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A DIPLOMATIC INCIDENT - THE POLITICAL RISK OF CORPORATE DIPLOMACY AND THE IMPLEMENTATION OF CORPORATE DIPLOMACY STRATEGY CONCEPTS WITHIN SCRUTINIZED INDUSTRIES

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ABSTRACT

The geopolitical environment of multinational corporations (MNCs) is increasingly volatile. For the purpose of mitigation, many MNCs are trying to strengthen their corporate social responsibility programs. Nevertheless, corporations are often faced with harsh stakeholder increased criticism, scrutiny and even sheer hostilities. Corporate diplomacy concepts are addressing these problems by engaging in dialog with unwanted stakeholders since, amidst the geopolitical conflicts around the world, corporations still need to grow their business operations. However, even in countries in which market orientated economic policies predominate, MNCs are today often in disputes with host governments, while additionally new political activist movements are building up political pressure, amplifying accumulated social concerns regarding the negative environmental impact of corporations. In the future, it will be increasingly important for companies to protect their business operations from government interference and other unwanted stakeholders. However, concepts and strategies of corporate diplomacy need to be reviewed, in terms of practical applicability under changing sociopolitical and geopolitical circumstances. Especially in industries that are under heavy stakeholder scrutiny, current corporate diplomacy concepts are difficult to implement. This research illustrates the political risks of corporate diplomacy and suggests where the current concept of DIPLOM needs revision by attempting to apply this established theoretical concept to a corporation operating in a challenging business environment.
Keywords: country risk, political risk, corporate diplomacy
JEL codes: D20, D21

THE CASE FOR CORPORATE DIPLOMACY

Present global economic and geopolitical conflicts around the world are leading to international tensions reminiscent of the Cold War, which is accumulating political risk for internationally operating corporations. Common political risks are governments' interference, political instability, and changes in government policies adverse to the corporation's interests. Affected multinational corporations (MNCs) are currently facing difficult political environments in both their home and host countries. Alongside public relations, governmental affairs, and other business strategies dealing with mitigating such risks, corporate diplomacy strategies aim to establish relationships with unwanted stakeholders and, in the process, gain a social license for their business operations (*Steger*, 2003).

Steger (2003, p. 6–7.) described corporate diplomacy in his work as follows: "Therefore, Corporate Diplomacy is an attempt to manage systematically and professionally the business environment in such a way as to ensure that business is done smoothly [...] and an interaction that leads to mutual adaptation between corporations and society (in a sense a co-evolution)." Managing the business environment includes addressing the influence of stakeholders, particularly unwanted stakeholders. Corporate diplomacy conducts diplomacy in the sense of trying to engage two or more parties with opposite views in a dialog, which could allow them to reach an agreement. While state diplomacy can aim for neutrality, corporate diplomacy wants to reach the aforementioned social license to proceed with operational activities. *Henisz* (2014) revisits the concept of a social license for corporations too. Securing the operational activities of any MNCs by gaining the acceptance of stakeholders was his ambition for the DIPLOM concept, and he linked his work indirectly to Steger.

Henisz (2014) presents examples of business cases in his book in which corporate diplomacy was needed, including some successful applications of corporate diplomacy. One of those positive examples took place in Nigeria, within the oil and gas industry, not unlike the case study of this paper. According to the analysis by Henisz, Chevron made the mistake, in the aftermath of the outbreak of violence after the general election in 2003, which affected the country's stability, of presenting the local community stakeholder with fully planned CSR projects without the possibility of local stakeholder participation. In 2004, Chevron changed their approach and conducted corporate diplomacy by including the stakeholders in the project actively. As a result, Chevron simply presented the amount of funds available for CSR projects and took part in the committee, where community leaders decided how the funds would be used. By giving the communities the chance to actively participate in their development, Chevron was able to increase their reputation among the local stakeholders and continued successfully with their exploration activities in Nigeria in the following years (*Henisz*, 2014, p. 98.).

While there are several publications on corporate diplomacy, including further arguments for it, in this research, three main reasons for corporate diplomacy are assumed:

1. The need for corporate diplomacy is based on the threat of government interference.
2. The need for corporate diplomacy is based on the influence of political activist movements.

3. The need for corporate diplomacy is based on the stakeholder reception of MNCs actions.

The immediate political risk for any MNC is government interference, which is especially high in countries suffering from difficult and shifting political circumstances. The general threat of government interference has increased constantly over the last decade since the world is amid becoming a multipolar world in a geopolitical sense, leading to tensions negatively inflicting global commerce and trade (*Ashford & Cooper*, 2023) Governments will intervene more often in corporations' activities in the future, either directly or indirectly, with immediate effects or long-term implications Recently, the United States has been engaging with companies more directly in this regard, blocking Huawei from participating in U.S. government projects (*Cen et al.*, 2020). In European countries, an accumulation of anti-business regulations regarding foreign direct investments (FDI) and mergers & acquisitions (M&A) activities with foreign corporations' participations followed to protect national interests. Some legislation required for this purpose did become law recently in Germany, enabling the German Ministry of the Economy to stop M&A projects if strategic considerations were demanding it (B*mwk*, n.d.). The additional global sociopolitical developments are also leading to further pressure on governments, including the increasing societal awareness of the role of MNCs in matters like income inequality, global tax avoidance, and the global climate crisis (*OECD*, 2021). Corporate diplomacy is focused on establishing contacts with such unwanted stakeholders. When their business operations are linked to these problems, companies can create positive forces that benefit both the business and its operations (*Huy et al.,* 2022).

An aspect where MNCs increasingly consider political risk is the re-evaluation of supply chains. Corporations examine their reliance on global supply chains affected by the COVID-19 pandemic, trying to limit the risks by creating less exposure to host countries and establishing home-based production facilities. During COVID-19, China blocked the shipping of containers, which are vital for international trade and irreplaceable in the short term for many MNCs, for tactical considerations favoring the demand of their national economies.

Therefore, home governments see global supply chains as an increased risk since they can be used as a tool for foreign governments to put pressure on the government (*Shih*, 2023). Indirectly, the founding of OPEC and the boycott of oil exports to the United States can serve as examples. It made the US painfully aware of foreign governments' possible power to negatively impact their economies. In conclusion, MNCs have most likely the support of their home government for shifting away from global just-in-time processes, not only for the purpose of job creation but also to decrease dependence. However, when such a shift in the supply chain is not possible or feasible, any political risk requires mitigation, which includes the use of corporate diplomacy.

Besides protective, anti-trade, and supply-chain protection policies augmenting political risks in host governments, the home governments of many MNCs are often restraining business operations because of political considerations too. This is a habitual state regarding the relationship between business and government, but the intensity of government interference is increasing. A company can rapidly find itself criticized by its home government and society. Contemporary example: At the beginning of the Ukraine war, companies that didn´t cease all operations in Russia became widely attacked and risked boycotts in their home country, as well as being subject to criticism from governmental spokespersons (*Doherty*, 2023).

Political activist movements are also considered stakeholders in corporate diplomacy theory. However, they have recently become more successful in gaining political influence, steering legislation, and countering corporate interests (*Davis & White*, 2015). Social media campaigns additionally build strong pressure on governments, leading to political discourse and action (*Schleffer & Miller,* 2021). The positive public relations narrative of companies as a provider of employment and tax revenue is unlikely to succeed in the future and hardly protects any global corporate interests (*Kobrin*, 2005). Companies in scrutinized industries without the ability to change their core business are especially in need of corporate diplomacy but will encounter difficulties implementing current strategies. Example: In the case of extractive industries like mining, conducting mining operations without political risk will be impossible, and while underlying demand requires the extraction of resources, it will not convince activists and politicians to cease hostilities against mining operations. It might therefore be useful for MNCs to create alternative relationships with government officials, politicians, and civil servants alike that have a more positive demeanor towards the company (*Wang et al.,* 2019).

In addition, the behavior and business practices of the executive management themselves are equally important. A recent example is the case of Apple`s CEO, who flattered the Chinese government by speaking in Beijing on the topic of long-term profitability and the reprioritizing of the mutual relationship with the country, predicting a great future for Apple in China. This happened simultaneously with the questioning of the TikTok CEO in the United States Congress, regarding privacy, big data, and concerns about espionage activities (*Sevastopulo*, 2024). Close relationships with host governments by MNCs inherit significant political risk. A variety of possible negative consequences of these relationships for MNCs in the home country exist, but some managers will ignore the political risk further (*Jallat & Coronati*, 2022). In the future, executive management and their public statements regarding governmental affairs will not only be scrutinized by NGOs, activists, but also by their own home governments.

MNCs transnational operations depend on the possibility of operating in multiple countries in the most acceptable business environments possible, which are the product of global markets and global trade routes. However, recent geopolitical developments have made it clear that national interest can lead to economic nationalist policies, like mercantile and protection policies and some global markets are under constant threat of government interference. Even the USA, famous for their global economic dominance, is therefore recognizing the political risk of international supply networks and empowering their national supply chains with the Inflation Reduction Act (D*emocrats*, 2023). Furthermore, the USA is becoming increasingly protective of its domestic markets. The European Union had similar developments in recent weeks with the establishment of an import tax on Chinese electric vehicles. With an augmentation of anti-globalization sentiment in the world, the strategies summarized under the term corporate diplomacy must become relevant to every MNC.

Therefore, this research argues in favor of corporate diplomacy and reevaluates the corporate diplomacy concept of DIPLOM of Henisz with the use of a theoretical case study.

THE POLITICAL RISK OF CORPORATE DIPLOMACY

Political risk is inherent when conducting corporate diplomacy. When connections between corporations and governments become public knowledge, hostile stakeholders will portray these connections in a negative light. The connections between corporations and governments are, for many people, linked to undue influence on democratic procedures and decision-making. Corporate diplomacy is, like every other effort of government outreach, linked to corrupt practices in the criticism of government outreach (*Myint*, 2000). A string of infamous cases of MNCs, connected to corruption scandals supports this assumption.

A second political risk is that the government of the host country is affected by new global geopolitical tensions in a way that makes it impossible to mitigate hostilities because the host government has shifted in their political alliances. Multiple governments are now able to pressure host governments in the developing world to make decisions regarding the activities of foreign companies in their country. These developments will increase, which means corporate diplomacy must soon develop new concepts for sudden government policy changes and further include the risk that investors and financial institutions could retreat from investments.

This includes foreign direct investments (FDI), which were generally welcomed by countries globally, but these investments are also politicized today (*Anderson*, 2020). Often, companies are facing political business environments in which they need to protect their business operations from foreign governments and foreign corporations that are state-backed. Corporate diplomacy activities can be observed by foreign governments as actions of a foreign agent, which makes it even more difficult to apply successfully.

CORPORATE DIPLOMACY AND THE PROBLEM OF POLITICAL CORRUPTION

The area where corporate diplomacy is currently conducted in terms of stakeholder outreach is in corporations' corporate social responsibility (CSR) programs. CSR is often focused on the issue of environmental sustainability and, therefore, is not negatively associated with issues like political corruption (*Arafa*, 2011). The very term 'governmental affairs' in the context of MNCs often carries negative connotations, however, for corporate diplomacy measures to be effective, companies must intensify their outreach to government stakeholders while operating under increased public scrutiny. These measures must consider the risk of corrupting governmental processes.

As a framework for corruption, this research uses the United Nations Convention Against Corruption. The convention includes the ambition to strip government officials of illegally obtained monetary gains. This includes bribes and undeclared payments to governments. Article 12 refers here exclusively to payments by the private sector. Therefore, corporations should use the conventions as guidance when assessing their corporate diplomacy strategies for illegal practices. Additionally, this research defines the word Public Official in accordance with the convention. Articles 7 and 8 refer to public officials, explicitly including civil servants. The convention seeks to strengthen certain aspects of employment conditions to reduce vulnerability to bribery, as specified in Articles 15, 16, and 21. This is important for government outreach activities conducted by corporations, to preserve every corporate diplomacy action from payment plans to host governments that are illegal (*United Nations*, 2004).

If corporate diplomacy concepts include outreach to public officials, the concept cannot include monetary or material transfers that benefit the public official. Furthermore, meetings with public officials must always be on the record and should always be in government buildings or in the offices of the MNC. Corporate diplomacy must therefore always operate within the framework of the United Nations Convention Against Corruption; otherwise, it risks irreversibly tainting its efforts. In addition, MNCs should further consult the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (*OECD*, 2024). This can be seen in the following case study: Tullow Oil publishes in their CSR report the payments to governments without further details. Intended as a transparency measure, it could be portrayed negatively by critics.

THE PROBLEM WITH CORPORATE DIPLOMACY IN SCRUTINIZED INDUSTRIES

Corporate diplomacy relates to the public relations work of a corporation (*Steger*, 2003). Nevertheless, corporate diplomacy must differ from normal public relations practices as well as lobbyist activities. Lobby groups, even long-established firms, are subject to intense scrutiny from activists and governments alike and are considered an outdated method in public relations (*OECD*, 2009). Furthermore, establishing relationships with political advisers from major consulting firms like PWC, McKinsey, and others is risky because of their increasingly negative reputation regarding government consulting (F*rance24*, 2022).

Law firms conduct a new form of corporate lobbying. They found a new role for themselves with the creation of "country desks," which offer services as relationship managers for corporations (*Hakim*, 2017). However, the utilization of law firms for corporate diplomacy will be inadequate, since they are likely to focus on solutions based on a stable legal framework, which reduces legal risks. They are also not the best operators in any geopolitical or international management task related to securing business operations, which are subject to international political developments. Most likely, they are insufficient considering changes or developments other than changes in the legal framework. Therefore, corporations are compelled to conduct government outreach themselves with a minimum amount of externality, conducting the search for suitable partners in foreign governments after an in-house assessment.

The number of possible government contacts for corporate diplomacy, which can be established by a corporation, is different for every corporation. An international small or midsize company (hereafter SME) planning to open a subsidiary in a host country will probably have only government contacts within the local community and government administration, in which they register the company. A MNC, however, will have government contacts within the ministries the economy, trade, state, and development. Long-term corporate diplomacy strategies must consider a new direction in creating long-term relationships with host and home countries. A new perspective for MNCs must include the establishment of relationships with civil servants. Civil servants can hold their positions within the government sometimes for a lifetime (*Mehde*, 2023). These governmental contacts on a ministry level are under intense public scrutiny. Contacts must justify the activities of companies in their country if they are associated with them, which makes it crucial to stay engaged and reassure such governmental contacts. Since the governmental contact will choose its own position over the interests of the corporation, the value of the contact must be constantly assessed in light of current developments. Furthermore, since corporate diplomacy operations must be planned long term, a government contact who is only in a position for a couple of years and then will be succeeded by another person, who could have completely opposite views on political and business matters, is suboptimal. However, the importance of civil servants for the function of government can currently be seen in the criticism of the Project 2025 plan, which resulted from strategic considerations by a US conservative think tank. The plan considers changing thousands of civil servant jobs into political appointees' positions, to control government processes further and politicize bureaucratic affairs, which were neutral before (*Dans & Groves*, 2023).

METHODOLOGY

Henisz's (2014) comprehensive and equally named book, Corporate Diplomacy, introduced the DIPLOM concept, consisting of the pillars Due Diligence, Integration, Personal, Learning, Openness, and Mindset.

The concept of Henisz is examined with a case study, taking into consideration that the strategies behind the pillars meet a new reality of stakeholder behavior. For a successful relationship with stakeholders, Henisz makes use of Sherry Arnstein's ladder of public participation. Arnstein's concept tries to separate company-stakeholder interaction into empty rituals of participation and real trust-building actions (*Henisz*, 2014, p. 81.). Henisz develops this concept further and demands a more proactive reputation-building on the part of MNCs. However, the therefore required dialog with stakeholders assumes that there is a possibility for a dialog, but recent years have shown a more inflexible positioning of hostile stakeholders, from political activists to government fractions alike. Exemplary corporations have a negative environmental impact and are unable to change their operations for business or financial reasons. Corporations like BP or Shell cannot engage in Europe with political activist groups due to their inconceivable positioning on environmental issues. Groups like Greenpeace interrupted many foreign operations of Shell in the past, but while a dialog with groups like Greenpeace was possible in the past, dialogues with groups like Just Stop Oil are impossible. These groups have increasing influence over political parties, which limits their options for engaging with certain political contacts.

For the following case study, the Henisz DIPLOM concept was theoretically applied, using the international oil and gas company Tullow Oil and their business operations in Ghana as a subject. Aidan Heavey founded Tullow Oil in 1985 with the aim of developing small oil fields in Africa, which were not attractive for major oil companies. The company became soon an established small and midsize producer on the African continent and could produce positive business results with their strategy, making the company a success story on the stock exchange alike (*Tullow Oil Plc.*, 2024). In 2019, the company faced production problems and an abrupt management change, with the head of exploration, Paul McDade, leaving the company (*Kollewe & Ambrose*, 2019). In addition, Tullow Oil suffered during the COVID-19 pandemic; like the rest of the industry, sales revenue declined from 2.646,9 million US dollars in 2013 to 1.634,1 million US dollars in 2023 (S*tatista*, 2024). At the beginning of March, the Guardian reported on doubts about the viability of Tullow Oil (*Ambrose*, 2020). By the end of March 2020, the company's stock price fell to 0,121 Euro. Following the pandemic and the onset of the Russia-Ukraine war, the oil price surged over 100 US dollars, causing a shift in the markets that led to the recovery of many oil companies' valuations, including Tullow Oil. At the same time, Tullow Oil sold stakes in planned projects or stopped planned exploration projects to save cost. With the revenue of the oil spike in recent years, Tullow Oil was able to reduce the debt and became marginally profitable again. Tullow Oil's new strategy is to concentrate on their remaining legacy assets in Ghana, namely the TEN and the Jubilee field. The relationship with the government of Ghana is therefore existential for Tullow Oil. As an oil and gas company, Tullow Oil operates in an industry scrutinized by both the public and governments alike. Their operations in Ghana are active; however, the company has faced recent financial turmoil and still operates with ongoing concerns regarding the possibility of business failure. These circumstances make them ideal for a case study concerning possible applications of corporate diplomacy strategies. The concept and the inherited strategies of the DIPLOM pillars will be applied to the specific situation of Tullow Oil in Ghana.

For each pillar of the DIPLOM concept, data was collected that is assumed to be linked to the aim of a specific individual pillar. This data was then used for illustration to indicate the problems of applying the DIPLOM concept in the situations it was originally developed for.

Due Diligence: Official Ghana government websites. Tullow Oil statements regarding stakeholders in Ghana.

Integration: To illustrate the problems of integration, Tullow Oil documents were examined by the executive management of Tullow Ghana Limited. Furthermore, Tullow Oil corporate social responsibility statements and annual reports were searched from 2006 until 2023 to extract revenue and CSR spending for the company. From 2007 to 2022, the data could be used for a regression analysis with CSR as the dependent variable and revenue as the independent variable.

Personal: The number of government changes in Ghana was extracted from official government websites.

Learning: Henisz references to the DAD and DDD concept were taken and compared with public information about Tullow Oil, including public statements and news reports.

Openness: Data from statista.com was examined.

Mindset: The employee satisfaction data was collected from Glassdoor and Indeed.

RESULTS

Due Diligence: Tullow Oil has been operating in Ghana for years and is aware of the stakeholders involved. Tullow Oil is engaged with both community and government contacts. Nevertheless, if Tullow Oil were to reevaluate the stakeholder in accordance with the concept, the company could identify and monitor more stakeholders with open-source intelligence. Risk analysis could also be expanded with machine learning methods like those Henisz predicted.

Integration: Since Tullow Oil would be inclined to implement corporate diplomacy strategies within corporate social responsibility measures, the corporate structure of Tullow Oil in Ghana must be assessed. Tullow Oil established in 2006 a subsidiary with Tullow Ghana Limited in the country, which is the year operations started in Ghana. In the corporate organization, the subsidiary is structured directly under Tullow Oil's headquarter in London, which makes the implementation of any business strategy concepts vertical and facile. However, within these 18 years of operations, Tullow Ghana Limited had six managing directors. This means the managing director responsible for the implementation of corporate diplomacy concepts serves only for a term of three years on average. Corporate diplomacy concepts aim for long-term relationship building; a constant local partner is therefore important for the stakeholders. If companies suffer under constant management changes, which is the case for Tullow Ghana Limited, the implementation of corporate diplomacy concepts is difficult.

Furthermore, corporate diplomacy in the form of CSR is connected, in the case of Tullow Oil, to the revenue of a company. Tullow Oil's revenue was used in a regression analysis with the company's CSR spending. The revenue displays the sales revenue of Tullow Oil for the years 2007 until 2022, while the CSR spending is the amount Tullow Oil declares in their annual reports in the same time frame as discretionary spending for CSR measures. Tullow Oils' revenue showed a good model fit as an independent variable, with CSR spending as the dependent variable. In conclusion, the integration of corporate diplomacy into the daily operations of the corporation would decrease in the case of Tullow Oil, with declining revenue. It can be assumed that this development would be the same in other scrutinized and otherwise troubled corporations. Corporate diplomacy is still seen as a public relations exertion and therefore a cost factor, which makes a full integration of corporate diplomacy difficult.

Figure 1: Results of the regression analysis

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Call:
lm(formula = CSR ~ Revenue, data = Dataset)

Residuals:
    Min      1Q  Median      3Q     Max 
-4.1604 -1.2841 -0.2205  1.2497  7.6492 

Coefficients:
             Estimate Std. Error t value  Pr(>|t|)    
(Intercept) -5.588989   2.195271  -2.546    0.0233 *  
Revenue      0.007610   0.001304   5.834 0.0000433 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 3.176 on 14 degrees of freedom
Multiple R-squared:  0.7086,	Adjusted R-squared:  0.6878 
F-statistic: 34.04 on 1 and 14 DF,  p-value: 0.00004335
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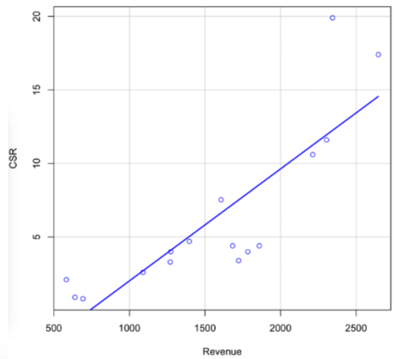

Personal: The Ministry of Energy and Petroleum of Ghana had seven ministers in the time Tullow Ghana Limited was active. This means that, a ministerial term in government on average was only 2,57 years in this position. A long-term relationship with the responsible minister is not possible for Tullow Oil. The head of state, Nana Addo Dankwa Akufo-Addo, has been in office since 2017 and is one of four presidents in Ghana since 2006. A personal relationship would be possible; however, the potential risk and the advantages due to public awareness are questionable. In addition, according to a research article examining the CSR practices of Tullow Oil Ghana Limited, which conducted 100 interviews with stakeholders, including Tullow Oil Ghana employees, 97% of participants stated that they never had the chance to suggest appropriate compensatory CSR projects. In addition, CSR projects were mainly seen as refraining from breaking or bending the law. The respondents further disagreed somewhat about the suggestion to place CSR above profits. In general, the article showed that CSR was not practiced by Tullow Oil like it was intended to. Especially the lack of stakeholder engagement and the mindset of profit over social responsibility show that the DIPLOM concept has application problems regarding personal relationships within the case study subject (*Appah et al.,* 2021).

Learning: According to available public information, it seems that Tullow Oil has already established concepts like DDD (dialog, decide, deliver) in host countries like Ghana. In Tullow Oil reports and statements, the company is trying to illustrate the progress they have made with local communities as well as the unitary government in Accra. Tullow Oil never seemed to practice DAD (decide, announce, defend) concepts in Ghana, which would mean a lack of interest in local development and sustainability. However, according to the aforementioned research by Appah, Nketia, and Eghan, it seems that the aim of the *Learning* pillar is not achieved. The fact that Tullow Oil operates under increased pressure due to operational difficulties cannot imply a learning process of corporate diplomacy, just as with CSR.

Openness: The case of Tullow Oil exemplified the need for revision of the pillar of openness. As an oil and gas company, some public relations measures, which could be summarized under the pillar, cannot be implemented based on the hostilities the industry is facing in general. Being open about mistakes and truthful about environmental impact would give more ground to activism, protest and increase the political risks of government interference. This is true both at home and in host countries. In the case of Tullow Oil, the management must monitor the general political sentiment within the population. Tullow Oil has the second-highest market capitalization as a corporation within the country. Ghanaians are aware of the company, the activities, and the criticism. Furthermore, Ghanaians have decreased trust in government entities, including members of parliament, members of the police force, and judges (S*tatista*, 2022). In such a critical environment, where misinterpretations of corporate statements can damage the public image or lead more directly to negative business impacts, it must be questionable if openness can be executed in scrutinized industries like the oil and gas industry.

Mindset: The DIPLOM concepts demand a mindset to implement corporate diplomacy concepts successfully. It illustrates the need to convince the whole company of the need to conduct successful outreach to stakeholders. According to public sources, the employees of Tullow Ghana Limited are satisfied with their employer, which means a possible positive embrace of corporate diplomacy strategy. However, if measures require the participation of the employees, management needs to convince and monitor them, which leads, in the case of Tullow Oil Ghana, again to the problem with the rapid management changes. The company has also decreased the number of Ghanaian employees from 81% in 2018 to 75% in 2021 (S*tatista*, 2023). While this is due to business considerations, it is counterproductive to get the mindset for corporate diplomacy when local employees are important for this endeavor.

DISCUSSION

The results exhibit that Henisz's DIPLOM model has some problems in terms of its practical application. While Henisz presents multiple case studies in his book demonstrating that corporate diplomacy can positively impact business activities through stakeholder outreach, its implementation is likely to face resistance at every stage.

Considering that Henisz published the concept already in 2014, his acknowledgement of data-driven analysis for corporate diplomacy was correct. The possibilities of stakeholder research and possible identification of conflict, with the means of Large Language Models and Open Source Intelligence, increased between 2014 and 2024. Programs like ChatGPT can be used for fast text analysis of multiple stakeholder statements and social media activities of stakeholders, while web-scrapping solutions make it possible to automatically collect required data for further analysis, which makes the pillar *Due Diligence* applicable to every MNC.

The pillar of *Integration* is mainly difficult to apply because of monetary aspects, if management personnel do not undergo constant changes. The sophistication possible in stakeholder analysis can lead to fast and precise corporate diplomacy strategy application in the aforementioned corporate structures.

The *Personal* pillar requires critical revision, as the case study data indicates that these types of relationships cannot be built in difficult circumstances.

In terms of the pillar *Learning*, Henisz's recognition of the termination of the DAD (decide, announce, and defend) concept has been self-confirming since 2014.

One of the pillars, which needs critical revising and further development, is *Openness*. Application of the DIPLOM concept must recognize that social media, the current geopolitical climate, and further global sociopolitical developments have changed the behavior of stakeholder engagement. Mainly the behavior of unwanted stakeholders like global political activists and populist political parties or movements. The concept needs a contemporary revision and new methods for stakeholder outreach or even protection from stakeholders.

The pillar *Mindset* depends on every individual company itself. The ability of the management to convince companies and stakeholders of the corporate diplomacy measures will determine the change towards a positive mindset for such strategies.

In conclusion of the case study results, this research illustrates the application problem of the DIPLOM concept in difficult business situations. Nevertheless, the concept already showed in 2014 the future possibilities of stakeholder due diligence, but the theoretical aim of the concept is still valid. The results suggest a revision and a further development of the concept in general, but recognize the important and, in some ways, visionary concept of Henisz.

CONCLUSION

Corporate diplomacy must aim for the optimal handling of unwanted stakeholders, which requires the identification of key figures of any hostile political movement or government entity against the MNC to engage them in a possible dialog. However, corporate diplomacy concepts must accept the current unwillingness of some stakeholders to engage in a dialog and adapt the strategies accordingly.

The threat of interference in business affairs from government, activists, and political parties is increasing on a global scale, which makes corporate diplomacy concepts necessary. The threat level brings classical concepts of public relations to obsolescence. A mere positive portrait of a company will be easily attacked, especially if the company operates in a scrutinized industry. Corporate diplomacy initiatives should concentrate on building long-term relationships with government contacts and civil servants and less on convincing unwanted stakeholders.

The network of contacts can be essential for corporate diplomacy. The network has to have a strategic design, with the requirement to identify the contact and the knowledge, how long the contact has existed, what influence the contact possesses, and which access to political information they have. Networks must extend to multiple countries and be in constant need of monitoring and maintenance, which could be integrated into the Due Diligence pillar of Henisz's concept.

Corporations cannot operate globally while being disengaged from their political and sociopolitical environment. It can build on the efforts of their corporate social responsibility programs. The change in stakeholder behavior and influence requires a constant evaluation of new concepts to integrate into corporate diplomacy. In conclusion, any international corporation should conduct corporate diplomacy.

Corporate diplomacy will therefore have a future in international management.

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