Nationalism and international disputes in China: Implications for transnational corporations as corporate diplomats

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Citation

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Implications for Transnational Corporations as Corporate Diplomats

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Abstract

For decades, the territorial dispute between China and Japan over the sovereignty of the Senkaku Islands has caused diplomatic deteriorations in Sino-Japanese relations. When there is extensive media coverage on news about the dispute, nationalist sentiments in both two countries would be triggered and could be expressed through detrimental behaviors towards transnational corporations (hereinafter TNCs). While TNCs play a significant political function as corporate diplomats for their home countries, they are subject to the risk of crises when their home countries are involved in political and economic conflicts with the foreign countries in which they have operations. Against this backdrop, this paper seeks to examine the roles of TNCs with reference to three cases of nationalism-induced crises in China. It proposes relational principles based on which TNCs could implement strategies to mitigate the damage from nationalism-induced crises and contribute to their home countries' diplomatic goals as corporate diplomats. (148 words)

Keywords: corporate diplomacy, nationalism, public diplomacy, territorial disputes, transnational corporations

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In 2012, the Japanese government's decision to nationalize the Senkaku Islands (also known as Diaoyu Islands) triggered the rise of nationalist sentiments in Japan and China. Governor of Tokyo, Shintaro Ishihara, made a proposal to purchase the islands, which eventually led to Prime Minister Yoshihiko Noda's proposal to nationalize the islands (Horiuchi, 2014). According to Horiuchi (2014), this ongoing territorial dispute has contributed to a growing anti-Chinese sentiment in Japan. It also led to anti-Chinese demonstrations in Japan and anti-Japanese demonstrations in China. The deterioration of Sino-Japanese relations had a negative impact on the operations of Japanese corporations in China. Chinese publics had responded to Japan's decision by taking antagonistic actions, including boycotting Japanese products, damaging Japanese-branded cars, and setting Japanese-owned properties on fire (Johnson & Shanker, 2012). To cope with decreased sales in China caused by the territorial dispute, Toyota suspended production at its largest plant in China for a week ("Toyota to suspend production at largest Chinese plant for one week," 2012). The sovereignty of the Senkaku Islands has been a multifaceted issue which has economic and political implications on Sino-Japanese relations (Pan, 2007).

Territorial disputes are an example of international events which trigger antagonistic reactions amongst publics of the involved countries towards the opposing countries. Over the years, the territorial dispute on the Senkaku islands has progressed from one which is confined to diplomats and the governments to one that involves publics and affects multiple entities (Fox, 2016). One of the entities affected is transnational corporations (hereinafter TNCs) which are subject to the adverse effects of poor bilateral relations between Japan and China. According to Wang (2006a), the political relations between China and Japan had caused "an antagonistic climate of public opinion in the Chinese marketplace" for which

Japanese corporations had to brace (p. 41). The impact is especially prevalent for TNCs which have strong perceived national associations with their home countries and are operating in foreign countries where publics have strong nationalistic tendencies (Wang, 2005). On one hand, their operations in foreign countries could trigger the rise of nationalist sentiments; corporate behaviors, such as misconduct, could result in nationalist publics' engagement in detrimental behaviors to express their dissatisfaction. On the other hand, TNCs could also be affected by nationalism-induced crises which were not caused by their own actions (Wang & Wang, 2007; Wang, 2005), such as the territorial dispute on the Senkaku islands.

Although TNCs play a significant role in contributing to the success of public diplomacy by nurturing relationships with foreign publics on behalf of their home countries as corporate diplomats (Goodman, 2006; Ordeix-Rigo & Duarte, 2009; White, 2015), they could be negatively affected by publics' expression of nationalist sentiments, such as consumer boycotts (Braunsberger & Buckler, 2009; Heijnen & Van der Made, 2012) and retaliatory behaviors (Grégoire & Fisher, 2008). Therefore, the political roles of TNCs in public diplomacy should be further examined to explore how TNCs could best harness their international presence to contribute to public diplomacy as corporate diplomats, especially in the midst of international disputes.

This paper seeks to examine the roles of TNCs with reference to three cases of nationalism-induced crises in China, one of which was the dispute over the sovereignty of the Senkaku Islands. Nationalism-induced crises have given rise to concerns about potential ramifications on the functions of TNCs in globally political and economic environments. TNCs are engaged in a variety of interactions with foreign publics as corporate diplomats and their roles might affect both their own relationships with foreign publics and the relationships between the countries involved in international disputes. With attention paid to the dynamics

of corporate diplomacy, the roles of TNCs, and the rise of consumer nationalism, this paper proposes relational principles based on which TNCs could implement strategies to mitigate the damage from nationalism-induced crises and contribute to their home countries' diplomatic goals as corporate diplomats.

Literature Review

Public Diplomacy, Corporate Diplomacy, and Consumer Nationalism

Public diplomacy has been used by governments as a means to acquiring soft power and legitimizing the use of hard power (Nye, 2004, 2008) in international relations. Nye (1990) first introduced the concept of soft power in 1990 when he identified culture, political values and foreign policies as the three new dimensions of international relations that help a country influence the public opinion of foreign publics in favor of the country. In turn, their public opinion could affect the political decisions made by their own governments (Malone, 1988). It is a two-step process whereby a government uses foreign publics as opinion leaders to change the decisions or behaviors of their governments (Yun & Toth, 2009). Thus, the success of public diplomacy hinges upon the quality of relationships with foreign publics in promoting a country's national interests (Servaes, 2012).

The process of relationship building with foreign publics cannot be done by the government alone and would involve multiple state and non-state actors. In the era of global communication in which networks of global links are essential to building relationships with foreign publics (Zaharna, 2005), the engagement efforts made by TNCs are crucial to contributing to their home countries' long-term approach to public diplomacy (Kochhar & Molleda, 2015).The role of TNCs in the context of public diplomacy has been discussed in association with the concept of corporate diplomacy. Corporate diplomacy is an emerging concept in management which highlights corporations' political, economic and social functions in the international context (Westermann-Behaylo, Rehbein, & Fort, 2015).

Although the concept of corporate diplomacy has been discussed in existing literature (e.g., Amann, Khan, Salzmann, Steger, & Ionescu-Somers, 2007; Henisz, 2014; Kochhar & Molleda, 2015; Ordeix-Rigo & Duarte, 2009; Steger, 2003), it has been loosely defined. According to Ordeix-Rigo and Duarte (2009), TNCs ought to be engaged in corporate diplomacy in order to be positively accepted abroad. If it is effective, corporate diplomacy could enhance the legitimacy of TNCs in foreign markets. As representatives of their home countries, TNCs should demonstrate their commitment to foreign markets by aligning their corporate values with the societal values of the foreign countries in which they operate. In addition, TNCs' successful engagement in corporate diplomacy could complement their home countries' agenda on public diplomacy.

Steger (2003) defined corporate diplomacy as the management of the environment through processes of co-adaptation between corporations and society to ensure that business is conducted smoothly. Kochhar and Molleda (2015) have discussed the many ways in which TNCs could shape international relations as representatives of their home countries, such as through the mutual adjustments of communicative actions with stakeholders, engaging in socially responsible practices and building partnerships with multiple sectors to contribute to society. On the other hand, the reputation of their home countries could also assist them in selling their products and services in foreign markets.

In spite of the mutually beneficial associations between corporate diplomacy and public diplomacy, their interdependency could also pose challenges because both the TNCs and their home countries could cause and be affected by the invocation of consumer nationalism and consumer ethnocentrism (Ishii, 2009; Wang, 2005). Consumer nationalism is defined as "the invocation of individuals' collective identities in the process of consumption to favor or reject products from other countries" (Wang, 2005, p. 225). A similar term to consumer nationalism is consumer ethnocentrism. Characterized by high levels of patriotism

and low levels of internationalism, consumer ethnocentrism refers to consumers' rejection of all foreign products (Ishii, 2009). The invocation of consumer nationalism and ethnocentrism is often conditioned by focusing events, also known as hot issues, which refer to issues which are politically, culturally or economically significant in a country during a particular period of time and are extensively reported in the mass media (Aldoory & Grunig, 2012; Birkland, 1998; Wang, 2005). They are sudden and unpredictable events which could lead to the mobilization of groups (i.e., hostile publics) to act against TNCs and/or TNCs' home countries.

Wang and Deng (2010) have made four major findings about consumer nationalism: (a) it is conditioned by the political and economic relations between two countries, (b) it arises when political issues are mishandled, (c) brands are susceptible when consumers have prevalent knowledge about their country of origin, and (d) nationalist publics are likely to be engaged in media-oriented boycotts rather than marketplace-oriented boycotts, that is, they primarily seek to influence the media more than the marketplace.

Therefore, Wang (2005) suggested that TNCs ought to pay attention to two conditions which could trigger the rise of consumer nationalism in foreign markets: (a) the levels of nationalist sentiments shared amongst consumers and (b) the susceptibility of the foreign brands to nationalist behaviors, that is, the extent to which their associations with their home countries are visible and known and the extent to which consumers are familiar with and like them (e.g., whether or not Samsung is viewed as a South Korean corporation or a global corporation and whether or not consumers like Samsung). TNCs which are better known as being associated with their home countries could be more susceptible to nationalist crises (Wang, 2005). On the other hand, foreign consumers could also be more attracted to them because of the high quality associated with foreign brands (Tian & Dong, 2011).

Considering their association with their home countries, TNCs ought to have a thorough understanding of the political ideology and positions of their foreign markets where their operations could be tied to political issues (Wang & Wang, 2007). When nationalist sentiments are triggered by focusing events, they could affect foreign publics' consumption decisions as a symbolic representation of their nationalist identities. To understand the political functions of TNCs, we posit the following two research questions in relation to nationalism:

RQ1: How do nationalist sentiments in foreign markets pose challenges to TNCs?

RQ2: In response to these sentiments, what are the viable strategies that TNCs could adopt, as corporate diplomats, to prevent and mitigate damage on their operations and their home countries?

Method

To answer these research questions, we explored different cases where nationalist sentiments were triggered and had affected transnational corporations. According to Yin (1981), case study is generally understood as a method for descriptive or explanatory research which examines a contemporary phenomenon in a real-life context. Once the context is established, investigators could start deciding what data to extract from the case. Case study can be conducted based on a small number of cases which provide an empirical foundation for generations to be made (Yin, 2013).

In light of this, we examined different types of nationalism-induced crises which had affected transnational corporations and purposefully classified them into three types: (a) crises caused by the home countries of the TNCs, (b) crises caused by the TNCs themselves, and (c) crises caused by the publics from the TNCs' home countries. Because of the frequent outburst of nationalism-induced incidents caused by international disputes in China, we selected China for the study. China has been a challenging marketplace for TNCs because

there had been multiple incidents of accusations against TNCs for offending national pride, including an incident involving a Starbucks shop in the Forbidden City, China's largest imperial palace in Beijing (Han & Zhang, 2009). Under the communist regime, China is situated in a political, economic and cultural context which differs from other countries. The Chinese government has been selective in deciding when to suppress anti-Japanese protests and has been accused of engineering an anti-Japanese nationalist sentiment in China (Kang, 2013). As a result, Chinese publics' nationalist sentiments and outrage have been openly expressed against Japanese TNCs. On the contrary, under the democratic regime, South Korea has had U.S. military bases since the ceasefire of the Korean war. Because the Western culture has been successful in establishing itself, it is less likely for nationalist sentiments and behaviors against Western products to occur in South Korea. Thus, the historical and political contexts in China are influential factors fostering nationalism (Kang, 2013).

We gathered two types of data to produce descriptions of the cases: after an examination of available scholarly literature about the cases, an Internet search was conducted to investigate the websites and news coverage related to those cases between 2006 and 2015. In particular, in our descriptions, we examined the causes, the processes and the consequences of the crises involving TNCs.

Case #1: Government-Initiated Nationalist Crisis on the Sovereignty of Senkaku Islands

The sovereignty of the Senkaku Islands (also known as Diaoyu Islands) has long been a territorial dispute between the Chinese and Japanese governments (Lee, 2002). Both countries have asserted their rightful sovereignty of the islands. Whenever either of the governments or their representatives make a critical comment about the issue, there would be extensive media coverage, leading to the rise of hot-issue publics who would be actively engaged in communicative actions about this controversial issue. Because this territorial dispute is caused by conflicts of political and economic interests between the two involved

countries, nationalist sentiments would be triggered and expressed in the form of collective actions against the opposing country and the organizations which are associated with the opposing country.

In September 2012, the Japanese government announced its plan to nationalize the Senkaku Islands; as a result, nationalist sentiments were aroused amongst Chinese publics ("Anti-Japan protestors rally in Beijing," 2012). To express anger towards the Japanese government, large-scale protests were held in China. Chinese citizens gathered to sing the Chinese national anthem and to wave the Chinese flag outside the Japanese embassy. Small groups of protestors gathered in some Japanese restaurants to assert that the islands belonged to China. A tour company, called Sichuan Kanghui International, stopped bookings for trips to Japan. Moreover, violent outbursts took place in major cities – for example, Japanese-owned factories, such as Panasonic, were set on fire and Japanese-branded cars were smashed (Johnson & Shanker, 2012). There were also calls for boycotts against Japanese products.

Amidst the protests, several TNCs from Japan were affected. For example, the Japanese automakers, Toyota, recorded a 50% slump in sales in China (Collins, 2012). Other Japanese automakers also experienced a slump in demand for Japanese cars. The violent anti-Japan protests led to the suspension of Toyota's operations in China ("Toyota to suspend production at largest Chinese plant for one week," 2012). In response to Chinese publics' nationalist sentiments, Toyota changed its name from Toyota China to China Toyota in late 2012 (Collins, 2012). To mitigate negative consequences from these anti-Japan protests, Uniqlo, a Japanese fashion chain, posted a banner outside its shop in Shanghai proclaiming their support for the islands as part of China's territory (Koh, 2012).

After Chinese publics had expressed their nationalist sentiments through collective violent behaviors, China's commerce vice-minister, Jiang Zhengwei, further commented that Japan's plan to nationalize the islands had affected the trade ties of two countries and that

Chinese publics had the right to voice their concerns ("Anti-Japan protestors rally in Beijing," 2012). An authoritative newspaper of the Chinese government, *People's Daily*, also expressed sympathy to and support for the protestors. The official tolerance of the protests was consistent with the Chinese government's use of mass protests to achieve its goals in foreign policy (Johnson & Shanker, 2012).

Case #2: Organization-initiated Crisis Caused by TNCs' Behaviors

Because of their country's history, Chinese publics have developed a sense of imperialism against Western brands over a long time (Tian & Dong, 2011). In particular, China has had a long history of resistance against Japanese imperialism (Wang, 2006b). In 2003, Toyota released a new advertisement portraying a stone lion saluting to and another stone lion kneeling down to a Toyota Prado (Li, 2009). It features a slogan: you cannot but respect Prado. Another advertisement by Toyota showed a Land Cruiser towing a Chinese-made military lorry (Pál, 2009). The portrayal of a Chinese-made vehicle being towed by a Japanese-made vehicle implied the weaknesses of Chinese automobile manufacturers (Li, 2009). In response, amidst the anger expressed on the Internet, Chinese publics responded by remaking the advertisements, showing two stone lions destroying a Prado with their paws and a Chinese-made military lorry towing a Land Cruiser (Pál, 2009). To respond to angry publics, Toyota issued an apology and withdrew the advertisement.

Beyond the cultural and historic background of Chinese publics (i.e., imperialism), the Internet has played an integral role in facilitating the mobilization of groups to collectively express nationalist sentiments in China. In 2007, Chinese activists started an Internet campaign to demand the removal of Starbucks from the historic Forbidden City in Beijing (Han & Zhang, 2009). A television show host, Rui Chenggeng, described the location of the shop as eroding Chinese culture. An online poll indicated that 84% of over 10,000

respondents demanded the shop to move out of the Forbidden City. It eventually moved out in July 2007.

In addition to the above self-initiated crises, TNCs in China have also been involved in other incidents caused by the discrepancy between customers' expectations and experiences that TNCs provide for customers. Toyota was once involved in a climbing-ability scandal in China when a Chinese owner of a Toyota Highlander shared a video of his vehicle's being unable to climb a 30% grade that other competing SUVs and even a small Chinese car could climb (Lancaster, 2010). It was criticised for not understanding the needs of the Chinese market that it had produced vehicles which could not handle the underdeveloped infrastructure and rough roads in China. The German automaker, Mercedes-Benz, was also involved in a quality scandal in 2001 when a series of performance issues were reported but not properly addressed, resulting in Chinese consumers' smashing of Mercedes-Benz vehicles to express disappointment (Tan & Tan, 2009).

Case #3: Public-Initiated Crisis Caused by National Protests

China's history of foreign imperialism had caused consumers to react bitterly towards the decisions made by foreign governments (Tian & Dong, 2011). For example, Wang and Deng (2010) found associations between students' perceptions towards U.S. foreign policies and their consumption decisions towards U.S. brands (Wang & Deng, 2010). They found that when the U.S. expressed the possibility of taking military actions against China over Taiwan-related matters, consumer nationalism amongst Chinese publics were triggered.

While the strong associations between TNCs and their home countries could be a major condition causing the rise of consumer nationalism against TNCs, the people from the TNCs' home countries could also play a major role in triggering nationalist sentiments among TNCs' foreign publics in the counterpart country. In April 2008, during the relay of the Olympian torch for the 2008 Beijing Olympics, the torch was snatched from Chinese

fencer, Jin Jing, by a Tibetan protestor in Paris (Pál, 2009). At that time, a banner was hung at the city hall in Paris, showing support for human rights in China. In the same month, Dalai Lama was granted honorary citizenship by the Paris City Council.

As a consequence of these series of events by French people, Chinese publics called for a boycott against French brands on an Internet bulletin board. The news was later spread to other bulletin boards for boycotts against other French brands including Louis Vuitton, Peugeot and Citroen cars and Carrefour (Pál, 2009). Chinese publics recalled previous incidents of experiences with French imperialism, including accusing Louis Vuitton for its financial support for Dalai Lama (this case was denied by Louis Vuitton) and a Chinese couple's being accused of using counterfeit notes at a luxury goods store in Paris. Some Chinese protestors occupied the checkout counters and blocked the entrance of Carrefour, a French Supermarket brand, proclaiming that Tibet would always be inseparable from China. Those who were opposed to the boycotts were considered traitors. It was not until police began arresting people that the protests eventually ended. According to Finlay and Xin (2010), the protests which took place in France for human rights in China had led Carrefour to become "a locus of protest activity in China" (p. 882).

Relational Principles for Nationalism-Induced Crises

The above cases have described how nationalism-induced incidents could result in crises for TNCs as a consequence of the dynamics of political and cultural issues in international relations that come into play (RQ1). TNCs were affected by different types of crises as they became outlets through which nationalist sentiments were expressed through consumer boycotts and/or other types of hostile actions. Thus, the political functions of TNCs in relation to how they should deal with nationalism-induced crises and mitigate their negative consequences should be explored (RQ2). Because public relations and public diplomacy have shared similarities in serving the function of strategic communication

between an entity and its publics (Signitzer & Wamser, 2006), principles in public relations and relationship management could be useful for understanding the dynamics of nationalism in the context of corporate diplomacy.

Nationalism is detrimental to global public relations practice (Pearce, 2010) because it is inherently opposed to the core values of public relations - the diversity, multiculturalism and sharing of power. As the cultural intermediaries negotiating shared identities between local communities and foreign brands (Han & Zhang, 2009), public relations is practiced to manage the process of strategic communication for the purpose of building mutually beneficial relationships between organizations and their publics ("What is public relations?," 2011). For this reason, TNCs are advised to be familiar with the country-specific factors which could affect their practices, especially the foreign markets' political, economic and cultural landscapes, media environment and level of activism (Sriramesh, 2010). In addition to engaging in socially responsible practices, building relationships with actors including the government, NGOs and the media, and aligning corporate values with those of society's (Kochhar & Molleda, 2015), the need to engage with publics in mutually beneficial long-term relationships is also emphasized (Golan, 2013).

TNCs serve an important political function as corporate diplomats of their countries of origin (Kochhar & Molleda, 2015). Their relationships with foreign publics, as an employer, a supplier or a corporation from which they make purchases, could contribute to foreign publics' overall perceptions about and experiences with their countries of origin. The above cases portray that even in situations where the triggering of nationalist sentiments are not caused by the TNCs themselves, TNCs are affected – apart from online communicative actions against the TNCs and their home countries, offline behavioral actions were executed against the TNCs as problem-solving behaviors (i.e., situational theory of problem solving, (Kim & Grunig, 2011).

According to the relationship principles in public relations (Grunig, 2009a, 2009b), organizations could withstand crises and issues better if they have good, long-term relationships with their strategic publics. Good relationships would benefit organizations by helping them save the costs of litigation when dealing with crises or boycotts (Hon & Grunig, 1999). During a crisis, an organization's prior reputation (i.e., the sum of relationships with publics) is one of the crucial factors determining how publics react to a crisis (i.e., situational crisis communication theory, Coombs, 2007).

Although relational public diplomacy programs, such as people-to-people exchanges, are considered effective long-term efforts of public diplomacy during which publics' experiences with a country are enhanced, most foreign publics do not have the chance to participate in those programs (Golan, 2015). On the other hand, TNCs serve as an employer, a supplier, or an organization from which foreign publics make purchases and a partner for corporate social responsibility. In other words, even without leaving the country in which they live, foreign publics are more likely to be exposed to the experiences of interacting with TNCs than the TNCs' countries of origin. Thus, TNCs should conceptualize how to best manage the process of strategic communication. In particular, they should be aware of (a) what constitutes a relationship with foreign publics and (b) the effects of their relationship with foreign publics.

The process of strategic communication could be understood as the antecedent of a relationship which is managed by an organization for the purpose of mutually beneficial relationships. A discrepancy between foreign publics' expected state and experiential state could increase their problem recognitions to be engaged in problem-solving behaviors against an organization (i.e., situational theory of problem solving, Kim & Krishna, 2014). Grunig and Hung-Baesecke (2015) highlighted that individuals who have had first-hand experiences with an organization would develop more individualized impressions about the organization.

The individualized impressions could then be spread in the individuals' networks to affect the impressions of others (Vibber & Kim, 2015; Zaharna, 2013). Thus, it is of crucial importance for TNCs to conceptualize the process of strategic communication as corporate diplomats with reference to the following principles:

Political function of corporate diplomats – TNCs serve a unique political function as the corporate diplomats of their countries of origin. They should be aware of how their relationships with individuals (e.g., employees, customers, suppliers, members of the community, government officials) in foreign markets would contribute to the overall symbolic environment determining how their home countries are perceived. TNCs should be aware of how corporate behaviors, such as facilitating a corporate culture which encourages relationship building amongst employees, could shape one's experiences with the TNCs and their countries of origin. In other words, the approaches used by the TNCs to manage their operations could shape, reinforce or change foreign publics' general perceptions about their countries of origin. Positive relationships with publics who have had first-hand experiences with the TNCs (i.e., behavioral relationships, Grunig, 1993) could potentially encourage positive megaphoning behaviors towards the TNCs (Kim & Rhee, 2011), protect them from nationalist publics' destructive behaviors, and contribute to foreign publics' impression towards the TNCs' home countries.

International environmental scanning – Although environmental scanning serves the purpose of assisting organizations in separating strategic publics from non-publics to help them decide with whom they build relationships, TNCs ought to be engaged in extended environmental scanning to not only prioritize its own publics, but also publics of entities with whom they are affiliated, such as the governments of and activist groups from their countries of origin. They should be aware that the escalation of an issue into a crisis for these entities could affect their operations and that these entities' *active* publics (i.e., those engaging in

active communicative behaviors for problem solving) could become the TNCs' own active publics. As we have seen in the case of Starbucks in the Forbidden city (Han & Zhang, 2009), the lack of knowledge about similar crises faced by other TNCs in the past could lead TNCs to make similar managerial mistakes in the future. Thus, TNCs should seek to understand (a) under what conditions nationalist sentiments could be triggered against the governments of their own countries and (b) what problem solving behaviors would be exhibited by nationalist publics.

Foreign public segmentation – Good relationships with foreign publics could prevent crises and increase likeability towards the organization (Huang, 2001; Wang, 2005). TNCs should be aware of the importance of prioritizing publics in the segmentation of foreign publics. While engaging in socially responsible practices has been emphasised in literature on corporate diplomacy (Kochhar & Molleda, 2015; Ordeix-Rigo & Duarte, 2009), Kim, Kim and Tam (2016) highlighted the importance of practicing corporate *public* responsibility, that is, prioritizing responsibility towards immediate publics (e.g., employees and consumers) before attending to the needs of society at large. When crises do take place, these immediate and strategic publics, with whom the TNCs have good relationships, would often be the ambassadors speaking in favor of them. On the other hand, bad relationships could turn them into adversarial publics in speaking against them (e.g., Vibber, 2014). TNCs should also understand the two-way nature of relationship building – in addition to helping foreign publics learn about them through experiences, they should also demonstrate relational attentiveness and relational curiosity in wanting to gain more knowledge and experiences about the foreign markets in which they operate (Tam & Kim, 2016).

Crisis preparedness for international disputes – As TNCs could become the outlets through which nationalist sentiments are expressed by nationalist publics in foreign markets, TNCs are advised to be prepared for possible crises resulting from international disputes

(Wang, 2006a). In this respect, the political and historical contexts in which TNCs are operating should not be overlooked (Li, 2009). In the case of China, the Chinese government's lack of disapproval towards publics' vandalizing Japanese properties (Pál, 2009) and its control of media reports (Chen & Hwang, 2015) reflected its using the public opinion of the nationalist publics in the country to assert its stance on the territorial dispute over the Senkaku Islands. Media nationalism, that is, the resonance of nationalist inclinations shared between Chinese publics and journalists, could perpetrate the seriousness of the news events in triggering nationalist sentiments (Wang, 2006b). The approaches taken by the government to handle publics' expression of nationalist sentiments should be considered (Kang, 2013). Thus, TNCs must be prepared for possible crises arising from international disputes by (a) understanding the relationship between its home country and the foreign countries in which it operates, and (b) understanding the foreign governments' approaches to dealing with nationalist sentiments and protecting TNCs at times of international disputes.

Conclusion and Limitations

Corporate diplomacy should be practiced not merely for TNCs to gain legitimacy in the foreign countries in which they operate; it should be practiced as a political function because of the association between TNCs and their countries of origin. This paper has explored three types of crises caused by the triggering of nationalist sentiments, all of which had affected TNCs. Based on the relationship principles in public relations, TNCs are advised to incorporate the values of corporate diplomacy into their foreign operations through the practice of serving the political function of corporate diplomacy, international environmental scanning, foreign public segmentation and preparing for possible crises resulting from international disputes. After all, because foreign publics are more likely to have direct experiences with the TNCs than their countries of origin, TNCs' investments in relationships could help to mitigate collateral damage from nationalist sentiments to protect their own

operations and to best contribute to international public opinion about their countries of origin.

This research redirects scholarly attention to the understanding of a specific type of public sentiment, namely nationalism, in relation to public diplomacy and corporate diplomacy. Previous research on public diplomacy has focused on the roles of actors (i.e., state actors versus non-state actors) and the type of programs (e.g., the Fulbright scholarship) (Golan, 2015). This study explores the political functions of TNCs through the nationalism-induced crises they had confronted in foreign markets to develop insights into how to best play the roles of corporate diplomats in foreign markets. While the cases we introduced in this study describe the negative consequences of nationalism on TNCs, we also provide suggestions on how TNCs could proactively prepare themselves for potential issues and crises in advance by equipping themselves with cultural knowledge and understanding the role of public sentiment and public behavior. This requires ongoing research efforts to better understand their foreign markets.

This study has several limitations. The three cases examine Chinese publics' nationalist sentiments against TNCs. Hence, the findings may not be generalizable to other countries. Because every country has different levels of nationalist sentiments and different levels of respect on heritage and tradition, future research should examine the impact of nationalism-induced crises on TNCs in other countries. This study could be further developed with case studies from countries which are not as nationalist and are governed by different types of regimes. The countries' general attitudes towards foreign products could also be examined. In addition, there could be other factors which also trigger hostile actions among foreign publics, such as anti-corporate sentiment. Future research could be conducted using a different method (e.g., survey) to test theoretical models which examine more variables, such as cultural differences. Experimental studies with fictitious crisis scenarios could also be

conducted to test the relationships between nationalism and behavioral intentions against

TNCs in the context of international disputes between two countries.

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