

BUSINESS DIPLOMACY BY
MULTINATIONAL
CORPORATIONS

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BUSINESS DIPLOMACY BY MULTINATIONAL CORPORATIONS

Towards a Model based on Catholic
Social Thought

BY

HUUB RUËL

Mathias Corvinus Collegium, Hungary



United Kingdom – North America – Japan – India
Malaysia – China

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INVESTOR IN PEOPLE

*Dedicated to my mother (*13 June 1930–†29 June 2010)*

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PREFACE

About 10 years ago, I gradually turned my research focus away from the field of human resource management and technology (e-HRM) to the cross-over between international business and international relations. It was especially the role and actions of multinational corporations (MNCs), bigger and smaller, well-established ones as well as newly emerging ones, in the international arena that triggered me. The relationship between these companies and governments, civil society, local communities and the contribution of MNCs to dealing with the grand challenges such as poverty reduction, sustaining and protecting natural and human resources, peace and stability, human rights protection, that perspective was what I wanted to understand better and to share in publications. I approached these issues first from the concept of commercial diplomacy, the network of international business and government actors to promote and serve national economic interests. This concept was not new to the international relations scholarly community, but it was new to the international business scholarly community. A little later, I started to learn about business and corporate diplomacy, concepts that were introduced to the business and management field by colleagues of mine, such as Raymond Saner, Lichia Yiu and Mikael Sondergaard, whom I got to know and started to collaborate with soon after. I always felt that the concept of business diplomacy was used in a very 'light' way, more as a 'sexy' concept, that it lacked substance. So that was where I entered the academic debate, to give more body to the concept of business diplomacy as an activity of MNCs. I am very thankful for the pleasant collaborations with scholars such as Jan Melissen, Shawn Riordan, Jennifer Kesteleyn, Donna Lee, Tim Wolters, Floris Betlem, Jolanda Knobel and so many others who have helped me in this endeavour. Then more recently, since 2016, I realized that I had stopped progressing in contributing to the business diplomacy scholarly debate. I felt a need to dig deeper if I wanted to be that engaged scholar, that researcher who aims to address issues in international business. The role and purpose of the MNC and the role of key players in MNCs needed to be more critically assessed, beyond the mainstream line of thought in the business and management literature that implicitly or explicitly assumes them to be 'good' and

adheres to the financial performance paradigm. I was searching for theories or lines of thought that could provide moral or normative frameworks.

And then I went into the direction of theology and religious studies and came across Catholic Social Thought (CST) as an intellectual line of thought and a source for morality. I dedicated myself into the study of CST and the scholarly debate on CST and the richness of it. I became so curious and enthusiastic about it that I chose to apply it to the concept of business diplomacy. This book is the result: in fact, a new conceptual work that I am so happy with that I dare to share it with my international academic colleagues. There is room for improvement, but more importantly, it has opened up new avenues for my future work and professional development. And that is what makes me very happy. This book would not have become what it is now without the very constructive and insightful feedback and inputs from Prof. dr. Kees de Groot of Tilburg School of Catholic Theology. Thank you so much for your help and support! And thank you for introducing me to CST.

Life is a learning trajectory, a never-ending road, and the more I study, the more I realize how little I know and will be able to know. I love that. When I told Tanya, my lovely wife and a great scholar herself, about my interest in CST and Catholic theology, she was at first a bit worried.

Theology in today's post-secular Dutch society can sound a bit 'weird' or irrelevant. But when she heard me sharing my discoveries, she gradually became more and more convinced. She saw that I enjoyed it and that I could bring some interesting ideas to her field of academic expertise, human resource management and technology. And our daughters Yulia and Elena, both great professionals and academics, also heard me speaking about my academic line of development so enthusiastically that they became convinced. Tanya, Yulia, Elena, Sebastian, Stefan and Paul, thank you for support and listening to my sometimes vague orations about political theology and other subjects.

The field of theology and religious studies is far from irrelevant, it is 'spot on' so to speak. It can educate students, academics, professionals and business leaders into how Christianity and religion in general interact with society and encourages them to reflect on this interaction and to contribute to the debate. Even in so-called post-secular Western societies, this understanding can contribute significantly to furthering debates on highly topical issues such as global migration, cultural and religious plurality, economic inequality, international solidarity, ecology and economy, secularization and religious extremism, dignified work and labour conditions, and human rights. For me, this book is just a beginning of a new journey.

Huub Ruël
June 2021

SUMMARY

MNCs are operating in an increasingly demanding international business arena. This forces them to maintain a ‘licence to operate’ and legitimacy. The COVID-19 pandemic and its aftermath have increased the pressure due to its global societal and economic impact. Over the past two decades, increasing attention has been paid to the concept of business diplomacy, an activity that can be defined in simple terms as businesses starting to do ‘diplomat-like things’. This is becoming more important for international businesses as they deal with an increasingly demanding and dynamic international business arena. However, despite the growing literature on this phenomenon, there is no sound theory-based business diplomacy model that can help to understand MNCs’ relationship-building activities in the global society and provide a normative guide for MNCs on how to conduct business diplomacy successfully.

In order to sustain the arguments that business or corporate diplomacy is an emerging phenomenon and that it is essential for MNCs to be able to deploy it in today’s demanding international arena, I believe that a sound theory-based model is needed. There is only ‘space’ for a concept of business or corporate diplomacy if it is clearly distinguished from existing concepts such as lobbying, corporate political activity and MNC–government relationship, which are implicitly or explicitly about defending the self-interest of the corporation.

In this book, I turn to CST, an intellectual tradition extending back 2000 years that promotes the key principles of human dignity, the common good, solidarity and subsidiarity.

According to CST, the purpose of business is to serve the common good, an attitude that clearly diverges from the dominant shareholder view of business. Outside of the disciplines of religious studies and theology, CST has been used by business ethics scholars. In this book, I start from the assumption that CST can provide a basis for a business diplomacy model. Such a model can contribute to the literature in the sense that it will clearly position and demarcate business diplomacy as a concept. And it can provide a clear, distinctive instrument for MNCs to reflect on their purpose and role in the

global society while at the same time guiding and directing their relationship-building actions with other actors in the global society. The COVID-19 crisis and its aftermath may have a silver lining for MNCs to re-purpose and as a result change the way they operate in the global society.