Multinational Corporations as Diplomatic Actors:

Conceptualizing International Communication Tools

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In this era of globalization, corporations have to use the communication tools most effectively, while conducting their businesses in order to reach their target audience. This chapter presents a conceptual framework that shows the role of international communication in ensuring the success of multinational corporations (MNCs). The arguments are presented in four sections. First, background information about MNCs is given. Second, three prominent communication tools are outlined. Third section introduces the framework that combines these different tools. It is suggested that there are three important communication tools for the business practices of MNCs. These are defined and exampled as lobbying, commercial diplomacy and nation brand respectively. The chapter is concluded by presenting its academic and practical contributions. In all of the sections, the fact that MNCs are becoming both objects and actors in diplomatic processes in the contemporary global economy is stressed.

Keywords: Commercial Diplomacy, International Communication, Lobbying, Multinational Corporations (MNCs), Nation Brands

INTRODUCTION

According to latest data provided by the United Nations Conference on Trade and Development (UNCTAD), there are over 63,000 corporations that operate in more than one country (UNCTAD, 2005). These corporations have around 700,000 branches and other outlets all around the world (UNCTAD, 2005). Being responsible for almost 25% of overall goods and services generated and employing more than 86 million people (UNCTAD, 2003), these multinational corporations (MNCs) have established themselves as irreplaceable actors for international businesses. Yet, it should be noted that their activities cannot and should not be contained solely within the financial and economic realms. This research highlights another essential albeit non-financial aspect of their operations: *communication.* MNCs cannot continue their existence and fulfill their primary role of engaging in commercial activities without communicating with target audiences. This chapter presents a framework to explain how MNCs communicate with their target audiences while conducting business in contemporary global economy.

Corporations, local and multinationals alike, reach out to audiences – such as decision-makers and politicians to establish their businesses and general public to encourage the consumption of their goods and services – through a variety of tools. From a sales and marketing oriented perspective, it might be assumed that the modus operandi are comparable for local corporations and MNCs. However, as it will be argued throughout the chapter, the multinational identity presents unique communication challenges and opportunities. Similar to a local company, MNCs are required to initially communicate with bureaucratic authorities to start their operations and subsequently with the consumers to increase their sales. Yet their communication activities do not exist in a vacuum. In other words, MNCs do not *start with a clean slate* in a new market and they are not only actors communicating on their behalves. The reputations of their home countries, as well as the official diplomatic support they receive, accompany their own communication initiatives.

Through such communication practices, MNCs are becoming both actors and objects in diplomatic processes. That is to say, on one hand, MNCs engage in diplomatic actions as actors. For instance, when they *lobby* local authorities for business purposes, MNCs attempt to manage international relations through negotiations (Nicolson, 1955). On the other hand, traditional diplomatic corps also conduct activities to promote businesses (Kostecki & Naray, 2007). Thus, in these *commercial diplomacy* processes, MNCs are the objects of diplomatic actions. Last but not least, the reputation of the home country both influences and is influenced by the actions of MNCs. A *nation's brand* has an impact on how foreign target audiences perceive a given business from that said country and the business practices of the company is expected to contribute to how a nation is seen – making MNCs both actors and objects in the branding processes. The objective of this chapter is to provide a conceptual framework that (i) explains when and how a specific tool – *lobbying, commercial diplomacy,* and *nation* *branding* – should be used, and (ii) demonstrates the inherent connections between the tools.

The rest of this chapter is divided into four sections. The first section provides background information on MNCs and their overall business practices. The second section starts with a categorization of communication processes into two groups: marketing and "non-marketing". Subsequently, three specific non-marketing tools are introduced: *lobbying, commercial diplomacy,* and *nation brands*. The third section outlines the conceptual framework that brings together the aforementioned tools and portrays a more inclusive picture of international communication processes that affect MNCs. The chapter concludes with recommendations for future research.

BACKGROUND: MNCS AND INTERNATIONAL BUSINESS

During the last couple of decades, MNCs became the cornerstone of both local economies and the global economy. Practically, two thirds of all exports of goods and services are connected to MNCs (Dunning, 2002). With 52 of the 100 biggest economies of the world – including countries – being multinational corporations (UNCTAD, 2005), it is seen that the business operations of these private entities have the potential to influence the overall structure of various economies.

As the name suggests, MNC is a concept used in reference to companies that possess manufacturing or sales operations and engage in the transfer of goods and services in more than one country (Root, 1990). Essentially, these corporations have a 'home' country where they establish their global headquarters but their operations also exist in other 'host' countries. Defined as the "intensification of worldwide social relations" (Giddens, 1990, p. 64), globalization argues for an increased circulation of people, goods, and services. As the dynamics of globalization demonstrates, MNCs are becoming more and more important within the economic sphere. A corporation operating within the borders of multiple countries at the same time is no longer an anomaly. It is even expected from high performing corporations to enter into new markets as part of their enlargement strategies.

The existence of a home country is crucial in the case of international communication tools. As it will be argued, the presence of 'home' and 'host' countries creates almost-unique communication roles. For instance, home countries can actively support MNCs and even take over certain aspects of the communication processes. A host country, on the other hand, stands out as the decision-maker and the subject to be convinced for the existence of MNC operations.

The existing literature on MNCs is well-developed, however it has certain gaps. MNCs strategic choices, supplier operations, trade choices, and other aspects of their business operations are widely discussed (Hong & Snell, 2013; McGrew, 2005; Michailova & Minbaeva, 2012; Smith & White, 1992; Thite, Wilkinson, & Shah, 2012). In this research, the focus is rather on a relatively understudied aspect of MNCs, their role as part of overall international relations and communication processes. MNCs are accepted as legitimate actors in global politics within certain theoretical paradigms in international relations (For a detailed discussion, cf. Keohane & Nye, 1972; Nye & Keohane, 1971). Moving forward, this chapter proposes a framework that demonstrates how MNCs communicate with necessary actors to establish and continue their existence.

MNCs are expected engage in diplomatic processes – or in plain terms communication with foreign actors (Ordeix-Rigo & Duarte, 2009). This argument contradicts with the traditional understanding of international relations that sees states as the only legitimate actors in diplomatic processes. Yet, as the liberalism school of thought posits, inter-state relations "do not take place in a vacuum" (Nye & Keohane, 1971, p. 329). Liberalism categorizes global interactions under four headings: communication (movement of information), transportation (movement of physical objects, including military equipment), finance (movement of money), and travel (movement of people) (Nye & Keohane, 1971, p. 332). Non-state actors, within the scope of this research MNCs, play a significant role in the aforementioned transactions by interacting with governments or with other non-governmental actors, such as other corporations, unions, and consumers. Such interactions at an international level indeed require the build-up of communication competencies and employment of communication tools (Saner, Yiu, & Søndergaard, 2000). The next section further details the main communication processes and outlines the tools that are available for international communication processes.

COMMUNICATION TOOLS

This section is devoted to the international communication tools used by MNCs in their business practices. Partially due to the advancement of information and communication technologies and to the globalized nature of commerce and trade, there has been an unprecedented interest in international communication both in academic and business worlds. The tools discussed in this section are labeled as international communication tools as they all enable actors to engage in cross-border communications (Thussu, 2006). In other words, these tools facilitate the existence of multinational organizations (McGrew, 2005).

The discussion is presented in four sections. First, communication activities are divided into two ideal type categories (Burger, 1987): marketing and non-marketing. This ideal type categorization enables the research to accentuate the unique challenges and opportunities faced by international businesses and not by local corporations. The rest of the section devotes a specific part to all three communication tools under investigation: *lobbying*, *commercial diplomacy,* and *nation brands.*

Marketing and "non-" Marketing

For the purposes of this research, it is argued that MNCs engage in different communication styles: marketing and non-marketing. The former includes message creation and dissemination processes that have the inherent primary objective of increasing sales. The latter refers to the processes that are used to establish the presence of MNCs in a new country.

Marketing communications is an umbrella term used to refer to the activities of corporations to persuade individuals to consume their goods and services (Yeshin & Chartered Institute of Marketing, 1998). For decades, marketing communication was seen almost as synonymous with advertising (Aaker, 2000). Communication professionals used to deliver advertising services, thus crafted messages to encourage audiences to take certain actions (Fox, 1997). With the changing commercial landscape and decreasing credibility of advertising messages (Duncan & Caywood, 1996), there has been a move towards integrated marketing communication (IMC) strategies. The term was first defined the American Association of Advertising Agencies and developed by Don Schultz (1993, p. 17) as the following:

> *"A concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines (e.g. general advertising, direct response, sales promotion, and public relations) and combines these disciplines to provide clarity, consistency, and maximum communication impact".*

IMC understanding defines different communication tools that can be used for marketing purposes and argues for the necessity of strategic planning and coordinated use of different tools to deliver messages to the clients. Subsequent definitions predominantly protected the arguments over strategic planning and expanded by including relationship-building aspects of businesses. For instance, Moriarty (1994, p. 42) definition includes "nurturing relationships and involving and motivating people". IMC understanding, currently, is widespread and is widely adopted by corporations all over the world (Kitchen, Brignell, Li, & Jones, 2004).

MNCs were no exceptions to this change in marketing communication understanding (Schultz & Schultz, 2004). Not unlike local and national companies, MNCs also have started to strategically plan their communication activities (Duncan & Caywood, 1996). Thus, for the purposes of this research, it is argued that the marketing activities – let it be advertising, public relations, or sales – do not carry distinct characteristics that require a novel outlook.

This argument should not be seen as equating all functions of MNCs with those of local and national corporations. Such an argument would be nonsensical as marketing communication of each and every company – including local companies working in the same market – is expected to include original elements. Given their sizes as well as their multinational and multicultural nature, MNCs indeed implement different strategies in a variety of functions such as human resources management (Thite et al., 2012), organizational communication, (Michailova & Minbaeva, 2012) and performance management (Katsikeas, Samiee, & Theodosiou, 2006). The argument presented here is more structural, and posits that the multinational characteristics of MNCs do not require a novel theoretical outlook on their marketing communications but encourage changes in terms of strategies and implementations of more strategies.

Additionally, IMC does not necessarily include an international aspect. Given the fact that MNCs tend to rely on local hires and contractors to perform such functions (Faulconbridge, 2013; Hong & Snell, 2013; Schultz & Schultz, 2004), there is not necessarily a cross-border communication process. This research sees MNCs as new actors in the international arena (Keohane & Nye, 1972) with the capacity to be a part of global politics as actors or objects in diplomatic processes. The research intentionally excludes marketing communications and focuses solely on non-marketing due to two reasons: (i) similarity of marketing communications done by MNCs and other types of corporations, and (ii) lack of apparent international component in marketing communications.

The multinational aspect of MNCs presents a unique challenge and requires a novel outlook in terms of international communication. Marketing activities show similarities with local companies and do not necessarily include cross-border activities. Non-marketing communication is thus introduced as an ideal type concept to cover all communication activities carried out by MNCs that require a unique and cross-border outreach. The next sections present three such communication tools highlighting the unique case of MNCs: lobbying, commercial diplomacy, and nation brands. This does not necessarily mean MNCs do not need to employ other communication tools to achieve business success. On the contrary, it is vital for MNCs to have a sustainable IMC approach and even to employ further communication tools such as negotiation and mediation. The three tools highlight the role of MNCs as both objects and actors in diplomatic processes and are used to explain how the dynamics among host countries, home countries, and MNCs might influence the possibility of running successful businesses.

Lobbying

Lobbying refers to any act carried out to influence decisions made by politicians and other bureaucrats in policy-making circles (Baumgartner, 2009). A now-debunked urban legend traces the roots of lobbying back to Washington, D.C. and to 19th century. U.S. President Ulysses S. Grant was known to visit the Willard Hotel during his time in the office which caused individuals seeking direct access to the president to wait in the lobby of the hotel (Baran, 2006). Yet, the term ‘lobbyist’ appeared in print around thirty years before President Grant took office (Sheidlower, 2006). Lobby is believed to refer to the lobbies in the House of Commons within the British parliamentary system (Sheidlower, 2006). These two stories, despite having occurred on the opposite sides of the Atlantic, share one common characteristic. Lobbying is about seeking direct access with decision-makers (Baumgartner, 2009).

Popular media accounts of lobbying tend to focus on the ‘dark’ side of the issue, arguing for the material advantages of certain interests groups such as bribing high level officials (“Investigating Abramoff -- Special Report,” 2005) and lavish gifts to politicians ("History of political lobbying scandals," 2013). Yet, it should be noted these unethical instances are extreme examples of wrongdoings. Lobbying is a profession with a strong code of ethics (Zetter, 2011) and is known to encourage higher levels of political participation by various groups (Thomson, 2007). Moreover, studies have shown that there is no relation between the amount of money spent in a given lobbying campaign and the success rate – or the ability to achieve a more favorable decision by an interest group (Leech, Baumgartner, Berry, Hojnacki, & Kimball, 2007). As an umbrella concept, it describes the communication acts geared towards changing the minds of decision-makers (Zetter, 2011, p. 3).

There are two main ways of reaching the desired outcomes. First, in direct lobbying, a lobbying campaign might go after decision-makers directly and persuade individuals (Thomson, 2007; Zetter, 2011). In these direct lobbying instances, access to individuals and the ability to convince them become the keys to success. Second, in indirect lobbying, communication campaigns attempt to influence the public opinion in general to change the decisions (Thomson, 2007; Zetter, 2011). Indirect lobbying assumes that a supportive public opinion will increase the chances of a favorable decision made by politicians.

There are over 500 registered lobbyists working in the United States for foreign countries (Manheim, 2010). For instance, Kosovo relied heavily on direct lobbying during the early days of its independence to influence the recognition decisions of other countries (Wählisch & Xharra, 2011). Sweden, on the other hand, is known to have engaged in indirect lobbying in Switzerland by organizing a campaign to influence the outcome of a referendum on whether to purchase Swedish Gripen aircrafts (Pamment, 2014).

Through informative and persuasive communication campaigns, actors in political systems – including individuals, interest groups, and private organizations – have the possibility to reach out to the decision-makers and sway their opinions. MNCs, by nature, are expected to navigate through the local political systems of several countries, thus, are in need of developing proper lobbying strategies. MNCs can lobby executive, legislative, judiciary, and regulative institutions to encourage policy initiatives that are beneficial to their own corporate objectives. More often than not, politicians themselves might seek the assistance of MNCs and other actors in policy formulation (Thomson, 2007, pp. 7–8).

Especially in the initial stages of entry to a new market, MNCs are expected to carry out a research on the legislations they are expected to abide by. In the cases where MNCs need to secure certain permissions and/or concessions from the host countries, an active lobbying process is needed. If the host country is not necessarily open to foreign direct investments (FDI), lobbying becomes more crucial. For instance, Indian regulations have been one of the most consistent, visible and hard-line opponents of the entry of foreign firms (Syed, 2012). Wal-Mart is a multinational corporation that entered to Indian market as a result of successful lobbying activities. They opened their very first store in 2009 thanks to direct effect of lobbying activities started in 2008 (Syed, 2012). Wal-Mart made great investments for lobbying activities not only to enter to market but also to increase their market share and gain strength in the market. In 2012, Wal-Mart "revealed that it spent $25 million since 2008 on lobbying to 'enhance market access for investment in India'" (Ramanna & Muthuram, 2013). Wal-Mart currently operates 20 wholesale stores in 8 states across India (Ramanna & Muthuram, 2013). The past and present of Wal-Mart in India points out the significance of lobbying activities MNCs conduct within the host countries.

As portrayed in tis particular case, communicating with local politicians is crucial for MNCs planning to enter a new market. Lobbying stands out as the most effective way of doing it, because it is a fact that lobbying enables MNCs to become a part of the political life in host countries. However, it should be noted that lobbying also has negative connotations (Baumgartner, 2009). In other words, MNCs might be seen as meddling in a country's domestic affairs and might alienate the consumers. As argued above, media coverage of lobbying projects have the potential to highlight the negative aspects.

The effort of U.S. telecommunications giant Verizon to enter Canadian market is an example of lobbying effort gone wrong for an MNC. Verizon started to meet with politicians in Canada, including personnel in the Prime Minister's Office, about changes to telecom policy (Evans, 2013). Observing the activities of Verizon, local Canadian communication companies – Rogers, Telus, and Bell – started their own lobbying campaigns (The Canadian Press, 2013). These companies argued that they have incurred a lost of $15 billion on the stock market since Verizon declared its intention to enter the Canadian market (The Canadian Press, 2013). Active direct and indirect lobbying activities, managed by local telecommunication leaders of Canada, achieved a success. Nationwide TV campaigns and various advertisements were also included among the activities of these three huge competitors (The Canadian Press, 2013). Eventually, Verizon declared that it was no longer considering the Canadian market. Lobbying activities that Verizon started with a great pace in 2013 resulted in a failure as a result of counter-lobbying activities by local competitors. Local telecommunication companies saw Verizon's lobbying as a potential threat to their success and demonstrated Verizon as an entity meddling in local politics for its own financial interests.

For MNCs, lobbying is a double-edged sword. As an international communication tool, it both provides the opportunity to establish themselves as legitimate actors in political and economic life in different countries. Wal-Mart's engagement with Indian decision-makers helped ease the foreign investment regulations and enabled Wal-Mart to start its operations in the country. If Wal-Mart had not acted as a diplomatic actor with its lobbying attempts, the retail store giant would not have entered the Indian market and would not even have had a chance of business success. Yet, there is always the inherent danger of generating negative press coverage which might hinder the possibility of doing business and cause a drop in the reputation of the both corporation and the host country. As explicitly seen in the case of Verizon in Canada, a failed lobbying campaign made it impossible to enter a market.

Commercial Diplomacy

Historically, diplomacy has been seen as "the art of negotiating agreements between [s]overeign [s]tates" (Nicolson, 1955, p. 7). Thus, diplomacy is a peaceful alternative to resolve inter-state conflicts. Contemporary global affairs present still a continuation of this particular understanding. Commercial diplomacy is, therefore, another platform in which states can engage in cross-border negotiations.

MNCs establish their global headquarters in a certain country (Jensen, 2008). The home country government tends to provide support to MNCs for political and economic reasons (Jensen, 2008). From a political stance, governments need to ensure the business activities are in line with their foreign policy goals and do not endanger national security. For instance, American companies – including MNCs – have strict regulations they need to follow in their interactions with Cuba, Iran, and Syria (U.S. Department of the Treasury, 2015). From an economic stance, successful MNCs mean additional revenues for a government and might also create more job opportunities for the local population. Therefore, governments promote their private sector abroad in order to create more business and investment opportunities. The second of the three international communication tools discussed in this chapter, commercial diplomacy, covers this particular type of government support to MNCs.

Commercial diplomacy is defined as the "government service to the business community… which aims at the development of socially beneficial international business ventures" (Naray, 2011, pp. 122–124). It includes the promotion of trade and investment, and entails "the work of diplomatic missions in support of the home country's business and finance sectors" (Ozdem, 2009, p. 8). There are over 20,000 members of traditional diplomatic corps that are working towards advancing the interests of MNCs from their home countries (Naray, 2008). Even though the label of 'commercial diplomacy' is relatively new, the idea has been in existence for a long time. It is known that governments and ministries of foreign affairs have been aware of the rising importance of global commercial activities as part of their responsibilities (Hocking et al., 2012).

Commercial diplomacy activities aim both to attract MNCs and investment to home country as well as to export goods and services. Through international communication, it is possible to support programs of investment attraction and trade promotion. The intended outputs of such activities include economic stability, home country welfare and national competitive advantage (Reuvers & Ruël, 2012). Increased trade and business volumes are likely to support a stable and functioning market economy. Increased revenues might influence the social welfare of the country. Lastly, the support of home country government might facilitate the business operations of MNCs from that said country and thus create a competitive advantage.

The studies in the field of commercial diplomacy argue for three distinct approaches and functions: business promoter, civil servant, and generalist (Kostecki & Naray, 2007; Naray, 2011). Business promoters attempt to provide consultancy-like services to corporations that want to engage in commercial activities in their regions (Kostecki & Naray, 2007, p. 21). Their main objective is to share their knowledge of the markets in host countries with national organizations. The state of Victoria in Australia has more than a dozen business offices across the world (Invest Victoria, 2015b). One of the tasks of these offices is to prove “support for development of market entry business cases by providing information on market potential, existing companies, research and development capabilities, labo[.]r market skills and costs” (Invest Victoria, 2015a). The offices engage with local markets and increase their knowledge of rules and regulations. Thus, they are equipped with the necessary skills, information, and contacts to facilitate the entry of Victorian MNCs to the markets in their assigned regions.

Civil servants follow the bureaucratic regulations and implement the directives of their governments (Kostecki & Naray, 2007). They are not necessarily interested in promoting MNCs but rather act as agents of formal regulations. The Ministry of Economy and Commerce in Qatar has a department designated to follow the commercial registration and licenses. The department functions to “implement regulations and laws governing commercial affairs” of foreign companies in Qatar and support Qatari companies abroad in their compliance with local regulations (Ministry of Economy and Commerce, 2011). The U.S. Small Business Administration (2015) provides lectures and advisory services on local rules and regulations for American companies. Both offices do not have the direct function of promotion. Rather, their support to MNCs comes through their legal and bureaucratic expertise.

The last style, generalist, point to diplomats taking *ad hoc* commercial responsibilities (Kostecki & Naray, 2007). The focus of a generalist is to maintain traditional diplomatic ties between state actors. There is no specific business office or a commerce attaché causing a diplomat to undertake relevant roles when there is a need. Depending on the circumstances, the generalist might be tasked with both promotion and regulation duties.

In their study of the practice Ruël and Visser (2012) propose a framework composed of corporate entrepreneurial behavior and institutional theories. The researchers argue that, in addition to the aforementioned three categories, commercial diplomacy might have a proactive or reactive approach (Ruël & Visser, 2012). Depending on the professional background of commercial diplomats and cultural differences between home and host cultures, commercial diplomacy might proactively create opportunities for MNCs or expect the businesses to take the initial initiative.

Greece comes forward as a country taking advantage of commercial diplomacy. Greece has been facing serious image and reputation deterioration due to its economic and socio-political challenges (Bisa, 2013). Recessions in many sectors, particularly tourism, forced government to apply action plans (Bisa, 2013). Initially, tourism industry was under focus through campaigns such as “Leave Your Myth in Greece”, “You in Greece” and “Give a chance Greek” (Bisa, 2013). At that time, Culture and Tourism Minister Pavlos Geroulanos announced that the campaign would focus on new tourism markets, especially Asian countries (Bisa, 2013). In mid-May 2013, then Prime Minister Antonis Samaras met with several Chinese officials to attract more investments from

Chinese businesses and to enhance bilateral relations overall (Bisa, 2013). The ministers of foreign affairs, tourism, development, and the merchant marine as well as a group of 60 Greek businesspeople accompanied Samaras (Bisa, 2013). During his four-day visit, Samaras invited Chinese companies over to a business forum in Beijing to invest in Greece and participate in the grand privatization plan that has been put forward by the government (Bisa, 2013).

Official efforts to improve the commercial diplomacy between these two countries paid off and several agreements were signed between Greece and China to take the commercial relations to another level. Parties promised to sign 19 separate commercial agreements, worth an estimated $7 billion across various sector (Hellasforce, 2014). Greece used this relationship as an opportunity to interact with China and Chinese companies were seen as great investors.

In short, commercial diplomacy facilitates business connections, provides business advisory services, and represents the needs of businesses in host countries (Naray, 2011). Within the diplomatic arena, MNCs can take different roles. In the case of lobbying, Verizon and Wal-Mart were active actors. Yet, in the case of commercial diplomacy, Greece negotiated on behalf of Greek businesses, making MNCs the objects of diplomatic action. The dual role of MNCs can also be seen as a continuation of a multi-track diplomacy (Graham and Kelley, 2009). Track I diplomacy refers to the diplomatic processes in which nation-states are the main actors. Thus, commercial diplomacy can be seen as a track I diplomacy attempt. Track II diplomacy refers to the activities that include non-governmental actors. Lobbying activities by MNCs can be categorized as track II diplomacy. The combination of lobbying and commercial diplomacy demonstrates the fact that MNCs are part of multi-track diplomacy understanding. A successful commercial diplomacy project promotes the MNCs and leads them towards business opportunities. This international communication situates MNCs as the objects of communication and home country as the main initiator.

Nation Brands

The last concept, nation brand, refers to the perception of countries. In contemporary global markets, nations compete with each for limited resources – be it the commercial products that need to be exported or the investors that need to be attracted (Anholt, 2013). Given the fact that most people and organizations do not have the time to examine the characteristics and realities of each and every country in the world, nations are evaluated through their brand images, rather than an exhaustive understanding of national identities (Anholt, 2007, 2010). The perception of nations by audiences, or a nation's *brand*, are of importance to countries as they have the potential to create social, political, and – especially important in the case of MNCs – economic impacts. The image of a country is frequently referred as a major variable for success by commercial diplomats (Kostecki & Naray, 2007). Furthermore, it is possible to manipulate these associations to establish a more favorable brand image by communicative processes that include both rhetorical tools – such as marketing and advertising – and substantive changes – such as new policies and development projects (Anholt, 2007; Kavaratzis, 2004). Thus, a nation's brand is both influential and manageable.

Scholars have identified that the manufacturing country has an impact on the perception of products in as early as 1960s. Robert Schooler (1965) established that a *country of origin* (COO) effect exists and target audiences evaluate the product and its origin together. Currently, it is well established that COO is a highly contextual effect that influences the decisions of consumers (Andehn, 2013). While a German car might be more attractive than an American car, a German education service might not to be able to outperform its American counterpart. COO also depends on the receiving audiences. For instance, even though a Turkish soap opera attracts the attention of the audiences in the Middle East, the Turkish label cannot necessarily create the same effect in Latin America.

Michael Porter (1990a) is one of the first scholars to identify that nations have different structural and market characteristics that establish the main components of their competitive advantages. Porter (1990b) argues that having a strong domestic competition, aggressive supplier, and demanding local customers increases the competitiveness of companies in global markets. Therefore, MNCs also benefit from the business practices of their home countries.

Simon Anholt (1998), an advertising professional turned policy advisor, proposed the concept of nation brands in 1998. This concept argues that governments can and should discover how their countries are seen by the rest of the world as these perceptions have political, social, and economic impacts (Anholt, 2010). The distinct intangible and tangible characteristics of a nation constitute the core of a nation brand (Anholt, 2007). It is possible to manipulate these brands through actions and communication.

Mihalis Kavaratzis (2004, 2005) categorizes all branding communication channels under three categories. Primary method of communication is carried out by implementing policies (Kavaratzis, 2004). A nation's brand cannot be entirely changed through words but rather actions are required (Anholt, 2007). For this method of communication, it should be noted that MNCs have the potential to actively influence nation brands (Lopez, Gotsi, & Andriopoulos, 2011). Sweden uses its prominent MNCs, such as IKEA, Skype, and Spotify, in its official branding campaigns (sweden.se, 2014). The creative and innovative business practices of these MNCs are expected to change the way the country is seen by foreign audiences. Secondary communication is the formal, e.g. advertising, marketing, and other types of communication geared towards changing the perceptions (Kavaratzis, 2004). Places can disseminate their messages through various media platforms with the intention of raising their profiles. A strong branding message increases the impact of COO for MNCs. Tertiary communication is the "word of mouth" (Kavaratzis, 2004). It is carried out by consumers, competitors, and other stakeholders that articulate their views about a given place. Even though governments might attempt to control the first two, tertiary communication is beyond their direct reach. However, MNCs – as well as the country as a whole – is still affected by this information exchange. Moreover, the business practices of MNCs can generate a buzz – such as customer reviews and referrals –, influencing the nation brand.

As the products and services MNCs offer maintain the positive perception on foreign consumers, the nation brand of the home country also benefits in the long term in addition to the corporate reputation. Turkish Airlines (THY), which was first established as a national airline, is an important MNC contributing to the Turkish national brand. THY attempts to increase the exposure of 'Turkish' name through its advertisements and marketing policies. Along with the sponsorships to prominent sports clubs such as Barcelona and Manchester United, THY has signed a sponsorship agreement with Maroussi basketball team from Greece (THY, 2013) – a country that has unstable relations with Turkey. Additionally, THY made use of celebrities such as Lionel Messi and Kobe Bryant in its advertisements and created videos that managed to go viral (Laird, 2013) and promoted the Turkish national brand in addition to its corporate brand.

It is an undeniable fact that nation brand can also influence MNCs. COO effect explains the power of the nation brand to strengthen or weaken the brand of the product. For instance, BMW and Mercedes as German automobiles have a viable advantage because of the famous German engineering (Rezvani et al., 2012). Japanese electronic companies also benefit from a comparable COO effect. The positive reputation of Japan in the world, has a significant effect on the perceptions of Japanese MNCs such as Toyota, Honda and Sony. Japan is perceived as an "expert" country in technology and consumer electronics (FutureBrand, 2015).

The point illustrated in these cases is the interdependent relation between MNCs and nation brands. While prominent MNCs increase the perception of their country brand values, they also benefit from COO effect. In other words, successful MNCs increase their nations "made in" value – such as Turkish Airlines and Spotify –, while countries, whose "made in" values are increased by commercial activities and FDIs increase countries MNCs' brand values – such as Mercedes and Sony. The brand of a nation has the potential to create social, economic, and political outputs (Sevin, 2014). MNCs might benefit (or hinder) from the perception of a given country by the consumers. Similarly, their business performance might improve (or deteriorate) the said perception.

TOWARDS AN INTEGRATED FRAMEWORK

This chapter presented three prominent international communication tools available in the business practices of MNCs. Even though these tools are introduced separately, the research objective is to combine them together and highlight their complexity and interdependency. Lobbying, commercial diplomacy, and nation brands influence and are influenced by each other.

Communication is not an end goal for businesses. MNCs, by their corporate nature, are geared towards increasing their profits. Their sustainability depends predominantly on their business strategies and acumen. International communication tools, within this perspective, should be seen as one of the many variables that contribute to the eventual business success. Therefore, a perfect communication strategy, by itself, is unlikely to create a business success if other components – such as competition strategy or product quality – do not match up with the expectations of the customers.

In international communication tools, there are two major actors that serve as message senders: home country government and MNCs. These tools target both the host governments and foreign publics as message receivers. In lobbying, MNCs are the main actors that engage with the receivers. In the case of commercial diplomacy and nation brands, MNCs become more the objects of communication. Regardless of this differentiation, all these tools influence MNCs, An effective use of these tools will contribute to the business success whereas ineffective uses cause hindrance. Moreover, MNCs and their success increase the positive perception of a nation and becomes a resource for future communication projects. Figure 1 presents the summary of these tools and the interaction between them.

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Figure 1 Integrated Framework for International Communication Tools

In lobbying, MNCs actively engage with the host government (direct lobbying) and foreign public (indirect lobbying). If the former process is successful, MNCs encourage decisions that are beneficial to their business objectives. If the latter is successful, the support of the foreign public can pressure the government to make similarly beneficial decisions. However, in the cases where lobbying is not successful, there is the possibility of being seen as outside powers meddling in domestic politics. This perception will hinder business success and will decrease the legitimacy of future lobbying attempts, make it more difficult to conduct commercial diplomacy, and generate a negative brand perception.

In commercial diplomacy, home country diplomatic corps promote MNCs and facilitate their business interactions. In successful cases, commercial diplomacy contributes to the business success. A successful MNC, in return, becomes a resource for future communication attempts. An unsuccessful attempt will create the exact opposite; decrease the chances of successful business conduct and future communication.

Nation brands and branding campaigns generate COO effect. A positive brand perception facilitates the interaction with both the host government and foreign public, thus contributing to the business success. Similarly, a negative brand perception complicates the interaction with the audiences.

The experience of a Chinese MNC, Huawei, in Africa can be used to further illustrate the model. African countries have traditionally been skeptical towards FDIs since the decolonization period (Rawat and Alam Iqbal, 2013).

Through its development aid and partnerships projects that started in the early 1990s, China attempted to create a positive public opinion in the continent (Brautigam, 2009). The Chinese national brand can be considered as positive in most African countries due to the symbolic actions and interactions, and has the potential to contribute to the success of Huawei. The Chinese state supported its businesses through traditional diplomatic processes. For instance, in November 2006, China-Africa forum was held in Beijing, bringing African leaders to China to discuss a strategic action plan for future partnerships (Campbell, 2008). One of the items in this plan ensured the establishment of a fund of $5 billion to encourage Chinese investment in Africa, and another item led to a partnership between Chinese companies and the Angolan government to rebuild the country's infrastructure (Campbell, 2008). Huawei was one of the companies that benefited from the Angolan contracts (*IT News Africa*, 2013). The state-level interactions contributed to the financial achievements of Huawei. Last, Huawei also acted as diplomatic actor. The company has hired a team of lobbyists to ensure proper market entry conditions exist (The Economist, 2012). In summary, the existence of a positive Chinese *nation brand* removed the traditional African skepticism towards FDI and created a more favorable business environment. Chinese government actively promoted its businesses – through the establishment of investment funds and procurement of contracts. Huawei, itself, also negotiated with governments to properly establish its operations.

Succinctly stated, international communication is necessary – albeit not sufficient by itself – to ensure business success in MNCs. Acting within the international relations realm, they should be aware of the facts that they are not the only communication actor and all communication processes are interdependent. Through their active lobbying efforts, support of home government in the form of commercial diplomacy, and a positive brand perception, their chances of commercial success is higher. Their business achievements, in return, increase the efficacy of future communication attempts.

FUTURE RESEARCH AND CONCLUSION

This chapter started with an introduction of MNCs and their business understanding. Underlining the fact that MNCs are international actors, it was argued that international communication was vital for their success. Three major communication tools were delineated and their specific processes and outcomes were discussed. A conceptual framework was proposed to provide a more inclusive picture of the communication processes that influence MNCs.

It should be noted that this framework is not without its limitations. The framework attempts to bring together theoretical understandings from three relevant yet distinct fields of studies. In order to combine these outlooks, there was a need to employ a higher level of abstraction (Sartori, 1970), which ignored the nuances and debates within these fields. Furthermore, the framework is supported solely by typical cases (Gerring, 2009), and therefore requires rigorous testing.

The proposed conceptual framework has both practical and academic contributions. From a practical perspective, the framework outlines how different communication tools should be used and identifies their expected results. It also warns the practitioners against the impact of other communication tools by showing the interdependencies and the adverse effects of communication failures. From a theoretical perspective, the framework advances our understanding of MNCs as active diplomatic actors in international affairs. Additionally, it shows how different communication processes are linked and affect the outcomes of each other.

Future research should focus on two areas identified by this framework. First, additional cases need to be incorporated to assess its explanatory capacities. If and/or when the framework fails to explain the communication processes, it should be updated. Second, the success criteria should be identified. Currently, the framework solely demonstrates how the communication process will unfold if a given communication attempt is successful but does not explain how a given attempt might be successful.

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Description of the Keywords

Commercial Diplomacy: Commercial diplomacy refers to all the diplomatic activities done to promote national businesses in foreign countries and to create future business opportunities.
International Communication: International communication refers to communication activities that include two or more different countries.
Lobbying: Lobbying is a political communication process in which actors aim to generate favorable political outcomes by influencing decision-makers.
Multinational Corporations (MNCs): MNCs are private business identities that operate in more than one country.
Nation Brands: Nation brands refer to the perception of a country by foreign audiences.

Reviewer Memo

We would like to thank all three reviewers for their useful criticism and feedback. Below you can find the changes we made.

- We updated the title of the chapter as requested. The current title reads Multinational Corporations as Diplomatic Actors: Conceptualizing International Communication Tools
- We moved the first sentence in the first paragraph of the introduction chapter to the end of the said paragraph.
- The manuscript went through a proofreading and reformatting process. We were unaware of the fact that the reviewers were not able to see the figures. We uploaded the figures as a separate file to the website as requested by the system.
- We provided further justification for why we chose the three communication tools we chose. We built on the existing arguments. Basically, we posit that these three communication tools are the ones that are unique for MNCs. MNCs, for the purposes of this research, are economic actors operating in a political world. Therefore, the unique tools they use/are affected by are those that have a political stake. Other communication tools – such as negotiation, and mediation as raised by Reviewer #2 or as arbitration and advertising – are also important, yet do not conform with our conceptualization of "political/diplomatic communication tools used by an economic actor".
- We further explained what we meant by "corporation as diplomatic actor". We included relevant literature (which already existed as a "cf" note) from liberal school of thought in international relations. Also, following the recommendation of Reviewer #1, we included a brief discussion on

multitrack diplomacy. We intentionally avoided a longer discussion with the concern of digressing from the topic.

- Reviewer #3 raised an important point about the relationship between our variables and the marketplace and recommended a re-organization of the article to highlight the linkages. Although we agree with her concern, we believe a re-organization would be detrimental to the flow of argumentation in the manuscript. Therefore, we decided to include additional paragraphs summarizing the arguments and describing the visuals we use to demonstrate such linkages.
- We also incorporate a few more cases to portray the linkages. Yet, we see this chapter as a theory-building attempt thus stay away from testing our arguments with empirical data. Hopefully, we will be able to continue our research on the topic and test some if not all of the conceptual claims.

We hope the revised manuscript satisfies the concerns raised. We incorporated all the reviewer comments, yet attempted to keep the structural changes to a minimum to ensure the flow of argumentation is not broken.