



SYMPOSIUM CODE: 06

Title: Business Diplomacy

Name and affiliation of Symposium responsible persons:

<i>Person who will chair the symposium session</i>		
Name	Affiliation	E-mail
Huub J.M. Ruël	Windesheim University of Applied Sciences (The Netherlands)	Hjm.ruel@windesheim.nl
<i>Chairs and organisers of the symposium</i>		
Name	Affiliation	E-mail
Huub J.M. Ruël	Windesheim University of Applied Sciences	Hjm.ruel@windesheim.nl
Mikeal Soendergaard	Aarhus University	msoendergaard@econ.au.dk
Raquel Meneses	University of Porto	raquelm@fep.up.pt

Name and affiliation of the invited speakers (e.g. panellists, keynote speaker...)

<i>Persons participating as speaker, panellists...</i>		
Name	Affiliation	Short bio statement (75-100 words)
Gilberto Sarfati	Getulio Vargas Foundation (FGV). The Business Administration School of São Paulo (Brazil) (EAESP)	

Hans Kristian Hedetoft	FGV-EAESP São Paulo & HEC Paris (Brazil & France)	
Mikael Sondergaard	Aarhus University (Denmark)	
Vikrant Shirodkar	School of Business, Management and Economics University of Sussex (UK)	
Eshani Beddewela	University of Huddersfield (UK),	
Rui Monteiro	University of Porto (Portugal)	
Raquel Meneses	University of Porto (Portugal)	
Huub Ruël	Windesheim University of Applied Sciences (The Netherlands)	Huub Ruël is professor of International Business and chair of the International Business Research Group. His research focus is business diplomacy and commercial diplomacy

Please specify when you prefer your symposium to take place and estimated capacity (remember that symposia are expected to have a 90 minutes duration)

<i>Indicate when you prefer the symposium to take place.</i>	
June 18th - in the second half of the morning.	
<i>Indicate the estimated number of attendants</i>	
Estimated number of attendants (required room capacity):	30 - 50

Brief description of the topic and the symposium dynamics

Describe the content of the symposium (max. 300 words)

Doing business internationally means facing a complex international business environment; global companies, large, medium, or small, need to manage and 'survive' in a rapidly changing political and economic business environment that requires them to interact with multiple stakeholders such as host governments and NGOs. To operate successfully among all these complexities, international business will need to develop business diplomacy competences and knowhow more than before.

Yet not many international companies recognize the importance of business diplomacy. Instead of training their managers in business diplomacy, most multinational corporations (MNCs) hire political diplomats and rely on their experience in managing complex relationships with host governments. MNCs need to anticipate stakeholder conflicts, communicate with non-business pressure and interest associations, influence host-government decision-making, and maintain constructive relations with external constituencies. Therefore, they cannot rely on advisors only, but should develop their own business diplomacy competences.

It is argued that by engaging in business diplomacy, corporations can increase their power and legitimacy. Firms that are involved in business diplomacy have chosen to satisfy a social public demand rather than only a market demand. Scholars emphasize that it is important for modern corporations to respond to the expectations of various stakeholders in order to obtain a "license to operate," and therefore the importance of enacting business diplomacy in today's business environment is stressed.

In the international management literature, the term business diplomacy is not widely recognized and has received (too) little scholarly attention.

This symposium aims at shaping the debate on business diplomacy in multinational corporations (MNCs). It will deal with questions such as: what exactly is business diplomacy? How is business diplomacy in MNCs related to (political) corporate diplomacy? To what extent do MNCs engage in business diplomacy and how? Moreover, what are directions for research on business diplomacy?

Keywords

Indicate keywords here

Business diplomacy	Corporate diplomacy	MNC
Stakeholder management	MNC-host government relations	Corporate political activity

Indicate the EURAM SIGs whose members could be most interested in this Symposium

<i>Mark SIGs with a cross (X) here</i>	
1. Business for Society	X
2. Corporate Governance	
3. Entrepreneurship	
4. Family Business Research	
5. Gender, race and diversity in organisations	
6. Innovation	
7. International Management	X
8. Managing Sports	
9. Organisational Behaviour	
10. Project organizing	
11. Public Management	
12. Research Methods & Research Practice	
13. Strategic Management	X
14. General Conference Theme: Uncertainty is a great opportunity	

Identify who is expected/invited to attend this symposium and how potential participants can get in contact with the proponents

Describe the target of participants and contact methods/procedures

This symposium targets scholars whose research interests focus on the role of MNCs in today dynamic international business environment and the ways how MNCs operate in, interact with and survive in this environment with multiple types of stakeholders, such as host-country governments, informal business networks, NGO's, local communities, as well as with the geopolitical risks. Practitioners working in the field of MNC-government relations, international affairs, and international stakeholder management are very welcome as well.

Indicate, if any, other specific requirements

Additional requirements

Addendum: Overview of the Symposium

Plenary Session:

Prof. Huub Ruël will open this symposium with an introduction to business diplomacy in MNCs, a brief overview of the literature, and a set of triggering questions and propositions.

Presentations:

This symposium will include five paper presentations of recent studies on business diplomacy. Presenters are from the UK, Denmark, Portugal, Brazil, and the Netherlands.

A discussant will comment on the papers and trigger the debate. The audience will be invited to join in for a further discussion. Selected papers may be invited for submission for a special issue for international journal.

Each paper in this symposium will contribute to the debate on business diplomacy from a particular perspective. The five paper presentations in this symposium altogether present a rich and diverse picture of the current. As such, the paper presentations also show that research on business diplomacy is emerging, relevant, timely, and progressing.

The *first* paper, entitled “Corporate Diplomacy in Action: Diplomatic Ties of Maersk in Brazil” by *Gilberto Sarfati and Hans Kristian Hedetoft (FGV-EAESP, Brazil)* presents a case study on how the Maersk Group (one of the largest 200 firms in the world) uses corporate diplomacy tools to boost its strategic objectives in Brazil. In order to qualitatively analyse this relationship, between the various government and private actors involved in this process of entry and purchase of oil fields, key individuals were interviewed in order to understand the importance of corporate diplomacy in our globalized world.

The findings suggests that Maersk employs corporate diplomatic tools by having skilful key employees that understand the cultural and institutional environments in which they operate. Corporate diplomats forge personal ties with Danish and Brazilian authorities in order to boost Maersk objectives in Brazil. Although corporate diplomacy cannot alone explain the strategy of the company in Brazil, it helps to understand how specific diplomatic tools are employed to foster strategic objectives.

The *second* paper, “Determinants of Business Diplomacy Relevance in Foreign Management Operations” by *Raquel Meneses and Rui Monteiro (University of Porto, Portugal)* presents an exploratory study involving eight international Portuguese firms from different sectors and different in sizes. The goal of the study is to assess in what condition business diplomacy,

perceived as a strategic management tool, can be more or less suitable in helping firms to overcome, minimize, and manage the intrinsic challenges of doing business abroad vis-à-vis local firms.

The findings reveal that, despite globalisation, firms still face many obstacles when operating in international markets, but also have shown that business diplomacy, depending on the firm specific context (dimension, sector, country of origin, host location and culture, form of internationalisation, etc.), can be relevant regarding the need of managing its foreign environment. Depending on the conditions, business diplomacy can be a make it or break factor for successful international business endeavours, the study concludes.

The *third* paper “From “forbidden Steps” to “Strictly Ball Room.” Corporate Business Diplomacy Development. “Practice” and “Research” need to tango” by *Mikael Sondergaard (Aarhus University, Denmark)* presents a conceptual paper that raises the question whether business diplomacy will ever become a recognized concept among business and management researchers? According to the author, the answer depends on the acceptance of interdisciplinary research as a career facilitator among such researchers. Moreover, whether “practice” and “theory” tango well. Reasons for such an answer are demonstrated in the paper.

The author refers to the AOM annual meeting in 1988 where the theme was the marriage of “theory” and “practice” and 10 years later in 1998 a showcase symposium was organized at the AOM annual meeting to introduce the concept of “corporate diplomacy.” Sondergaard observes that since then “practice” seems to have had the lead in developing the notion of business or corporate diplomacy. “Research” seems to have followed. The author recalls that in 1998 there were about four courageous participants in the room besides the invited presenter, discussants and chair. To talk about corporate diplomacy seems to have been like “forbidden steps.” Since then the concept has become more accepted, as is now strictly “strictlyBall Room”

The paper concludes that the further development of the concept of business diplomacy may depend on two controversial issues. First, will the nature of the tango relationship between “practice” and “research” follow the core of Argentine tango where the man leads and the woman follows? The man expects the woman to invite the man’s leading. The woman also teaches the man to lead. The tango metaphor is often used to stress interdependence between two parties at the neglect of the dynamic leader-follower relation in the dance. Second, will researchers from disciplines other areas than business and management be interested in publishing the business journals, as the conceptual development and empirical research are done by researchers that are not rooted in management.

The *fourth* paper “Ethical lobbying? Explaining the determinants of foreign firms’ political CSR activities in emerging economies” by *Vikrant Vikrant Shirodkar (University of Sussex, UK), Eshani Beddewela (University of Huddersfield, UK), and Ulf-Henning Richter (Nottingham University, China)* presents an empirical study on political corporate social responsibility (CSR), a concept that clearly seems to overlap with business diplomacy.

Ruël et al. (2013) show that CSR can be an ‘instrument’ for MNCs in their business diplomacy approach and practices. While Corporate Social Responsibility (CSR) typically represents the continuing commitment by organisations to behave ethically and to contribute to economic development, MNCs are known to adopt CSR activities that increase their scope of participating in governance activities and reducing governance gaps both internationally and within in the

host country in which they operate. Such activities are often referred to as Political CSR activities (PCSR), because although such activities are geared towards fulfilling social objectives, yet the underlying goal of these is to influence public policy and achieve global governance. The need to integrate CSR activities into the public policy arena is greater for MNCs operating within the context of emerging economies to not only reduce the potential detrimental impact of these stakeholders but also to participate in institutional development in a way that could enable them to gain access to the critical resources and markets controlled by these stakeholders. By using political CSR firms have been found to increase their legitimacy in emerging economies, and gain specific governmental subsidies and incentives that are vital for their operations, as already recognised in some existing research.

The authors present an empirical study, using insights from resource-dependency, institutional and social capital theories, that starts from the assumption that foreign firms' subsidiaries that depend on local resources critically, have greater managerial ties with related local businesses and government agencies, and those that are highly integrated with other foreign subsidiaries would be more likely to be involved in political CSR practices. The authors test their hypotheses using a sample of 105 foreign subsidiaries in India.

The findings enhance the overall understanding of the factors that affect foreign firms' adoption of political CSR in emerging economies.

The *fifth* paper "Business diplomacy in multinational firms: results from a mixed method study" by Huub J.M. Ruël (Windesheim University, NLD), Floris Betlem (University of Twente, NLD), Tim Wolters (University of Twente, NLD), Harry van der Kaap (University of Twente, NLD) presents an empirical study, using a mixed method design, on how MNCs enact business diplomacy and on the determinants of business diplomacy. A qualitative, exploratory study involving eight MNCs and a quantitative, survey based study have been conducted by the authors.

The findings of the qualitative, exploratory study shows that seven of the eight MNCs conduct business diplomacy intensively. None of them applies a clear and organization-wide business diplomacy policy. Instead, general guidelines exist in five MNCs. In all MNCs, the responsibility for business diplomacy are largely decentralized to the foreign subsidiaries. All MNCs deploy a wide range of business diplomacy means: direct stakeholder dialogues, events, forums, meetings, industry associations, social projects, and social partnerships.

The findings from the quantitative, survey based study support the assumptions that firm-level characteristics and the type of industry determine the business diplomacy approach and organization for some of the dimensions of business diplomacy. However, the study has found no evidence that differences in the institutional development of a host country are related to the business diplomacy approach or organization. This suggests that the institutional development of a country does not determine the advancedness of the business diplomacy approach or whether the business diplomacy decision-making process lies with the subsidiary or with the headquarters.