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INTERNATIONAL BUSINESS DIPLOMACY: HOW CAN MULTINATIONAL CORPORATIONS DEAL WITH GLOBAL CHALLENGES?

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This volume is dedicated to Hawar Hamad.
Hawar Hamad passed away in … October 2016 at the age of 28.
He was an amazing young professional and a very dedicated project coordinator for this volume.
Without his help this volume would not have been finished.
Thank you for your work and for your friendship. A terrific personality as you were will be missed in the world of today and the future.

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PART I
CONCEPTUALIZING BUSINESS DIPLOMACY

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INTRODUCTION TO THE VOLUME

International Business Diplomacy: A Strategy for Improving MNCs' Performance?

A Review of the Concept and New Insights from Five European MNCs

Huub Ruël and Luisa Suren

Abstract

Purpose — Multinational corporations (MNCs) are experiencing a number of major challenges in the international business arena. Can business diplomacy help them to deal with these challenges effectively? In this introductory chapter we conceptualize and identify the relationship between MNCs' international business diplomatic activities and firm performance.

Design/methodology/approach — We conducted a literature review and interviews with five large MNCs that are operating in distinctive industries. Business diplomatic activities have been classified into three particular areas to support the analysis, namely: (1) MNC−Non-Governmental Organization (NGO) relations, (2) MNC−Host Government relations, and (3) MNC−Local Community relations.

Findings — The main findings suggest that international business diplomacy has a direct positive effect on firm performance with regard to so-called soft or nonfinancial indicators. These indicators include knowledge sharing, reputation, company image, and marketing possibilities. The effect can in turn lead to a better financial performance and market stance in the long run.

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Originality/value — The results of this study are important for the future awareness and execution of business diplomacy in large MNCs.

Keywords: International business diplomacy; firm performance; multinational companies; long-term relations; stakeholder management; corporate political activity

Introduction

The business environment increasingly incorporates complex international relations, due to the growing globalization and a higher degree of intercontinental connections. Multinational corporations (MNCs) are constantly enlarging their presence in many countries and are being exposed to diverse local influences and requirements (Saner & Yiu, 2003, 2005). They need to compete within a largely unregulated global market economy with high levels of financial and political risks (Muldoon, 2005). Furthermore, it can be rather expensive for them to enter the markets of developing countries because of their weaker institutions and cultural dissimilarity (Creusen & Lejour, 2013). 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). One 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 that have access to these opportunities can enjoy a competitive advantage. From a network perspective, Goerzen (2007) confirmed that companies could improve their competitive position by establishing nonredundant ties with other international network actors. All of these suggestions fit the concept of acting within the framework 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 is important for MNCs to know whether their efforts will pay off. The literature has so far failed to research the positive effect of international business diplomacy on firm performance. Thus, this chapter aims at closing this research gap by answering the following research question:

> Can the international business diplomatic activities of MNCs affect their performance?

The structure of the chapter is as follows: First of all, an extensive literature review is provided, focusing on the definition and relevance of business diplomacy and firm performance. Second, the conceptualization of firm performance and international business diplomacy is elaborated further by separating the activities into three main areas: (1) MNC−NGO relations, (2) MNC−Host Government relations, and

(3) MNC–Local Community relations. Thereafter, the results are tested by analyzing five semistructured interviews with large MNCs in order to reach a consensus on the positive outcomes on firm performance. The conclusion summarizes the main findings, the practical and theoretical implications, as well as the limitations of the chapter.

Literature Review

This research was conducted in order to identify the effects business diplomacy can have on firm performance if properly applied. Part of the research will be in the form of a critical qualitative literature review as a starting point for the analysis. A web search of scientific databases (Scopus, ScienceDirect, and Google Scholar) was conducted using keywords such as: Business Diplomacy, Firm Performance, Public Diplomacy, NGOs, MNC–Host Government Relationships, Corporate Political Activity (CPA), and Corruption. Special emphasis was laid on academic literature that has been peer-reviewed, was recently published, and has been frequently cited.

Definition of Business Diplomacy

Authors like 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). One 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 NGOs (Muldoon, 2005; Saner & Yiu, 2005). Thus, the concept of business diplomacy adds valuable knowledge enabling MNCs to decrease the international complexities they face in an increasingly connected worldwide business environment, and it has been evolving over the past few years (Melissen, 2011). In this regard, Muldoon (2005) states that organizations are being held accountable for their activities more and more and need to build long-term relationships with stakeholders and to develop cooperative strategies accordingly. The existing body of knowledge about business diplomacy is scarce, however, and little empirical evidence exists. Therefore, it is essential for the this chapter 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.

Different Types of Business Diplomacy When reading about business diplomacy, it becomes clear that several authors have been using the term for different concepts. Thus, it is essential to distinguish different meanings of Business Diplomacy in the hope of finding an exhaustive definition. This chapter suggests four distinctive categories of business diplomacy: (1) Intrafirm Business Diplomacy, (2) Interfirm Diplomacy, (3) Home-Country Government Diplomacy, and (4) International Business Diplomacy.

Intrafirm Business Diplomacy. This specific type of business diplomacy has been advocated by London (1999), who suggests that business diplomacy is a method of cooperating with people in a way that gets things done efficiently. Managers and executives can thus also be encouraged to exert diplomatic activities inside a company, creating 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.

Interfirm Diplomacy. The second type of diplomacy focuses on the interaction between businesses within their sector. A large body of research exists in the field of interorganizational network relations (Hagedoorn & Duysters, 2002; Osarenkhoe, 2010), but this has not yet been related to the field of diplomatic activities. Nevertheless, it is clear that nurturing nonredundant ties with other international network actors should have a diplomatic basis. Positive effects of network relations can increase a company's competitive position by granting access to valuable information through the sharing of relevant knowledge (Goerzen, 2007; Hagedoorn & Duysters, 2002; Osarenkhoe, 2010).

Home-Country Government Diplomacy. The third type of diplomacy involves governments as the main actors making 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 by reducing the risk of entering new markets (Naray, 2008).

International MNC Diplomacy. The last type of diplomacy that will be discussed is 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 toward various groups of stakeholders and need to develop their own representational mechanisms within the global markets (Muldoon, 2005).

International Business Diplomacy The concept of diplomacy that will be discussed throughout this chapter is based on the view of international MNC diplomacy. Goodman (2006) posits that an agreement now exists that global businesses need to act on their own in order to solve problems that have usually been dealt with by governments. Globalization has resulted in complex international relations that enabled nonstate actors such as NGOs and transnational companies to enter state-to-state diplomacy relations (Bayne & Woolcock, 2011; Saner & Yiu, 2003). Thus, globally acting businesses cannot further extenuate 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 change rapidly, which stresses the importance to MNCs of "surviving" through building bridges with various stakeholders and starting diplomatic offensives on their own (Muldoon, 2005; Ruël, 2013; Saner et al., 2000). Saner et al. (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 by Saner et al. (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). Yet a recent study of eight Dutch MNCs by Ruël, Wolters, and van der Kaap (2013) revealed that none of the companies applied diplomacy activities at the headquarters level.

The definition that will be used here was suggested by Ruël et al. (2013) and Ruël and Wolter (2016):

> 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.

Definition of Firm Performance

The concept of firm performance has been increasingly and widely discussed in the scientific literature during the past few years, since it is considered of major interest to business scholars (Hult et al., 2008; Wagner, 2012). 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: (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 and 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) posit that performance measures can commonly be split into two major streams of research, concerning economic and organizational models. Their results showed that organizational factors explain a firm's profits two times better than economic factors. The economic model integrates determinants such as industry characteristics, a firm's position compared to competitors, as well as the available resources. Organizational determinants include an organizational climate involving all kinds of stakeholders. With regard to stakeholder firm performance determinants, Wagner (2012) pointed out that dimensions such as working conditions and wages might be crucial, whereas shareholders prefer to use stock prices, dividends, and profits as key performance indicators of the firm's well-being (Fiordelisi & Molyneux, 2010; Wagner, 2012). Respecting these 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, it can be assumed that the ultimate goal of good firm performance is to ensure the firm's survival in the long run (Wagner, 2012).

Conclusion on Firm Performance Since the literature review suggests that several performance measures exist, the definition used in this chapter will also be broad. This means that both so-called "hard" financial and "soft" nonfinancial performance indicators are of value in identifying possible positive outcomes of international business diplomacy. Financial indicators can include key performance indicators such as Return on Investment (ROI), Return on Assets (ROA), and cost of shares, while nonfinancial indicators may encompass soft factors such as company image, reputation, and knowledge.

Relationship between Business Diplomacy and Firm Performance

Now that both concepts have been elaborated independently, it is interesting to take a closer look at the conceptualization within the 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 there is little scientific literature on international business diplomacy, the body of knowledge dealing with the correlation of the effect on firm performance is even scarcer. Nevertheless, a few authors have 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. 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). Lastly, a study by Ruël et al. (2013) revealed that out of eight MNCs interviewed 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).

However, the expected outcomes of the model have not yet been tested, and it is therefore interesting to take a close look at the scientific literature for 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 nongovernmental stakeholders (Ruël et al., 2013). Therefore, the following abstracts will take a separate look at related concepts that have been widely discussed in the literature, namely: (1) MNC–NGO Relations, (2) MNC–Host Government Relations, as well as (3) MNC–Local Community Relations (Figure 2).

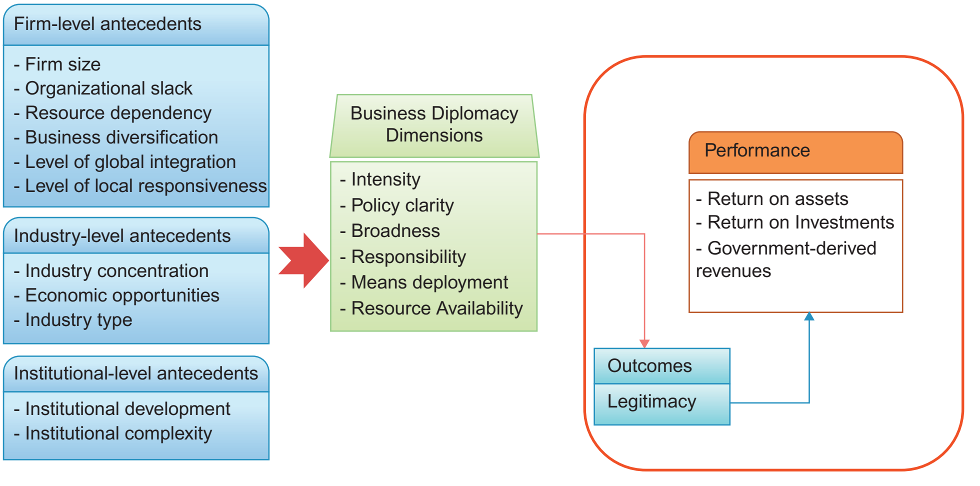

Figure 1: Theoretical Model on Business Diplomacy by Ruël et al. (2013).

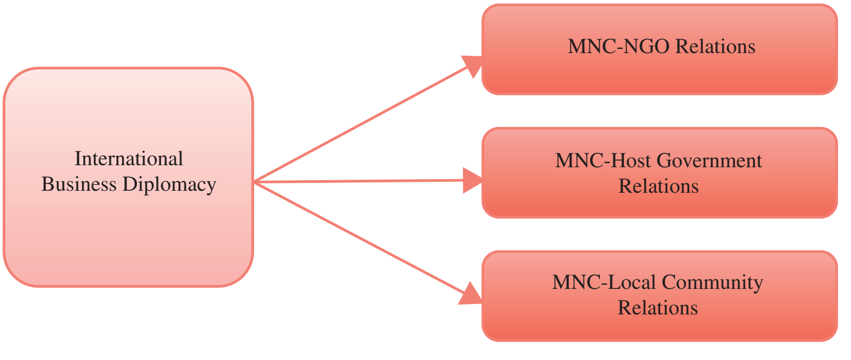

Figure 2: Separation of Topics According to Business Diplomacy Activities.

MNC and NGO Partnerships

Importance of NGOs in the Business Environment NGOs 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). The literature suggests that NGOs have emerged especially since the 1990s as dominant actors and influence business practices in terms of ethical responsibilities toward society (Doh & Teegen, 2002; Millar, Choi, & Chen, 2004; Perez-Aleman & Sandilands, 2008). 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; Perez-Aleman & Sandilands, 2008; Van Huijstee & Glasbergen, 2010). According to Perez-Aleman and Sandilands (2008), visible signs of the increased number of partnerships are, for example, "standards, certification, eco-labeling, social reporting, and Fair trade products" (p. 24).

Effects of MNC−NGO Partnerships on Firm Performance Since the emergence of NGOs in the business environment and their implied dominant role, relationships between host governments and MNCs have become complicated (Doh & Teegen, 2002). Thus, MNCs face challenges when entering new markets and may lack the resources that are inherent in NGOs' capabilities (Dahan, Doh, Oetzel, & Yaziji, 2010). With regard to these capabilities, the literature suggests that NGOs have social capabilities and specific knowledge that is of interest to MNCs (Millar et al., 2004). NGOs obtain specific knowledge about, for example, foreign markets, nonmarket stakeholders, submarkets, values, or sensitivity (Millar et al., 2004; Oetzel & Doh, 2009). Furthermore, Oetzel and Doh (2009) state that NGOs are usually regarded as trustworthy within society and have stronger connections with as well as knowledge about nonmarket 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 the basis of underlying customer needs, employees can be trained in 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 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 related to problems with operations and reaction to criticism by engaging with NGOs. Marano and Tashman (2012) add another positive feature related to this kind of partnership, 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 survival of a firm in the market. Consequently, partnerships between MNCs and NGOs can combine resources and strengths as well as provide MNCs with the necessary resources and channels to different worlds (Waddel, 2000; Yaziji & Doh, 2009). They can provide MNCs with the ability to remain sensitive to demands and expectations of the market (Saner & Yiu, 2005), as well as help them to pursue strategic goals (Oetzel & Doh, 2009). Finally, MNCs' ability to survive in society as well as the long-term viability of investments have been found to depend on successful relations with NGOs (Doh & Teegen, 2002; Millar et al., 2004).

Conclusion on MNC–NGO Partnerships The previous literature review found various positive effects for MNC firm performance such as shared knowledge about nonmarket 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 a lack of equivalent experience that need to be controlled by MNCs (Dahan et al., 2010; Millar et al., 2004). Despite the evident positive effects, many relationships have been found to remain rather adversarial (Marano & Tashman, 2012).

MNC–Host Government Relations

Importance of Host Governments in International Business So-called MNC–Host Government relations (MGRs) have evolved during the past few decades (Luo, 2001; Malyshkov, 2013; Ramamurti, 2001). During the 1960s and 1970s, the relationship was rather tense, and host countries were simply seen as another market and source of cheap labor (Almeda & Pehne, 2004; Ramamurti, 2001). Nowadays, authors such as Almeda and Pehne (2004) and Ramamurti (2001) posit that host governments are now seen as potential sources of new knowledge, and the relationships are dynamic and two-tiered. Furthermore, influences that 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). Another activity that is part of MGRs is Corporate Political Activity (CPA), which has received increasing attention during the past two decades; many companies have started to make use of activities that influence legislation (Lord, 2000). CPA can broadly be described as the efforts of a company to manage and influence political entities (Hillman, Keim, & Schuler, 2004). Common CPA activities conducted by MNCs fall into two categories: direct activities that are usually carried out by so-called internal political action committees (PACs) that financially contribute to campaign contributions; and indirect activities including lobbying that aim at influencing political decisions (Hansen & Mitchell, 2000; Hill, Kelly, Lockhart, & Ness, 2013; Lux, Crook, & Woehr, 2011). 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 draw attention to further cooperation, seeking joint payoffs and the accomplishment of mutual goals (Luo, 2004). In this regard, the literature suggests that cooperations are continuing to grow (Luo, 2001). It is important to keep in mind that host government policies can impose severe constraints on MNC operations (Moon & Lado, 2000).

Effects of MGRs on Firm Performance The literature suggests that MNCs experience differing amounts of government intervention in, for example, regulatory policies, based on their ability to influence the host governments (Luo, 2001; Moon & Lado, 2000). Ramamurti (2001) posits that developing countries in particular 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 with regard to better ways of conducting business (Sanyal & Guvenli, 2000). This can be evident in 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 receive assistance instead from the host country. Both MNCs and host governments have sources of bargaining power that increase the likelihood of smoothly working cooperations. 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 founded 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). With 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 visibility also increases with size (Agrawal & Knoeber, 2001; Brown, Helland, & Kiholm-Smith, 2006). 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 reducing uncertainty and threats as well as create new opportunities (Lord, 2000). This can lead to significant tax relief for lobbying firms (Richter, Samphantharak, & Timmons, 2009), which amounts to $220 tax relief for each dollar of lobbying expense according to Alexander, Mazza, and Scholz (2009). In addition, companies can acquire price support or ameliorated tariffs (Hansen & Mitchell, 2000). Lux et al. (2011) conducted a large meta-analysis which revealed that CPA has a positive effect on firm performance in terms of ROI, ROA, and government-driven revenues. The shaping of host country law by MNCs can therefore positively influence MNC firm performance with regard to asset efficiency, financial return, and market expansion (Luo, 2001). Almeda and Pehne (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.

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. Good relations are very important to a foreign firm (Sanyal & Guvenli, 2000). Nevertheless, the development of forms of cooperation between business and governments is still evolving, and business diplomacy needs to build upon relations based on confidence and responsibility (Malyshkov, 2013).

MNC Relations with Local Communities

Importance of Local Community Relations in the Business Environment Relations between businesses and 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 field of social sciences, but it has been agreed 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 increasing relevance due to the fact that scholars are exploring the relation between CSR and economic performance (Calabrese, Costa, Menchini, Rosati, & Sanfelice, 2013). Even though the popular scholar 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 was initially promoted by Freeman (2010), who believes that the organization needs to be responsible toward all kinds of stakeholders (Metcalfe, 1998). Goddard (2005) posits that governments are thought not to have the capabilities to help society anymore, and thus scholars argue that corporations must think beyond economic returns and use their large influence in developing countries (Ansari, Munir, & Gregg, 2012; Goddard, 2005).

Effects of MNC−Local Community Partnerships on Firm Performance Porter and Kramer (2002) found that companies today are increasingly dependent on local partnerships. Corporate Community Relations (CCR) within corporations are responsible for tasks such as community outreach, contributions, and volunteerism (Altman, 1999). Nevertheless, Hess et al. (2002) posit that the tasks have expanded and become more complex in the past few years. CCR 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). Goddard (2005) points out that these relations will always exist and therefore need to be taken care of. These relations thus represent significant positive effects for the company itself. For example, Goddard (2005) finds that the gap between the commercial arm of the company and the community can be reduced, bringing the company and the community needs closer together. Calvano (2008) suggests that companies can face major conflicts including financial and reputational drawbacks when the 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 (Goddard, 2005; Hess et al., 2002). With regard to the corporate image, companies 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 possibly better innovation, or important information about the market (Goddard, 2005; Samoff & Stromquist, 2001). Last but not least, the literature indicates that community relations can be used for cause-related marketing efforts and therefore include public relations and advertising (Goddard, 2005; Porter & Kramer, 2002).

Conclusion on MNC–Local Community Partnerships In conclusion, we can assume 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 a reduced risk of conflict. Nevertheless, executives still have difficulty in justifying the benefit of charitable expenditures (Porter & Kramer, 2002), and communities are still the stakeholder group mentioned least (Calvano, 2008). But corporations must be sensitive to local needs (Hess et al., 2002). Means must be found to show and underline the value of this kind of relationship (Goddard, 2005).

Threats to International Business Diplomacy Activities

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

Definition of Bribery and Corruption

Globalization, and thus international business relations, have increased the attention paid to 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 (Petrou & Thanos, 2014; Rodriguez, Siegel, Hillman, & Eden, 2006). Baughn et al. (2010) suggest that not only the demand side but also the supply side should be examined, including the willingness of MNCs to provide bribes.

Conclusion and Relevance of Antibribery Mechanisms

It is widely agreed that MNCs routinely bribed 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 lowered the propensity of MNCs that act within these laws in foreign countries (Baughn et al., 2010; D'Souza, 2012). 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 chapter, it is very important to refrain from activities associated with corruption and bribery. Only then will the positive effects on firm performance persist in the long term.

Research Methodology

The literature review has suggested several findings with regard to the positive effects of business diplomacy and the underlying concepts on firm performance. In order to test these suggestions, qualitative data were obtained in the form of multiple exploratory case studies with MNCs. These case studies were based on interviews with large MNCs from Germany, Switzerland, and the United Kingdom; all embedded in distinctive industry environments. The companies that were approached needed to meet certain criteria in order to be valuable for the results of this study. These criteria include the fact 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 CSR. The selected companies were then approached by e-mail, telephone calls, and Xing. The aim was to contact employees in positions like public affair executives since their tasks are increasingly concerned with the management of interactions between a company and its stakeholders (Muldoon, 2005). Semistructured interviews were conducted by 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 detailed knowledge about various important topics. At the

Table 1: Interview Partners.

MNC	Industry	Active in >10 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	***	***

***The three 'stars' indicate that this company meets these criteria.

beginning of each interview, the interviewees were asked about what they understood by the concept of international business diplomacy, so that a general image could be drawn. Afterwards, the definition of business diplomacy used in this chapter was explained in detail, enabling the respondents to give focused and accurate answers. The companies that took part in this study are listed in Table 1. As they were offered the choice to remain anonymous, the company names will not be shown and are replaced by the specific industries.

Results

In order to be able to generate an analysis from the five qualitative case studies, the data sets are subdivided according to the areas already mentioned in the literature review. This implies that the views of all five MNCs will be classified according to the topics: (1) MNC–NGO Relations, (2) MGRs, (3) MNC–Local Community Relations, and (4) Threats to diplomatic activities. The overall opinion about international business diplomacy will be elaborated further in the conclusion.

MNC–NGO Relations

The previous literature review indicated that MNC–NGO relationships may lead to several advantages for MNC operations. They include valuable information derived from the twofold 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.

To What Extent Do NGO Relationships Exist within the Company? All five MNC respondents stated 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 it has worked with include WEF, Red Cross, Greenpeace, and Save the Children. DPDHL follows the principle of subdividing its charitable activities into three main areas: (1) Go Green – Environmental protection; (2) Go Teach – Education; (3) Go Help – Emergency Aid. The Telecommunication MNC pointed out that companies are often cautious about relations with NGOs such as Amnesty International or Greenpeace since they do not want to reveal too much.

How Do These Relationships Work? The interviews revealed that MNC–NGO relations work quite differently in the interviewed MNCs. DPDHL, and the Insurance MNC, for example, stated that relations are based on mutual discussion points such as environmental protection and are established when the MNC is seen in a "positive light." The Heating Industry MNC, on the other hand, has only a few sponsoring relations and tries to be a member of organizations if the rules allow joining and thus just pays membership subscriptions. The Insurance MNC stated that it often takes part in investigations and rankings that are conducted by NGOs. Furthermore, relations differ according to varying local conditions and underlying cultures. Within the Telecommunication MNC, no official program about NGO relations exists. Employees within the organization usually make requests for relations, and a questionnaire has been developed to make sure that there are no personal ties between customers or employees and the NGO to deflect any possible link to corruption. Concerning the strong relations mentioned in the literature review, the Telecommunication MNC interviewee posited that NGOs are often just interested in donations, since they have a special tax exemption status. Thus, the relations are usually within the area of CSR and involve loosely talking about connected topics as well as donating. The CSR activities imply that it is valuable to try to help by using their own Telecommunication products. DPDHL and the Telecommunication MNC further underline that it is highly important to base discussions on facts and a reasonable contact.

Who Is Involved within These Relationships? The answers to this question were quite diverse. Within DPDHL a central unit guides the activities since the relations have a broad spectrum, including innovation within environmental protection or CO_2 reduction, and must be communicated throughout the whole organization. Within the Heating Industry MNC on the other hand, everyone in the hierarchy could be involved with relations since they are separated according to topics. In the Insurance, Medical Technology, and Telecommunication MNCs, the CSR unit also guides this type of relations.

Which Benefits Do These NGO Relations Have on the Firm Performance? Four out of five MNCs agreed that MNC–NGO relations can entail several benefits. DPDHL, for example, stated that it is good to have a contact person one can turn to within NGOs and that this makes it easier to help efficiently during catastrophes. The Heating Industry MNC stated that benefits vary based on the diversity of NGOs, but that the main benefits can be summarized as: (1) Knowledge transfer with the aim to learn from each other, (2) Positioning as a sustainable company, as well as (3) Positioning of corporate interests. The Insurance and Medical Technology MNCs posited that NGO relations are always a give-and-take 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 meeting obligations and managing the impact on society and the environment. The Insurance MNC further proposed 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 consultations for the establishment of environmental policies in order to increase one's social and environmental reputation.

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

MNC–Host Government Relations

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

To What Extent Do Government Relations Exist within the Company? All five MNCs stated that they actively engage in government relations that are usually based on classic lobbying activities. The Heating Industry MNC 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 United Kingdom.

How Do These Relationships Work? The Insurance as well as Telecommunication MNC specifically pointed out that it is highly important to be involved as early as possible in dialogues on upcoming themes with different kinds of stakeholders. Thus, reasonable public affairs should already start before the legislation processes and should be embedded in the development of strategies. All five companies engage in classic lobbying activities and try to base their activities on transparent, long-term relations. The Heating Industry MNC stated that it is trying to develop and expand into political networks and especially trying to cooperate with specialized ministries. DPDHL said that it generally serves the public, and thus the possibility exists for them to tell governments about what would be good for the company, which governments can keep in mind when they are establishing new policies. The Insurance MNC pointed 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 citizens. A further interesting aspect that was mentioned by DPDHL is that government relations of MNCs are often very country-specific. For example, it is more common for EU companies to act transparently compared to US MNCs.

Who Is Involved in These Relationships? Four out of the five MNCs run their governmental relations through a centralized unit. Within the Insurance and Telecommunication MNCs, as well as DPDHL, the government relations or public policy division is involved with these relations. The Heating Industry MNC has a narrowly defined group of persons working on these relations that is affiliated to the CEO. Only the Medical Technology MNC runs these relations in a decentralized manner over the various company groups.

Which Benefits Do Those Host Government Relationships Have on Firm Performance? All of the five MNCs believe that it is important to engage in political activities since laws and policies can often be influenced. The Medical Technology and Telecommunication MNCs underlined that global topics that affect their business need to be shaped by the businesses themselves, especially, as mentioned by the Telecommunication and Insurance MNCs, to provide legislation with a practical point of view. As the Heating Industry MNC stated, this can have the effect of participating in the creation of framework conditions and preventing polices that have negative effects on business. Nevertheless, DPDHL and the Insurance MNC stressed that they are often just one of many, and associations can act as an "anonymizer" of various MNC industry opinions. Another benefit of MGRs that was mentioned by two of the five MNCs (Heating Industry MNC and DPDHL) is that they aim at engaging in top-knowledge transfers. This includes receiving information early on from politics as well as sharing information as early as possible with specific ministries. The Insurance MNC pointed out that it can be key to be an innovator in important topics that need to be discussed on a global scale. The Telecommunication MNC posited 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 influence alongside lobbying activities.

Conclusion on MNC–Host Government Relations The literature review suggests that companies are able to influence and shape government laws through lobbying activities, which is also supported by the underlying qualitative analysis. These activities may thus in turn lead to firm performance advantages as mentioned throughout the review, such as asset efficiency, increased financial returns, market expansions, price supports, transparent rules, and consistent policies. Additionally, companies can receive political information early on 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 relief has not been supported by the qualitative analysis as companies such as the Medical Insurance and Telecommunication MNCs mentioned that they preferred to try to distribute their money more efficiently throughout tax-efficient countries. On the other hand, this result could also be the case since processes are more regulated in Europe and only allow specific possibilities to influence policies (DPDHL) as well as the fact 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.

MNC–Local Community Relations

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

To What Extent Do Local Community Relationships Exist within the Company? The five MNCs underlined the fact that community relations are an increasingly important topic, since they all engage in some way with their local stakeholders. The Telecommunication MNC posited that relations exist rather opportunistically, while the other four 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, while the Heating Industry MNC established a foundation in 2010 that distributes local commitments uniformly.

How Do These Relationships Work? The majority of interviewees stated that applicants such as local community groups approach the Foundation Management Boards for sponsorships or donations. DPDHL as well as the Insurance MNC added that it is highly important to be involved with dialogues about topics that concern the public or that are based on local politics.

Who Is Involved within These Relationships? In this regard, the MNCs answered quite differently. The Heating Industry MNC handles these relations via the Foundation Management Board, while in the Medical Technology MNC, tasks are carried out by the CSR unit. DPDHL and the Telecommunication MNC stated that these relations happen individually with local branch representatives. The Insurance MNC initiates actions on a headquarters level but implements them in the different countries. For example, the MNC organizes yearly action weeks, where social activities such as painting the walls of a kindergarten are organized for every employee.

Which Benefits Do Local Community Relations Have on Firm Performance? The MNCs believe that this type of relation is also a give-and-take relation. DPDHL, the Heating Industry MNC as well Insurance MNC think that one key advantage is knowledge transfer, enabling MNCs to receive valuable information about local market opportunities as well as structures which may also reduce risk. Concerning the issue that MNCs can face major drawbacks when they get into conflicts with local communities, which was emphasized throughout the literature review, DPDHL tries to solve issues about, for example, the availability of branches and mailboxes in accordance with the local community. 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 in education to retain good future employees as well as conduct research. Another benefit for firm performance mentioned by the Telecommunication and Insurance MNCs is that activities that benefit local communities promote good public relations as employees are satisfied with the company they work for and thus are motivated to work harder. These activities can also strengthen the bonds between employees since they act together as a team while doing something good for the general public.

Conclusion on MNC–Local Community Relations The qualitative analysis indicates that the MNCs are rather restrained with regard to the positive effects community relations can have on their firm performance, which might be the case since communities are the least researched group of stakeholders according to the literature review. Nevertheless, the positive effects that have been indicated by the literature review have been somewhat supported by our analysis. Thus, we can assume that local community relations can lead to a valuable knowledge transfer, reduce conflicts and risks, strengthen the company's image, and improve internal public relations efforts. In conclusion, companies seem to identify with Freeman's view that each type of stakeholder should be involved, which was also communicated in all the interviews.

Threats to Diplomatic Business Activities

As mentioned in the literature review, companies are still struggling with 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 posited that the threat of 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 saw risks in the relationship with NGOs, since connection points are rare and companies are careful not to reveal too much. DPDHL and the Insurance MNC further suggested that corrupt activities would not create value in the long term, since activities that get into the media can damage the company's image severely. Two MNCs mentioned 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 stated that it is advisable to show that its own interests and activities are part of overriding purposes that serve a wider group of people.

Conclusion

The aim of this research was to answer the following research question:

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

The analysis of the relevant literature defined the concept of international business diplomacy as used in this chapter 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 et al., 2013). Effects on firm performance have been classified 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, the findings were tested by conducting five semistructured interviews with large MNCs. The results of the literature review and qualitative data were analyzed and the underlying findings can be seen in Figure 3.

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-factor influences on firm performance, which in turn can 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 with each type of

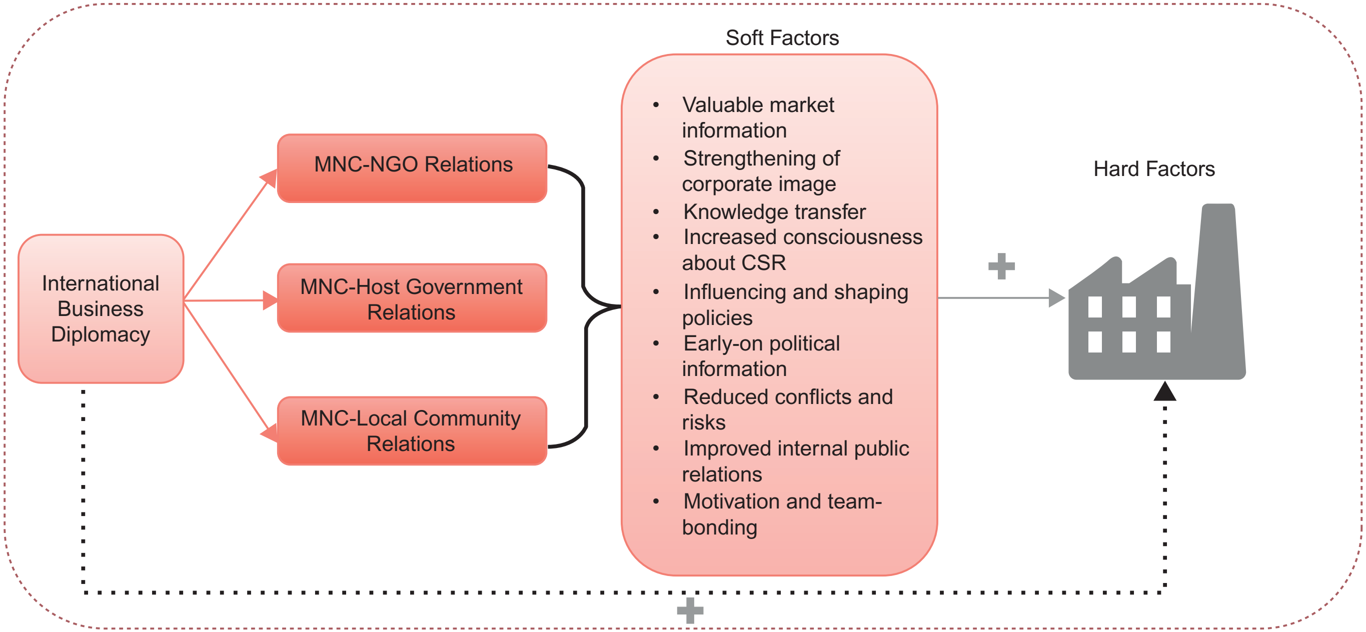

Figure 3: Positive Effect of Business Diplomacy on Firm Performance.

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 stated that business diplomacy activities have a positive effect on their company. The Insurance MNC further pointed out that corporate diplomatic activities can be utilized in various dimensions, such as (1) Regulatory Intelligence, (2) Market intelligence, (3) Geo-political intelligence, and (4) NGO Intelligence. The Insurance MNC and DPDHL stress in particular that it is highly important in diplomatic relations to establish trust through long-term relations. The goal is to be involved as early as possible, to maintain a good relationship, and to nurture relations as best as possible since it can take time to see results, especially with diplomatic activities. Furthermore, the core of diplomacy is to be constructive and still advocate one's own interests. Thus, the advantages of business diplomacy activities can only evolve if time and effort are invested in establishing trust and in nurturing the network. In that respect, it might be valuable to establish a central unit to guide the various kinds of activities and ensure that soft-factor firm performance advantages evolve into hard financial gains in the long run.

Discussion

The research revealed that diplomatic activities have a direct influence on the soft factors of firm performance. These factors can include company image, reputation, and knowledge, as mentioned within the theoretical framework. These soft performance influencers can in turn lead to hard financial gains in the long run. According to the scarce existing 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 nurturing networks 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 chapter, we explored the use of a central unit located on the headquarters level that oversees all activities having something to do with business diplomacy. The qualitative analysis showed that the MNCs have divergent views on this topic. For example, the Telecommunication, Heating Industry as well as Medical Technology MNCs posited that it is difficult to distinguish whether a central unit would be valuable or not. For example, the central unit may be too far from the actual business or employees may not see the outcomes of the long-term activities. It might be more important to execute and monitor existing tasks first as well as to establish intercultural competencies at each location with regard to employing regional executives. Nevertheless, the Heating Industry MNC stated that a central unit should exist to control these tasks. The Insurance MNC stressed the great importance of a central unit, especially for companies operating globally. The main advantage mentioned is that the company needs to face a variety of stakeholders with a unique overall message. Thus, it would be handy to define the interfaces and responsibilities of each stakeholder contact. The next sections will discuss the relevance of this chapter, as well as point out limitations and give recommendations for future research.

Scientific and Practical Relevance

This chapter has both scientific and practical relevance, due to the fact that the body of literature about international business diplomacy is still small. Companies are increasingly faced with complex international relations and are looking for opportunities to use these complexities to their own advantage. Even if the literature about business diplomacy is slowly growing, a conceptualization of the positive effects on firm performance has been missing. This chapter aims at providing managers with incentives to make use of this concept. Thus, it has 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, MNCs are able to manage their complex international relations more efficiently and can use their nonredundant ties with stakeholders to gain advantages such as inside information, policy alterations and a good reputation. The study underlines the fact that the integration of a general business diplomacy unit on the headquarters level can be valuable for globally acting companies.

Limitations

The literature review as well as the qualitative research are subject to several limitations. First of all, the literature review was based on secondary literature written in English, which may narrow the overall perspective of this research. The study was also limited in time, reducing the scope and scale of the thesis. A consequence of this is the limited number of MNCs interviewed, leading to a lower significance of the outcomes. Only MNCs from Germany, Switzerland, and the United Kingdom were interviewed, and it might be interesting to increase the scope of this research. In this regard, DPDHL mentioned that processes are more regulated within Europe and only allow for specific possibilities to influence policies, as compared to the United States, for example.

Recommendations for Future Research

As a recommendation for future research, we advise addressing the underlying limitations of this chapter. Thus, it is important to extend the number of MNCs investigated in order to achieve more significant results. Also, it would be valuable to research the differences of effects in, for example, the United States and Europe. Lastly, it would be highly interesting to conduct real-life case studies with MNCs that are setting up diplomatic activities units on the headquarters level and to see how their performance changes in terms of financial and nonfinancial returns.

The Chapters in This Volume

This chapter is the introduction to a complete volume on business diplomacy. The theme of business diplomacy as such has received relatively little attention in the literature. That was the reason to organize an international conference in December 2015 in the Netherlands on this theme. This volume presents the set of chapters of leading authors and researchers on business diplomacy and I am very thankful to all of them.

The chapters in this book are divided into three parts: a first set of chapters address business diplomacy in a more conceptual and contextual sense (Ruël & Suren, Yiu & Saner, Nobre, Sidibé & Saner, Nobre). A second set of chapters address business diplomacy in relation to a specific topic (tax avoidance by Duane Windsor; state ownership by Wiboon Kittilaksanawong; business associations by Peter Noordhoek). A third and final set of chapters address business diplomacy in an empirical setting (Business diplomacy in practice): business diplomacy in Brazil by Joseph C. Marques; Canadian MNCs in Egypt by Ali Taleb, Catalin Ratiu, and Rick Molz; business and commercial diplomacy by diplomats from an embassy by Roman Holý.

Let us briefly provide the reader with a "teaser" per chapter.

The chapter of Lichia Yiu and Raymond Saner, two of the founding figures of the business diplomacy literature, addresses the importance of business diplomacy in implementing the global 2030 Development Agenda and especially the competencies that are needed at the corporate and managerial level.

The chapter of Guilherme Fráguas Nobre continues by investigating the different meanings of business diplomacy between curricula of universities and companies. How is business diplomacy being taught at universities and how companies are actually defining it.

Doudou Sidibé and Raymond Saner's chapter explains how business diplomacy in emerging markets is something where the roles of states and MNCs seem to come together and get blurred. This is an issue that deserves major attention since the question of to what extent the roles of states and MNCs can overlap without harm for economic and societal development has gained renewed attention in today's global economy.

Guilherme Fráguas Nobre's chapter provides an historical overview of the concept of business diplomacy. It seems that business diplomacy is not as new as many may think it is.

Duane Windsor's chapter addresses how dealing with tax code can be an issue of business diplomacy. How can MNCs act regarding tax avoidance and how to look at this through a business diplomacy lens.

Wiboon Kittilaksanawong's chapter explains how emerging economy firms use state ownership in order to have political influence in a home country or to try to stay away from it in order to reduce political influence. Also building legitimacy by firms in a host country via foreign direct investments can be considered an act of business diplomacy.

Business associations are entities that perform business diplomacy and actually may be effective "vehicles" for businesses to do so. Peter Noordhoek's chapter introduces this innovative perspective on business diplomacy.

Then the chapter of Joseph C. Marques continues to present how business diplomacy in an emerging economy such as Brazil looks like. As the title of his chapter suggests, early lessons will be provided.

Ali Taleb, Catalin Ratiu, and Rick Molz's chapter so rightfully explains how MNCs deal with a highly uncertain political context. Their chapter presents the cases of two Canadian firms in Egypt.

The final chapter in this book takes the reader to the work of diplomats. How do diplomats stationed at an embassy deal with the global challenges in today's economy? This chapter is a perfect final chapter since it takes the reader away from the perspective of businesses and multinational corporations and presents the perspective of the diplomat, an actor that multinational corporations have to deal with in the international arena.

Once again, thanks to all the authors who have contributed to this volume and helped to place business diplomacy more center stage.

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