequently might lead to suspect business conduct. (Zhao, M., Park, S.H. & Zhou, N.) This concern is also recognized by Crane and Matten (2010), naming possible conflicts that could arise during the collaboration with stakeholders. Resource intensity refers to the amount of time, money or other expenses needed for the collaboration. This resources can exceed the amount that is needed is other decision-making processes without external parties. Firms might not be able to offer these resources, especially small businesses might struggle. The authors generalize the problems to a variety of stakeholders and not in particular to MNCs. Therefore, available resource intensity might be a lesser problem to MNCs as they are operating on large scales globally. However, the willingness to use their resources could be a problem. Conducting business diplomacy will require time, meeting, negotiations and agreements which make decisions and processes more complex and positive effects might not be visible in the short term; a focus on long term is crucial. Crane and Matten, 2010, identify 'Culture clash' as a second cause for stakeholder conflict, referring to Crane 1998. Different values, beliefs, goals as well as ways of working can lead to conflicts. The importance of cultural influences on business practices in China is highlighted due to the collectivistic culture in China as opposed to the individualistic culture in Western Europe or the United States. MNCs operating in China have to recognize the importance of the Chinese concept of Guanxi (literally translated: 'relationship') defined by Chen & Easterby-Smith (2008) as 'a friendship with unlimited exchange of favors'. This concept incorporates that cooperating business persons have close relations relying in commitment and the exchange of favors. Nolan (2011) conducted research and found that Western managers operating in China deploy Guanxi practices as part of their strategies in order to cope with the local environment. ''Cases in the past have shown that MNCs fail to apply this concept correctly and were subsequently accused of corruption and bribery''. (Chen & Easterby-Smith (2008); Kwock et al 2013). Lastly, the Crane and Matten (2010) mention the cause 'resistance. Resistance can be present when external parties are aware of possible problems and try to avoid them by resisting collaboration. Internationally operating MNCs can face this problem as well as during collaboration with external stakeholders, the other party resists to work together in order to achieve shared goals, the execution of outcomes is not possible. Further, risks of conducting business diplomacy could be the effect of political instabilities on stakeholder relations. Calabrese (2013) constitutes that political instabilities influence MNCs operations in a foreign country. The author mention the Arab Awakening and its effect on Chinese MNCs abroad; highlighting that security of Chinese MNCs is affected by political turmoil in the operating country (Calabrese,2013).

2.4 Regulatory guidelines

The previous paragraphs shed light on the need for business diplomacy as well as on potential risks involved in conducting business diplomacy. This paragraph intents to highlight codes of conduct and the extent to which they are aimed at helping companies in their international business relations. The law does not cover all aspect recognized as responsible business conduct and laws and regulations differ among different countries. Therefore, MNCs operating in multiple destinations face difficulties as they are opposed to a variety of different rules, laws and cultural expectations which creates complex challenges to MNCs (cp. OECD 2013b). Regulations, recommendations and standards of responsible business conduct have been established, such as the CAUX Roundtable, an international network based on the principles of human dignity and kyosei (compare Crane and Matten, 2010), the UN Global Compact, international policies regarding business conduct, and the OECD Guidelines for Multinational Enterprises, governmental-backed recommendations concerning responsible business conduct. In the following, the central aspects of the OECD Guidelines for Multinational Enterprises are stated.

2.5 OECD Guidelines for Multinational Enterprises

Regulatory codes of conduct, such as OECD Guidelines for Multinational Enterprises, are signed by multiple stakeholders for various reasons. Governments committing to regulatory guidelines seek pragmatic legitimacy, which is defines as 'the perception that an organization is able to deliver goods or services, stresses audience self-interest through exchange, influence, or disposition' (Mele and Schepers, 2013, p.564) in order to attract foreign direct investment and funding. NGOs seek regulatory as well as moral legitimacy as signing codes enables them to participate in business operations and exercise critique. Mele & Schepers 2013 define regulatory legitimacy as the 'capacity to establish rules, inspect others; conformity to them, and, as necessary, manipulate sanctions, rewards or punishments' (p. 564); moral legitimacy consists of 'adherence to social norms' (p.564). MNCs commit to codes in order to acquire moral legitimacy by participation. (Mele, V. & Schepers, D.H. (2013)). According to the OECD an increasing number of MNCs commit to responsible business practices and seek stakeholder collaboration (Responsible Business Conduct Matters, 2013). The OECD Guidelines for Multinational Enterprises, covering 11 chapters, were established in 1976 and have been modified five times until now; heretofore 47 governments have committed to the guidelines. The eleven chapters of the OECD Guidelines for Multinational Enterprises for multinational enterprise include human rights, employment and industrial relations, environmental concerns, bribery focusing on combating, solicit and extort bribery, Consumer Interests, Science and Technology, Competition and taxation. An explanation of the OECD Guidelines for Multinational Enterprises is provided in the 2011 edition of the OECD Guidelines for Multinational Enterprises. It reads as follows, 'The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting. (...)''. This paper aims to identify the extent to which the OECD Guidelines for Multinational Enterprises can be used by MNCs in order to manage the risks involved in conducting international business diplomacy.

2.6 Mechanisms facilitating stakeholder collaboration

Several mechanisms used to promote multi stakeholder collaboration could be found in the literature. Life cycle thinking is a mechanism that illustrates potential consequences involved to all stakeholders involved at several stages of the collaborative process. The mechanism aims at facilitating the comprehension of complex decisions and outlining all aspects of stakeholder involvement, e.g. costs, resources. Life cycle thinking generates qualitative and quantitative information and, in combination with existing stakeholder knowledge, yields a framework providing an overview over stakeholder interaction, alternative scenarios and possible consequences. As an effect decision making is likely to be promoted, strategies can be adjusted to new findings, transparency is increased and thusly a reduction of uncertainty achieved. Consequently, finding a consensus among all stakeholders is more probable. (Thabrew, L., Wiek,A. & Ries, R. (2008)). In order to cope with an MNCs public crisis the authors Zhao et al. suggest a combination of two strategic approaches, social adaption combined with economic adaptation, as part of stakeholder management. Social adaption incorporates focusing on stakeholder relations along with developing trust with several stakeholders, especially with stakeholder who might become a 'challenger' (Zhao et al. p.12) of the corporation. Social adaption involves human resource policies, such as employee education about the firms' values and processes, as well as CSR and public crisis management. Economic adaption focuses on the firms' commercial performance and growth. As an effect of combining social adaption with economic adaptation, is the reduction of the risks of encountering public crisis in accordance with the firms' growth and profitability (Zhao, M., Park, S.H. & Zhou, N.). Roloff, J. (2008) proposes the execution of issue-focused stakeholder management in combination with organization-focused management in response to challenges among multi-stakeholder collaboration. Issue-focused management highlights the relevance of communication and collaboration of stakeholders in the process of managing common problems. Organization-focussed management is directed at creating legitimacy through meeting interests of a companies' major stakeholders. It is argued that solely an organizational approach is not applicable in complex, diverse environment. Further, technological systems are named by several authors that could facilitate successful collaboration among a variety of stakeholders, such as the multi agent system (MAS) or CIFE iRoom (Purnomo et al. (2003); Fisher,M. et al. (2002)) The aforementioned softwares can be used in order to ease decision making processes among various, geographically dispersed, stakeholders.

2.7 Preliminary model

A preliminary causal model was established to highlight the relationship between the aforementioned concepts.

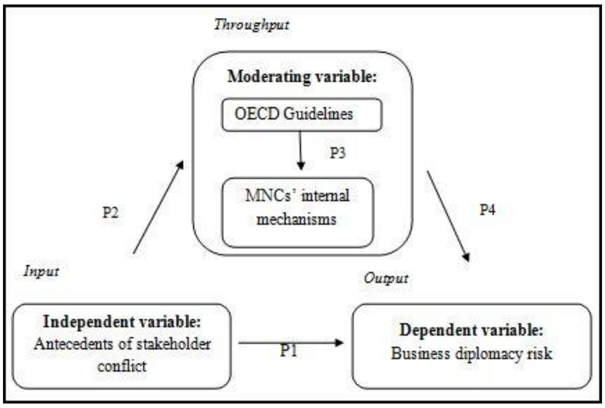

Figure 1: Preliminary causal model

The model illustrates the relationships between the three variables; the independent variable *antecedents of stakeholder conflict*, the moderating variable is constructed through the connection of the *OECD Guidelines for Multinational Enterprises* and the *MNCs' internal mechanisms*, and the dependent variable *business diplomacy risk*. Antecedents of stakeholder conflict represent causes for multiple stakeholder conflicts. These causes are highly likely to affect the MNC and create challenges to the corporation, with more conflict sources leading to a higher business diplomacy risk. The dependent variable, business diplomacy risk, illustrates the effect of a multiple stakeholder conflict on the corporation. Lastly, the moderating variable, a construct of the OECD Guidelines and MNCs' internal mechanisms, is highly likely to change the relation between the independent and dependent variable. The firms' response to a conflict is generated by the antecedents of a stakeholder conflict, with more conflict sources leading to a stronger response. Then, the response of the MNC in form of operations is highly likely to decrease the risk of business diplomacy risk, and thusly favorably for an MNC. Lastly, within the moderating variable, the OECD Guidelines for Multinational Enterprises are likely to have a positive effect on the firms' internal mechanisms, with the presence of implemented guidelines leading to more established internal mechanisms of the MNC.

Characteristics of antecedents of stakeholder conflict as well as characteristics of the firms' internal mechanisms and the OECD Guidelines for Multinational Enterprises were explicitly stated in the literature. However, characteristics of business diplomacy were implicitly stated through antecedent of multiple stakeholder conflict and possible effects of multiple stakeholder collaboration. A performance decrease as well as inefficient operations could be deducted by the complexity of multiple stakeholder collaboration and the inability of finding a consensus (compare Thabrew et al.). Lawsuits, damage of the firms' reputation could be due to illegal business conduct which could be rooted in a poor management style due to fast expansion of an MNC (compare Zhao et al). The lack of resources for the MNC could be due to the resource intensity created through stakeholder collaboration (compare Crane and Matten).

Research propositions:
Proposition 1: Antecedents of stakeholder conflict will, without interventions made by the MNC, lead to a risk to the MNC.

Proposition 2: Antecedents of stakeholder conflict will lead to a response by the MNC. The response will be visible through operations conducted by the MNC.

Proposition 3: The implementation and employment of the OECD Guidelines for Multinational Enterprises will have a positive effect on firms' internal mechanisms.
Proposition 4: The firms' response to antecedents of conflict affects the outcome of a stakeholder conflict and decreases the risk of business diplomacy.

3. RESEARCH METHOD

In order to address the research question, unobtrusive research in form of a media content analysis has been conducted. More specific, the approach of a multiple case study was chosen as it facilitates seeing several processes of a multiple stakeholder conflict; such as the identification of antecedents the conflicts, the companies' response to the conflict as well as the effect of the conflict on the corporation. Hence, five MNC conflicts were selected and analyzed.

3.1 Data collection method

In order to identify cases where MNCs where in conflict with multiple stakeholders, news of the past five years were searched. Search engines for electronical newspaper were searched, including *paperball* (German- and English- language daily and weekly newspaper and news services), *Newspaper Index* (latest daily newspapers from all countries), *Imooty* (latest news from newspaper, magazines and stations from Europe), *Google News* (700 continuously updated news sources) and *World News* (comprehensive news service with worldwide coverage). Cases connected to the OECD topics (Human rights, Employment and industrial relations, Environment, Bribery (combat, solicitation, extortion), Consumer Interests, Science and Technology, Competition and Taxation) were considered. Out of the results most successful MNCs were selected based on the firms' size in terms of revenue, operational reach and number of employees. This was due to ensure access to information and comparability.

3.2 Sample

The sample consists of five multinational corporations, who were recently accused of conflicting behavior in respect to a topic of the OECD Guidelines for Multinational Enterprises. The selected MNCs are Primark, WalMart, GlaxoSmithKline (GSK), British Petroleum plc (BP plc), and JPMorgan Chase & Co. Multinational corporations who collaborate with multiple stakeholders in various countries. The conflicts occurred in the period of 2000 and 2013; two conflicts took place in Bangladesh, two in China and one in the USA.

3.3 Measures

The following measurement variables were identified in order to analyze conflicts between multinational enterprises and multiple stakeholders:

Multiple stakeholder conflict: The variable *multiple stakeholder conflict* intents to identify the nature of a conflict. Hereby, the cause of the stakeholder conflict is elaborated on as well as the identification of stakeholders involved and the content of the conflict.
MNCs response: The response of the companies is measured through an analysis of the actions taken by the MNC in respect to the stakeholder conflict. These actions might reveal, explicitly or implicitly, the firms' internal mechanisms.
Effect: The outcome of the crisis represents the consequences of conflict to the MNCs, and thusly the risks of business diplomacy. Hereby, changes in the MNC' revenue, sales, rankings, consumer boycott or protest are regarded.

Patterns were discovered by following an identification scheme named by Babbie (2009). Thereby, the following five elements were taken into consideration.

1. Magnitude: Severeness of consequences occurred to the MNCs due to the multiple stakeholder conflict.
2. Structure: The type and content of the stakeholder conflict.
3. Processes: Specific order among elements of the conflict.
4. Causes: Causes and antecedents of the stakeholder conflict.
5. Consequences: Effects and consequences of the conflicts to all involved parties.

4. DATA ANALYSIS

4.1 Primark

4.1.1.1 Company information

Primark is an Irish clothing retailer founded in 1969, parent company is ABF Associated British Foods plc. The multinational operates currently in more than 250 stores in eight European countries employing 48000 people. Expansion to the USA is planned for 2015.

Primark is a member of the Ethical Trading Initiative (ETI) which is an 'alliance of companies, trade unions and voluntary organisations that work together to improve the lives of workers who make or produce consumer goods' (p.53) since 2008 and got recognized for improvements in several categories by the awarding of special status 2011 and 2012 (Associated British Foods plc, 2014a). Further, Primark has a supplier code of conduct in place, mandatory for all suppliers. The code is based on requirements of the ethical trading initiative (ETI), aiming at guaranteeing safe working conditions and legitimate employee treatment. Audits are performed to confirm compliance with codes. Moreover, Primark has a trade team established consisting of regional managers, experts and specialists of a diversity of topics, such as security and environmental issues and strategies. Purpose of the trade team is to directly support suppliers and improve stakeholder engagement. In 2013, as a response to the Rana Plaza tragedy, Primark signed the Accord on Fire and Building Safety in Bangladesh instituted by IndustriALL and UNI global unions. References to the OECD Guidelines for Multinational Enterprises could not be found neither on the company's' website nor in the annual or corporate responsibility report (Primark, 2014a; Primark, 2014b; Associated British Foods plc, 2014a; Associated British Foods plc, 2014b).

4.1.1.2 Multiple stakeholder conflict

On April 24, 2013 an eight-storey garment factory building, called Rana Plaza, in Savar, Bangladesh collapsed causing at least 1127 deaths and 2,500 injured people. A supplier of Primark was located in the building (BBC News Asia, 2014; Associated British Foods plc, 2014b; Manik, J.A. & Yardley,J., 2013)

4.1.1.3 MNCs response

Primark has reacted immediately to the accident in Bangladesh by recognizing that the company sourced clothing from suppliers located in the Rana Plaza factory building. Since the collapse, the company has invested US$12 million in form of financial support and aid for victims, consisting of short and long term compensation, financial aid and support schemes to victims, workers and families. In assistance with the Dhaka university and external experts including doctors and NGO partners, Primark has created a long-term compensation scheme. Further, the company has engaged in improvement of security of buildings, and by extension conducted building surveys in Bangladesh to determine quality of working facilities where suppliers are located. Also, Primark signed the Accord on fire and building safety in Bangladesh a ‘contract between almost 150 apparel brands and retailers, international and local trade unions and NGOs to ensure sustainable improvements to working conditions in the Bangladesh Garment Industry.’ (Primark, 2014b). Consequentially, one supplier Liberty Fashion got determined due to non-compliance with safety requirements. Heretofore, the company has published news concerning Rana Plaza on the company's official website as well as on a special website created solely for the incident. A keyword search in the annual report and corporate responsibility report of 2013 resulted in a high frequency of reference to the accident, Rana Plaza was mentioning eight times in several parts of the annual report and eighteen times is the companies’ corporate responsibility report of 2013. (Primark, 2014a; Primark 2014b; Associated British Foods plc, 2014a,; Associated British Foods plc, 2014b)

4.1.1.4 Effect

The financial performance of Primark has improved in 2013, showing a revenue increase from £3,503m to 4,273 million pound from the 2012 until 2013. Also, the interim results of 2014 show a sales increase of 14% and increased profits by 26%. Additionally, the company is expanding its stores to the USA in 2015. (Associated British Foods plc, 2014a; Associated British Foods plc, 2014c)

4.2 WalMart

4.2.1.1 General company information

Wal-Mart, an US- American multinational discount department store chain, founded in 1962 employing about 2.2 million workers in c27 countries worldwide. (WalMart, 2014a) WalMart has a ‘’Statement of Ethics’’ established, a 34 pages code of conduct concerning ethical behaviour. The code was created by WalMart and lastly revised in 2008; the statement does not refer offical established regulations or agreements. Further, the company has ‘’standards for suppliers’’ in place, including requirements and expectations to suppliers covering issues on social, environmental and employment related topics. Also,Walmart has launched a ‘’better work program’’ aiming at ‘’improving factory working conditions in the garment sector’’ (WalMart 2014a) and is part of a global social compliance program (GSCP) aiming at improving global supply chains, working conditions and environmental issues. Two division of WalMal, namely ASDA and George, are members of the ETI. However, WalMart is not an ETI member. No reference to OECD Guidelines for Multinational Enterprises could be found in the firms reports. (WalMart 2014a;b;c)

4.2.1.2 Multiple stakeholder conflict

WalMart appeared in public in relation to the previously mentioned scandal of the Rhana Plaza garment factory in Bangladesh.

4.2.1.3 MNCs response

At the outset WalMart declined any connections to the Rana Plaza building collapse and stated not to have sourced from suppliers located in the factory at that point in time. Sourcing activities were admitted eventual. Compared to other affected retailers Walmart has not participated in collaborative agreements to improve building safety or compensate and support victims. Also WalMart refused to sign the Accord on Fire and Building Safety in Bangladesh and has instead developed an scheme concerning building safety in Bangladesh. Requirements and financial responsibilities that are involved for the company are minor compared to the Accord on Fire and Building Safety in Bangladesh. Wal-Mart executed an investigation in order to identify safety issues, improve working conditions and safety standards in 279 factories based in Bangladesh. A spokesperson made the positive improvements of the investigations public by stating that out of 32 factories, 30 have addresses criticised security issues during the period of the investigation. Also, inspections reports of 75 factors have been released by Wal-Mart so far. Public statements underline more frequent security controls, including inspections, reports and visits, hereafter. WalMart has discontinued cooperation with suppliers that are not in conformance with improved working conditions for employees. Moreover, Wal-Mart donated $3 million to BRAC USA, to support victims of the Rana Plaza incident. The Rana Plaza tragedy was not mentioned in WalMarts annual report of 2014 or 2013. The corporate responsibility report mentioned the accident once in a short comment. The accident, statements or actions are not mentioned on the companies’ website. (Walmart 2013a, .walmart 2014c, walmart 2014b; Gayathri,A. 2013; Rupp, L. 2013; Greenhouse, S. 2013; Brady, A. 2014)

4.2.1.4 Effect

The company could improve the revenues from 2013 to 2014 from $468,651 million to $476,294 million. However at a noticeable slower growth rate, from 2012 to 2013 the company gained $22,142 million compared to growth of $7,646million in 2013. The company faced multiplex negative headlined concerning the lack of support for victims and official statement. In Chicago occured a protest against WalMart due to Rana Plaza. (walmart 2014a)

4.3 GlaxoSmithKline (GSK)

4.3.1.1 General company information

GlaxoSmithKline (GSK), a UK based global healthcare enterprise founded in 2000 through merger of Glaxo Wellcome and SmithKline Beecham , experienced several difficulties during its operations in China. The company entered the Chinese market in 1908 and accounts to one of the largest multinational pharmaceutical companies in China, with total investments in China exceeding €300 million. GSK employs 99000 people in more than 100 countries worldwide.GSK has published guidelines regarding ethical conduct on the companies’ website. A company code of conduct stating values and behaviours to be expected of employees, lastly revised in

January 2014.Also, a global code of practice for promotion and customer interactions lastly revised in July 2012 is established by the company. Expected conduct regarding human rights is referred to the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the the International Labour Organization (ILO). GSK is a signatory to the UN Global Compact ''a voluntary global standard on human rights, labour, the environment and anti-corruption.'' The OECD Guidelines for Multinational Enterprises are mentioned in respect to human rights, however not in relation to other working conduct. Further, the company has established an Ethical leadership certification, providing ethical training to managers and 'certify their awareness, understanding and compliance with GSK's values and policies'. So far, 65000 managers have attained the certification. (GlaxoSmithKline 2014a;b;c;d)

4.3.1.2 Multiple stakeholder conflict

On July 11, 2013, GSK was accused for bribing the government and medical officials, amounting to half a billion dollars. More than twenty employees of GSK in China as well as four travel agencies have been under investigation. Accusation was bribing government, official, hospital managers and doctors to purchase GSK drugs and therewith increasing sales volume of the multinational. The four travel agencies were used to allocate bribes to the external stakeholders since 2007. (Wenting,Z. & Hongyi,W.,2013;Sudworth,J. 2014; Hobert, B., 2013; Kollewe,J,2014)

4.3.1.3 MNCs response

GSK responded in a statement to the accusation underlining disapproval of the conduct and manifest a ''zero tolerance for any behaviour of this nature.'' (GSK, 2014e). The company has released a response on July 15, 2013 shortly after the accusation. In the statement GSK advocates collaboration with Chinese authorities to oppose corruption. Further, the company obligates to direct actions, such as investigation of stakeholder relationships, discontinuing of travel agency use and performance review of operations in China. The annual report as well as the corporate responsibility report of 2013 mention the investigations in china and underline the importance of actions and ethical conduct to avoid similar incidents in the future. gsk also issued a report from the legal firm Ropes and Gray related to corruption and international risks. Moreover, GSK has simplified policies of the companies code of conduct. Also, a certification progamme was established aiming to provide training to managers and employees in order to foster ethical working conduct consensus with the companies' policies and values. (GSK 2014 f; d; BBC News,2013)

4.3.1.4 Effect

Sales decreased by 61% in the third quarter of 2013. The annual sales of 2013 in in China decreased by 18%. Also, reputation and image got damaged as well as relations to stakeholders in china (GSK 2014f; Kitamura 2013)

4.4 British Petroleum (BP)

4.4.1.1 General company information

BP plc is a British founded international oil and gas company. The multinational operates in eighty countries worldwide and employs 83900 workers. BP has an internally created regulation system implemented, called *Operating management system (OMS)* for the purpose of monitoring and improving environmental and social conduct as well as safety issues and risk management. Further, the company invests in stakeholder engagement through regular meetings with employees, shareholders, analysts, local communities, NGOs and customers. Also, government consultation and direct contact with government representatives is existent according to the companys website. BP holds a memberships for the global oil and gas association for environmental and social issues (IPIECA) and for the the American Petroleum Institute. Further, contracts and conduct agreements are implemented to ensure conduct of contractors, such as suppliers. also trainings are offered to contractors. No reference to the OECD Guidelines for Multinational Enterprises could be found in the companies' reports, statements or on the website. (BP 2014a,b)

4.4.1.2 Multiple stakeholder conflict

On July 20, 2010 a gas release followed by an explosion on the Deepwater Horizon oil rig has caused the largest oil spillage in the history until now, occurred in the Gulf of Mexico. The explosion killed eleven workers and caused further injured workers. The leakage lasted for several months and resulted in severe environmental damage, health issues for workers and impacts on the tourism and fishing industry. (BP 2014c)

4.4.1.3 MNCs response

Since 2010, BP has paid approximately $28 billion to fund activities in response to the oil leakage. A $20 billion fund was set up, in agreement with the US government to ensure coverage of future claims, environmental damages other costs. Moreover, BP has taken responsibility to restore environmental damage, compensate affected people, facilitate recovery of tourisms and seafood industry. For that account the company conducted studies in order to identify the damages caused by the oil spillage and be able to take actions accordingly. BP has released numerous statements and press releases concerning the accident and displays clearly on the companies' website the actions taken to restore the economic and environmental damages in the Gulf Coast. As at December 31,2013 $ billion has been fundeD for response and cleanup activities $12.5 billion for claims ,advances and settlements, $1 billion for damage assessment and further $947 million for restoration projects ,marketing campaigns and support for the seafood industry (BP 2014d).

4.4.1.4 Effect

President Barack Obama in a speech concerning the accident: "This oil spill is the worst environmental disaster America has ever faced.(..)We will make BP pay for the damage their company has caused. And we will do whatever's necessary to help the Gulf Coast and its people recover from this tragedy.'' (Oval Office 2010). An oil leakage of 4.9 million barrel is estimated as the leak lasted from July 20 until September 19. As an effect of the oil spillage, BP plc was excluded from the Dow Jones Sustainability Index and the FTSE4Good Index. The company faces several criminal charges, fees and financial payments by the US government and other stakeholders. BP approved monitoring on safety and ethical conduct by the US government for the upcoming four years. Severe environmental damage was caused including impact on marine and wildlife, fishing and tourism industries (BP 2014a).

4.5 JPMorgan in China

4.5.1.1 MNC general information

JPMorgan Chase & Co is an American financial service firm, formed through a merger of Chase Manhattan Corporation and

J.P. Morgan & Co in 2000. In 2013 the company employed 255041 workers worldwide. The company has internally created codes of conduct established. Guidelines regarding ethical code of conduct are published on the company's website. A code of conduct as well as a complementary code of ethics exist aiming at fostering responsible, honest,ethical and integrative employee conduct. Further principles regarding corporate governance are stated on the website. (JPMorgan Chase & Co 2014b) On the website, the annual report or in the codes is no reference to OECD Guidelines for Multinational Enterprises or other external regulations, agreements or initiatives. (JPMorgan Chase & Co 2014a;b;c;d)

4.5.1.2 Multiple stakeholder conflict

On August 17, 2013 the U.S. Security and Exchange commission (S.E.C.) has initiated bribery investigations concerning JPMorgan Chase & Co's hiring practices in China. The company was accused of violated the Foreign Corrupt Practices Act due to hiring of children of Chinese officials with the objective of improving business performance in China. JPMorgan has a''Sons and Daughters'' hiring program which eases employment positions for sons and daughter of Chinese officials. Documents have shown that children from high ranked Chinese families have experiences fewer and weaker selection criteria compared to other candidates. (Jones, A., 2014; Protess,B. & Silver-Greenberg, J., 2013)

4.5.1.3 MNCs response

JPMorgan has recognized the incident in its quarterly report of August 2013 and therein stated that the company will collaborate with SEC and DOJ and provide information and documents on business relations and hiring practices. Also, in the annual report of 2013 the accusation is mentioned briefly, however lacking detailed information of explanations or a clear positioning in relation to the accusations. Besides, the companies official statements, explanations or excuses were tenuous and comments to newspaper inquires were declined. (Silver-Greenberg, J., Protess,B. & Barboza,D., 2013; Brown, T. et al., 2013)

4.5.1.4 Effect

Investigations concerning questionable hiring practices crossed the borders of China, and extended to practices in South Korea, Singapore and India. Due to the investigations, the company has received negative media coverage affecting the firms' overall image. Also, relationships to stakeholders have been strained. The firms' revenue has declined from 2012 to 2013 from $97,031billion to $96,606 billion. The company had legal expenses of $8.6 billion, which also includes other legal incidents. (Silver-Greenberg,J. & Protess,B.,2013b, JPMorgan Chase &Co 2014a).

5. FINDINGS

The analysis of the cases concerning multiple stakeholder conflicts of MNCs shed light on the behaviour of the MNCs in respect to crisis management and the presence of regulations. This sections aims at elaborating on the connection between the management of consequences of multiple stakeholder collaboration and the OECD Guidelines for Multinational Enterprises. Therefore the relation between the existence of conduct regulations and the manifested behaviour is regarded, focusing on differences in the response to the crisis dependent on the presence or nonpresence of internal or external regulations as part of the companies' policies. It is distinguished between the firms' internal codes of conduct, external regulations and the OECD Guidelines for Multinational Enterprises.

MNC	Magnitude (1-5)	Stakeholder conflict management (1-5)	Nature of regulations (internal/external)	Degree of implementation (weak - strong)	OECD Guidelines
Primark	2	5	Internal and external	strong	No
WalMart	4	2	Internal	-	No
GSK	3	3	Internal and external	weak	Partially
JP Morgan	3	2	Internal	-	No
BP	4	4	Internal and external	strong	No

Figure 2: Coding sheet

5.1.1.1 Definitions specified

***Magnitude of crisis*:** Measuring effects and consequences of the crisis on the MNC and its stakeholders, such as financial damage, performance changes, media releases, protest. Scale reaches from 1-5, whereby 1 represents a low number of effects and 5 a high number of effects.
Stakeholder conflict management: The companies management of the crisis, including the time till actions are taken, number of statements released, compensation and restoration efforts as well as prevention of similar crisis in the future,e.g. through agreements, contracts.: Scale reaches from 1-5, whereby 1 represents poor conflict management and 5 good conflict management.
***Existence of implemented regulations*:** An assessment whether the company has codes of conduct in place.
Nature of regulations: Assessment whether the regulations are created by the company (internal) or based on external official institutions or guidelines (external). .
***Degree of implemented external regulations*:** Referring to the completeness of implemented regulations. Whether external guidelines are applied as a whole or only partially referred to.
OECD Guidelines for Multinational Enterprises: Reference to the OECD Guidelines for Multinational Enterprises, either directly mentioned or indirectly through referencing to company created codes of conduct. Completeness is assessed, whether the OECD Guidelines for Multinational Enterprises are applied to all conduct aspects or only partially to particular aspects only.

5.1.1.2 Relations between internal/external regulations and the conflict consequences

The first case of Primark showed a crisis magnitude of 2 out of 5, meaning few consequences to the companies' financial situation, reputation and performance. Primark recorded revenue increases and expansions. Also, the company did not face consumer boycott or protests. The company conflict management was assessed with a 5 of 5, meaning the response to the crisis was conducted very well. This includes a short time between the incident and the response, various activities to compensate victims and initiatives to restore damages in combination with a large media coverage and future prevention plans which includes becoming signatory of agreements. The MNC has external and internal regulations in place, such as ETI membership, supplier code of conduct, trade team, and recent signatory of the Accord to Fire and Building Safety in Bangladesh. The degree of implementation of external regulations got assessed as strong due to the 'leader' member status of the ETI. The degree of implementation of internal regulations represents a difficulty as the information on adherence are dependent on information released by the company and hence not evaluated here. OECD Guidelines for Multinational Enterprises are not implemented by Primark. This case seems to show that the response to the crisis influenced the magnitude positively with more actions taken leading to less severe consequences to the MNC. Also, the presence of a combination of external and internal regulations seems to affect the firms' response to the crisis positively. The second case of WalMart referred to the same crisis as Primark. However, crisis management as well as magnitude of the crisis yielded different assessments. Magnitude of the crisis was ranked with a 4 out of 5, meaning the company experienced severe consequences due to the crisis. WalMart's revenue growth rate more than halved in 2013 and the company faced a protest in front of one store and numerous negative media coverage. The revenue growth rate decline can however not specifically ascribed to the crisis as other factors might have influenced the revenue. The conflict management got assessed with a 2 out of 5, meaning to response to the crisis was rather poor. The time till actions was extended, victim compensations got declined in the beginning and only occurred very minor eventually. Number of statements, press releases and excuses were very poor and signatory of agreements got declined. Instead a company created agreement with far lower requirements and responsibilities got established. The company has only internal regulation in place. The third case of GlaxoSmithKline (GSK) showed a magnitude of the crisis of 3 out of 5, meaning the consequences for the MNC were existent but not devastating. The companies' sales in China decreased and relations among stakeholder got damaged as well as the companies' image and reputation visible through negative media coverage. The MNCs response to the crisis was assessed with a 3 out of 3, due to the a short time between incident and response in form of a press statement, and discontinuing the use of travel agencies and announcement of future actions to restore damage and prevent similar future incidents. However, the number of press statements was low and clear prove of actions and detailed action plans and measurements were nonexistent. The company has internal and external regulations in place such as a company created code of conduct and signatory to the un global compact. In one section of the companies' code of conduct is a reference to the OECD Guidelines for Multinational Enterprises (Human Rights). However, not in all sections. Therefore, the degree of implementation of external guidelines got assessed as weak. The fourth case of BP plc. showed a magnitude of the crisis of 4 out of 5, due to the immense financial and legal consequences to the company. However, active restoration actions the media coverage influenced the customers response and image of the company. The crisis management was assessed as 4 out of 5, meaning the actions taken to respond to the crisis were rather good. The time till action was short, actions taken to compensate and restore damage were extensively. Media coverage was also present. The company has internal and external regulations in place, degree of external regulations got evaluated as strong due to signatory and membership of two institutions. No reference to the OECD Guidelines for Multinational Enterprises are made. The last case of JP Morgan, showed a crisis magnitude of 3 out of 5, due to extended investigations against the company, negative impact on reputation and stakeholder relations. The crisis management got evaluated with a 2 out of 5, showing poor responses to the incident. A small number of media statements, explanations and also presence of statements in the companies' official documents. The MNC has only internal regulations in place and no reference to the OECD Guidelines for Multinational Enterprises.

5.1.1.3 MNCs internal mechanisms

The analysis of the firms' response the crisis gives information about mechanisms the firm has applied in order to reduce the multiple stakeholder risk. Life cycle thinking is a mechanism that considers potential consequences to all stakeholders at several stages. MNCs, such as Primark and BP, who have taken actions to compensate victims as well as create future action schemes to prevent similar incidents in the future have considered aspects crucial to life cycle thinking. Social adaption focuses on developing trust among stakeholder relations and employee education about the firms' values and processes, GSK has established a certification program to educate employees about the companies' ethical values and expected conduct. Economic adaption which was suggested by the authors to be combined with social adaption was seen to a lesser extent in the crisis management is however more important in the stages previous to the crisis. Issue-focused stakeholder management focuses on communication and collaboration with stakeholders to manage problems has seen by BP in its extensive stakeholder engagement and accompanied stakeholder meetings. Organizational-focused management, meeting interest of major stakeholder as suggested to be combined with issue-focused stakeholder management, could be in alliance with actions. The analysis has revealed that the abovementioned mechanisms seem to be interrelated, and firms' who have external as well as internal guidelines established show a higher degree of involvement and responsiveness to the multiple stakeholder conflict. The high degree of responsiveness demonstrates the existence of internal mechanisms intended to solve the conflict.

Proposition 1: All observed companies showed a response to the conflict to some extent. It was observed that increased response activities lead to a reduction in negative impacts to the MNC. **Proposition 2:** A relation between antecedents of stakeholder conflict and changes in the firms operations could be found. Challenging stakeholder collaborations lead the firms' focus on increased public relation activities and improved stakeholder management, considering impact on various stakeholders. **Proposition 3:** None of the examined companies had the OECD Guidelines for Multinational Enterprises completely established in their working conduct codes. Therefore, the angle has to be widened to the general effect of guidelines and regulations on the firms' internal mechanisms. **Proposition 4:** A positive relation could be constituted as increased actions taken by the MNC lead to a better results and less severe effects on either the firms performance, relations or reputation.

5.2 Revised model

After having all elements of the preliminary model, the following changes have been made (Figure xy).

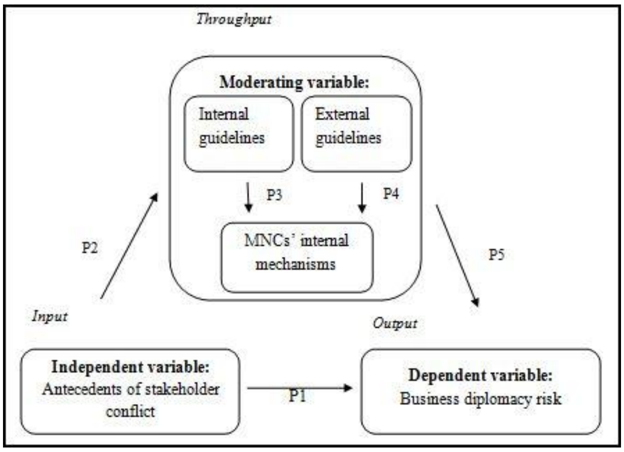

Figure 3: Revised causal model

The media analysis has revealed that there is a different effect on the MNCs internal mechanisms of internal regulations in contrast to external guidelines. Internal guidelines have a weak effect on the firms' mechanisms, leading to minor responses of the MNC to the stakeholder conflict and thusly the effect of the moderating variable on the dependent variable is weakened, leading to a minor or nonexistent reduction of business diplomacy risk. The effect of external guidelines on the MNCs' internal mechanisms is existent and the presence of external guidelines evokes internal mechanisms by the MNC and eventually leads to a reduction of business diplomacy risk

6. DISCUSSION AND CONCLUSION

Developments of recent years have shown the impact of globalization on corporations. Global operations and expansion of operational reach have become crucial to corporations. Operations across the border of corporations' national borders implicate involvements of an increased number of various stakeholders which evokes greater complexity of operations; Business diplomacy is needed to operate successfully in a global environment. The results of this study have shown that firms' conflict management, which is represented through the actions taken by the MNC in response to the conflict, are crucial to the consequences the conflict has on the firm. Poor crisis management represents a threat to the MNC, whereas strong management can be beneficial. Good conflict management can improve performance, which was illustrated through the cases of Primark and WalMart, two companies who were involved in the same stakeholder conflict, had different regulations in place, showed different response to the conflict and remarked different consequences. A model was created showing the relations between antecedents of multiple stakeholder conflict, firms' response to the conflict and the consequences of the crisis to the MNC. It was shown that, without actions taken by the firm, antecedents of conflict are highly likely to result in business diplomacy risks to the MNC. However the firms' response can reduce the risks involved in multiple stakeholder collaboration. A difference between the effect of internally developed and externally created guidelines on the firms' mechanisms was found, with external guidelines being more effective than internal guidelines and consequently facilitating conflict management more successfully. Concerning this papers' research question, risks for MNCs involved in international business diplomacy have been identified. The risks are generated through the complex collaboration of multiple stakeholders; identified risks are revenue decrease, sales decrease, loss of reputation, deteriorated corporate image, worsened relations to stakeholders combined with a loss of trust, consumer boycott or protest. The OECD Guidelines for Multinational Enterprises could provide guidance to management as they are externally created, governmental backed , comprehensive regulations covering different areas where a potential multiple stakeholder conflict could occur. MNCs face conflicts of various types as seen in the analysis cases are hardly comparable however all topics are covered in the OECD Guidelines for Multinational Enterprises.

This study has several implications for managers of multinational enterprises. Managers have to be aware of the effect external regulations have on the firms' ability to response to a crisis and thusly the consequences for an MNCs as effect of multiple stakeholder conflict. Also, it is shown how complex but needed business diplomacy is. Only when MNCs are aware of the risks involved in international business diplomacy, appropriate decision can be made. Therefore, management and consideration of possible risks have to be incorporated by the MNCs strategic direction. The study has shown that only internally created codes of conduct are not sufficient to reduce the risk of business diplomacy. This might be due to the lack of supervision, commitment by employees, lack of consequences of noncompliant behavior and control loser responsibilities compared to external regulations. Thusly, management has to consider implementation and executions plans for internal codes and supplementary adhere to external codes.

7. LIMITATIONS AND FURTHER RESEARCH

This study has been object to several limitations. A companies' overall situation after the conflict cannot accurately be traced to the conflict or conflict management itself. Revenue might be affected by further factors. Further, no interviews have been conducted and mechanisms were revealed implicitly through the companies' actions. Therefore, the risk of wrong interpretation of internal mechanisms exists. Next, observations were restricted to availability of news resources and availability. Conflict processes that were not thematized in the news could not be taken into consideration. Based on the limitations further research is recommended in order to attain a more comprehensive insight about the impact of regulations on reduction of business diplomacy risks. Further research containing a large scale sample of MNCs, possibly with comparable conflicts. Additionally, interviews with managers would be beneficial to gain insight understanding about the firms' internal mechanisms in response to a crisis, and to what extent these mechanisms are derived from implemented guidelines.

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