Business Diplomacy in Practice: A Grounded Theory Study in Management Among Professional Diplomats

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Fahad Alammar

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Abstract

Background: How can diplomacy contribute to the success of businesses and to better management and business practices in today's complex and interconnected world? Diplomacy has been associated with business and commercial activities for thousands of years. However, due to the modern events of globalisation and increased geopolitical risks facing businesses, management scholars have been looking at the concept of diplomacy and have tried to apply it to management and organisational settings.

Aims and Significance: Despite the growing attention to business diplomacy, the literature remains limited and lacks clear empirical research that provides a practical understanding and conceptualisation of this subject. Therefore, this study looks at diplomacy from managers' and diplomats' perspectives in relation to business and management. Diplomacy continues to evolve in its practices, skills, and policies, and so do today's businesses. Investigating the range of professional diplomats' responsibilities and knowledge could give managers and management researchers an understanding of the intricate complexity of the diplomat's task, which will enhance their own work. This research aims to address this issue by answering the question: *How do professional diplomats, in businesses and governments, understand business diplomacy? And what are the key elements associated with business diplomacy in practice?* The research objective is to examine the role of diplomacy in business and management and to investigate its related core elements that can help businesses and managers be successful in today's business environment.

Method: To address this issue, an interpretative-exploratory study was conducted using the Straussian grounded theory approach. Using semi-structured interviews as the data collection method, twenty-one official diplomats, CEOs, businesspeople, and managers from both the private and public sectors were interviewed. Participants were asked to describe their understanding of diplomacy and what constitutes its basic elements and practice.

Findings: The study found that business diplomacy is a process of multiple integrated qualities. In particular, the findings indicate that business diplomacy is the capability to professionally and systematically manage and influence multiple stakeholders, as well as the operating environment, to advance business interests and to create favourable conditions for the firm. Consequently, the theory of Multi-Stakeholder Managing and Influencing (MSMI) in business diplomacy was developed that offers new insights into the area. MSMI suggests that business diplomacy is achieved through the integration of multiple qualities, namely: interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration, and power-authority building (PAB). MSMI also suggests that these qualities are closely interrelated and co-dependent on each other.

Conclusions: The findings of this study contribute to our developing a scholarly understanding of business diplomacy, its meaning in practice, and what constitutes its core elements. As one of the earliest empirical studies in business diplomacy, this study broadens and deepens our views by offering new insights and theory. The findings contribute theoretically and practicably to the body of knowledge by suggesting that business diplomacy constitutes multiple qualities, is recognised and valued by participants, and is found to create long-term value for businesses. This has implications for businesses and universities as it encourages them to incorporate business diplomacy as a strategic tool to be learned and practiced at the organisational level. This study serves as a starting point for further empirical research in business diplomacy, and future researchers are encouraged to carry out larger-scale studies on different populations and industries to replicate and validate the theory.

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When I arrived in New Zealand back in 2007 as a scholarship student from Saudi Arabia to study for my bachelor degree, my plan was to finish it and go back home. I never thought or dreamed, that in 2017, and after 10 years, I will be completing my PhD. This journey has been a rewarding and life-changing experience for me and was only made possible through the help and supports I received along the way.

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For non-English speakers, I would like to translate my acknowledgement to them.

Fahad Alammar
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شكر وتقدير

Notice and List of Publications

During the time of doing my PhD, I have co-published several papers in journals, business magazines, and conferences. The contents of these publications came primarily from this dissertation. As a result, similarities may be observed between it and the other promulgated work. While I did my best to re-phrase and reference my co-published work, some might still notice a few similarities. The publications are listed below and are referenced throughout this dissertation where needed:

Journal and Magazine Articles:

1- Alammar, F. M (2018, March 6). Digital diplomacy: How New Zealand can better sell itself. *Stuff.co.nz*. Retrieved from https://www.stuff.co.nz/national/politics/102002297/digital-diplomacy-how-new-zealand-can-better-sell-itself

2- Alammar, F. M. (2017, July). Why businesses need diplomacy. *New Zealand Management Magazine*, *31*(6), 5. Retrieved from https://management.co.nz/magazine-issue/management-july-2017-0

3- Alammar, F. M., Cardow, A., & Pauleen, D. (2016, June). Does business diplomacy "Trump" political diplomacy? *The National Business Review*. Retrieved from https://www.nbr.co.nz/subscribe/189974

4- Alammar, F. M., Intezari, A., Cardow, A., & Pauleen, D. (2018). Grounded theory in practice: Novice researchers' choice between Straussian and Glaserian. *Journal of Management Inquiry*. https://doi.org/10.1177%2F1056492618770743

5- Alammar, F. M., & Pauleen, D. (2016a). Exploring managers' conceptions of wisdom as management practice. *Journal of Management & Organization*, *22*(4), 550–565. https://doi.org/10.1017/jmo.2015.53

6- Alammar, F. M., & Pauleen, D. J. (2016b). Business diplomacy management: A conceptual overview and an integrative framework. *International Journal of Diplomacy and Economy*, *3*(1), 3. https://doi.org/10.1504/IJDIPE.2016.079170

Conference Presentations and Symposiums:

1- Alammar, F. M. (2017, November). *Business diplomacy in practice: A grounded theory study in management among professional diplomats*. Symposium conducted at *Massey Business School PhD*. Auckland, New Zealand.

2- Alammar, F. M. (2016, November). Business diplomacy in practice: What do the experts say? Symposium conducted at *Massey Business School PhD*. Auckland, New Zealand.

3- Alammar, F. M. (2015, August). Business diplomacy in practice: What do the experts say? Symposium conducted at *Massey Business School PhD*. Palmerston North, New Zealand.

4- Alammar, F., & Pauleen, D. (2015, December). Business diplomacy in practice: What do the experts have to say? In *Australian and New Zealand Academy of Management Conference (ANZAM)* (p. 48). Queenstown, New Zealand.

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Chapter 1 Introduction

1.1 Chapter Overview

This chapter sets the scene for the thesis by examining the research problem. After reviewing the researcher's role in this research, the research background and problem are presented and outlined. The research objectives and significance are then explained, followed by the main research question. The structure of the dissertation is outlined and described. A chapter summary is provided at the end.

1.2 My Role as a Researcher

My interest in studying business diplomacy began while I was doing my master's research which focused on practical wisdom and its role in management and organisational settings. My published master's thesis was a qualitative empirical study which required conducting interviews with managers and senior managers in different organisations (Alammar & Pauleen, 2016a). During these interviews, I have observed the dissatisfaction of some managers with conducting international business, undergoing negotiations, or dealing with different stakeholders and cultures, both inside and outside their organisations. For example, one manager talked about his experience with failed interactions and negotiations with overseas partners from different cultural backgrounds. Another manager spoke of how difficult it is sometimes to deal with suppliers and internal staff in order 'to get the job done'.

I was encouraged by these comments to look for a tool that could help businesses deal with such complexities in their work environment. Upon completing my research, I came across business diplomacy as a method of cooperating effectively with people to get things done (London, 1999; Steger, 2003). Nonetheless, the literature at that time was limited in its scope and depth. This prompted me to conduct this research and to potentially enhance our current understanding of business diplomacy and uncover its fundamental elements in practice.

I was further encouraged to carry out this research by the mounting criticism of civil society actors as to how business is being conducted. This is expressed, for example, by the 'Occupy Wall Street' movement or Non-Governmental Organisations' (NGOs) demonstrations regarding bonus systems in large corporations (Saner & Yiu, 2014). This is also expressed by the public outrage regarding some businesses' mishandling of customers, with one example being the violent and forcible ejection of a passenger from United Airlines in April of 2017 (Victor & Stevens, 2017). The public has become more critical and influential due to their increasing awareness and access to business information, news, and technology (Ruël, 2013).

I was also encouraged by the capabilities of some businesses leaders, such as Mark Zuckerberg, who act as representatives for their organisations, making 'state visits' to sovereign countries, meeting world leaders, and entering into agreements independent from their home countries (West, 2014). This inspired me to look for the tools that those leaders use. Business diplomacy has been suggested as a means to manage the interface between the business and its external environment, maintain reputation and relationships with stakeholders, and build new alliances and partnerships (Saner & Yiu, 2014).

Ultimately, the questions that prompted me to study diplomacy in relation to business were: would diplomacy aid in addressing some of the issues that businesses face? If so, then what is business diplomacy and how is it manifested in practice by professional diplomats?

1.3 The Research Background

The history and practice or diplomacy has been evolving since its emergence. As it will be discussed in the literature review (see section 2.2 'Diplomacy: History and Development'), diplomacy evolved from basic human communication about hunting territories, to complex institutional relations between states, NGOs, individual activists, and businesses (Bjola & Kornprobst, 2013). Increase in the speed of communication, the number of actors, and the need for collective effort and cooperation, has changed diplomatic practices from behind closed doors and secret meetings, to open and transparent discussion (sometimes on social media)

between different diplomatic state and non-state actors (Bjola & Kornprobst, 2013).

It has become necessary, therefore, for businesses to move from merely producing a certain product or service to incorporating broader tasks of managing and maintaining multiple stakeholders as a result of global market effects (Ordeix-Rigo & Duarte, 2009). Globalisation and transnationalisation are terms used to describe the phenomenon of increasing connectivity and interdependency of countries, markets, businesses, and individuals (Reuvers & Ruël, 2012). Globalisation has changed the international business landscape; businesses now operate in different countries, deal with multiple jurisdictions and societies, engage in complex negotiation and the development of trade standards and treaties, and face increasing geopolitical risks and pressures. This is coupled with decreasing governmental support for firms operating locally or globally; many embassies around the world, for example, do not offer their businesses the support they need (Kesteleyn, Riordan, & Ruël, 2014a). Firms are more likely to face cultural clashes, conflicts, and disputes in host countries where there is reduced government support to solve these issues. This requires firms to act independently and as state-like institutions to resolve their issues and establish diplomatic relations with multiple stakeholders to obtain legitimacy and influence.

There is also an increasing scrutiny of businesses from civil society actors who look at how the business is conducted and their contribution to society and the environment. Civil society has been transformed by experience, technology, education, and empowerment (Haynal, 2014). Businesses have to deal with the media, pressure groups, global social movements, and special interest groups. Initially, the business response to such demands and challenges from these actors was carried out by functions such as public relations and public affairs. However, it is no longer possible to maintain such a reactive and distant relationship with society (Haynal, 2014). Businesses need a new proactive tool to anticipate and face these challenges in order to coordinate their responses and maintain their legitimacy and good reputations.

In addition, the global business environment has been transformed in recent years where businesses have to interact with different state and non-state actors (such as NGOs, governments, and international organisations) on a growing host of environmental and social issues (Muldoon, 2005). Global businesses are facing geopolitical risk and state-type challenges and have reached a level of economic and social power and impact similar to that of governments (Søndergaard, 2014). Issues of piracy, terrorism, and international trade agreements are some of the issues that typically have been handled by governments but are now being dealt with by businesses as well. To that extent, businesses have become political entities whose actions and activities can have a considerable impact on the society. This requires firms to effectively monitor the environment, negotiate, and engage with external stakeholders such as governments and international organisations. More importantly, it requires businesspeople and managers to assume the roles and tasks of diplomats and to act as ambassadors for their organisation to promote and defend their organisation.

Furthermore, the process of internationalisation has resulted in businesses facing conflict and disputes in the host countries where they may also have to operate in weak institutional settings and where there are strong government roles and cultural differences (Ruël & Wolters, 2016). This means that businesses need to be able to cope with complex interactions with multiple stakeholders in host countries while protecting their bottom line and reputation. Ignoring working conditions in emerging markets, for example, could backfire in their home countries and could have a strong and lasting effect on the business's image.

Moreover, to access new resources and business opportunities, doing 'business as usual' or 'business best practice' may not be enough in today's competitive business environment (Voicu, 2001; Westermann-Behaylo, Rehbein, & Fort, 2015). To secure deals and get into untapped areas, businesses need to create alliances, identify common ground with others, and form partnerships. Business opportunities might remain unexplored without constant engagement and interactions with relevant stakeholders from around the world. This requires building and cementing relationships with multiple stakeholders – not to sell

goods and services, but to identify common ground and possible alliances and prospects (Saner & Yiu, 2014).

1.4 The Research Problem

Therefore, to survive in this complex and rapidly changing business environment, businesses need to develop competencies in what is termed business diplomacy – the adoption of the mindset and skills of diplomacy for business (Kesteleyn et al., 2014a). In particular, business diplomacy refers to the management of interfaces between the business and its external non-business stakeholders, such as NGOs and international organisations, to shape and influence its operating environment (Saner & Yiu, 2014). Business diplomacy emphasises geopolitical risk management, extends outside of organisations to non-business stakeholders, and operates across geographical areas where businesses are the sole actors rather than the governments (Kesteleyn et al., 2014a). Business diplomacy recognises that there is a shift and risk in the balance of geopolitical power and the involvement of multiple stakeholders. As a result, business diplomacy aims to identify geopolitical risk and then constructs networks with multiple stakeholders at different levels to mitigate risks and form strategic coalitions around mutual interests (Guilherme, 2017; Kesteleyn, Riordan, & Ruël, 2014).

Due to its multidisciplinary nature, business diplomacy can offer a way to overcome different barriers. Businesses equipped with diplomatic competencies and knowledge should be able to create long-term relationships with stakeholders, identify commonality of interests with others, understand different laws and management styles, and form alliances to secure opportunities and protect their reputation (Saner, Yiu, & Sondergaard, 2000). According to Wartick, Wood, and Czinkota (1998), companies with diplomatic know-how should be able to anticipate and cope with multiple crises and conflicts, manage international issues and relations, influence and work with international organisations, and know how to operate appropriately within diverse cultural and societal environments.

However, while several authors in the business literature stress the growing importance of business diplomacy (London, 1999; Muldoon, 2005; Ordeix-Rigo & Duarte, 2009; Saner & Yiu, 2008; Small, 2014; Voicu, 2001), this area is still

nascent and the picture is yet to be completed. Business diplomacy as a concept has received limited attention from scholars within the business literature, and has not been widely recognised yet (Ruël & Wolters, 2016). More research is needed regarding, for example, businesses' understanding of diplomacy, how small and medium-sized businesses conduct their diplomacy, and how NGOs understand and use diplomacy. Several authors are calling for more rigorous research into the development of the concept and practices of business diplomacy and for scholars to look for more knowledge and skills that can be transferred and used by the private sector (Kesteleyn et al., 2014a; Saner & Yiu, 2014; Søndergaard, 2014).

Therefore, this study looks at diplomacy from managers' and diplomats' perspectives in relation to business and management. Diplomacy continues to evolve in its practices, skills, and policies, and so do today's businesses. Investigating the range of diplomats' responsibilities and knowledge could give managers and management researchers an understanding of the intricate complexity of the diplomat's task, which could enhance their own work (Saner et al., 2000). This is reflected by Muldoon's (2005) comment where he maintains that the new global challenges facing international businesses are matters of diplomacy. The intricacy of today's business environment requires managers and businesspeople to know about diplomacy and to conduct themselves accordingly (Chipman, 2016).

This study will provide a grounded theoretical and practical conceptualisation of business diplomacy that can be used by managers and businesses to face the complexities of international business and relations. The business and management literature barely acknowledges the experiences and the knowledge of official and business diplomats. It is less clear, for example, how business diplomacy is conducted in practice around the world, what its core competencies are, and how they are developed (Saner & Yiu, 2005). Different authors, including diplomats, argue that diplomacy is relevant to business and that diplomats master a wide range of skills and capabilities that are essential and compatible with businesses and managers (Muldoon, 2005; Saner et al., 2000). The research that has been conducted on business diplomacy so far is largely theoretical (London, 1999; Macnamara, 2012; Muldoon, 2005; Saner et al., 2000; Small, 2014; West,

2014; Westermann-Behaylo et al., 2015), with few empirical studies (Monteiro & Meneses, 2015; Ruël & Wolters, 2016; Saner & Yiu, 2005).

1.5 The Research Objectives

This research seeks to explore how the concept of business diplomacy is perceived in practice by business managers and diplomats and to uncover some of the key elements associated with diplomacy when it comes to conducting business. This research aims to develop overarching themes, or categories, and to develop a theory and a framework of business diplomacy in practice that will help managers and businesspeople learn from and take the appropriate action in this complex world.

Future organisational and management research in business diplomacy requires first an investigation into the perception of the concept. Hence, another objective of this study is to provide empirical field data that can serve as an explanation and conceptualisation of the concept of business diplomacy for future organisational and management research.

1.6 Study Significance

While the importance of business diplomacy is evident, only a few businesses practice it, and it is less clear what constitutes business diplomacy in theory and in practice (Saner & Yiu, 2005). If diplomacy is important to businesses, then what does it look like? The management literature does not fully recognise the term business diplomacy yet. The number of researchers who have used and applied the term remains limited. Therefore, business diplomacy is a relatively under-explored area of research. Conducting additional empirical research will provide new insights into how business diplomacy is perceived and conducted in practice. Therefore, this research aims to fill this gap in the body of knowledge by providing a significant in-depth and empirical investigation on how business diplomacy is perceived and applied by practitioners, that is, managers and diplomats.

There is a growing need for businesses to be able to deal with new networks of relationships that constitute the business environment. The business environment,

both locally and globally, is increasingly sensitive, unpredictable, and volatile (Steger, 2003). With the increased power of stakeholders and the advancement of technology and social media, a single mistake could destroy the value and reputation of a long-standing business. Ruël (2013) calls for innovating business diplomacy practices and policies to face the challenges of international business. Therefore, it would be useful if diplomacy could be used as an effective management tool to help overcome and manage international business constraints. By empirically exploring business diplomacy, this research aims to uncover how diplomacy can be used as a strategic tool for businesses in building bridges between them and multiple stakeholders and in helping firms in business locally or globally. Newly acquired insights can then be transferred to organisations that will contribute to better use of diplomacy in business.

The significance of this research can also be re-emphasised by considering that the findings of this study are based on the data collected from managers and diplomats in relation to business diplomacy. The empirical conceptualisation and the theory grounded in managers' and diplomats' experiences and interpretations are designed to serve as a relevant and practical guide to improve academics' and practitioners' understanding and the practice of business diplomacy in the real world

1.7 The Research Questions

Based on the research problem and objectives, this research seeks to answer this main question:

> *How do professional diplomats, in businesses and governments, understand business diplomacy? And what are the key elements associated with business diplomacy in practice?*

The research also asks sub-questions. These questions are not the main objective of this research. However, the answers to these questions are important in addressing the main research question:

- How can un/diplomatic behaviour or practice in the business world be identified?

- What diplomatic knowledge, skills, and practices can be of use for businesses?

- What diplomatic resources and strategies do businesses need to possess to succeed in today's business environment?

- How do diplomats acquire and develop diplomatic competencies in nation-to-nation diplomacy?

1.8 Glossary

This section defines terms that are frequently used throughout this dissertation for clarification and consistency.

Manager: A CEO, executive, or a manager who is engaged in diplomacy-related activities for the business.

Official Diplomat: A person appointed by a state to conduct diplomacy with other states.

Professional Diplomat: Either an official diplomat or a business diplomat who represents, communicates, and negotiates on behalf of their entity.

Business: This thesis uses the term "business" to pertain to any profit-seeking organisation, whether it is a large corporation or small and medium-sized company, that engages in activities of exchanging goods and services for mutual gain or profit (Dlabay, Burrow, & Kleindl, 2011). The activities are systematic, repeated, and organised in that a single transaction of sale does not constitute a business (Maheshwari, 1997).

The definition above, therefore, excludes non-profit organisations as well as individual businesses that lack formal structure or repeated transactions such as peddlers/street vendors.

The term "business" in this thesis also applies to domestic and international businesses. International business is defined as "all commercial transactions— private and governmental— between two or more countries" (Katsioloudes & Hadjidakis, 2007, p. 9). Another definition of international business is any "profit-related activities conducted across national boundaries" (Katsioloudes & Hadjidakis, 2007, p. 9).

Business or Corporate Diplomacy: Unless stated otherwise, this study uses the term 'business diplomacy' to refer to both 'business' and 'corporate' diplomacy due to their increasingly similar characteristics (see section 2.3.4, 'Business Diplomacy and Related Terms', in Chapter 2, for more discussion relating to business diplomacy and other related terms).

Civil Society Actors: The aggregate of non-governmental and business organisations, such as families, trade unions, charitable and philanthropic organisations, religious organisations, community organisations, and social movements.

Management: This study uses the term management as defined by Daft (2008): "The attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling" (p. 5). To that extent, organisational vision must be turned into specific goals by planning; resources and responsibilities should be organised; staff need to be led and motivated; and finally, organisational efforts and outputs should be controlled to ensure objectives are on track (Murphy & Murphy, 2004).

Management, therefore, is a function that must be exercised in any business (Toor & Ofori, 2008). Management is about dealing with procedures, practices, and complexity and it aims at predictability and orderly results (Kotter, 2001). In that respect, management is tactical and all about managing the here and now (Kotterman, 2006).

1.9 Structure of the Dissertation

This thesis comprises eight chapters that are grouped into four parts. Part 1 provides an introduction to this research and presents the literature review. Part 2 describes the methodology, including data collection and analysis. Part 3 presents and discusses the findings. Finally, the research is concluded in part 4, where the implications, contributions, limitations, and future research areas are discussed. Administrative procedures including participants' demographic profile, the interview guide, and the consent form, are provided in the appendices. The chapters are outlined as follows:

Part 1: Introduction and Literature Review

Chapter 1: This chapter provides an overview of the research, including my role as a researcher, the research background, problem, objectives, and the study's significance. In the final sections, the research question is outlined, as well as the structure of the dissertation.

Chapter 2: In this chapter, a review of the literature is presented. The literature review includes a discussion of diplomacy and business diplomacy. As part of the discussion, the history of diplomacy and the conception and development of business diplomacy are discussed, and an analytical perspective on the business diplomacy literature is offered. Due to the methodological choice of grounded theory, the initial literature review was revisited and updated once the substantive theory began to emerge.

Part 2: Methodology Design and Grounded Theory

Chapter 3: This chapter explains and justifies the research methodology. The philosophical position of the researcher and the reasons for choosing the methodology are discussed. Grounded theory and its variants are explained and the justifications for adopting the Straussian grounded theory approach are discussed.

Chapter 4: This chapter outlines the data collection method. As part of the discussion, the sampling and interview procedures are explained. Rigour and credibility issues are explored as well as the ethical considerations for this research.

Chapter 5: This chapter details how the methodological techniques of data analysis and coding were conducted. The chapter illustrates how concepts and categories emerged from the data. Examples of direct research memos and quotes from participants are provided to illustrate the coding procedures. A brief look at the major categories and the core category is also presented.

Part 3: Findings and Discussion

Chapter 6: This chapter presents and discusses the findings of the study in detail. The emergent theory of Multi-Stakeholder Managing and Influencing (MSMI) in business diplomacy is outlined, and the relationships between its key components are discussed. This is followed by a lengthy discussion of the major categories and sub-core categories in relation to the relevant literature. Extensive and representative quotes from participants are included throughout the chapter.

Chapter 7: This chapter further discusses the findings of this study in more detail. The interrelationships between the core categories of the emergent theory are exemplified and further discussed with reference to the relevant literature.

Part 4: Conclusion

Chapter 8: This chapter provides a conclusion for the study. The chapter reviews the research questions, problems and objectives, and the key findings. The research implications, contributions, and limitations are discussed. Areas for future research are suggested.

1.10 Chapter Summary

This chapter has outlined the main research problem and the main thesis of the study. After explaining the researcher's role in this study, the research background and problem were presented and explained. This chapter also explained the research's objectives and its significance, followed by outlining the main research question of this study. The structure of the dissertation was outlined, including a description of each chapter. In the next chapter, the literature involving diplomacy and business diplomacy is reviewed.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 2 Initial Literature Review

2.1 Chapter Overview

This chapter presents the literature review about business diplomacy. Due to the methodological choice of grounded theory, this literature was revisited and updated. First, an initial literature review was conducted and completed to meet the university's requirement for a PhD proposal submission. A second review of the literature was conducted once data analysis and interpretation were done and a substantive theory began to emerge. The second literature review is incorporated into chapters six and seven. The initial literature review was also revisited and updated once the final dissertation was finished.

In the first section, an overview of diplomacy and its historical development is presented. The second section provides a review of business diplomacy within the management literature. As part of the discussion, different definitions of business diplomacy are presented in addition to offering an analytical perspective on the literature. Several terms related to business diplomacy are discussed, as well as two case studies pertaining to business diplomacy in practice. The rationale for the recent emergence of business diplomacy is presented followed by a summary of the chapter.

2.2 Diplomacy: History and Development

Diplomats are state agents; their goal is to fulfil state-centric objectives (Cooper, 2013). Diplomacy's primary objective is to safeguard the interests of the home country through the appointment of a representative who represents and implements the home country's foreign policy outside state borders (Bišofa, 2014). The Vienna Convention divides the functions of diplomacy into: representation, protection of the home state's interests, negotiation and signing agreements when authorised, gathering information using lawful means, promotion of friendly relations between the two states, and the furthering of economic, commercial, cultural, and scientific relations (Hamilton & Langhorne, 1995).

Nicolson (1939) defines diplomacy as "the management of the relations between independent States by way of negotiation" (p. 80). A more inclusive definition of diplomacy is offered by Melissen (1999) "as the mechanism of representation, communication and negotiation through which states and other international actors conduct their business" (pp. 16–17). Such a definition reflects the new direction of contemporary diplomacy as it includes non-state actors.

Diplomacy has evolved over the past centuries. The Treaty of Westphalia, in 1648, stated that diplomats were in charge of representing "the political positions and the national interests of their countries" (Bruter, 1999, p. 184). Progressively, diplomacy started to include more actors and activities other than states and politics. Today, diplomacy has evolved to include all international actors within the global stage. Despite its evolution, the main features of diplomacy still hold (Saner et al., 2000). These features include representation and negotiation, the gathering of information, and expansion of political, economic, and cultural ties between two countries (Amacker, 2011).

The earliest historical record of diplomacy is found in the relationships of the 'great kings' of the Near East in the 4th millennium BCE (Berridge, 1995; Cooper, Heine, & Thakur, 2013; Hamilton & Langhorne, 1995; Roberts, 2009). There are documented diplomatic letters between the Mesopotamian Kingdom of Ebla and that of Amazi, as well as between the Egyptians and the ancient Near East (Roberts, 2009; Siracusa, 2010). The inter-state contact and agreements at that time were motivated essentially by trade (Naray, 2011). In ancient Greece during the 4th and 5th century BCE, conditions demanded a more sophisticated diplomacy. For example, diplomatic immunity, even during wars, became the norm, and resident missions began to form, through employing local citizens (Cohen, 2001). The Romans instituted important innovations such as immunity extension and the practice of international arbitration. Naray (2011) argues that the Roman consuls were in principle merchants protecting and promoting their home's interests. Diplomacy was also advanced by the Eastern Empire at Byzantium, which set the standards of honesty and technical abilities (Berridge, 1995; Hamilton & Langhorne, 1995).

In the Italian city-states, during the 15th century CE, a recognisable system of diplomacy was established (Jönsson & Hall, 2005; Roberts, 2009). Its most important improvement was the establishment of permanent embassies and ambassadors. In 1648 when the Treaty of Westphalia was signed, the new order of modern diplomacy (the origin of classical diplomacy today) was created (Siracusa, 2010). During the 17th century CE, important classical works of diplomacy were produced which are still relevant today. Jean Mabillon is considered the founder of the modern study of diplomacy (Keens-Soper, 1997). In 1681, Jean Mabillon published *De re Diplomatica* (On Diplomatics). Abraham de Wicquefort wrote *L'Ambassadeur et ses Fonctions* (The Ambassador and his Functions) in 1681. In it, de Wicquefort stresses the importance of a resident ambassador for the conduction of foreign affairs (Roberts, 2009). According to Berridge (1995), this development continued into the 20th century when a "fully developed system of diplomacy" was established (p. 2).

In 1961, a general agreement about diplomats' legal bases was arrived at and codified into the Vienna Convention on Diplomatic Relations (Hamilton & Langhorne, 1995). Two years later, more diplomatic practices and conventions were developed and codified in the 1963 Vienna Convention on Consular Relations (Cooper et al., 2013). This period is said to mark the beginning of the end of old diplomacy (Langhorne, 2005).

These and other key historical diplomatic developments are summarised in Table 1.

Table 1: Key Historical Developments in Diplomacy

Major Changes	Place	Period
	Old Diplomacy	
Ancient diplomacy (sending of envoys, facilitating merchant caravans)	Near East/Greece	4th millennium BCE/ 4th Century BCE
The establishment of a Resident Ambassador	Italy	15th Century CE
The establishment of the first Foreign Ministry	France	17th Century CE
The regulation/codification of diplomacy (Treaty of Westphalia)	Osnabrück	1648
Congress of Vienna (agreed basis for diplomacy)	Vienna	1815

World War I, the Peace Conference in Paris (end of secret meetings, shifting alliances, backroom deals)	League of Nations	1914 - 1919
	New Diplomacy	
WW II, Cold War, and new forms of diplomacy (Multilateral diplomacy, summit meetings, parliamentary diplomacy)	UN	1945-1989
Contemporary diplomacy		Present

Old, or classical diplomacy, as can be seen from its history above, was created by the states for the states and their creations. However, this is no longer the case. Diplomacy is no longer restricted to state actors but also includes non-states (Saner, 2006). Classical diplomacy has been thought of as a prerogative of ambassadors and envoys representing the ministries of foreign affairs. Diplomacy now is associated with units below, above, or parallel to the state; modern diplomacy includes non-state actors such as NGOs, intergovernmental organisations, transnational companies, and even rebel groups and celebrities, who are involved in shaping and influencing the international arena (Leira, 2016; Saner, 2006). Diplomacy, therefore, has become *trans-professional* in which different actors from different professions are embracing the concept of diplomacy and, therefore, the line between them is becoming blurred (Hocking, 2006). These lines of changes in diplomatic actors were due, in part, to the growth in the number and activity of global non-state actors. The role of governments, consequently, has become increasingly constrained and connected by multinational merchants, global banks, supranational organisations, and NGOs, which has added greatly to the complexity of the system of diplomacy.

Businesses are one of those actors, which, due to their significance and impact, have become members of the diplomatic club in their own right (Ruël & Wolters, 2016). Businesses are now commonly identified as generators of diplomacy who participate with governments and NGOs in the management of issues over which no single participant possesses a monopoly (Hocking, 2006).

Business diplomacy is guided by similar principles to those that guide state diplomacy: aiming to reduce conflict, facilitate negotiation and understanding, and maintain positive relationships in the face of disagreement (Macnamara, 2012).

Business diplomacy in this sense is an approach that is based on the mind-set of diplomats. Business diplomacy, therefore, is said to occur when businesses engage in diplomacy-related activities such as representation, negotiation, and communication (Kesteleyn et al., 2014a). It has been suggested as a means to constructively engage and communicate with multiple stakeholders to mitigate geopolitical and non-commercial risks, anticipate conflict, form alliances and recognise common ground, and convince and influence actors within the global arena (Saner & Yiu, 2014).

2.3 Initial Literature Review of Business Diplomacy

In the remaining sections, a literature review of business diplomacy is presented. An initial literature review on how business diplomacy was conceived and developed is presented. Then an analytical perspective on the theoretical and empirical work of business diplomacy is offered. First, however, the various definitions of business diplomacy are outlined and discussed.

2.3.1 Defining Business Diplomacy

Business diplomacy occurs when firms engage in activities that are related to diplomacy (Kesteleyn et al., 2014a). Business diplomacy, sometimes referred to as international business diplomacy or business diplomacy management, as a concept, is a newly emerging term in the management and international business literature (Ruël, 2013). However, in essence, business diplomacy is not new. The traders travelling the Silk Road in the Middle Ages had to be equipped with diplomatic capabilities to navigate and negotiate their safe passage among multiple political powers; later the British and the Dutch East India Companies both governed large territories where their employees served as diplomatic representatives (Kesteleyn et al., 2014a). However, what is new is the severity of the geopolitical risk and the increased power and importance of multiple stakeholders, as well as the increased number of firms confronted by these challenges (Kesteleyn et al., 2014a).

To date, there is no consensus on the definition of business diplomacy. Saner and Yiu (2005) define business diplomacy management as an activity that "pertains to the management of interfaces between the global company and its multiple non-business counterparts" (p. 302). That is, organisations are expected to abide by international laws and at the same time negotiate with host countries' authorities

while taking their home countries' laws into consideration. To London (1999), business diplomacy is a method of cooperating with people effectively to get things done. For Haynal (2014), business diplomacy is "the management of the risks posed by, and the maximization of opportunities latent in, power beyond an entity's direct control" (p. 410).

Table 2 provides definitions of business diplomacy offered in the current business and corporate diplomacy literature. Providing multiple definitions and statements from different authors may facilitate an understanding of the meaning, nature, and elements associated with business diplomacy.

Table 2: Definitions of Business Diplomacy (Adapted from Alammar & Pauleen, 2016b, p. 8)

Author/s	Definition
(Saner, et al., 2000, p. 85)	Business diplomacy management involves influencing economic and social actors to create and seize new business opportunities; working with rule-making international bodies whose decisions affect international business; forestalling potential conflicts with stakeholders and minimizing political risks; and using multiple international forums and media channels to safeguard corporate image.
(Steger, 2003, pp. 6-7)	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', basically with an unquestioned 'license to operate' and an interaction that leads to mutual adaptation between corporations and society.
(Muldoon, 2005, p. 355)	[Business diplomacy entails] successfully managing complex interactions with governments, multilateral institutions, and global social movements.
(Amann, Khan, Salzmann, Steger, & Ionescu-Somers, 2007, p. 34)	Corporate diplomacy refers to the attempt to manage the business environment systematically and professionally, to ensure that business is done smoothly, with an unquestioned license to operate and an interaction that leads to mutual adaptation between corporations and society in a sense of co-evolution.
(Watkins, 2007, para 2)	[Corporate diplomacy refers to] the role senior executives play in advancing the corporate interest by negotiating and creating alliances with key external players including governments, analysts, the media and non-governmental organizations (NGOs).
(Ordeix-Rigo & Duarte, 2009, p. 561)	Corporate diplomacy is the capability that some major transnational corporations develop to draft and implement their own programs, independent from the government's initiative, to pursue similar diplomatic aims.
(Ruël, 2013, p. 41)	Business diplomacy is the representation and communication activities deployed by international businesses with host government representatives and non-governmental representatives in order to establish and sustain a positive relationship to maintain

	legitimacy and a license to operate.
(Saner & Yiu, 2014, p. 317)	BD pertains to the management of interfaces between a MNE [Multinational Enterprise] and its external non-business counterparts (NGOs, CSOs, international organizations (IOs), national and local governments) that have an impact on the MNE's reputational capital and its ability to shape and influence its operational environment.
(Søndergaard, 2014, p. 357)	[Business diplomacy is] the ability to function effectively and simultaneously in a wide range of market conditions and to interact with external stakeholders such as governments, supranational institutions and global social movements.
(Small, 2014, p. 377)	[Business diplomacy is] when a company's commercial interests align with a home or supportive government's national interests in order to overcome the actions of a host government that have harmed, or will harm, the company's business in that host country.
(Haynal, 2014, p. 410)	[Business diplomacy is] the management of the risks posed by, and the maximization of opportunities latent in, power beyond an entity's direct control.
(Alammar & Pauleen, 2016b, p. 9)	Business diplomacy is the practice of establishing and maintaining positive relationships with internal and external business and non-business stakeholders, including employees, businesses, governments and civil society actors, to create and maintain legitimacy and a social licence to operate, create alliances, and shape and influence the environment.

After reviewing these definitions, Alammar and Pauleen (2016b)[1] found that the commonalities linking these definitions are the notion that business diplomacy is associated with managing and interacting with multiple stakeholders as well as the notion of influencing and shaping the environment. For example, Steger (2003) sees corporate diplomacy as "an attempt to manage systematically and professionally the business environment" (pp. 6–7). Søndergaard (2014) defines business diplomacy as the ability "to interact with external stakeholders" (p. 357). To Saner et al. (2000) "business diplomacy management … involves influencing economic and social actors" (p. 85). This notion is found in all the definitions. Table 2 also indicates that business diplomacy aims towards advancing business interests regarding guarding reputation, seizing new opportunities, and mitigating and anticipating risks.

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[1] As mentioned on page vi-vii, 'Notice and Published Work', much of my published work came mainly from this dissertation at different stages of writing it, including this chapter. Some contents of this chapter were published in Alammar and Pauleen (2016b) and were written contemporaneously with data collection and interpretation. Other sections of this chapter, such as sections 2.3.3 and 2.3.5, have not been published and were updated after data analysis was done.

Based on an analysis of the definitions provided in Table 2, Alammar and Pauleen (2016b) propose that business diplomacy can be theoretically described as the following:

> The practice of establishing, sustaining and engaging in a long-term positive relationship with internal and external business and non-business stakeholders, to create legitimacy and a [social] licence to operate, to shape the environment and to ultimately contribute to the economic and diplomatic development of the business (p. 22).

A social licence to operate means the business is welcomed and accepted by the local community and society (Ruël & Wolters, 2016). Businesses may have all the legal rights and requirements to operate in a foreign country, but not necessarily the social licence. Legitimacy in the context of business diplomacy means that a business is credible and accepted by the community and society by which it is surrounded (Ruël & Wolters, 2016).

This theoretical description of business diplomacy provides measurable parameters for business diplomacy and distinguishes it from other related terms. In this sense, business diplomacy is not about power or lobbying, but about creating alliances and legitimacy, total engagement with stakeholders, and shaping and influencing the environment.

2.3.2 Business Diplomacy: Conception and Development

Business diplomacy has only been treated as a distinct field since the second half of the 20th century CE (Ruël & Wolters, 2016). In an article titled 'Total business diplomacy' published in 1950, the editor of Fortune Magazine, Charles Jackson, recommended that diplomacy be used by US corporations to conquer markets around the world (Jackson, 1950). Jackson argued that the basics of business diplomacy are to "support hope, aid and courage. Hope for freedom everywhere. Aid to maintain freedom wherever we can reach. Courage to restore: freedom when that is the 'right decision" (p. 426). In 1966, the general manager of Government Relations of Socony Mobil Oil Company (now Mobil), Christian Herter, argued for diplomacy to be incorporated by US companies (Herter, 1966). Herter argued that US companies

need to move from traditional trade through accepted channels, such as indirect export, to establishing a presence in foreign countries. According to Herter, American corporations were faced with a multitude of new relationships and challenges that could only be faced with direct diplomacy.

Strange (1992) recognised that there are seemingly unrelated developments in the world of politics and business that have common roots which have contributed to a change in the nature of diplomacy. Strange maintained that governments must bargain with businesses, while businesses must bargain with both governments and other actors. Since then the subject of business diplomacy has been studied in various fields. The concept has been examined in management and international business (London, 1999; Saner & Yiu, 2005; Saner et al., 2000; Westermann-Behaylo et al., 2015), multidisciplinary research (Asquer, 2012), geopolitics and global strategies (Henisz, 2016; McConnell, Moreau, & Dittmer, 2012), behavioural science (Ordeix-Rigo & Duarte, 2009), communication management (Macnamara, 2012), and in general management literature (Amann et al., 2007). However, the literature available on the topic of business diplomacy, while on the rise, remains scarce and limited to a small number of studies.

London (1999) was one of the earliest authors to conceptualise the concept of business diplomacy but only as a tool to manage the internal affairs of organisations (Saner & Yiu, 2014). In his opening remarks, London states "this paper introduces the concept of business diplomacy as a way to implement values-based, ethical leadership" (p. 170). London saw business diplomacy, at that time, as a way to ethically and effectively get things done within organisations with different expectations and cultures. According to London, business diplomacy is about being honest and ethical and treating people with respect:

> Business diplomacy is most important when there are disagreements, interpersonal conflicts, and a lot at stake. It is a way to work within corporate politics to make things happen rather than get bogged down in turf battles, resource wars, and dysfunctional, unpleasant competition (p. 171).

While London (1999) perceived business diplomacy as an internal tool, Saner et al. (2000) perceived it as both an internal and an external tool. The authors have pioneered the field of business diplomacy and contributed significantly to its development within the field of international business and management. Saner et al. (2000) conducted one of the earliest theoretical studies on business diplomacy and it is the most cited study on business diplomacy in Google Scholar and other academic databases to date. In their paper, "*Business Diplomacy Management: A Core Competency for Global Companies*", the authors argue that managing multiple stakeholders at home and abroad requires global organisations to acquire competences in business diplomacy. The authors used multiple case studies to demonstrate how the resolution of crises and the success of some global firms were due to effective diplomacy. They name three reasons for the relevance and emergence of business diplomacy (pp. 83-84):

- Increasing public scrutiny and push for accountability
- Emerging markets, security issues, and power politics
- Securing foreign assets

Five years later, Saner and Yiu (2005), published a survey on four Swiss MNCs using semi-structured interview questions to determine whether business diplomacy management actually exists. The survey asked how these MNCs develop their business diplomacy management and whether they seek any partnerships in that regard. All four MNCs recognised the value of business diplomacy management and indicated areas where the knowledge base for business diplomacy should be strengthened and improved, such as crisis management and the interplay between politics and cultures. The study was significant in showing that business diplomacy is recognised and practised among these MNCs.

In a special issue of *The Hague Journal of Diplomacy* in 2014 (Kesteleyn et al., 2014b), practitioners and academics discussed different issues and challenges in business diplomacy with the aim of developing the field further (Kesteleyn et al., 2014a). For example, Saner and Yiu (2014) argued that businesses are increasingly committing themselves to signing different international codes and charters. Implementing such codes requires businesses to appoint business diplomats qualified

to deal with the challenges of signing and implementing such codes (Saner & Yiu, 2014). Two practitioners also contributed to the special issue and offered their first-hand accounts of business diplomacy. Small (2014) proposed step-by-step tactics that business diplomats can use, including the importance of aligning a company's interests with the interests of its home government. Haynal (2014) argued that businesses should manage their increasingly complex state-like challenges on a more state-like basis through the conduct of their own structured diplomacy.

In their paper, Ordeix-Rigo and Duarte (2009) argued for corporations to adopt the concept of diplomacy as a "valid way for organizations to extend their social power and influence and thus achieve their status of institutions within society" (p. 557). They argue that corporations should independently develop and implement programmes and initiatives to pursue diplomatic aims. In this way, businesses can obtain legitimacy and acceptance which aid in achieving their goals. Similarly, Amann et al. (2007) see business diplomacy as a valid tool with which organisations can strategically and systematically manage external stakeholders' pressure and demands. The authors used several case studies to demonstrate the need for business diplomacy. They suggested that using soft power, taking opponents seriously, and taking a long-term view, are some of the lessons of successful business diplomacy.

Despite such limited research, the field of business diplomacy is growing and new journals and schools are researching and teaching the new concept. According to Ruël (2013), the launch of a new journal, the *International Journal of Diplomacy and Economy*, is a recognition of the importance of business diplomacy. Moreover, at an international conference on business diplomacy, practitioners and researchers were invited to define business diplomacy and identify its research questions and agenda (Clingendael Institute, 2012). Some of these questions include: are international businesses equipped to face the challenges of diplomacy? Do they have the diplomatic skills required? More importantly, what diplomatic skills and resources do businesses need to possess? (Clingendael Institute, 2012). The results were published in 2014 in the above-mentioned special issue of *The Hague Journal of Diplomacy* (Kesteleyn et al., 2014b), and its summary is included in Table 3 below.

On top of the literature published on business diplomacy, there is the empirical research at master's and bachelor's levels produced by the University of Twente in the Netherlands. The research, despite being produced by master's and bachelor's students, is mostly conducted under the supervision of international business Professor Huub Ruël, who has written and published extensively on business and commercial diplomacy. Using semi-structured interview questions, Suren (2014) interviewed staff from five MNCs in different countries and found a direct positive effect of business diplomacy on the firm's performance. Similarly, in a master's dissertation, Betlem (2012) developed a theoretical model that attempts to give an overall picture of the antecedents, dimensions, and outcomes of business diplomacy based on an extensive literature review.

Aside from journals, some schools have started to teach and offer degrees in business diplomacy. The Landegger Program in International Business Diplomacy of the School of Foreign Service at Georgetown University offers postgraduate courses for corporate diplomats of the future (Georgetown University, 2014). The Frankfurt School of Finance and Management also offers a course on business diplomacy. In its course syllabus, the school maintains that due to increased geopolitical events, new regulations, and changing public perceptions, business leaders need to maintain relationships and act as diplomats for their companies (Business Diplomacy | Frankfurt School, 2017).

Today, almost 17 years after its academic introduction, the concept of business diplomacy is gaining momentum and recognition. The Academy of Management recently published articles emphasising the need for businesses to embrace the concept of diplomacy (Westermann-Behaylo et al., 2015; Westermann-Behaylo, Rehbein, & Fort, 2013). The director of the International Institute for Strategic Studies wrote for the *Harvard Business Review* arguing for corporations to adopt the art of diplomacy in their daily operations. The author writes:

> The reality in the 21st century is that companies cannot escape politics,
> nor can they consistently pretend to be politically neutral. The answer is
> to embrace the need to engage politically and diplomatically. Today's

corporate foreign policy has two components: geopolitical due diligence and corporate diplomacy (Chipman, 2016, para. 15).

Table 3 provides a summary of studies conducted in business diplomacy. The table is by no means exhaustive, but nonetheless, it provides a summary of the major work done in business diplomacy. One aspect evident from the table is the scarcity of empirical research conducted in business diplomacy. This is due to the recent emergence of the concept and the confidential nature of diplomacy when conducted by businesses (see this chapter, section 2.3.6 'The Recent Emergence of Business Diplomacy'). Another reason might be due to difficulty identifying the people responsible for business diplomacy in their organisations. That is, who oversees diplomatic activities in the business? Is it the CEO? Public relations manager? The corporate relations director? The CSR division? The internationalisation manager? Not having a clear source of diplomacy within businesses makes it hard to conduct empirical studies.

In the following section, an analytical view of the business diplomacy literature is presented and discussed.

Table 3: Summary of the Academic Published Literature on Business Diplomacy

Author	Topic / Focus / Question	Design (Sample)	Findings
(London, 1999)	Introducing the concept of business diplomacy as a way to implement values-based, ethical leadership.	Theoretical (N/A)	Business diplomacy is an internal tool for organisations to use. Business diplomacy is a method of cooperating with people effectively to get things done.
(Saner et al., 2000)	Global companies can improve their effectiveness by setting up a business diplomacy management function and by developing and utilising competent business diplomacy managers.	Theoretical – Case study (N/A)	Diplomatic know-how at the firm level has to be a strategic core competence. Global companies should create a business diplomacy management function consisting of a business diplomacy office.
(Voicu, 2001)	In the age of globalisation, classical diplomacy is under profound transformation and is demanded to function in a qualitatively new context. The United Nations and other international organisations and structures are contributing to the	Theoretical (N/A)	Successful managers should have some basic knowledge about the emerging concept of business diplomacy as an essential component of present-day global diplomacy. The main functions of diplomacy, namely

	adaptation of diplomacy to new requirements.		negotiation, information, representation, and cooperation are more clearly discernible in the business world.
(Saner & Yiu, 2003)	Discussing the mutation of economic diplomacy in a post-modern environment where traditional state-to-state diplomacy is being fragmented and made more complex due to the participation of a growing number of non-state actors like business diplomats.	Theoretical (N/A)	Actors in the sphere of postmodern diplomacy should acquire additional competencies to engage in policy dialogue. Ministries of Foreign Affairs should share the diplomatic space with other ministries and business diplomats. Diplomatic skills must be employed by all to promote views and profiles.
(Saner & Yiu, 2005)	How business diplomats develop this competence. How the business diplomacy function is structured.	Qualitative –Interview (4 Swiss MNCs)	Data showed the existence of the business diplomacy function, but little consistency in how it is organised. The function of business diplomacy varied in different departments.
(Muldoon, 2005)	The 'power shift" in the international system has dramatically altered the international landscape, transforming the roles of, and changing the relationships between, state and non-state actors. The reconfiguration of power within business-government-society relations is changing the institution of diplomacy.	Theoretical (N/A)	Successfully surviving in today's global environment requires global firms to develop their own diplomatic representational mechanism to manage "complex interactions with governments, multilateral institutions, and global social movement". MNCs should build upon long-term relationships with stakeholders and develop cooperative strategies that address social and environmental issues.
(Ruël, Wolters, & Loohuis, 2013)	How is business diplomacy enacted by and embedded in the organisation of MNCs?	Qualitative –Interview (8 Dutch MNCs)	MNCs recognise the value of business diplomacy and execute it intensively; however, none of them applied a clear business diplomacy policy. The responsibility of business diplomacy was outsourced to foreign services.
(Saner & Yiu, 2014)	MNCs are increasingly committing themselves to signing codes, charters, and guidelines of good conduct developed, for instance, by the United Nations and the Organization for Economic Cooperation and Development. Implementing such codes requires engaging and convincing counterparts, internally and externally.	Theoretical (N/A)	The article proposes that MNCs should consider appointing business diplomats, who the authors consider are best qualified to meet these complex but also increasingly important business challenges. Business diplomats are best qualified to nurture such a business culture that supports, leads and cajoles an MNC to orient its business activities towards an overall balance of diverse objectives and respect for obligations. Successful

			implementation of OECD guidelines requires competences that are linked to business diplomacy.
(West, 2014)	The article focuses specifically on the question of whether internet companies' activities are examples of business diplomacy, by examining cases of conflict between corporate actors and the Chinese government and their negotiations under a divided set of loyalties.	Theoretical – case study (3 internet companies)	Business diplomacy practices appear to be closely linked to the corporate interests of these internet companies. It is thus more important that these players learn the tools and apply their resources towards diplomacy. While their activities are more commercial than diplomatic on the whole, internet companies cannot be neutral actors outside of international politics.
(Søndergaard, 2014)	This article illustrates the interdisciplinary nature of the field of corporate business diplomacy using examples from academic disciplines, such as economics and political science, which can contribute to the understanding of corporate business diplomacy.	Theoretical (N/A)	Corporate business diplomacy is an interdisciplinary phenomenon that can be understood using multiple theories and methods. Examples show that corporate business diplomacy can complement business theories such as stakeholder theory and agency theory. Examples from practice show that, in a broad sense, corporate business diplomacy is concerned with managing external stakeholders, while in a narrow sense, it is concerned with managing internal stakeholders.
(Small, 2014)	How to combine the efforts of a company, home and supportive governments, and key stakeholders to address, and hopefully to overcome, an issue caused by the harmful actions of a host government against a company.	Theoretical (case study)	The article suggested a definition for what constitutes business diplomacy based on the author's experience. It also comments on how business diplomacy should be viewed as distinct from other advocacy forms. The article looks at the importance of aligning the company's interests with the interests of its home government, the importance of maintaining that alignment throughout the business diplomacy effort, and the elements to be understood to advance that alignment.
(Haynal, 2014)	This practitioner's paper seeks to discuss the evolving challenges for global corporations in the public realm and proposes certain approaches for the conduct of their diplomacy in managing them.	Theoretical (N/A)	The author argues that a business should manage its increasingly complex state-like engagement with the public realm on a more state-like basis, including through the conduct of its own structured diplomacy. The

			author calls for not only CSR but for expanding their positive engagement with society beyond the effective conduct of their internal affairs.

2.3.3 Analytical Perspective on Business Diplomacy

In transforming corporate executives into diplomats, Mirvis, Hurley, and MacArthur (2014) help to set the scene for our discussion by drawing attention to the challenges confronting businesses and the importance of business diplomacy:

> Imagine you are an executive of Chevron or another oil major (or any big global business). Would you understand what the public expects of your company in each of these areas? Would you be transparent about what has (and has not) been accomplished? Be ready to [give an] answer to critics and to NGOs that function as corporate "watchdogs"? And, most critically, would you have the diplomatic know-how, connections, and experience to ensure that your company supports small business or invests in renewables or whatever else it promises to do? (p. 235).

Business diplomacy, as the name entails, means diplomatic activities carried out by a business. It does not solely mean business activities carried out by two individual economic actors, such as businesspeople or entrepreneurs, to attain personal economic benefits. In this sense, business diplomacy includes activities carried out by large corporations, small and medium-sized businesses, and individual businesspeople to pursue their objectives (Ruël, 2013).

Business diplomacy represents well-defined traits with respect to other related concepts. Business diplomacy emphasises the positive interactions between the firm and the wider society, including governments, companies, and public opinions (Asquer, 2012). In this sense, business diplomacy is most concerned with preventing future conflicts, seizing business opportunities, and safeguarding the reputation of the firm. The role of a business diplomat in this case is of a 'facilitator' who forms

collaborations and maintains relationships with multiple stakeholders (Asquer, 2012).

The field of business diplomacy builds and expands on other related concepts in the international business literature, such as Corporate Political Strategies (CPS) (Hillman & Hitt, 1999; Hillman & Wan, 2005) and MNC-host government relations (MGR) (Luo, 2001). These concepts are explicitly directed at influencing political actors and hold that businesses cannot be detached from their political and social environment; hence they need to act in a way to maintain their legitimacy and power. Business diplomacy represents diplomatic activities carried out at the international and the local level to establish and maintain relationships with a broader range of actors, including business, political, and social actors (Guilherme, 2017). More significantly, business diplomacy emphasises the diplomatic aspect of mutual benefits, which is an overlooked aspect in corporate political activities. As argued by Lord (2003), companies and managers involved in CPS require diplomatic capabilities to put aside marketplace rivalry and engage in public policy partnership. This is where business diplomacy fills an essential gap in the corporate political behaviour by adding the diplomatic aspect, which is crucial in constituency-building strategy.

According to Ruël and Wolters (2016), business diplomacy has three distinct focal points that gives it its potency:

- Its focus on foreign governments and non-governmental stakeholders.
- Its focus on the establishment and nurturing of long-term positive relationships.
- Its focus on the creation of legitimacy in a foreign business environment as the ultimate goal (p. 569).

Business diplomacy can be seen as a bundle of activities that are performed in a selective and peculiar way to advance the business's interests and create favourable conditions for the firm (Asquer, 2012). These activities include negotiation, improving relations, providing advice, and gathering and analysing information. These activities, when carried out, begin with understanding and scanning the

environment. Business diplomacy highly emphasises the environment as it is context and industry specific (Macnamara, 2012). Understanding the environment includes the use of intelligence and monitoring the local and global cultural and political environment.

Business diplomacy does not operate in a vacuum. Other functions such public relations may be performed solely by the business toward a wider audience. However, in business diplomacy, its optimum performance depends on creating collaborations, alliances, and partnerships with key social and political actors such as the media, activists, analysts, governments, and NGOs (Watkins, 2007). This will help in advancing the business's interests and to ensure that the 'business is done smoothly' with an unquestioned licence to operate which will lead to mutual adaptation between the business and society (Steger, 2003, pp. 6–7).

The implementation of diplomacy by businesses represents a shift from the shareholders' view to the stakeholders' view (Freeman, 1984), and from closed organisational systems to open organisational systems (Mintzberg, 1983). Businesses have moved from a narrow mission of producing goods and services to incorporating a broader mission of managing a range of stakeholders (Ordeix-Rigo & Duarte, 2009). The new business environment requires businesses to gain acceptance and legitimacy by satisfying multiple stakeholders' needs and expectations. This means creating charitable foundations, supporting NGOs, and taking a political stance in international affairs. This is related to CSR but goes beyond it. CSR activities represent one tactic used in business diplomacy (Ordeix-Rigo & Duarte, 2009).

Businesses have come to realise that they suffer from three forms of deficit: legitimacy, knowledge, and access (Hocking, 2006): legitimacy and trust in the institutions of business as perceived by the society, knowledge in dealing with multiple stakeholders and communities, and access to opportunities and different actors and organisations around the world. To eliminate this deficit, Hocking (2007) suggests a multi-stakeholder diplomacy in which actors (such as states, NGOs, and businesses) engage in an active effort to manage different issues and to create networks. The issues confronting businesses today of complex economic, political,

social, and environmental issues, require a diplomatic solution which takes the form of multi-stakeholder and multi-sector governance (Mirvis et al., 2014).

There are strong parallels and common characteristics between business diplomacy and other related concepts. Business diplomacy can be seen as a multidisciplinary and transdisciplinary field. It is multidisciplinary in that it borrows from different concepts in different disciplines within the business management literature; it is transdisciplinary in that it tries to create a unity of intellectual paradigms that is more effective and socially and ethically accepted (Macnamara, 2012). In the following section, this multi/transdisciplinary nature of business diplomacy is discussed in relation to other similar concepts.

2.3.4 Business Diplomacy and Related Terms

Business diplomacy has associated terms that may be considered synonymous but can be differentiated for the purpose of this analysis and discussion. There are attempts in the literature to distinguish similar terms from business diplomacy (Kesteleyn et al., 2014a; Ruël & Wolters, 2016; Saner & Yiu, 2014). An attempt is also made here to distinguish more terms and describe their different emphases. The summary of the analysis is shown in Table 4. It is important to note though that related terms such as corporate diplomacy, public relations, and public affairs do share similarities and overlap with business diplomacy. For instance, all concepts seek to influence actors in the external environment. However, as is shown in Table 4, they differ in their emphasis on focus, performance, and goals.

For example, public relations emphasises strategic communication with key stakeholders to build and sustain positive relationships with the aim of guarding and protecting the organisation's reputation (Chartered Institute of Public Relations, 2017). Business diplomacy, on the other hand, emphasises a holistic approach toward a wider range of stakeholders (business and non-business) to maintain legitimacy and a social licence to operate (Kesteleyn et al., 2014a).

The goal of the discussion below is not to make any territorial claim for the field of business diplomacy. The goal of explicitly qualifying the term business diplomacy is

to highlight its relevance in management and organisational practices and to prevent possible confusion with other terms and practices.

Table 4: Comparative Analysis of Business Diplomacy and Other Related Terms (Adapted and updated from Alammar & Pauleen, 2016b, p. 12)

Field	Key Employer	Organisational setting (focus)	Performance	Goals
Diplomacy	Governments	Inter-governmental	Conducting of relations between states by peaceful means	To build and sustain positive relations between states
Economic/ commercial Diplomacy	Governments	Inter-governmental/ firm-government	Pursuing economic gain for the country	The promotion of outward and inward foreign investment
Corporate Diplomacy	Large Businesses	Firm-government/ firm-firm	Pursuing economic gain for the business and coordination of MNCs and their subsidiaries	Influence and create favourable conditions for corporate activities
Corporate Political Activities	Large Businesses	Firm-government	Influence and shape governments' policies and politics	To obtain more favourable market and condition for the firm
Business Diplomacy	Businesses (Small, medium and large)	Firm-government/ firm-firm/ firm-business and non-business stakeholders/intra-firm	Establishing and managing a positive long-term relationship	Creating legitimacy and a social licence to operate
Public Affairs	Businesses	Firm-government/firm-business stakeholders	Managing corporate external environment	Building and cementing on-going relations/influencing policy
Stakeholder Management	Businesses	Firm-government/firm-business stakeholders	Creating positive relationships with stakeholders	Establishing a positive relationship and keeping stakeholders informed
Public Relations	Businesses	Firm-government/firm-business stakeholders	Guarding corporate image and reputation	Building and sustaining corporate image and reputation

Lobbying	Businesses/ Governments /NGOs	Inter- governmental/ firm- government/NGO s-government	To influence policy and decision makers	To obtain more favourable market or production conditions

Economic diplomacy is an activity of governments used to promote the economic activity of their country (Lee & Hudson, 2004). Commercial diplomacy is then conducted within that framework; it is used to support domestic business promotion between a home and a host country (Naray, 2011). In both cases, a government is the key diplomatic actor. In business diplomacy, it is the firm that is the prime diplomatic actor, seeking to secure profit and ensure its survival (Kesteleyn et al., 2014a).

The term corporate diplomacy is one of the terms most closely related to business diplomacy. As mentioned in the Glossary, this study treats corporate diplomacy as synonymous with business diplomacy despite minor differences. Authors in business diplomacy are beginning to equate business diplomacy with corporate diplomacy because of their close relationship. For example, Monteiro and Meneses (2015) use the terms corporate and business diplomacy interchangeably. Ruël and Wolters (2016) equate business with corporate diplomacy, stating that "from now on, business diplomacy will be termed a synonym for corporate diplomacy" (p. 565). In addition, while corporate diplomacy started as a function for the internal coordination between MNCs and their subsidiaries – as shown in Table 4 (Hofstede, Hofstede, & Michael, 1991), there has been a shift since then to include external stakeholders, such as NGOs, and to obtaining social and political legitimacy (Henisz, 2016; Ordeix-Rigo & Duarte, 2009; Steger, 2003; Watkins, 2007). Most authors believe that corporate diplomacy entails establishing and maintaining positive relationships with multiple stakeholders to advance the business's interests (Macnamara, 2012; Mirvis et al., 2014; Ordeix-Rigo & Duarte, 2009; Westermann-Behaylo et al., 2015), which is what business diplomacy advocates.

In his book, *Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders*, Henisz (2014) argues that corporate diplomacy involves advancing the business's interest by creating alliances and building relationships with key stakeholders, such as the media, analysts, and NGOs. This is in line with

Saner and Yiu's (2014) understanding that business diplomacy is about interfacing with stakeholders to bolster the business's reputation and identify possible alliances and common ground.

The only difference between business diplomacy and corporate diplomacy is that the latter occurs when applied at the corporate level instead of the small and medium-sized business level or between two individual economic actors such as businesspeople (Asquer, 2012). As Saner and Yiu (2014) noted, corporate diplomacy tends to pertain to large private enterprises and does not include medium and small firms.

Corporate political activity and strategy (CPA and CPS) are commonly discussed within the management and international business literature. CPA and CPS represent strategies (such as lobbying and campaign contributions) used by corporations to influence and shape governments' policies and politics in a way that is favourable to the firm (Hillman & Hitt, 1999; Hillman, Keim, & Schuler, 2004). On the contrary, business diplomacy aims at creating positive long-term relationships with a wider range of actors, such as NGOs, local communities, and other businesses, to maintain legitimacy and a social licence to operate (Ruël, 2013). CPA and CPS do overlap with business diplomacy in that they both focus on influencing actors within the external environment. However, activities such as lobbying and campaign contributions do not form essential parts of business diplomacy (Ruël, 2013).

Another term related to business diplomacy is stakeholder management. The field of stakeholder management is so advanced that this section only intends to distinguish it from business diplomacy. Stakeholders are "any group of individuals who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46). According to Saner and Yiu (2005), stakeholder management is considered to be a tool for business diplomacy management. The authors maintain that "the tasks of business diplomacy management thus include environmental scanning, stakeholder management, and issue management pertaining to non-business counterparts" (p. 309). Therefore, stakeholder management is a valid and strategic tool for business diplomacy, but it is not the only one. Westermann-Behaylo et al. (2015) agree, stating that "the stakeholder management tools of corporate diplomacy

are just one sort of managerial action that can serve to buttress dispute resolution beyond the value chain of the firm" (p. 399).

Public relations is closely related to the field of business diplomacy and shares key principles with it such as establishing mutual relations and understanding, influencing, and protecting the organisation's reputation. Because they share similar characteristics, some authors have recommended a reconceptualisation of public relations and linking it to business diplomacy (Macnamara, 2012; Ordeix-Rigo & Duarte, 2009; Pedersen, 2006).

Public relations is an integrative field drawing from different fields, which makes it hard to distinguish any feature unique to public relations (Harrison & Galloway, 2005). It involves direct, long-term communication from a company toward a broader audience (Kesteleyn et al., 2014a). What differentiates business diplomacy from public relations is neither the actor nor the techniques, but rather the diplomatic mind-set, which emphasises the international context and geopolitical risk management within a long-term coherent strategy (Kesteleyn et al., 2014a). Like business diplomacy, public relations deals with local communities and consumer groups; however, business diplomacy also deals with international communities and external interfaces that could negatively affect the business (Saner & Yiu, 2003, 2005). Another clarification is that business diplomacy is embedded as a value deep into the operations and practices of the organisation to include every representative (Grupp, 2008); it is respected as a business value just like ethics and morality:

> Corporate diplomacy is the silent profession, practiced sans fanfare
> on a daily basis by corporate representatives beseeching local, state
> and national lawmakers for support of measures vital to the company
> (Pedersen, 2006, p. 11)

Public affairs and lobbying are activities that business diplomacy may recommend, but which do not form part of business diplomacy's holistic long-term strategy (Saner & Yiu, 2014). The function of public affairs is mostly concerned with providing information and informing the local special interest stakeholders, such as home governments and local authorities, with the aim of influencing or

implementing public policies (Ordeix-Rigo & Duarte, 2009). Public affairs experts interact with governments and commercial diplomats but rarely do they interact with non-business stakeholders, such as media, individual activists, and NGOs (Saner & Yiu, 2014). The work of public affairs specialists is comparable to that of the legal departments of governments and is often concerned with legal disputes (Saner & Yiu, 2014). Lobbying, on the other hand, is the "direct personal influence on decision makers" (Larsson, 2006, p. 133). Unlike business diplomacy, lobbying aims at promoting the business's interests through influencing public policies and regulations. The limitation of both lobbying and public affairs is that they do not necessarily take the international context into consideration as business diplomacy does (Kesteleyn et al., 2014a).

One of the features of business diplomacy that distinguishes it from the previous notions, is the alignment of the company's commercial interests with the national interests of the home country (Small, 2014). Business diplomacy places a great emphasis on aligning the business's interests with its home government to obtain legitimacy and resolves its local and global issues (see below, section 2.3.5, for practical case studies). In addition, according to Ruël and Wolters (2016), the key aspects distinguishing business diplomacy from other related terms, are its focus on: foreign governments and non-government actors, long-term positive relationship building, and on creating legitimacy and a social license to operate. Moreover, organisations' external affairs functions, such as public relations, public affairs, government relations, and communication, are rarely involved in day-to-day operations and strategy (Henisz, 2016). They are usually brought in after the organisation's strategy has been determined (Desanto & Moss, 2005; Haynal, 2014). Business diplomacy rather mandates a definitive diplomatic role from the CEO, other chief executives, and managers (Pedersen, 2006). The responsibility in business diplomacy is not segmented or directed toward specific stakeholders, but rather integrated to allow for coordination and feedback to the core of the organisation's strategy and its senior management (Henisz, 2016). Finally, business diplomacy emphasises maintaining relations with all stakeholders even if no direct benefits are expected. The idea is to sustain positive relationships and to guard against any potential risk and to reap any potential opportunity. This is reflected by Grupp's (2008) comment that business diplomacy "means the company extends the reach of

its relationships to include groups, cultures, organizations, even governments, which don't necessarily involve the company or client directly" (Para 2).

To further our understanding of what business diplomacy is in practice, two case studies are presented and discussed in the following section.

2.3.5 Business Diplomacy in Practice: Positioning Case Studies

Two case studies from the literature are presented in this section to broaden our understanding and demonstrate how business diplomacy is manifested in practice. Different case studies have been used in the business diplomacy literature to demonstrate in practice the significance of business diplomacy (see for examples Amann et al., 2007; Henisz, 2016; McConnell et al., 2012; Saner et al., 2000; Small, 2014). These case studies show the validity and applicability of business diplomacy in a real-world context.

There is no clear set of characteristics to show whether a business acted diplomatically or not (see the contributions of this study in Chapter 8, section 8.4.3, 'Characteristics and Assessment Tool in Business Diplomacy'). Nonetheless, we can extract from the current business diplomacy literature, and especially from Saner and Yiu (2014) and West (2014), some of the characteristics that, if displayed by a business, mean it may be considered to have acted diplomatically.

The first case study deals with Fonterra, New Zealand's largest multinational dairy cooperative, and its involvement in the 2008 Chinese milk scandal which resulted in an estimated 300,000 victims and the deaths of six infants (Alammar, 2017). The second case study deals with Yahoo!'s involvement with the Chinese government in 2004 regarding censorship and the provision of information about journalist and activist Shi Tao (West, 2014).

Fonterra's active reaction to the milk powder scandal in China in 2008 is an example of business diplomacy in practice that helped the company maintain its external and internal legitimacy and reputation (Alammar, 2017). Having owned a 43% stake of the Sanlu Group, the company that produced the contaminated infant formula in China, Fonterra quickly distanced itself from Sanlu (Rothlin & McCann, 2016).

Fonterra publicly stated that they had alerted the local administration in China and the New Zealand government to Sanlu's melamine contamination months before the issue became public (Rothlin & McCann, 2016). Fonterra also made a one-off US$5 million donation to a charitable foundation in China and, most significantly, got the New Zealand government involved, which helped elevate the scandal to a bilateral trade issue. Following the Saner et al. (2000) analysis of business diplomacy case studies, it can be argued that Fonterra demonstrated competency in business diplomacy by engaging with non-business stakeholders, aligning its interest with its home government, and distancing itself from potential risk to its reputational capital.

The second case study demonstrates lack of business diplomacy by Yahoo! In 1999, Yahoo! entered the Chinese market by signing many regulatory agreements such as engaging in censorship. In 2004, Yahoo! received a request from Beijing State Security Bureau asking for email information, login times, and IP addresses for a Chinese journalist named Shi Tao (West, 2014). The request was justified by stating that Shi was under investigation for illegal provision of state secrets to foreign entities. Yahoo! provided the information which facilitated Shi's arrest and imprisonment for 10 years. Consequently, Yahoo! was subjected to severe widespread criticism from Western governments, media, and NGOs for being complicit in the Chinese government's prosecution of the journalist and for restricting freedom of the press in China (West, 2014). Yahoo!'s reputation deteriorated, and in 2005 it was acquired by the Alibaba Group. In this case, Yahoo! did not demonstrate any diplomatic competency. It did not seek to negotiate any terms with the Chinese government regarding censorship or provision of information and also it did not engage with stakeholders to anticipate any potential conflict (West, 2014). More importantly, Yahoo! failed to align its interests with its home government, the United States, or to get it involved (which could have elevated the conflict to a trade issue between two giant economies).

In the following section, we discuss the rationale for the recent emergence of business diplomacy. The discussion is linked to this section and the previous one and it shows how globalisation has created a vacuum that was not filled by functions such as public relations, and how business diplomacy emerged as a function to fill this gap.

2.3.6 The Recent Emergence of Business Diplomacy

While business diplomacy shares some commonalities and boundaries with other related functions such as public relations and public affairs, it did emerge as a distinct field. The literature on business diplomacy discusses the rationale for its recent emergence due to several factors, including: globalisation, declining governmental support, mounting criticism from civil society, and the increasing power of stakeholders.

Globalisation is considered by far the biggest factor contributing to the rise of business diplomacy (Kesteleyn et al., 2014a; Saner & Yiu, 2014; Small, 2014). The changing landscape for businesses, where they must operate in different countries, deal with multiple jurisdictions and stakeholders, and face increasing geopolitical risks and pressure, means that businesses have no choice but to turn to diplomacy to help deal with and resolve these issues (Small, 2014). In addition, the global business environment of interacting with different states and non-state actors requires an organisation to know how to negotiate with different NGOs, governments, and international institutions on a growing host of environmental and social issues (Muldoon, 2005).

Businesses have increasingly committed themselves to signing new agreements and guidelines of good conduct and social initiatives. Businesses are involved with the development of new standards from the United Nations (UN Global Compact), Organisation for Economic Cooperation and Development (OECD), and Kimberly Process (Saner & Yiu, 2014). The UN Global Compact, for example, is an initiative to encourage businesses worldwide to address environment, social, and governance issues. Accordingly, businesses need a new set of competences that are not normally provided by the traditional business functions to negotiate and influence these agreements to ensure their objectives' inclusion (Saner & Yiu, 2014).

There is also an increasing criticism from civil society and an increasing power for stakeholders, which businesses are seldom prepared to handle (Kesteleyn et al., 2014a). Civil society actors are being transformed by experience, technology, and education. They have become more vocal and critical of how business is being

conducted and their voices can have great influence on the business's reputation (Ruël & Wolters, 2016). The business response to demands and challenges from these actors is no longer feasible with traditional defensive functions such as public relations (Haynal, 2014). For example, while a crisis may spread across international and social media within an hour, it takes companies, on average, 21 hours to respond, making them vulnerable to rumours and speculation (Kesteleyn et al., 2014a). Businesses need new proactive tools to cope and deal with the pressure of multiple stakeholders and special interest groups. This requires companies to establish relationships with multiple stakeholders – not to sell goods and services, but to seek common ground, identify alliances and opportunities, and anticipate and mitigate potential risks (Saner & Yiu, 2014).

The notion of firms acquiring a diplomatic mind-set, where they assume the roles and tasks of government diplomats, is not offered by previous concepts such as public relations and public affairs (Kesteleyn et al., 2014a). Decreasing governmental support for businesses means that they have to manage a wide range of issues that used to be managed by governments; many embassies around the world, for example, do not offer their businesses the support they need (Kesteleyn et al., 2014a). The rise of business diplomacy is fuelled by businesses increasingly realising that they have assumed an active role in influencing and managing multiple stakeholders, including governments and society (Watkins, 2007). According to the president and CEO of the world's largest public relations firm, Richard Edelman:

> If you think about it, private-sector diplomacy bespeaks a different kind of role for business in society … a kind of diplomatic role in speaking to multiple kinds of stakeholders. This is an ongoing conversation … we also have to be much more transparent about how we're doing and what we're doing. We are running for office, in a certain way (Kirkland, 2009, para. 6).

All these transformations gave rise to business diplomacy within the field of management and international business. Figure 1 summarises these factors.

Figure 1: Factors Contributing to the Emergence of Business Diplomacy (Alammar & Pauleen, 2016b, p. 15)
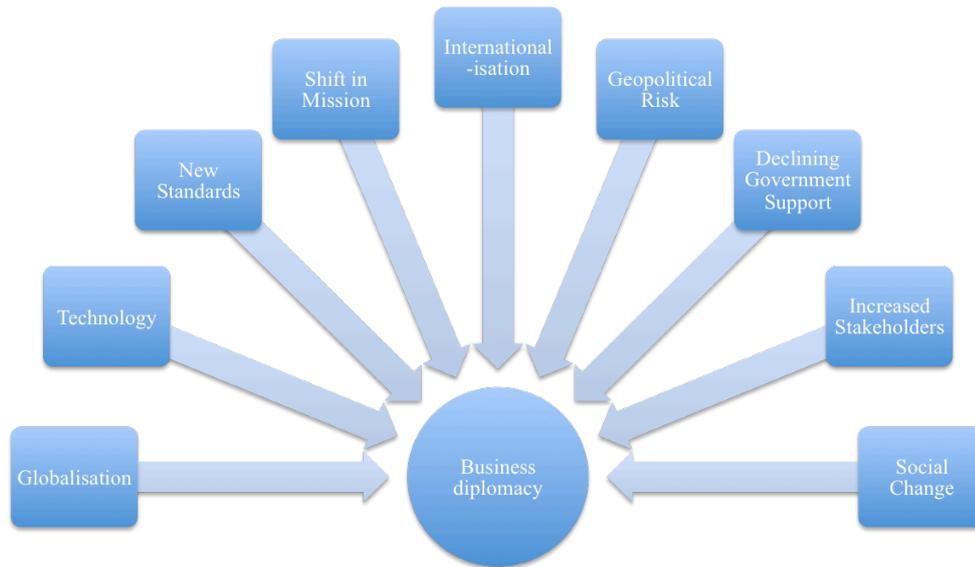
2.4 Chapter Summary

This chapter has provided a literature review of diplomacy and business diplomacy. In the first section, a review and the background of diplomacy and its key historical developments were presented. In the second section, an initial literature review of business diplomacy was presented in relation to its definitions and development. Business diplomacy was also discussed from an analytical perspective and was distinguished from other key related terms in the literature. Two case studies from the literature were presented to demonstrate the applicability of business diplomacy in practice. The rationale for the recent emergence of business diplomacy was also presented and explained. This initial literature review was once again revisited and updated when data analysis and interpretation were complete. This was done to account for new emerging literature and to determine the relevance of the literature as suggested by grounded theory.

Business diplomacy has been defined as the firm establishing and sustaining relationships with different stakeholders in order to create legitimacy and a social licence to operate. This is different from other related terms that are concerned with power, lobbying, and a one-way flow of communication. Furthermore, the literature on business diplomacy shows that both academics and practitioners do recognise the value and the relevance of business diplomacy in today's complex business

environment. The literature also shows that some companies in different countries do recognise and practice business diplomacy.

However, these studies still lack empirical conceptualisation and a model of what business diplomacy is in practice and what constitutes its basic elements. Another crucial issue is the paucity of empirical studies on the concept of business diplomacy as perceived by professional diplomats. Therefore, this study attempts to bridge this gap in the body of knowledge by answering the following question:

> *How do professional diplomats, in businesses and governments, understand business diplomacy? And what are the key elements associated with business diplomacy in practice?*

Despite the lack of literature and empirical studies, the field of business diplomacy is growing, and more researchers, organisations, and journals are recognising its value. Logically, we can expect that this recognition will lead to further development in the field of business diplomacy among practitioners and academics.

In the next chapter, and as the first chapter of 'Part 2', the research methodology and grounded theory are discussed.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	**Chapter 3: Methodology and Grounded Theory**
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 3 Research Methodology and Grounded Theory

3.1 Chapter Overview

This chapter proposes the methodology and the research design of this study. First, the paradigm is described in relation to other philosophical traditions on research. Then, the method adopted for this study is explained and justified. This section explains why grounded theory was considered appropriate for this study. A summary of the chapter is provided at the end.

3.2 Aim

To reiterate, the present project aims to delve into the understanding and interpretation of business diplomacy, as held by professional diplomats, by conducting in-depth semi-structured interviews. The unit of analysis in this study is business diplomacy as a concept, which is guided by the research objective and question to explore business diplomacy in practice. In grounded theory, the unit of analysis can be a concept or a construct: "For us, the unit of analysis is the concept … researchers collect data from places and/or persons and/or on things where they expect potential variations in that concept will be maximized" (Corbin & Strauss, 2008, p. 316). The aim is to explore and generate transferable knowledge that professional diplomats use for successful diplomacy in business, and to reflect upon the core characteristics of the practice of business diplomacy. The findings are hoped to support international business diplomacy to be successful in today's dynamic and complex business environment, and to add valuable knowledge to the business diplomacy literature.

3.3 Methodology and Paradigms

A methodology "is a set of principles and ideas that inform the design of a research study" (Birks & Mills, 2011, p. 4). In social research, questions of ontology (nature of reality), epistemology (nature of knowledge) and methodology cannot be detached from how social research is conducted (Merriam & Tisdell, 2014). These questions constitute the researcher's philosophical assumptions about the world and the nature of the research (Creswell, 2003).

There are different paradigms of philosophical traditions that can be identified as the researcher's position. A paradigm is a "basic set of beliefs that guide action" (Guba, 1990, p. 17). Some examples include positivism, post positivism, constructivism, interpretivism, critical theory, feminism and poststructuralism (Creswell, 2003, 2007). Each position, or school, holds a different paradigm to studying social phenomena. There are, however, key broad paradigms of philosophical traditions that are relevant when undertaking research: positivist, interpretivist, and critical theory (Cooper & White, 2011) (see Table 5).

Table 5: Basic Beliefs (Metaphysics) of Alternative Inquiry Paradigms (Adapted from Lincoln, Lynham, & Guba, 2011, p. 98)

Item	Positivism	Critical Theory	Interpretivism
Ontology	Naïve realism – "real" reality but apprehensible	Historical realism – virtual reality shaped by social, political, cultural, economic, ethnic, and gender values; crystalized over time	Relativism – local and specific constructed and co-constructed realities
Epistemology	Dualist/objectivist; findings true	Transactional/subjectivist; value-mediated findings	Transactional/subjectivist created findings
Methodology	Experimental/mani-pulative; verification of hypotheses; chiefly quantitative methods	Dialogic/dialectical	Hermeneutical/dialectical

Positivism: Positivism generally belongs to quantitative research and holds that reality exists, and is observable, stable, and measurable (Merriam & Tisdell, 2014). That is, positivism asserts that some objective truth (or reality) exists independent of our beliefs and constructions, and can be ascertained through observation (Spencer, Pryce, & Walsh, 2014). Positivists follow the methodological approach in natural science, with less emphasis on subjectivity, and focus on explaining human behaviour deterministically (Symon & Cassell, 2012). By doing this, they aim at producing generalisable knowledge through testing of a priori theory (Symon & Cassell, 2012). Social science then, from a positivist perspective, should look for objective realities on which social laws can

be discovered through means of neutral investigation, just like the laws of physics (Inglis, 2013).

Interpretivism: The interpretivist paradigm is based on the position that humans cannot capture what the world really is (Cooper & White, 2011). It advocates focusing on understanding through exploring instead of generalising truths and laws about human behaviour (Cooper & White, 2011). Interpretivism assumes that reality is socially constructed and that there is no single and observable reality that exists; instead, there are interpretations and multiple realities (Merriam & Tisdell, 2014). Users of this paradigm are directed to produce reconstructed understandings of a social phenomenon (Denzin & Lincoln, 2005). While positivists use terms such as external and internal validity, interpretivists use terms such as trustworthiness and authenticity as legitimate criteria for validity (Denzin & Lincoln, 2005).

Critical Theory: Critical theory is a paradigm that examines social phenomena through the lenses of power, domination, and conflict; it builds largely on the philosophy of Karl Marx (Prasad, 2005). Critical theorists are committed to critiquing and changing established social orders rather than uncovering interpretations or understanding the world (Merriam & Tisdell, 2014; Prasad, 2005). Therefore, in favour of uncovering what the society is really like and revealing the true essence of a society, critical theory rejects the mere description of the appearance of a society and common thinking (Inglis, 2013).

Although critical theorists share with interpretivists the belief that the world is socially constructed, they hold that constructions are mediated by power and conflicting interests, and they are more sceptical than interpretivists (Prasad, 2005). In critical theory, the aim is not just to understand and interpret, but also to challenge, empower, and transform (Merriam & Tisdell, 2014). For example, an interpretivist would attempt to explain and describe the experience of a homeless person from the perspective of the homeless; however, a critical approach would investigate how institutions contribute to such an issue and how these institutions can be best structured to serve the interests of homeless people (Cooper & White, 2011). Table 6 illustrates the purpose, type and reality of each paradigm.

Table 6: Epistemological Perspectives (Adapted from Merriam & Tisdell, 2014)

	Positivist	Interpretivist	Critical
Purpose	Predict, control, generalize	Describe, understand, interpret	Change, emancipate, empower
Types	Experimental, survey, quasi-experimental	Phenomenology, ethnography, hermeneutic, grounded theory, naturalistic/qualitative	Neo-Marxist, feminist, participatory action research, critical race theory, critical ethnography
Reality	Objective, external, out there	Multiple realities, context-bound	Multiple realities, situated in political, social, cultural context (one reality is privileged)

This project is interpretive-exploratory in its nature, as it seeks to explore diplomats' and managers' perceptions and interpretations of business diplomacy in their daily work. This study has drawn from interpretivism mainly because of my involvement as a researcher in examining the question by interpreting the meanings participants hold about particular issues. Moreover, throughout the interviews, I asked participants about their own interpretations and perceptions of the subject matter. Therefore, this study does not seek to discover an objective truth (positivism) nor change and challenge an established society (critical theory). Instead, it seeks to capture and interpret the meaning of certain political actors' actions and practices; to understand and describe the experience of those interviewed from their perspective; and to generate valuable knowledge that is robust and comprehensive. Figure 2 outlines the ontological, epistemological and methodological assumptions of interpretivism.

Figure 2: Interpretivism's Analytical Trinity (Hay, 2011, p. 169)

Ontology ———————— **Epistemology** ———————— **Methodology**

What's out there to know about?

What can we (hope to) know about?

How might we acquire that knowledge?

- meaning and beliefs guide action;
- beliefs and practices are co-constitutive – neither are reducible to the context in which they arise;
- social and political realities are encountered through our interpretations of them;
- agency is situated;
- actors are embedded (ideationally) in inter-subjective traditions on which they draw;
- these provide resources for the interpretation of social and political realities;
- they provide meaning and orient beliefs (offering ways of looking at the world);
- traditions are open-ended and evolve through the encountering and resolution of dilemmas.

- knowledge is perspectival (the world looks different from different vantage points) and provisional;
- no unmediated knowledge of social and political realities is possible;
- knowledge claims are socially constructed and hence (inter-) subjective;
- understanding is key to the explanation of social and political phenomena;
- understanding and beliefs and meanings inform actions/practices;
- political analysts offer interpretations, interpretivists interpretations of interpretations;
- the value of aggregate concepts can only be judged practically.

- the goal of political analysis is to capture the meaning to political actors of their actions and practices;
- this entails embedded research and an ethnographic method- a 'political anthropology of court politics', for instance;
- political analysis should proceed inductively rather than deductively;
- textual analysis and the analysis of social and political practices as text is the key to understanding (and hence explanation);
- whilst knowledge is provisional and subjective, situated observation allows for the generation of knowledge claims that are robust, comprehensive and consistent;
- though a focus on beliefs and meanings may entail a certain practical preference for qualitative techniques there is still value in the use of quantitative methods.

3.4 Qualitative and Quantitative Research

Research is organised around two major approaches: qualitative and quantitative (Cooper & White, 2011). Quantitative research "is an approach for testing objective theories by examining the relationship among variables"; qualitative research, on the other hand, "is an approach for exploring and understanding the meaning that individuals or groups assign to a social or human problem" (Creswell, 2003, p. 4). Figure 3 represents the two approaches – qualitative and quantitative – with the three commonly accepted paradigms for research.

Figure 3: Keywords and Identifiers in Paradigms and Approaches to Research (Adapted from Cooper & White, 2011, p. 18)

QUANTITATIVE RESEARCH

Positivist

control, work, testing, the facts, predictability, efficiency, goals, producer-consumer, diffusion, empirical, criteria, standards

description, documenting, writing

hierarchies, structural arrangements, strategies

Interpretivist

Critical

understanding

life-world, subjectivity, present, dialogue, meanings, situation, moment, experience, knowing, authentic, lived realities, common or shared experiences, resonant chord, conversation, essence, root meaning, interpersonal

perspectives, reflection, interpretation, context, history

transformation, emancipation, domination, hegemony, ideology, liberation, critical, social realities, critical theory, oppression, inequalities, human-social context, reflection, knowing, assumptions

QUALITATIVE RESEARCH

These two approaches can be primarily distinguished by questions of methodology, ontology, and epistemology. Qualitative researchers attempt to answer questions regarding social construction and experience and how meanings are created (Cooper & White, 2011). Qualitative researchers believe that the nature of the world is socially constructed and that contextual constraints can shape the inquiry. For that reason, qualitative research tends to use interpretivist and critical approaches (Creswell, 2007). Quantitative researchers, on the other hand, generally make use of the positivist approach and emphasise measurement and analysis, while focusing on product rather than process (Cooper & White, 2011). While these paradigms have been used in qualitative and quantitative research interchangeably, qualitative research remains largely interpretive or critical research (Cooper & White, 2011).

Another primary distinction is that qualitative research tends to build categories and themes from the bottom up, in a process called inductive reasoning; then deductively, the researchers look back at their data to determine whether the data supports the current set of themes or if more evidence is required (Creswell, 2003). However, in quantitative research, the researcher generally uses deductive reasoning, which focuses on testing a proposed hypothesis or a theory against empirical evidence (Bryman & Bell, 2007). Therefore, in quantitative research, a theory generally must be developed before collecting data. It is worth mentioning, however, that some qualitative and quantitative studies do make use of deductive and inductive reasoning respectively (Yin, 2011). Table 7 highlights the fundamental differences between qualitative and quantitative research approaches.

Table 7: Fundamental Differences between Quantitative and Qualitative Research Strategies (Bryman & Bell, 2007, p. 38)

	Quantitative	Qualitative
Role of theory in relation to research	Deductive: testing of theory	Inductive: generation of theory
Epistemological orientation	Natural science model, in particular positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

In designing a piece of research, the researchers must think about their philosophical worldview assumptions that they bring to their study and make them explicit; this information will help explain why they chose a qualitative or quantitative approach (or sometimes a mixed methods approach) (Creswell, 2003). Therefore, the question 'How do professional diplomats understand business diplomacy?' is an interpretive-exploratory question in itself that uses qualitative methods. This research seeks to explore the meanings and elements attached to business diplomacy by professional diplomats. Hopmman (2002), for example, proposes that capturing negotiation, persuasion skills, and practices in diplomacy can best be achieved through qualitative studies. In addition, "diplomatic skills are a type of knowledge possessed by a particular set of professionals and handed down by a long apprenticeship" (Cooper, Hocking, & Maley, 2008, p. 1). Accessing this knowledge can be difficult using quantitative methods, as they do not allow the researcher to elicit and interpret the meanings

attached to business diplomacy. Therefore, rather than testing or confirming a hypothesis or a theory, this study is interested in exploring patterns and meanings and developing hypotheses.

There are different methods that can be used in qualitative studies. The most common ones are narrative research, grounded theory, ethnography, case studies, and phenomenology (Creswell, 2003, 2007). These methods are summarised in Figure 4. This research aims to explore, interpret, and develop a theory that is grounded in data. The following section will argue why grounded theory was considered suitable for this research question.

Figure 4: Types of Qualitative Research (Merriam & Tisdell, 2014, p. 42)
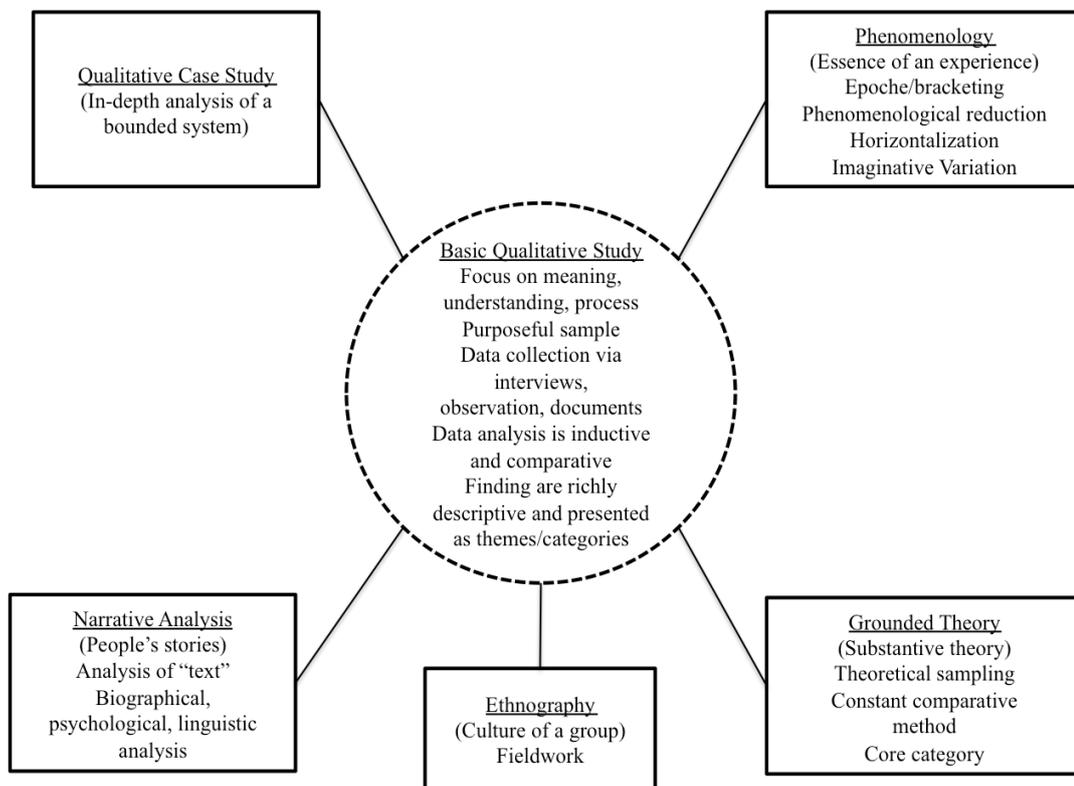
3.5 Grounded Theory

According to Glaser and Strauss (1967), research during the early decades of the twentieth century was dominated by either scientific quantitative research, or by qualitative research that was most concerned with verifying existing theories or presenting an unintegrated theory. This is highlighted by Oktay (2012), who, having completed her PhD in 1974, commented that "at that time, 'research'

meant survey research. Qualitative research was not on the radar" (pp. vii-viii). In 1967, Barney Glaser and Anselm Strauss countered that assumption with the publication of their jointly authored book *The Discovery of Grounded Theory: Strategies for Qualitative Research* (1967). They argue that systematic qualitative analysis has its own logic and can produce new theories grounded in the field data. Glaser and Strauss, therefore, moved from verification to generation, and urged grounded theorists to develop fresh theories, to let data guide them, and to engage in data collection, coding, and interpretation simultaneously (Glaser & Strauss, 1967). Since then, a number of seminal works have been published on grounded theory (see Table 8).

Table 8: Seminal Grounded Theory Texts (Birks & Mills, 2011, p. 3)

Year	Author	Title
1967	Glaser and Strauss	*The discovery of grounded theory*
1978	Glaser	*Theoretical sensitivity*
1987	Strauss	*Qualitative analysis for social scientists*
1990	Strauss and Corbin	*Basics of qualitative research: Grounded theory procedures and techniques*
1992	Glaser	*Basics of grounded theory*
1994	Strauss and Corbin	'Grounded theory methodology: An overview' in *Handbook of qualitative research* (1st Edition)
1995	Charmaz	'Grounded theory' in *Rethinking methods in psychology*
1998	Strauss and Corbin	*Basics of qualitative research: Grounded theory procedures and techniques (2nd Edition)*
2000	Charmaz	'Grounded theory: Objectivist and constructivist methods' in *Handbook of qualitative research* (1st Edition)
2005	Clarke	*Situational analysis: Grounded theory after the postmodern turn*
2006	Charmaz	*Constructing grounded theory: A practical guide through qualitative analysis*

Glaser defines grounded theory as "a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory in a substantive area" (Glaser, 1992, p. 16). Grounded theory, therefore, is a unique inductive method that aims at generating relevant and empirical theory in a substantive area grounded in the data. In grounded theory, the theory evolves in a process as a result of interplay between data collection and data analysis (Goulding, 2002). This means that "most hypotheses and concepts not only come from the data, but are systematically worked out in relation to the data during the course of the research" (Glaser & Strauss, 1967, p. 6).

Strauss and Corbin (1998) define theory as "a set of well-developed concepts related through statements of relationship, which together constitute an integrated framework that can be used to explain or predict phenomena" (p. 15). Accordingly, theory in grounded theory relates to Gregor's (2006) forth type of theory, which is to explain and predict a phenomenon (Gregor, 2002).

Grounded theory is not concerned with discovering a theory that reflects a reality 'out there'. On the contrary, grounded theory is concerned with theories that are interpreted through a given perspective. Accordingly, "GT [grounded theory] is not findings, not accurate facts and not description. It is just straightforward conceptualization integrated into theory" (Glaser & Holton, 2007, p. 56). This interpretation is temporary and limited and may become out-dated in the future (Goulding, 2002).

It must be mentioned that although Strauss and Glaser co-authored the original book on grounded theory, *The Discovery*, the two authors diverged on their views on and approaches to grounded theory and consequently published separately. This divergence came after Strauss co-authored a book with Juliet Corbin, titled *The Basics of Qualitative Research: Grounded Theory Procedures and Techniques* (1990). Consequently, Glaser published his book, *Basics of Grounded Theory Analysis: Emergence vs. Forcing* (1992), in which Glaser very explicitly highlighted the differences between what he considers as the original, or classical, grounded theory, and Strauss and Corbin's approach (Straussian). Glaser asked Strauss to withdraw his book or call it something other than grounded theory and maintained that the book is a distortion of the original grounded theory (Glaser, 1992).

The authors differ on many issues, including the use of coding procedures, the use of the literature, and their philosophical positions (Goulding, 2002; Kenny & Fourie, 2015). While Glaser employs more explicit yet relaxed coding procedures to allow for the natural emergence of a theory, Strauss's grounded theory approach embodies more structured coding procedures (open, axial, and selective coding) to create a theory. Furthermore, Glaser strongly advises against

consulting the relevant literature prior to, or during, the process of undertaking grounded theory study to eliminate any influence (Glaser, 1992). While in agreement with Glaser, Corbin and Strauss (2008) allow the appropriate use of the literature at every stage of the study, but not all the literature. These differences between Glaser and Strauss highlight their different philosophical positions, which are still subject to an ongoing and extensive academic debate (Kenny & Fourie, 2015).

While grounded theory shares similarities with other qualitative approaches, its emphasis on theory development and verification through saturation is what distinguishes it from others (Goulding, 2002). Despite the differences among grounded theory authors, including its founders, they agree on certain fundamental characteristics of grounded theory, namely: theoretical sampling, theoretical saturation, constant comparative analysis, and developing a theory (Birks & Mills, 2011; Goulding, 2002; Kenny & Fourie, 2015; Oktay, 2012). Figure 5 outlines these components which are defined and explained in the next chapter.

Figure 5: Key Components of Grounded Theory (Oktay, 2012, p. 16)
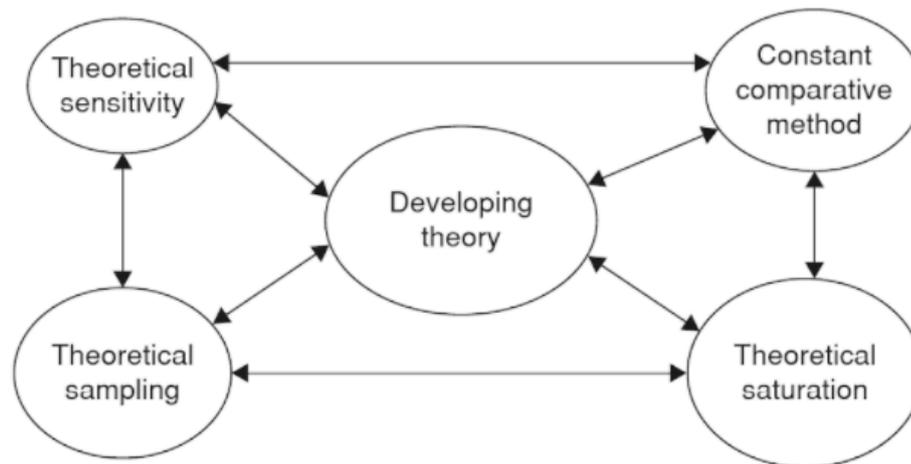
Besides the core components of grounded theory, there is a set of essentials that constitute grounded theory, namely: immediate coding and categorising of the first set of data, writing memos, codes emerging from data and not being imposed

on it, and the simultaneous cycle of data collection, writing, coding and memoing (Birks & Mills, 2011).

3.5.1 Why Grounded Theory?

There are several reasons why grounded theory was considered appropriate for this research.

1) Grounded theory "is most commonly used to generate theory where little is already known, or to provide a fresh slant on existing knowledge" (Goulding, 2002, p. 42). In the literature, there is a lack of empirical research on the topic of business diplomacy and little is known about it so far (Kesteleyn et al., 2014a; Søndergaard, 2014).

2) Grounded theory is desirable when the researcher is interested in generating new theory to explain a phenomenon of interest to the researcher (Goulding, 2002, p. 42). Different business diplomacy authors are calling for further theory development in the field of business diplomacy, and maintain that no model or theory of business diplomacy seems plausible to date (Monteiro & Meneses, 2015; Small, 2014).

3) The answer to the question of how business diplomacy is understood and developed remains vague within the business diplomacy literature. For example, who are the best people to interview regarding business diplomacy? What kind of interview questions should one ask to elicit diplomatic knowledge that businesses can use? Grounded theory is most suitable in this case as it "leads you to make early stops and analyse what you find along your path" (Glaser, 1978, p. 14). This is crucial for this study, as it will allow for discovering the appropriate research path and interview questions for fulfilling the research question.

4) Finally, a key objective of this research is to discover what professional diplomats (that is, CEOs, executive managers, and official diplomats) perceive the relationship between diplomacy and business to be, as well as what constitutes business diplomacy based on their own reality and the world around them. Grounded theory, as a methodology and an analytical tool, offers the researcher the ability to interpret the participants' perceptions and construct meanings grounded in the data without incorporating any external constructs. This is a primary difference between grounded theory and other qualitative methods in that

it seeks to identify social patterns without incorporating intentional constructivist elements from the literature, and that the names of the concepts come directly from the data (Simmons, 2011). Table 9 outlines these reasons.

It is because of these reasons that grounded theory was deemed appropriate for this research and for answering the research question. The next section argues why the Straussian grounded theory approach, in particular, was selected for this study.

Table 9: Why Grounded Theory?

Reason	Description
Lack of Empirical Research	Within the business diplomacy literature, there is a lack of empirical work regarding the conception and understanding of business diplomacy and what constitutes its key elements. Grounded theory provides the tool for generating new insights where little is known.
Lack of Plausible Theory or Model	There is a paucity of theories and models that can explain business diplomacy or the relationship between business and diplomacy. Grounded theory provides the capability to explain a social phenomenon by creating new theories.
No Clear Research Path and Direction	The appropriate participant sample and the type of questions for eliciting knowledge in business diplomacy remains unclear. Grounded theory allows researchers to make early stops and revise the research and interview questions to reflect the emerging empirical concepts and categories.
Analytical and Interpretative Tool	This research aims to study business diplomacy through lenses and as understood by a group without imposing any external constructs. Grounded theory enables the researcher to study and interpret the information provided by participants in an emergent way that is grounded in the data.

3.5.2 Why Choose the Straussian Grounded Theory Approach?

According to Heath and Cowley (2004), the novice researcher in grounded theory should put aside the anxiety of doing grounded theory right and instead get on with doing it. The appropriate approach will be discovered through the process of data collection and interpretation. Throughout this process, I found the Straussian approach, as articulated by Strauss and Corbin (1990) and their subsequent publications (Corbin & Strauss, 1990, 2008, 2015, Strauss & Corbin, 1994, 1998), to be appropriate for this study. The Glaserian, or the classic grounded theory

approach, was not used as it does not suit the design of this study. Table 10 outlines the reasons for selecting the Straussian approach over the Glaserian approach.

Table 10: Why Choose the Straussian Grounded Theory Approach?

Reason	Description
The Literature Review	In grounded theory, a substantial literature review in the area under study is delayed until the generated categories and theory seem to be grounded in the data. While both the Glaserian approach and the Straussian approach advise against a complete literature review, the Straussian approach is relatively flexible in that regard.
Coding Process & Theory Development	The Straussian approach provides steps and processes to help guide the researcher in creating a theory, including writing diagrams, filling the gaps, using metaphors, and talking to a supervisor or a colleague.
The Research Problem & Question	Unlike the Glaserian approach, in the Straussian approach, the researcher can initiate an inquiry with a predetermined research problem and question/s.

The Literature Review: While Glaser (1992) advises against consulting the relevant literature prior to or during the research process, Corbin and Strauss (2008) are relatively open to using the literature. According to Corbin and Strauss (2008) the relevant literature "can be a stimulus to research in several ways", "may suggest that a new approach is needed", may point "to a relatively unexplored area" and "suggest the need for a study that will help solve an old problem" (p. 22). What Strauss and Corbin caution against is being so steeped in the literature that one becomes constrained and stifled by it. They want the researcher to use the literature, not to be used by it (Corbin & Strauss, 2008).

In PhD studies, conducting a literature review is often a necessary step to satisfy university procedures and to find an area of interest and justify it. Normally, students must conduct a literature review in their area before focusing on a specific area. The focus and research area then emerges from that literature review. By then, a student will have been immersed in the related and unrelated literature under study. Only then can the research methodology be chosen to accommodate the emerging research problem and question.

In my case, a grounded theory study was inspired by the lack of theory and knowledge in the area chosen as a result of the initial literature review. The literature review, therefore, was essential, not to mention mandatory, to show that the chosen methodology, grounded theory, was justified, and that the findings would contribute to the literature. All of this was done while being aware that only the generated categories and theory would determine the research road. According to Charmaz (2006), "the trick is to use [the literature] without letting it stifle your creativity or strangle your theory" (p. 166), and to set this literature review "aside—bracketed—prior to the emergence of the core category during the primary research" (Thistoll et al., 2016, p. 632).

Coding Process & Theory Development: The coding procedure is another reason for choosing the Straussian approach. Glaser (1978) lists three coding stages that are imperative to classical grounded theory, namely: open coding, selective coding, and theoretical coding. After open coding, the researcher starts selective coding in which open coding is delimited and coding becomes focused only on the key variables to the discovered core category (Glaser & Holton, 2007). Any hypothesis or relationships should emerge from the data; there is no attempt to test preconceived relationships or hypotheses. Strauss and Corbin (1994), on the other hand, designed a highly systematic and detailed coding structure to create a theory, namely: open coding, axial coding, and selective coding. After open coding, and during axial coding, the Straussian approach encourages the researcher to hypothesise and to relate and link categories and their properties together in an effort to create a theory. At this stage, hypotheses and relationships can be deductively proposed and tested against data and categories. Accordingly, axial coding is when "categories are related to their subcategories, and the relationships tested against data" (Corbin & Strauss, 2008, p. 198). Glaser (1992) calls this forcing the data into preconceived concepts; according to Glaser, the concepts and these categories should be allowed to emerge without any effort to relate or link them.

During open coding and axial coding, I found myself hypothesising, contextualising, and relating certain categories and their properties. This came

without an effort to force or impose any data into concepts or linking them, and was still grounded in the data. This led me to see the Straussian approach as more suitable for this research than the classical approach.

The Research Problem & Question: Another important, and decisive, reason for choosing the Straussian approach is the issue of formulating the research problem and question. Glaser (1992) prohibits the researcher from entering the field with a predetermined research problem or question. Glaser writes "the grounded theory researcher … moves into an area of interest with no problem" (p. 22). That is, the researcher moves in with only an abstract 'wonderment' of what is going on. If you are interested in studying people in pain for example, you will discover what problems pain produces (Glaser, 1992). Such an approach might be suitable, and indeed exciting, for experienced or independent researchers. However, for PhD candidates, such an approach is not suitable for many reasons, including gaining approval for PhD proposals and confirmation. In contrast, the Straussian approach believes that the researcher could initiate an enquiry with a predetermined, but open, research question, which also arises from a partial review of the existing literature (Strauss & Corbin, 1990).

In summary, in the Glaserian approach, data collection must precede the research problem, question, and the related literature review; however, in the Straussian approach, they may precede data collection. In addition, unlike the Glaserian approach, the Straussian approach allows researchers to hypothesise, contextualise, and relate certain categories and their properties together to create a theory. These reasons have made this PhD research more aligned with the Straussian approach.

3.6 Chapter Summary

This chapter has justified the choice of the study methodology by discussing different philosophical positions related to ontology, epistemology, and methodology. A comparative examination of qualitative and quantitative research was also presented. A qualitative approach was deemed appropriate due to the interpretive-exploratory nature of the research question. Grounded theory was then introduced and justified by the lack of empirical research on business

diplomacy and the need to generate new theory and practices. The Straussian approach was finally justified as an approach for this research. How grounded theory was applied in relation to data collection and sampling is explained in the next chapter.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review

Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation

Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements

Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 4 Data Collection, Sampling, Interview Questions, Rigour, and Ethical Considerations

4.1 Chapter overview

This chapter outlines the data collection and analysis processes. The data collection process is outlined and the sampling process and participants sample are explained. The interview guidelines and the interview questions are provided. This is followed by discussing the credibility, as well as the ethical considerations, of this study. A summary of the chapter is provided at the end.

4.2 Data Collection and Analysis: An Overview

In grounded theory, data collection and analysis occur at the same time in a multiple iterations process until theoretical saturation is reached. That is, analysis, or coding in grounded theory, begins soon after the first few interviews are conducted, and the findings from the first interviews serve as a foundation for the next phase of data collection and analysis (Corbin & Strauss, 2008). This process of letting the concepts derived from the data guide the next phase of data collection is called theoretical sampling. This process continues until theoretical saturation is reached. Theoretical saturation is achieved, not only when no new data are emerging, but also when all the concepts are well defined and descriptively dense (Corbin & Strauss, 2008).

Throughout data analysis, the constant comparison technique in grounded theory was used. Constant comparison is the process of comparing an incident with another incident and categories with other categories for similarities and differences in order to classify the data. Any incidents found to be similar are grouped together under a higher-level concept or category (Glaser & Strauss, 1967; Strauss & Corbin, 1990).

In this study, data collection was conducted over five phases: five interviews in phase one (pilot study), three interviews in phase two, three interviews in phase three, four interviews in phase four, and finally six interviews in phase five. The

number of phases and participants in each phase was not predetermined or purposeful and was not due to any biased intention. The numbers simply represent the people who agreed to be interviewed at that time.

Interview transcription and analysis began with the first five participants in phase one. The move to the next phase was only made after the data was transcribed, analysed, and coded thoroughly. When the process of analysis and coding of phase 1 was done, phase 2 commenced and so on, until theoretical saturation was beginning to appear in phase 4 and was evident in phase 5. Theoretical saturation was demonstrated in many instances whereby similar concepts and ideas kept re-appearing over and over again so that I became empirically confident no new data was emerging and that categories had become saturated. An illustration of data collection and analysis phases is provided in Figure 6.

Figure 6: Data Collection and Analysis Phases
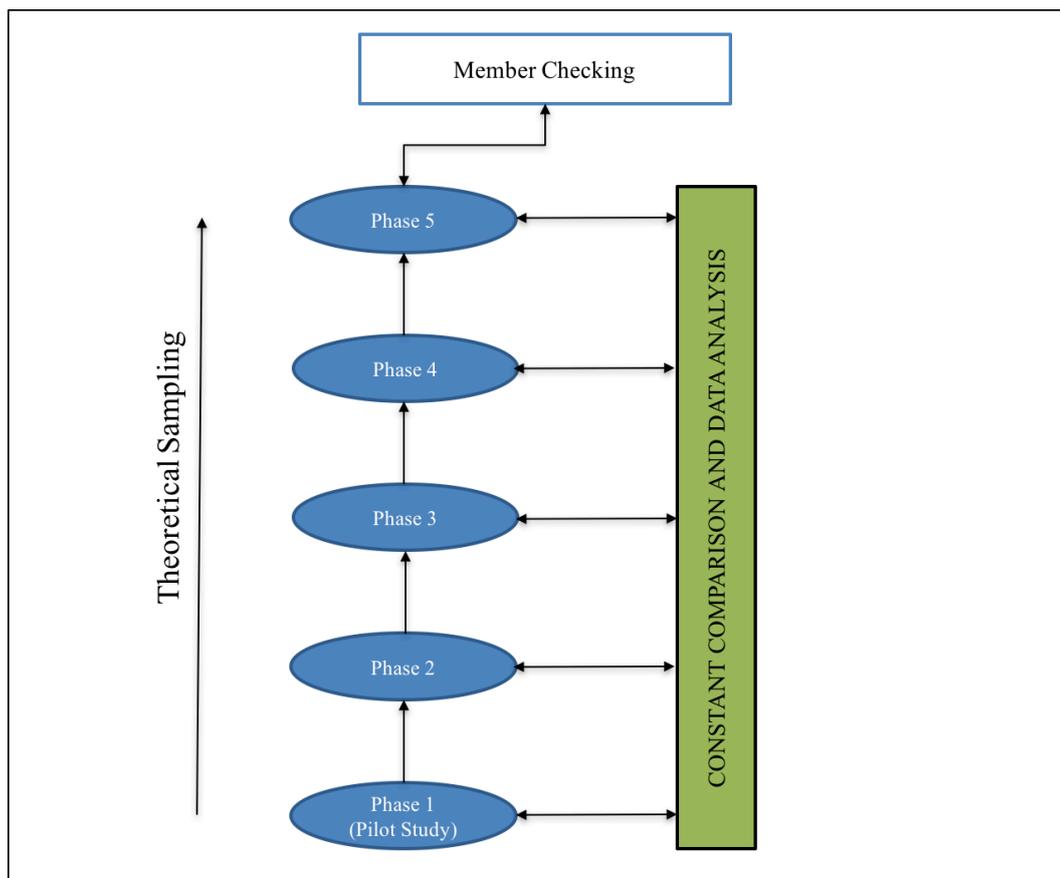
Before each interview, participants were taken through an information sheet (see Appendix A, 'Information Sheet'), which explained the purpose of the study,

confidentiality, and the participant's rights, before they were asked to sign the consent documents (see 'Participants' Consent Form' in Appendix B). After this process, I generally started by asking the participants to describe their understanding of diplomacy and business diplomacy.

All audio interviews were transcribed by the researcher and moved into Quirkos™ software for data analysis and coding throughout the process to expedite the process and manage codes and categories and their relationships. At the beginning, QSR NVivo™ software was used as a popular and available program for qualitative data analysis. At the end of Phase 2, I switched to Quirkos™ software for qualitative analysis. Therefore, I had to re-code some interviews as codes were not transferable between the two programs.

Quirkos™ is new software developed in Scotland and was available in late 2014; it is now used in more than 50 organisations around the world. The reason for switching to Quirkos™ is that it offers a more visual, colourful and engaging experience with similar benefits and features of NVivo™. Quirkos™ displays a visual model that illustrates your codes and categories as you code. Codes and categories are displayed as bubbles that get bigger as you feed them with comments and they can be dragged and linked together where relevant. The Quirkos™ website features many blogs that discuss the use of the software in grounded theory and how it supports the iterative approach (Turner, 2014, 2016). Figure 7 shows an example of the main Quirkos™ page with the coded transcript (right) and the corresponding bubbles in one of the phases.

Figure 7: Quirkos' Main Display Page with Coding Strips (right) and the Corresponding Bubbles (left) (source: www.quirkos.com)

When theoretical saturation was reached in phase 5, and before finalising a theory, member checking was conducted where the findings were returned to the participants who were then asked whether they felt they had been fairly represented and to add further comments (member checking is discussed in this chapter, section 4.5, 'Rigour and Credibility').

4.3 Sampling and Participants

In grounded theory, the researcher cannot plan in advance where to collect further data; instead the researcher uses theoretical sampling which decides where and what data to collect next based on the emerging categories (Glaser & Strauss, 1967). As the amount of empirical research on business diplomacy is limited so far, this sampling method allowed me to decide which data to collect, and where to collect it from, based on the emerging concepts and categories. Therefore, sampling was both purposeful and theoretical in that I looked for those who could provide rich and relevant information on the subject matter. The sample was not pre-specified but was selected systematically and sequentially based on the

concepts derived from analysis. According to Glaser and Strauss (1967), the criteria for choosing potential participants should only be based on relevance and purpose. Therefore, the criteria for choosing participants were based on:

- Their diplomatic status, and/or
- Their level of involvement in commercial or business diplomacy related activities.

Diplomacy-related activities, in this research, refers to business people or managers who are involved in diplomatic activities such as representation, negotiation, communication, and internationalisation. In the current study, I looked for three type of participants: those who held diplomatic status (such as ambassadors, foreign ministry staff, or trade and economic consuls), businesspeople who were also involved in diplomacy-related activities (such as entrepreneurs, business council presidents and members), and CEOs and managers who are responsible for internationalisation or maintaining relationships with different stakeholders (such as public relations managers, corporate relations executives, and internationalisation directors).

Interview invitations were sent via email to potential participants in different embassies, consulates, companies, and business councils. Participants were identified by referring to their organisations' websites and sent an email that contained a brief introduction about the researcher and the nature of the research. An abstract summarising the nature, goal, and scope of the study was included as well. Each email also contained an information sheet that explained in detail the nature of the research (see Appendix C, 'Invitation Letter Template').

I used my own and my supervisors' contacts to find potential participants. I also used social media networks, such as LinkedIn™ and Twitter™, as well as government and embassy websites to find potential participants. In some cases, I attended local conferences and events to find potential participants. I also co-wrote an opinion article about my current research and called for interested readers to contact me (Alammar, Cardow, & Pauleen, 2016). A snowballing technique was also used. After finishing each interview, participants were asked

to recommend others if they thought they fit the scope of the research. In three cases, participants recommended other participants; however, before contacting them I first made sure that the recommended person met the criteria of the research.

Over five phases of data collection, more than 120 individual emails were sent to the selected sample, including CEOs, diplomats, middle managers, executive managers, honorary consuls, economic advisors, and businesspeople in New Zealand. A few invitations were also sent to potential participants in Australia (due to the close geographic location) and Saudi Arabia (due to occasional visits).

In total, 30 people expressed their interest in the research, of whom 21 were interviewed. The remaining interviews were cancelled due to lack of further response from the participants. As a rule of thumb, Strauss and Corbin (1998) suggest that at least ten interviews are necessary to build a grounded theory: "Usually, microscopic coding of 10 good interviews or observations can provide the skeleton of a theoretical structure" (p. 281). However, they add: "This skeleton must be filled in, extended, and validated through more data gathering and analysis, although coding can be more selective" (p. 281). Eighteen out of 21 interviews were conducted face to face at the participant's place of work within the participant's usual working hours. Two of them preferred not to be audio recorded and, therefore, notes were taken during the interviews. In all the interviews, I made notes whenever needed. The length of each interview varied from thirty minutes up to around sixty minutes. Two out of the 21 interviews were conducted via Skype™. One of the 21 participants preferred to answer the interview questions by filling in the interview guide and returning it to me via email.

4.3.1 Participants as Diplomats

None of those approached to participate in this research were approached as though they were (although they might be) knowledgeable and skilled in diplomacy. Rather, they were approached for two reasons. First, within the business diplomacy literature, there is no consensus on the characteristics or positions that could be used as an identification of business diplomats. Second, to

add credibility to the research and to diversify the sample, it was decided not to adopt any preconceived characteristics or roles of business diplomats while collecting data. It was therefore up to the data to guide the research on who to interview next. For example, a few participants expressed their desire to learn about business diplomacy from the perspective of internationalisation managers and government commercial diplomats. Therefore, they were contacted and included in subsequent phases of data collection.

4.3.2 Variety in the Sample

Grounded theory suggests collecting data from diverse groups, as it will result in more dense data and more integration of categories and properties that will lead to defining the theory's scope (Glaser & Strauss, 1967). The participants in this study were diverse in their education, positions, experience, sectors, age, industries, and nationalities. Some participants were diplomats, responsible for their home country's trade and commercial activities, while some were managers, responsible for upholding the company's positive reputation and strong relationships.

The participants' organisations varied in size from one small company to a large corporation with thousands of employees, and from a small consulate office to a large embassy. Participants came from different nationalities but were mostly based in New Zealand, except for four who were based in Saudi Arabia, one in Australia, and one in the United States. Participants held different qualifications, ranging from undergraduate degrees to PhDs (see Appendix D 'Participants' Demographic Profile').

4.4 Interviews and Interview Questions

In grounded theory, the most common method of data collection is through an in-depth interview or observation (Glaser, 1978). An open-ended interview style was utilised in this research. This style of interviewing permits one to understand the world as seen by the participant, and enables the researcher to capture the point of view of other people (Glaser & Strauss, 1967), which this study is interested in. A semi-structured interview guide involving questions concerning diplomats'

understanding of business diplomacy was developed (see Appendix E, 'Interview Guide').

Because of theoretical sensitivity, the interview guide was constantly modified and developed by adding more purposeful questions to reflect emerging categories and theory. Theoretical sensitivity is explained by Strauss (1987) as the researcher's ability to notice fine nuances and cues in the data and also the ability of the researcher to be sensitive to what the interviewee is saying and what is most interesting. Therefore, as interviews progressed, more theoretical and purposeful interview questions were asked. These questions were based on the emergent concepts and categories in previous phases. However, all the questions that had been asked in previous phases were asked again in the next phase. That is, in Phase 1, participants were asked to describe business diplomacy from their perspective. In Phase 2, the same question was asked as well as new questions which were based on the emerging concepts from Phase 1. For example, participants in Phase 1 referred to diplomatic knowledge in their description of business diplomacy. Therefore, in Phase 2, participants were asked: "Do you think knowledge is important for businesses engaging in diplomacy? What kind of knowledge?"

4.5 Rigour and Credibility

Since the aim of grounded theory is to produce a theory, standards for quality are somewhat different from other qualitative studies (Oktay, 2012). Glaser and Strauss (1967), therefore, developed criteria for judging the quality of grounded theory studies. Glaser and Strauss (1967) use the term "credibility" instead of "validity" to avoid the issue of truth. To them, the most important criterion to enhance credibility is the close adherence to the grounded theory method (Glaser & Strauss, 1967). In essence, the test of the quality of the grounded theory study depends on how useful the theory is (Oktay, 2012). "The proof is in the pudding" (Corbin & Strauss, 2008, p. 301). This is done by following five strategies: (1) immersion in the field, (2) generation and testing of hypotheses in the field, (3) use of memos (the use of memos is discussed in section 5.2.1 'Open Coding', in Chapter 5), (4) detailed and vivid description to support the conclusion, and (5) pursuit of alternative explanations and negative cases (Oktay, 2012, p. 108). In

addition to credibility, Glaser and Strauss (1967) use "understandability" and "applicability" to judge the quality of the research findings. Corbin and Strauss (2008) summarise these conditions by stating that:

> If the research findings are 'credible'; that is, believable or plausible and 'applicable' in the sense that findings can be readily used because the findings provide insight, understanding, and work with diverse populations and situations to bring about desired change, then it seems to me all this philosophic debate about 'truth', 'validity' and 'reliability' is superfluous (p. 301).

Glaser and Strauss (1967) also provide an overall framework for evaluating a theory that must be met in order to determine the quality of the theory developed: fit, work, relevance, and modifiability (see Table 11).

Table 11: Criteria for Evaluating the Credibility of the Theory Constructed (Adapted from Hall & Callery, 2001, p. 259)

Criteria	Description
Fit	Relationship of the core category to the salient social problem and its ability to account for most of the variation in behaviour used to address the problem.
Work	The ability of the core category to work the other concepts and their properties so that most of them are related to the core category.
Relevance	The relevance of the core category to the data.
Modifiability	Subject to qualification and modification and also integrates a theory so that it is dense and saturated with relationships.

These criteria were later further elaborated by Strauss and Corbin (1990) and Corbin and Strauss (2008). These criteria are outlined and explained in Table 12.

Table 12: Additional Criteria for Evaluating the Credibility of the Theory Constructed (Adapted from Corbin & Strauss, 2008, pp. 305–307)

Criteria	Description
Fit	Do the findings resonate/fit with the experience of both the professionals for whom the research was intended and the participants who took part in the study?
Applicability	The usefulness of the findings. Do the findings offer new explanations or insights? Can they be used to develop policy, change practice, and add to the knowledge base of a profession?
Concepts	Concepts are important to develop common understandings.
Contextualisation of Concepts	Without the context of the concepts, the reader cannot fully understand why events occurred and ascertain the meaning of the experiences being described.
Logic	Is there a logical flow of ideas? Do the findings make sense?

Depth	Are the descriptive details rich and varied, and do they lift the findings out of the realm of the ordinary?
Variation	Has variation been built into the findings?
Creativity	Are the findings presented in an innovative manner? Does it say something new or put a twist on an old idea?
Sensitivity	Did the researcher demonstrate sensitivity towards the participants and to the data? Did the analysis drive the research or was the research driven by preconceived ideas?
Evidence of Memos	Researchers cannot possibly recall all of the insights that go on during the analysis. Thus, there should be some evidence or discussion of memos in the final report.

To ensure the credibility of the research, the current study has been carried out with the careful application of grounded theory as outlined in Table 12 and as advised by Strauss and Corbin (1990) and Corbin and Strauss (2008). This application is fully and explicitly explained throughout the study. For example, in the next chapter, the coding procedures are outlined and described to show how the *concepts* and categories emerged. In addition, the findings and discussion chapter presents direct quotes from participants and rich descriptions to provide *depth* and *contextualisation* of the findings.

Furthermore, throughout data collection and analysis, *memos* were written to document and track my own non-grounded theoretical ideas about codes, participants, and other events. Corbin and Strauss (2008) define memos as "lengthier and more [in-]depth thoughts about an event, usually written in a conceptual form after leaving the field" (*sic*) (p. 124). To meet the credibility criterion of grounded theory research, these memos are sufficiently detailed in subsequent chapters to provide an audit trail.

To demonstrate the *fit* component, the findings were returned to participants in a process called member checking. Member checking is recommended for ensuring the credibility of the findings (Goulding, 2002), and it is a process whereby the researcher returns the findings to the participants to check and comment on (Birks & Mills, 2011). Member checking was also done to further scrutinise the findings of the study and the process of categorisation and conceptualisation. I also wanted to get the participants' reactions to and first impressions of the findings and the data analysis that led to these findings. As Glaser and Strauss (1967) explain, it is them, the people, who will use and apply the theory themselves.

Out of 21 participants, 12 responded to the synopsis and confirmed that the findings resonated with them and that they found them comprehensive and useful (see Appendix F, 'Synopsis'). This demonstrates the *applicability* and the *relevance* of the findings. For example, the following are comments from participants on the synopsis that was sent to them:

> *"Congratulations on the research findings you've come up with. Looks like an excellent piece of scholarly work. I will not attempt to add on any other comments regarding what you've written"* (participant 11).

> *"I have read the preliminary project findings, which are also for me very interesting and comprehensive. I don´t really have to add anything"* (participant 18).

4.6 Ethical Considerations

Prior to starting the research, Massey University Human Ethics Committee (MUHEC) Approval was obtained and its ethical principles were complied with throughout the research project (see Appendix G, 'MUHEC Approval Letter'). The confidentiality of the interviews was explained to the interviewees and the fact that the researcher would remove any texts, names, and programmes that could identify the participants. All participants were given a copy of the Information Sheet that explained the purpose of the study, confidentiality, and the participant's rights, before being asked to sign the consent form. The participants were also asked if they wished to have the transcripts returned to them. The transcripts were returned to participants who indicated that they wished to have them sent back to them.

4.7 Chapter Summary

The chapter outlined the process of data collection and how the phases of data collection and analysis took place at the same time. Information about participants was provided and the sampling process was shown to be both purposeful and theoretical. Interviewing information and interview questions were presented with

a discussion on how in each phase of data collection more purposeful questions were added. The credibility of grounded theory was shown to be dependent on several criteria that were also presented. The ethical considerations were mentioned.

So far in part 2, the research methodology and method of data collection have been presented. In the next chapter, the method by which data were analysed and coded is discussed.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 5 Data Interpretation

5.1 Chapter Overview

This chapter describes how the methodological techniques of data analysis and coding were conducted using the three coding stages in grounded theory: open, axial, and selective coding. The chapter shows how data was coded and how categories and sub-core categories were integrated and developed from the data. The conceptual categories and sub-core categories are presented. For each coding stage, some examples of memos, participants' quotes, and coding illustrations are provided. A chapter summary is provided at the end.

5.2 The Coding Process

Data analysis involves coding, which is a process of transforming raw data into concepts (Corbin & Strauss, 2008). In this research, the data were analysed using Corbin and Strauss's (2008) three coding strategies: open, axial and selective coding. In open coding, the data is analysed line by line, by sentence, or by paragraph, with each incident coded with a key word. The coding at this stage is less conceptual and dense. Axial coding proceeds from open coding and is where categories are related to their sub-categories and their relationships are tested against data (Corbin & Strauss, 1990). It is a way to figure out which category is important and what sub-categories might need to be elevated or combined (Urquhart, 2013). Finally, selective coding is where all categories are unified around a core category that links all categories together and has the greatest explanatory power and relevance for the study (Corbin & Strauss, 2008). Figure 8 shows how coding is conducted using Strauss and Corbin's three coding stages.

Figure 8: Stages in Open, Axial and Selective Coding (Martínez-Jurado, Moyano-Fuentes, & Jerez-Gómez, 2014, p. 64)
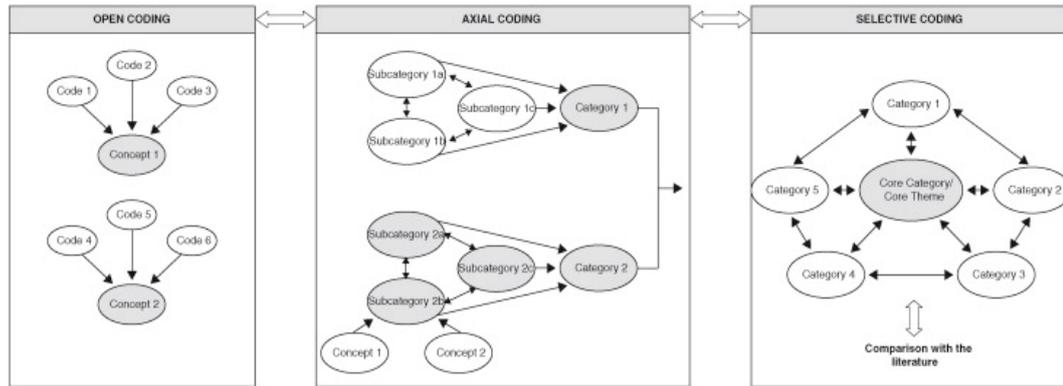
As mentioned in the previous chapter, the processes of data analysis and collection occurred at the same time. As I began coding the first round of interviews from the pilot study (five participants), I started to apply theoretical sampling in order to seek further data and validate the emerging concepts and categories. In doing so, I engaged in data collection, analysis, and interpretation simultaneously, with emerging concepts informing the process of additional data collection.

5.2.1 Open Coding

I usually coded three or four interviews before deciding how and where to conduct the next round of interviews. Therefore, coding was done in a multistage process over five phases and not in one stage (Oktay, 2012). As a result, data analysis and collection became more purposeful as I progressed into the research. In doing so, some ideas found their way into theory development, and some were dropped. This recursive process in coding ensures that data collection and analysis remain relevant to the emerging theory.

Before transcribing each interview, I listened to the audio-recorded interviews to familiarise myself with the main points. After transcribing the interviews, I read the transcript to gain an initial understanding of the interviews. No coding was done at this stage; however, I did write memos to capture my emerging ideas and thoughts. For example, the following memo was written as I was reading participant 2's transcript:

"The participant kept talking about connections and maintaining relationships. Whether this is part of diplomacy remains open. She could be just talking about the importance of keeping networks and connections, and diplomacy was forced into it. However, she is a business owner and an economic diplomacy advisor" (memo, 18/9/2015).

The above memo is an example of the analytical memos which were written throughout the coding and analysis process to document and track my own grounded and non-grounded thoughts and ideas. In fact, some of the paragraphs in this chapter are directly derived and paraphrased from the memos I wrote. Memos are written records of analysis which force the researcher to think about the data and analysis. Here is a memo I wrote at the start of writing this chapter about memoing:

Had I not wrote memos, writing the data interpretation part would be difficult. The interpretation chapter depends on me recalling my thoughts about coding and categories and how they were formed and assigned. The interpretation chapter is about the process that I went through; without memos, it will be hard (memo, 27/9/2016)

After gaining initial familiarisation, I started openly coding line-by-line where relevant and appropriate. As suggested by Corbin and Strauss (1990), I gave a group of incidents a conceptual label, that is, a code. Not all the data was coded line by line. Open codes were also assigned to each phrase, sentence or paragraph (Table 13 illustrates open coding using two examples). Throughout open coding, I questioned the data using the techniques suggested by Corbin and Strauss (2008, p. 72) to help me better understand the data and remove any mental blockage:

- "What is going on here?"
- "What is the relationship of one concept to another?"
- "Which concepts are well developed and which are not?"

Table 13: Samples of Initial Coding

Participant Quote	Open Codes (Coding Line-by-Line)
Diplomatic skills can be developed. A lot of them are about healthy psychology and they're about having an inquiring mind. They're about having some humility that you're not always right. I think they are ... They're understanding yourself, your own organisation, where it's coming from, understanding others will come from a different place, and then how do we communicate. Again, you're coming back to ensuring that it's not all assumption and that requires a little bit of humility to recognize, well, you could always be more informed. I think they're skills that can be developed. They're pretty much critical thinking skills in some ways as well, and relationship skills.	Skills development Learning psychology Being inquisitive Humility Self-Understanding Others-understanding Perspective taking Communication & Engagement Fact-based Recognising limitations/Humility Learning Being critical thinker Developing relationships/networking

Participant Quote	Open Codes (Coding by Paragraph)
[Business diplomacy] is very relevant, in fact some of the big companies, the international companies, they have what they termed as lobbyists. In New Zealand, you have senior employee based on Wellington and his or her role is to know the prime minister, know the leader of the opposition, know the government, so that when they need some assistance. Let me give you an example, [Name of a Company] they have top lobbyists that goes to Wellington, almost live there, goes to parliament, and deal with every minister, and that is his job, so when they are looking at legislation, he got the inside from it and convey that to his management team.	**Lobbying**

In open coding, sub-categories and categories can be formed at this early stage. If enough incidents support a category, then these incidents should be grouped

together in a category to account for their frequent occurrence and relevance. Corbin and Strauss (1990) write:

> In open coding, events/actions/interactions are compared with others for similarities and differences. They are also given conceptual labels. In this way, conceptually similar events/actions/interactions are grouped together to form categories and subcategories (p. 12).

Therefore, during open coding, there were instances where it was clear from the data that there was a series of similar incidents that were clearly pointing to a category. In other words, as I was coding, several categories "jumped into my mind" (Oktay, 2012, p. 59). However, and throughout all phases of coding, a category was not considered final until all other categories had emerged and were tested against the data. Due to this, some categories were later modified by either changing their conceptual name or by merging them into another category that seemed to share similar characteristics. Not all categories emerged during open coding; other categories only emerged during axial coding (discussed in the following section), where I related and merged different sub-categories together to form a category. Figure 9 uses an example to illustrate how a category emerged during open coding.

Figure 9: Development of a Conceptual Category in Open Coding
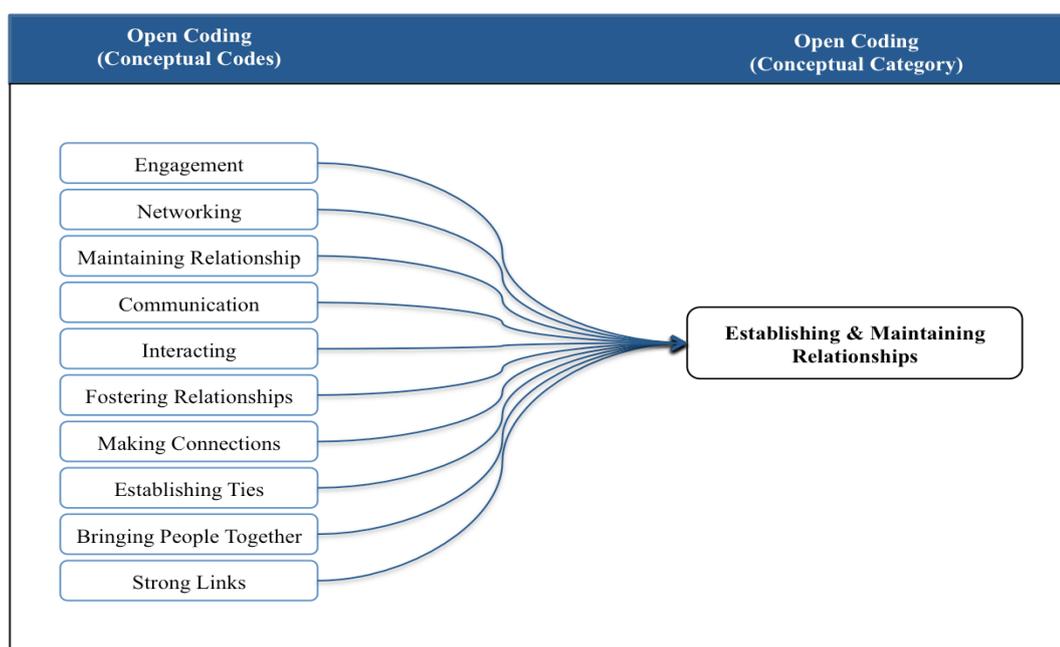
The names of the codes and categories were created according to both the participants' actual words (in vivo coding) and my accumulated knowledge. For example, 'empathy' and 'establishing relations" were created based on the participants' actual words. Assigning category and code names was a challenging task, as sometimes names may not have captured the essence of the comments. While I consulted my supervisors, I had to rely on my own understanding and interpretation. For instance, some participants referred to understanding the surrounding environment as part of business diplomacy. While some might label this as 'awareness of surroundings', 'situational awareness', or 'monitoring the environment', I chose to label it under a bigger category, 'environmental scanning', to account for more variations and conditions.

There were also instances where it was difficult to assign a code as the comment could be interpreted in different ways. That is, there were cases where a comment could be assigned to more than one code. For instance, understanding other people can be characterised, or at least interpreted, as 'empathy', 'understanding others', or 'perspective-taking. However, as I progressed into open coding, I started to gain theoretical sensitivity (the ability to pick up subtle nuances and cues in the data) and, consequently, I was more confident in my ability to accurately assign codes properly. At the end, in a PhD, I had to rely on my own interpretation and understanding. If this data was coded by a different person, it might have been coded differently. Here is a memo I wrote that reflects this process:

> *"I found myself being able as I progress with coding to conceptualise and put codes under more comprehensive categories. For example, Networking and Relationships were under Relationships, I then moved it under a bigger category, Stakeholder Management" (memo, 21/2/2016). [update] After more deliberate discussion, reading, and consultation, I found that 'Stakeholder Management' is a big category and can be confused with the field of stakeholder management. As a result, I re-named it to 'Interaction and Engagement' (memo 3/4/2018).*

Coding was based on the context and not the word itself. For example, if a participant is talking about language in the context of cross-cultural understanding, then language in this case was coded under cultural awareness and sensitivity and not communication or language proficiency. However, when the participant is talking about language as part of mastering another language then it was coded under communication. The following are two quotes from participants that demonstrate these points respectively:

> *"It got to start with … where would they be coming from and trying to understand their perspective. It starts with in some ways, lots of times, listening, but then when you're representing it's being sensitive to where they're going to be coming from, and then phraseology and language is very important. The use of the right words"* (participant 10).

> *"It is important too for those people who travel … to be able understand the language of the client, and if not the language then to be able to understand the English that they use, because the English that is used is not always ideal, so you have to be careful of pretending that you do really understand everything"* (participant 3).

During open coding, I constantly compared participants' comments with their corresponding codes to identify any possible mismatch. Comments that did not fit a particular code were removed and then assigned to either an existing or a new code. For example, under the category of 'empathy and perspective-taking', I found participants' comments regarding understanding the local market requirements; this comment was therefore moved to 'external knowledge' as it was referring to market knowledge.

The number of codes, sub-categories and categories changed over the process of collecting data and analysis. As the research progressed, they were merged into existing categories, grouped into a new category, or removed if they did not have

sufficient information. For example, 'partnership' was first established as a category but was then merged into the category of 'alliances' as they share similarities and were mentioned in the same context. Being 'financially independent' and 'assertiveness' were only mentioned by two participants and did not appear in subsequent interviews. These codes, therefore, were removed and were not incorporated in the development of the conceptual categories.

5.2.2 Axial Coding

Once categories and their sub-categories began to accumulate, open coding was delimited. Axial coding begins when categories become apparent and evident (Corbin & Strauss, 1990). At this stage, categories were related to each other and their sub-categories and their relationships were compared and linked (see Figure 10 for an example). In axial coding, further development of categories can take place as well, by coding on, or by relating different sub-categories together to form a category. However, the analysis became primarily focused only on coding for the developed categories. In doing this, I began "to build up a dense texture of relationships around the "axis" of the category being focused upon" (Strauss, 1987, p. 64). As a result, categories became refined, elaborated and integrated, making them more suitable for building up a theory. For example, in axial coding, two initial categories, 'language' and 'communication', were merged into one category 'communication & engagement'. However, I was careful to compare comments between the two categories to make sure no mismatch existed. After that, I started coding around this 'axis' to provide sufficient basis for it.

Figure 10: Development of Category in Axial Coding
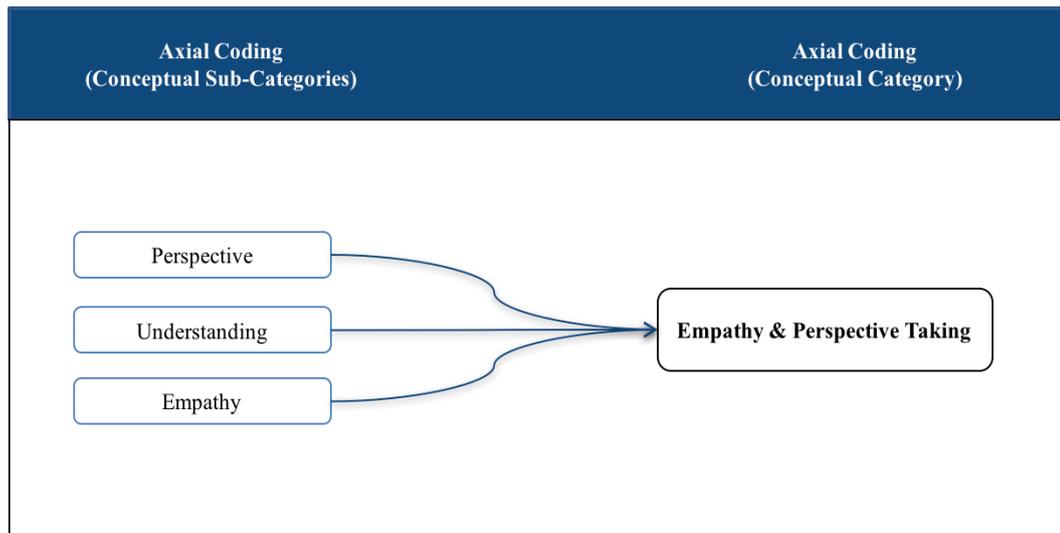
Some sub-categories were also moved around and combined with different categories. For example, 'identifying mutual interests' was a sub-category under the category of 'establishing and maintaining relationships'; however, after extensive coding and constant comparison, it was elevated to a category. This occurred after realising that identifying mutual interests came in the context of advancing the business's interests and achieving results during negotiation, which did not belong to establishing relationships. Again, the coding process is completely subjective and interpretative in its nature. My role as a researcher is to put together concepts and categories that are not only grounded in the data but that also feel right to me (Corbin & Strauss, 2008).

During axial coding, ten conceptual categories were identified: establishing and maintaining relationships, communication and engagement, ethical considerations, empathy and perspective-taking, internal knowledge, external knowledge, identifying mutual interests, creating legitimacy, forming alliances, and environmental scanning. These categories are shown in Figure 11. Appendix H contains the full list of conceptual codes and categories.

To qualify, a category must be supported by many comments and incidents from different participants and by many sub-categories that explain it. That is, categories must have sufficient conceptual density (Strauss & Corbin, 1998). In the case of this research, it is not enough if a category was supported by only three

or four participants' comments; if a category fails to have an adequate basis, then it is either merged with a similar category or discarded altogether. For example, some participants at the beginning of the research referred to 'self-development' such as having training and education as part of business diplomacy. At first, 'self-development' was established as a category but then I noticed that only a few participants mentioned this category. Therefore, this category was merged with another category, 'internal knowledge'. 'Self-development', therefore, became a sub-category that supports a category.

5.2.3 Selective Coding

As categories began to solidify and I began to contextualise and hypothesise, a larger theoretical scheme, that is, a core category, began to emerge. This is where axial coding was delimited and selective coding began. Selective coding is where all categories are unified around a core category (Corbin & Strauss, 2008). To reiterate, coding was not conducted in a linear or sequential process and there were instances where open, axial and selective coding did overlap. However, the process has been broken down in this chapter to make it easier for the reader to follow.

As a result of selective coding, categories and their sub-core categories became more integrated and elaborate to build up the core category for the research. Coding in general at this stage began to be restricted and I only focused on the variables that were associated with the emerging theory that links all categories together and had the greatest explanatory power and relevance for the study (Corbin & Strauss, 2008).

Figure 11: Main Conceptual Categories and Sub-Core Categories
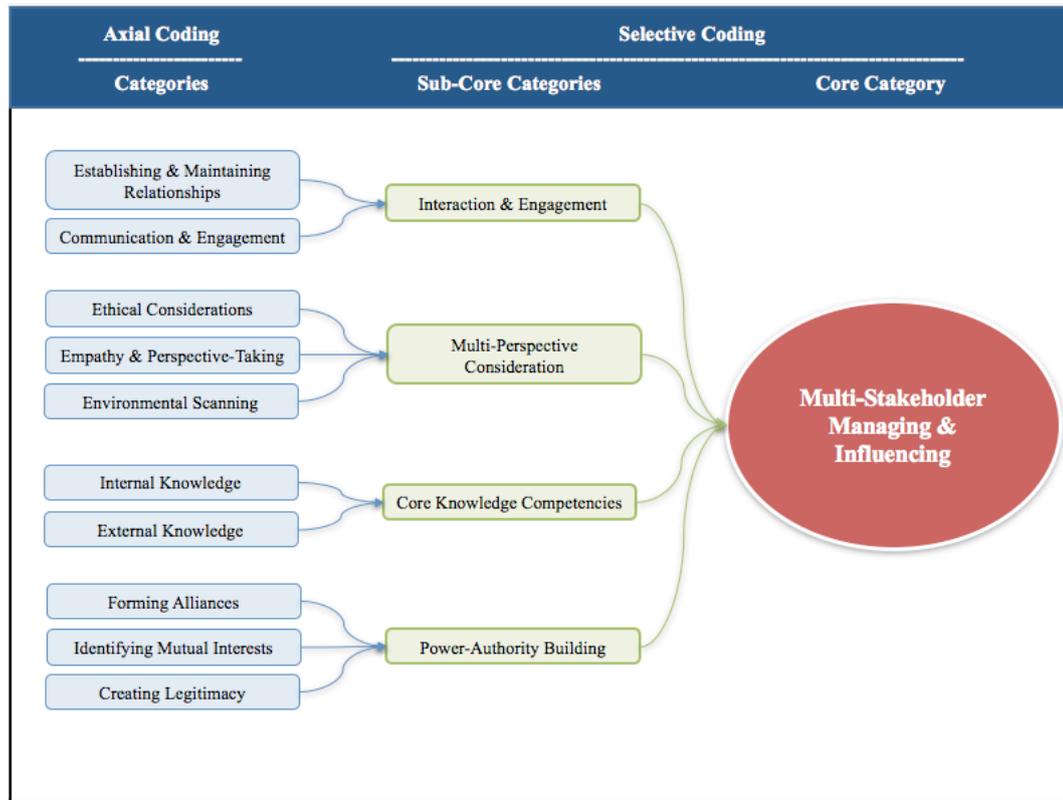
The idea of using sub-core categories was suggested by Glaser (1978) when the researcher is confronted with choosing among equally qualified core categories. In this research, I felt that favouring only one core category meant leaving out other equal and essential core categories. Therefore, Glaser suggested using sub-core categories that provide some theoretical coverage for the research. After that, the research must either promote one core category or choose a few words that conceptualise what the research is all about empirically.

During this process, I asked myself: What is the main idea presented in this research? If I can conceptualise my findings, what do I say? What do these actions and interactions seem to be about? (Corbin & Strauss, 1990). Choosing a core category was a puzzling task. A researcher might find it difficult to commit to only one core category. I found myself confronted with, and tempted by, several potential core categories. This is a common issue in grounded theory; the answer given by Corbin and Strauss (1990) is that sufficient coding will eventually lead to a clear core category. A researcher must continue to play and struggle with the

problem of integration to see which core category captures the essence of what the research is all about.

It must be mentioned that drawing a distinct line between different categories and sub-core categories is not possible. They can all overlap. For example, 'authority building' can arguably be characterised as part of 'interaction and engagement'; however, it was grouped as a distinct conceptual sub-core category. The way I saw it was that 'power-authority building' is an essential and distinct part of the role of business diplomats who represent their companies, and this was also emphasised during the participants' interviews. Therefore, I had to rely on my own experience and interpretation to draw a line between categories, something that will be stated in the limitations section (see section 8.5.3 'Researcher's Capabilities, Chapter 8).

It is also important to note that the names given to conceptual categories and sub-core categories are somewhere arbitrary; another researcher might use a different name or label. What is important in naming is that it should be comprehensive, explanatory and based on the context of the comments (Strauss & Corbin, 1998). For example, the name of the sub-core category 'interaction and engagement' is more comprehensive and explanatory than 'relationships', 'engagement' or 'networking'. It was based on the context in which the comments were made, which is to engage and interact with different stakeholders and to establish and maintain positive relationships with them.

While I consulted my supervisors and the literature to enhance my sensitivity to conceptualise and label categories, I made sure that labelling was derived from the data and not from the literature. During labelling I asked myself, as suggested by Corbin and Strauss (2015, p. 50): "Are these concepts truly derived from data or am I imposing these concepts on the data because I am so familiar with them?". Therefore, I tried to think outside the box and get away from any academically overused concepts. However, when a label was similar to the literature, I made sure that I explained in the findings chapter (Chapter 6) how it is different from, or similar to, that in the literature.

By making comparisons between incidents and categories during all coding stages, I guarded the data against my own bias and was able to achieve a greater precision and consistency. Any incidents, sub-categories or categories that did not hold any consistent basis (irregularities) were discarded (Corbin & Strauss, 1990). Taking the overall pictures of categories and sub-core categories and their interrelationships, I constantly compared all categories, moved them around, merged, revised, and refined them in the best way I thought would fit the data and help to explain the core phenomenon under study. I also consulted with my supervisors regularly during categorisation of the codes and the development of the core category. Whenever necessary, I gave myself space and a break to remove any mental blockages.

In the following chapter, those categories that emerged during the coding process are presented and discussed with reference to the relevant literature. For each category, representative participants' quotes are provided. First, the core category is presented, followed by its sub-core categories, and then their conceptual categories.

5.3 Chapter Summary

This chapter has presented how the raw data was analysed and coded. It explained how the categories emerged over different coding stages: open, axial, and selective coding. The conceptual categories and sub-core categories were identified and presented. In the next chapter, the core category and its related categories are presented and discussed in detail. Representative comments from participants and relevant literature are incorporated throughout the discussion.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	**Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements**
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements

6.1 Chapter Overview

This chapter presents and discusses the findings of this study. The theory of multi-stakeholder managing and influencing (MSMI) in business diplomacy is presented and elucidated. The conceptual categories and sub-core categories are then identified and discussed in relation to the extant literature. For each category, representative comments, or quotes, from the participants are presented and interpreted to provide support for the arguments. This interpretation is also discussed in detail with support from the relevant literature on business diplomacy. A summary is presented at the end of the chapter.

6.2 The Emergent Theory of Multi-Stakeholder Managing & Influencing (MSMI) in Business Diplomacy

The emergent theory of 'multi-stakeholder managing and influencing' offers insights into the nascent field of business diplomacy. As no clear empirically-based conceptualisation or model of business diplomacy seems to exist (Søndergaard, 2014), this theory sheds light onto our current scholarly understanding of what business diplomacy is in practice and what constitutes its basic elements. The empirical theory shows that business diplomacy as a concept is concerned with systematically managing and influencing various stakeholders within the operating environment. In that sense, business diplomacy is not only about establishing and maintaining positive relationships, but also about how stakeholders can be managed and influenced to create favourable conditions for the business. This understanding is consistent with Yiu and Saner's (2014) recent definition of business diplomacy:

> BD [business diplomacy] pertains to the *management* of interfaces
> between a MNE and its external non-business counterparts (NGOs,
> CSOs, international organizations (IOs), national and local
> governments) that have an impact on the MNE's reputational capital

and its ability to *shape and influence* its operational environment
[italics added] (p. 317).

This understanding underlines the close association and integration of the key
findings of this study. Through 'managing', business diplomats actively establish
and maintain relations, communicate, and engage with different stakeholders
while considering the perspectives of others. Through 'influencing', business
diplomats acquire the appropriate knowledge that mediate various interactions and
positively build their power and authority to shape the operating environment
around them.

The emphasis on 'managing' and 'influencing' concurs with various business
diplomacy studies. Yiu and Saner (2014) contend that business diplomacy has
been suggested as a means to convince and influence actors within the global
arena. Ordeix-Rigo and Duarte (2009) also see business diplomacy as "a valid
way for organizations to extend their social power and influence" (p. 557).
Similarly, Wartick, Wood and Czinkota (1998) argue that diplomatic know-how
enables organisations to influence and work with inter-governmental agencies
within a diverse cultural environment. Likewise, Small (2014) confirms that the
practical nature of business diplomacy involves a high level of lobbying and
influencing to secure support from key political and societal actors. Saner and Yiu
(2005) also see business diplomacy as a way for organisations to have an
influence over rule making and standard setting in the global arena.

Equally, Saner et al. (2000) argue that acquiring diplomatic competencies enables
organisations to manage multiple stakeholders at home and abroad. In the same
sense, Steger (2003) defines business diplomacy as an attempt to systematically
manage the business environment to ensure that business is done smoothly.
Muldoon (2005) also defines business diplomacy as the ability of an organisation
to successfully manage complex interactions with multiple stakeholders, including
governments and global social movements. Amann et al. (2007) agree, stating that
business diplomacy is an attempt made by organisations to manage the business
environment professionally to achieve a mutual understanding between
corporations and society. In a recent paper, Haynal (2014) also argues that the

diplomacy of business entails the "management of the risks posed by, and the maximization of opportunities latent in, power beyond an entity's direct control" (p. 410). Similarly, Riordan (2014) maintains that business diplomacy "offers a way to manage and shape a firm's geopolitical environment so as to minimise the impact of geopolitical and other non-commercial risk on the bottom line" (p. 5).

Despite the strong emphasis on managing and influence from the literature, the way these functions are conducted still lacks clarity and empirical evidence. For example, to measure whether some corporations acted diplomatically in certain situations, West (2014) used only Saner and Yiu's (2014) definition of business diplomacy to judge the diplomatic capabilities of these corporations. The theory of MSMI and its related elements, therefore, add greatly to the current literature by providing timely conceptualisation and empirical findings on how managing and influencing can be orchestrated and conducted in business diplomacy.

The findings of this study suggest that business diplomacy is a multidimensional concept that is manifested through the integration of various elements. These elements include: interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration (MPC), and power-authority building (PAB). Table 14 highlights and defines these key elements along with the emergent theory of multi-stakeholder managing and influencing.

Table 14: Elements Involved in Multi-Stakeholder Managing-Influencing Theory of Business Diplomacy, and their Definitions

Elements	Definition
Interaction and Engagement	The degree to which businesses actively establish, interact and maintain positive relationships with multiple stakeholders using the appropriate communication channels.
Core Knowledge Competencies (CKC)	Comprehensive theoretical and practical knowledge of the subject matter, including politics, cultures, business and international relations. Moreover, CKC refers to the ability to acquire and interpret new knowledge and information.
Multi-perspective Consideration (MPC)	The degree to which multiple, and often

	conflicting, perspectives, including opinions, societal values, ethics and stakeholders' interests, are attentively considered and harmonised.
power-authority building (PAB)	The capacity to strategically and positively inform or shape the environment, including media, decision-makers, policies, and public opinions, by creating legitimacy, forming alliances, and identifying mutual interests.
Multi-Stakeholder Managing-Influencing	Integration of interaction and engagement, MPC, CKC and PAB in practice and it represents the attempt to systematically manage and influence the operating environment to advance the business's interests.

Figure 12 shows the sub-core categories of this study in relation to their categories. The figure displays the co-dependence and the relevance of the various categories. That is, the different categories and sub-core categories are fundamentally dependent and reliant on each other. For example, creating legitimacy is dependent on being ethical, while forming alliances can be dependent on identifying interests shared with others.

Figure 12: Business Diplomacy Multi-Stakeholder Managing & Influencing (MSMI) and its Interrelated Elements
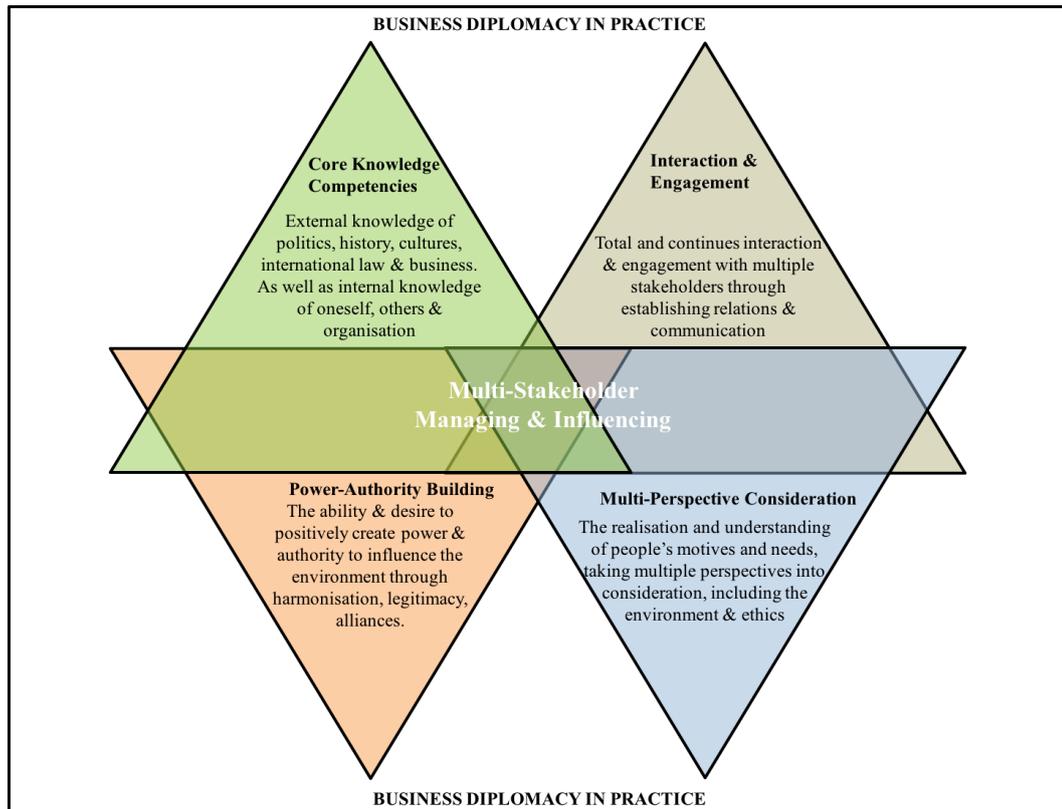
In the following sections, these key elements of business diplomacy and their interrelations are discussed in detail with support from the relevant literature and direct quotes from the participants.

Before commencing, it is imperative to note that in grounded theory there appears to be no strict formula for presenting the findings (Goulding, 2002). According to grounded theory theorists, what is important in grounded theory is creating a balance between data (for example, interview quotes) and analysis (discussion) (Birks & Mills, 2011; Corbin & Strauss, 2008; Urquhart, 2013). That is, researchers should be cautious not to present too much data with little analysis, or too much analysis with little data (Strauss, 1987). Grounded theory, therefore, advocates the integration of theoretical description, interpretation, and discussion of data to give the reader a comprehensive understanding (Corbin & Strauss, 2008).

For example, Strauss and Corbin (1998) believe that "in our monographs …
interview and field note quotations tend to be brief, and often [they] are woven in
with the analysis within the same or closely related sentences" (p. 283).
Therefore, and following the Straussian grounded theory approach, this chapter
will present the findings and discuss them simultaneously in the light of the
relevant literature and while making a thorough theoretical integration to reflect
the author's message. Further discussion and integration will take place as well in
Chapter 7. Ultimately, authors have more latitude in choosing the style of
presentation and the style that they believe best reflects their message while
considering the audience (Strauss & Corbin, 1998).

6.2.1 Interaction & Engagement

The sub-core category of 'interaction and engagement' represents the conceptual
categories of 'establishing and maintaining relationships' and 'communication &
engagement' (see Figure 13). According to the participants, business diplomacy is
about establishing and fostering positive relationships with different multiple
stakeholders through direct communication and engagement. 'Interaction and
engagement', therefore, refers to the extent to which a business diplomat can
positively create and manage relations with multiple stakeholders by using the
appropriate communication channels.

According to the findings, business diplomacy is based on the true and honest
realisation of the value and benefit of stakeholders and the need to positively
engage and communicate with them. It is also important to realise the strategic
impact and importance of stakeholders to the business. This will contribute to
building partnerships, identifying possible alliances and opportunities, guarding
the organisation's reputation, mitigating future conflict, and improving the overall
satisfaction of stakeholders.

Figure 13: Interaction & Engagement
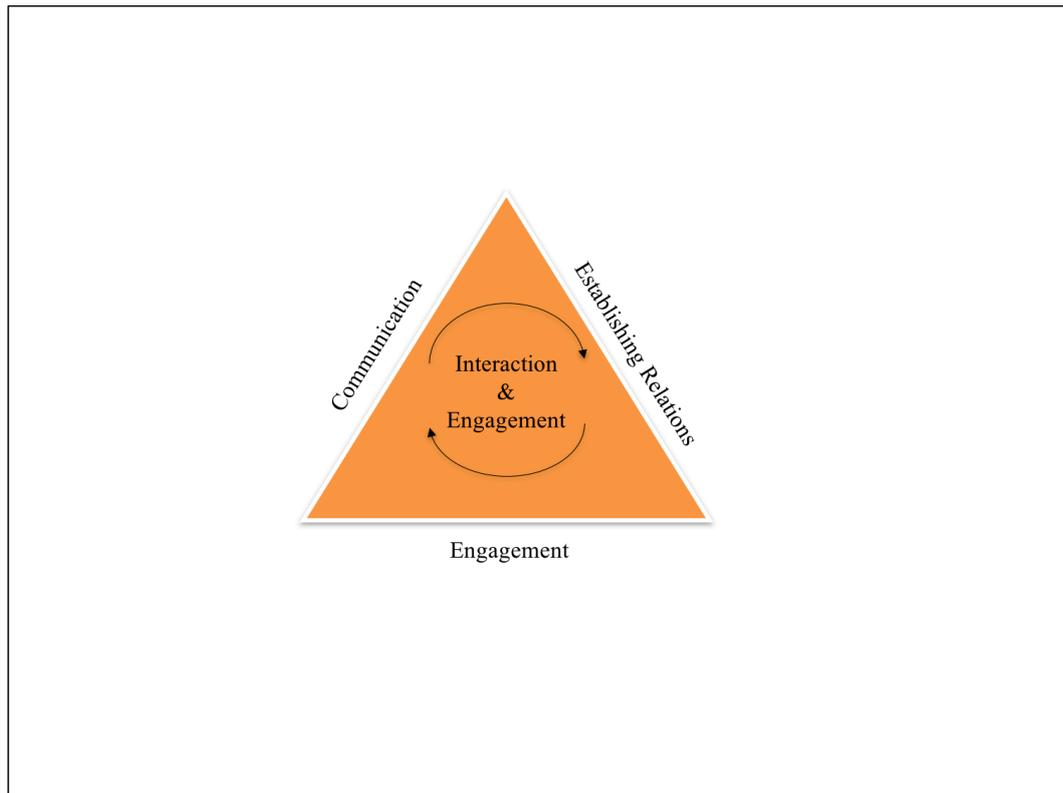
6.2.1.1 Establishing & Maintaining Relationships

'Establishing and maintaining relationships' is a category that emerged during the early stages of analysis and it is characterised as having the ability to create, engage, interact, and maintain good relationships with different stakeholders. Establishing and maintaining relationships is an integral part of business diplomacy according to participants: "*without doubt for me [business diplomacy] is the ability to build, foster, embrace, and to gather relationships, very important" (participant 14)*.

Participants believe that the art of business diplomacy involves one's ability to establish connections and relations with different stakeholders including non-business stakeholders such as non-profit organisations, media, and governments. This interaction with stakeholders is characterised in the findings as an on-going process and includes not only primary stakeholders, but also secondary stakeholders outside the business circle, such as: local and foreign governments, NGOs, media, international organisations, and society. To the participants, it is not diplomatic to engage with one body of stakeholders while ignoring others.

Such relationship maintenance will serve you in the future even if no direct benefit is apparent. This is demonstrated by the following two comments:

> *"We engage with the media ... You do take risks by doing that, but I think the risk of not doing is greater because then people just are left assuming what you're like ... so every six months we did what we call a media information day, which was about engaging the media to update them on good stuff happening" (participant 9).*

> *"Building effective relationships with ministerial advisors. I also look - there's local government of course, like city council. Then diplomatic communities. We've got strong relationships with the American Ambassador, American Consul General, the Australian Consul General, and a few others. Those relationships, you never know what's going to come out of them ... a lot of good little initiatives flowing from that. You make these connections and you don't know quite what's going to come" (participant 10).*

Establishing and maintaining relationships with multiple stakeholders, locally and globally, has been one of the chief tasks of business diplomacy since it was first established as a distinct field. The notion of 'establishing and maintaining relationships' is well demonstrated throughout the business diplomacy literature. For example, Ruël (2013) defines business diplomacy as the firm's ability to establish and sustain positive relationships with multiple stakeholders. According to Yiu and Saner (2014), the role of a business diplomat is to establish collaborative relationships to defend the firm's interests and legitimacy. Asquer (2012) also maintains that realising the value and importance of stakeholders can attract support from media and opinion leaders to safeguard the corporate image and reputation. Muldoon (2005) argues that the surge of interest in 'corporate social responsibility' and 'corporate citizenship' is evidence of the acceptance of the notion that the success of businesses relies on the effectiveness of managing and engaging with different stakeholders.

Establishing and maintaining relationships also encompasses related conceptual codes such as the ability to network and the ability to bring the right people together. To the participants, it is a vital part of business diplomacy to be able to network and to creatively bring the right people together to establish common goals. Participants believe that this will benefit their work and organisation and help advance the business's interests. The participants below commented on the importance of networking and how building relationships provide businesses with an advantage over their competitors:

> *"It is really somebody who can bring people together isn't it, who has network of contacts and can sort of brain storm ideas and connect people. So that is really what I think is diplomacy. If there is an issue, someone needs to get something done and you just use your networks creatively and get that person in touch with that, something might happen. Bringing the right people together, using the network just to solve a particular problem" (participant 8).*

> *"Integration of networks, I think, is really important. If you're going to have a diplomatic business unit you have to have people that are able to create a good network in the place where they are going where they're posted. Those networks will help you advance your interest and will help you obtain good information. Also, it will help you prevent difficulties eventually. One of the things that business diplomacy unit should have is to have people that have the ability of creating and maintaining networks. That's, basically, what we do" (participant 2).*

This strong emphasis on establishing and maintaining relationships with stakeholders in the findings could be partly due to their increasing number, power, and impact that is facilitated through the spread of technology and fast communication. It is no longer possible for organisations to maintain a defensive strategy against stakeholders' demands and criticisms. Organisations need to be proactive and engage with stakeholders through different communication channels to build trust and relationships. As far back as the 1960s, Herter (1966)

maintained that organisations are facing new and unprecedented relationships that
could only be faced by establishing relationships with multiple stakeholders
through the use of business diplomacy. Today, these new relationships have
multiplied with the emergence of new institutions, NGOs, and communities that
should be taken into account to prevent any future conflict (Ruël, 2013). Several
authors even maintain that the rise of business diplomacy is largely due to the
transformation of stakeholders by experience, technology, and education (Haynal,
2014; Kesteleyn et al., 2014a; Saner & Yiu, 2014). Additionally, Saner and Yiu
(2014) contend that establishing positive relationships with different stakeholders
should help defend the firm's interests and to forestall and mitigate potential risks,
loss of reputational capital, and help identify possible future alliances.

This interaction with stakeholders is characterised in the findings as an on-going
process and facilitated through various approaches, which include hosting and
attending events and conferences, business lunches, and delegations. This
continuous process of engaging with stakeholders is not to sell goods or services,
but to build goodwill, provide accurate information, defend the organisation's
interests, and increase its legitimacy and sphere of influence. Saner et al. (2000)
contend that, due to the increasing power of non-business stakeholders, more
demands are placed on businesses to be more transparent and to provide more
information on their business practices. This requires an on-going process of
engaging and communicating with the wider community through social means to
minimise any risks and reap any opportunities. According to participants, events
such as government delegations, embassy receptions, and conferences are
extremely important and represent ways to reach out to others and make yourself
visible to them. This is demonstrated by the following comments:

> *"My role here is Head of Government Relations, but I also do a lot
> of stuff and have a lot of business lunches and five o'clocks and
> networking events as well ... I make a lot of connections"*
> *(participant 10).*

> *"We hosted a reception, it was their 50th anniversary, it's a
> company ... and we hosted, in cooperation with the company, a big*

*reception at the High Commissioner with our ambassador ... and we
invited the whole branch of business context [contacts]. We worked
very closely with the company and their imports ... together and we
hosted an event with their chairman and chief executive"*
(participant 12).

Participants felt the need to stress that establishing relationships with multiple
stakeholders requires a level of continuity to maintain the relationship. To the
participant, it is not sufficient to just establish relationships and then ignore them.
You need to continually feed the relationship and keep it alive. This sentiment is
reflected by the following comments:

*"Normally if we have had a meeting, if I see something the next 3, 4
weeks that I think interests you, I will send it to you, that is my
normal relationships management approach. And I do that with
everybody, because if we have not met each other after 6 weeks, it
sorts of gradually fades and you forget about it. So it is good also to
remind people about your existence, just something little, within an
email or something and suddenly you come up high in the awareness
in your mind, otherwise it sorts of fades"* *(participant 4).*

*"Follow up I think is very important in whatever we do and in any
relationship that we build. If you do not follow up, then you cannot
keep that relationship"* *(participant 1).*

In short, participants perceived 'establishing and maintaining relationships' with
multiple stakeholders as an integral part of business diplomacy; however, they
also perceived the quality of 'communication & engagement' as equally important
in business diplomacy. This quality is discussed in the following section with
direct quotes from the participants and in light of the extant literature.

6.2.1.2 Communication & Engagement
The findings of this study suggest that business diplomacy also involves the long-
term and direct communication by the organisation toward a broader audience. In

particular, participants perceived 'communication & engagement' as a critical quality in business diplomacy. To the participants, the ability to communicate clearly and positively with multiple stakeholders and to keep them engaged and informed was seen as an important factor in business diplomacy*: "you've got to commit to regularly communicating with everybody" (participant 10)*. In another comment, one participant equated diplomacy with communication: *"On one level, diplomacy is the way that countries talk to each other" (participant 13)*.

Communication was perceived by participants as a way to eliminate any speculation or rumours about the business or its products and services that could affect its reputation or interests. It is also a way to define and highlight how the business is contributing to the society and its stance and response to various issues such as environmental concerns. It is a way to directly engage and communicate with stakeholders, without a mediator, to get your message across.

According to the findings, the characteristics of effective communication in business diplomacy are that it is frequent, fast, considerate, and convincing. Communication is not done through one channel only, but occurs in different communication channels such as the business's website, social media, reputable news agencies, and perhaps through celebrities. Businesses engaging in diplomacy, therefore, should have flowing and clear communication channels, that are open, honest, and transparent, as well as making their message available to interested stakeholders. Such a communication strategy should ensure prompt resolutions and facilitate understanding, acceptance, and cooperation between the business and its different stakeholders.

This corresponds with Henisz's (2016) characterisation of business diplomacy, who argues that businesses must have explicit communication strategies through which they convey their messages to stakeholders in a clear manner. According to Henisz, a successful communication strategy uses multiple communication channels, and demonstrates the business's awareness of the stakeholders' issues and interests. It also demonstrates how actions are taken by the business to resolve particular concerns. It uses images, symbols, and stories to convey its message.

These various messages should be communicated by the business itself with no mediator.

The emphasis on communication concurs with the business diplomacy literature. According to Ruël (2013), business diplomacy is largely characterised as the representation and the direct communication deployed by organisations toward different stakeholders. Diplomacy, after all, is about dialogue with others (London, 1999). It is through communication that organisations try to influence, persuade, and articulate their messages to the masses. 'Two-way street' communication is discussed in the literature as the heart of business diplomacy and an issue that requires listening and knowledge to overcome communication barriers (Asquer, 2012; London, 1999; Macnamara, 2012). Therefore, the ability to communicate and engage with other people was found to be critical and an important quality for businesses wishing to be involved in diplomacy. In the following comment, the participant provides some critical questions that can help businesses with communication and engagement:

> *"How do we communicate well? How do we keep channels open? How do we keep sharing our perspectives trying to reach solutions? ... How do you engage with the various stakeholders to make them aware about that so that, again, is reinforced? If you do stuff that really will reinforce what you want, make sure people know. If you don't tell them, they won't know ... Those are all skills that are really important in business. I would have thought that there is a lot to be learned from that"* (participant 9).

According to the findings, communication also means committing to regular communication and making your message available across a wide range of channels. This is particularly critical in times of crisis and conflict. Businesses need to know how to effectively manage relations with society through available communication channels. The increasing pressure on businesses from civil society actors, coupled with the power of social media, makes it evident that businesses need to know how to defend and promote their interests through a communication strategy. This sentiment is reflected in the following comment:

> *"I think from what I've seen the important thing is to make yourself
> and your message available. What I mean by that is that for any
> crisis there will be people, and there'll be ... they may be
> governments. They may be your business partner, and market, and if
> the crisis is a significant one they'll most likely include your
> customers or potential customers, and I think in any crisis there is
> generally uncertainty on behalf of both parties. You need to be able
> to address that uncertainty by making yourself and your message
> available, and that requires you to have a very clear message on
> both being able to define what the problem is"* (participant 5).

According to Kesteleyn et al. (2014a), businesses are seldom prepared to handle crises through the media. While a crisis can spread within an hour to international media, it takes companies, on average, 21 hours to respond; this makes them vulnerable to 'trial by Twitter' campaigns which occur frequently on issues such as human rights, labour conditions, and environmental degradation. To the participants, it is important, therefore, to keep your stakeholders informed and to maintain open and transparent communication channels to protect your reputation and to eliminate any assumptions or speculation:

> *"It's important that you keep, if this is a public matter, you keep
> informing how the crisis is being faced and how it's being solved.
> You cannot appear reactive. You have to appear proactive, that's
> very important because it has an impact not only on solving the
> crisis but also on the afterwards how your reputation is damaged or
> if you're able to contain the damage"* (participant 2).

The category of 'communication & engagement' encompasses the conceptual sub-categories of 'language', 'listening & sensitivity' as well as 'communication' and 'engagement'. To the participants, communication is also associated with the ability to listen to and be sensitive to other people's views: *"It seems to me you've got to be able to listen. People like the chance to talk about themselves"*

(participant 10). When asked about business diplomacy, participants described it as the ability to listen and understand other people's points of views:

> *"From my point of view, diplomacy is all about listening, all about understanding and respecting others' views, or in case of a tough situation, dealing with it with some tactfulness or some grace… that is you are able to satisfy a query or a particular situation from the other side or to make a major change on the other side without affecting the relationship" (participant 15).*

> *"It starts with in some ways, lots of times, listening, but then when you're representing it's being sensitive to where they're going to be coming from, and then phraseology and language is very important. The use of the right words" (participant 9).*

Knowledge of another language, or language proficiency, came up in the context of communication and was seen as an important element in business diplomacy. Mastering another language is especially important when representing your company abroad or during negotiation. If you are unsure about your client or counterpart's language, some participants encourage getting a translator you trust from the beginning to avoid any misinterpretations. Language proficiency was viewed as a way to ease communication between people and bring them closer. The following participants spoke about how learning another language helped them in their negotiations and careers:

> *"To be able understand the language of the client, and if not the language then to be able to understand the English that they use, because the English that is used is not always ideal, so you have to be careful of pretending that you do not really understand everything but if you do not, if you do not understand their English then you just say: "I am sorry, can you repeat that in a different way?". But I think one of the most important things is you cannot ever say: "I do not really understand your English and can we use an interpret instead" because a bit insulting" (participant 1).*

*"Another skill I bring is language skills. I can speak a few
languages. My original language is Tamil, that is family native
language. I speak English. Working with Koreans for six years, I can
little bit understand and little bit speak the Korean language. Now,
I'm learning Mandarin. Some of the language skills helps in my
discussions as well"* (participant 15)

Communication is not always easy and may require communicating in hostile
environments. Businesses might find themselves dealing with a hostile foreign
government or pressure group campaign. This is why, according to the findings,
business diplomats should have knowledge about other languages, patience,
listening skills, and sensitivity to people's views and opinions. This approach may
reduce hostility and help in reaching a common ground.

*"sometimes you have to convey them [your arguments] in a very
hostile environment where people do not agree with you. When you
have to travel and you have a foreign view, a government view, and
you know you are talking to people who do not agree with you, and
yet you have to be able to carry on the discussion in a meeting and
come to terms of meeting agreements on various aspects of any
matter"* (participant 7).

In sum, the findings suggest that business diplomacy consists of the element of
'interaction and engagement' that is manifested through establishing and fostering
positive relationships with multiple stakeholders through direct communication
and engagement. In addition to that, participants also perceived acquiring
knowledge competencies as an integral part of business diplomacy. This element
is discussed in detail next, with reference to the relevant literature and with direct
comments from participants.

6.2.2 Core Knowledge Competencies

Managing and engaging with stakeholders mattered to participants, but so did
having practical internal knowledge and external knowledge about the world

around them that mediated this interaction (see Figure 14). The findings showed that business diplomacy requires practical internal and external knowledge and an understanding of the world, as well as practical experience that they can apply. The sub-core category of 'core knowledge competencies' represents the conceptual categories of 'internal knowledge' and 'external knowledge', which reflect the importance of acquiring both a practical internal (self) and an external (world) knowledge. Core knowledge competencies, therefore, refer to the degree to which a person has comprehensive knowledge and can draw from their experience effectively during various interactions. According to the findings, business diplomats are knowledgeable and insightful and have a strong desire to learn and acquire more knowledge and information about a variety of issues and topics. These qualities contrast with those of someone who is superficial, ignorant, and limited to their current framework of thinking and understanding.

Figure 14: Core Knowledge Competencies (CKC)
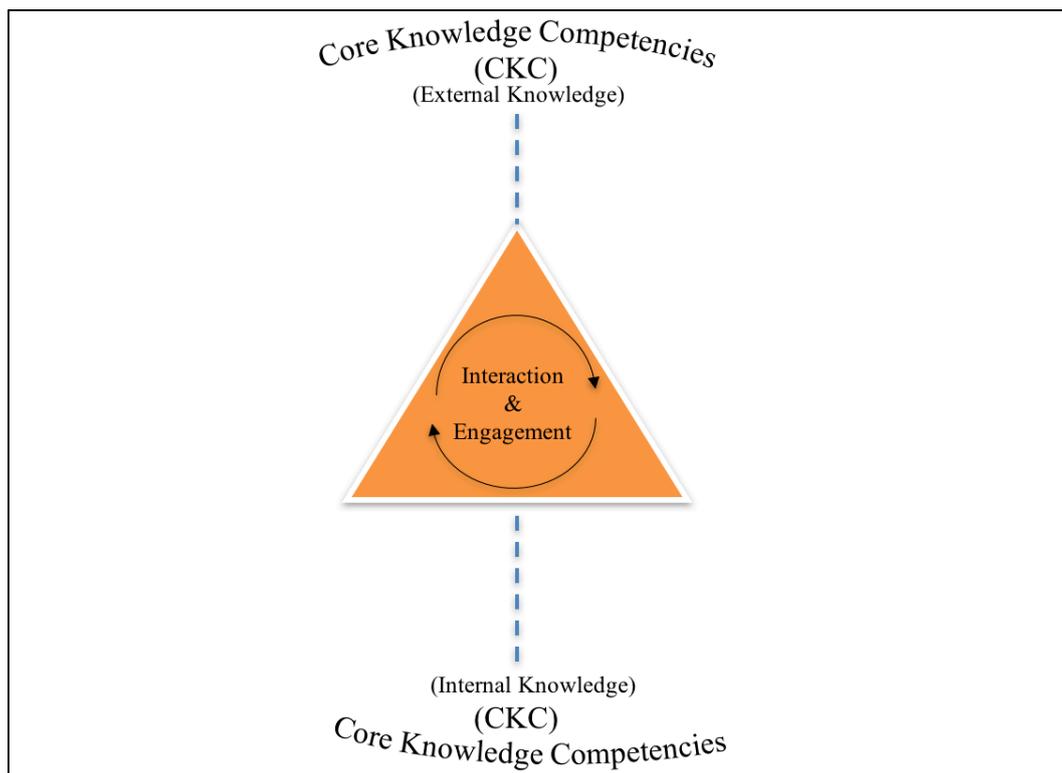
The conceptual categories of 'internal' and 'external' knowledge encompass codes that are knowledge and experience related qualities that the participants associated with business diplomacy. These include knowledge and experience about business, politics, history, and cultures, as well as internal knowledge about

the organisation and oneself (see Table 15). Therefore, when it comes to business diplomacy, people should have comprehensive knowledge and be able to draw from their experience effectively. Below is an example of participants' interpretations of the required knowledge:

> *"It would be unrealistic to expect someone without a background in diplomacy, someone without a background knowledge in international relations, business enterprise, public relations, et cetera. It would be unreasonable to expect someone outside of that field to come and be able to pick it up and think, "Where do I start?" How do I start? What do I do? What do I say?" (participant 14).*

Table 15: Areas Related to Core Knowledge Competencies

Knowledge Competences	Examples
Cultures, History, Politics & International Relations	Knowledge about targeted cultures (traditions, beliefs, rituals), basic knowledge about the history of the world and knowledge of the past and current political affairs, and the relations that govern countries.
Business	Knowledge about basic business practices such as finance, supply chain, and business models.
Market	Knowledge and information about the targeted market (suppliers, market agencies, legal requirements).
Law & Regulations	Knowledge about regulations and policies. Knowledge about the targeted country's laws and protocols.
Organisational Knowledge (Internal knowledge)	Internal knowledge about the organisation that one represents including its long-term strategy, goals, and mission.
Self-Knowledge (Internal knowledge)	Knowledge about one's abilities, weaknesses, strengths and goals.

6.2.2.1 Internal Knowledge

Knowledge competencies are not just based on one's ability to acquire and apply practical knowledge and experience, but are also based on one's knowledge about the business that they are representing as well as being insightful and having knowledge about oneself. According to the participants, it is critical to have comprehensive knowledge about the organisation and what it represents and

stands for, as well as comprehensive knowledge about one's internal (in)abilities, attitudes, interests, goals, and values. This requires deep knowledge of the business itself, as well as one's internal characteristics. This sentiment is captured by the following comment:

> *"You've got to start with yourself. Understand yourself, understand others. Put that into an organizational context, what are you about as a business, what's your brand, what's your point of competitive differentiation, what are the words that sum up your brand that you want them to be able to drive your strategy and communicate as an organization?" (participant 9).*

According to participants, it would be hard to represent a company without having sufficient knowledge of the business and what it represents. Negotiation and representation require authority, knowledge, and vision, all of which are hard to obtain without being immersed in the business for a long time. To this extent, business diplomats are fully aware of their businesses' goals, strategy, and focus and what they are willing to negotiate:

> *"You have to have the basic objective of what you negotiate is very clear. You have to really know what you want in order to negotiate with someone. You have to be aware of what are the things that you can give to the other part" (participant 2).*

> *"I would just add the knowledge that you have in your own business. For example, the field that we work in, I need to have a lot of knowledge to be able to have more diplomatic skills, to be able to talk to the clients" (participant 1).*

> *"It can be hard to be Mr. Business Diplomat if you haven't been in that business for very long time. You need to be able to talk with some sort of authority" (participant 10).*

Participants highlight the importance of having sufficient internal knowledge about the organisation one is working in and representing, as well as being able to speak the language of the organisation. This can be compared to someone new, who does not have a background in business, or does not speak the language or understand the culture of the business he or she is representing. This perhaps highlights the possible danger of hiring former diplomats or ambassadors who may lack practical knowledge of the business or its vision that they are representing. To the participants, it takes a long time to become a diplomat for the business and represent its interests with some authority and knowledge:

> *"It's hard to represent an organisation unless you know it really well. Depending on how complex it is, that can take a bit of time. That's very difficult to be out there representing something you don't know much about. It takes a bit of time. You can't hire a brand new guy to come in from out of town and be your new big shiny ambassador if he or she has to speak with any knowledge about who you are"* (participant 10).

Similarly, another participant highlights the importance of knowing the organisation's objectives, which can facilitate future collaboration and engagement with various stakeholders:

> *"You know what your organisation stands for. You know where it's going, and so you're looking to make useful connections that'll fit in with that"* (participant 10).

This aspect of internal organisational knowledge is not well articulated in the literature of business diplomacy. While basic knowledge or education in business and international business are expected from business diplomats, nonetheless, the importance of having knowledge about the organisation itself, its culture, its shared values and interests, and its strategy and philosophy, is not well featured or emphasised. For example, in listing the core knowledge competencies required by business diplomats, Saner and Yiu (2003, 2014) did not list internal knowledge of the organisation as a prerequisite. This indeed could be because it is expected;

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however, without explicitly emphasising it, companies may overlook its importance and relevance to their future operation and negotiation. Gaining internal organisational knowledge is linked to one of the core functions of diplomacy, that is, representation. Without sufficient knowledge of the organisation itself, future representation at international gatherings or during negotiations may not succeed.

As well as having knowledge about their business, business diplomats need to have internal knowledge of themselves and what they want to achieve within the business context. In that sense, business diplomats are not just message carriers, or passive servants, but have a sense of awareness of their position and goals that they can reconcile with their organisational objectives. This does not mean pursuing self-centred goals, but rather, incorporating the internal knowledge one has when engaging in business diplomacy. While diplomats, in general, are considered agents, whose roles are to serve the employer's interests, it seems from the findings that one can use his or her craft and knowledge to support efforts of diplomacy and engagement. Participants placed great importance on knowing yourself and what you aspire to achieve within the organisational context. According to participants, business diplomats should have a clear sense about their objectives instead of asking for options or ideas:

> *"Know what you want exactly (do not ask for options or ideas, you should know what you want) ... know the basics instead of asking"* (participant 6).

> *"You've got a good understanding of your strengths, your weaknesses, opportunities, threats, a good understanding of your competitive position, what's coming through, a good understanding of what you want to communicate, but also a reactive element. What could come up and how you'd manage that"* (participant 21).

> *"They're understanding yourself, your own organization, where it's coming from, understanding others will come from a different place, and then how do we communicate"* (participant 19).

According to the findings then, it is fundamental that business diplomats have adequate knowledge about themselves and their objectives. To this extent, business diplomats are fully aware of their underlying needs, emotions, goals, and motives, and what they aspire to accomplish. This entails having clear parameters about one's goals, strategy, and focus and what one is willing to negotiate. This self-knowledge enables them to find common ground, identify possible opportunities, and form future alliances and partnerships. This should also foster an atmosphere of confidence that is critical to working relationships.

> *"Just ensuring that you are very clear on what your objectives are, and making sure that meeting with these people will help to serve those objectives"* (participant 5).

> *"Having clear goals, plan, and strategy, objectives when talking to your embassies or even others. It is not enough to say I want to invest in that country, you have to know why. Having a clear idea, what you want. Be focused and specific so others can help you"* (participant 3).

Just like internal organisational knowledge, the self-knowledge dimension is not well articulated or emphasised in the literature (see section 8.4.1 'Theoretical Contributions to Business Diplomacy', Chapter 8). Self-knowledge does not only pertain to understanding oneself, it involves having basic knowledge of one's (in)abilities, attitudes, interests, and values. That is, having a practical knowledge and experience of your position in order to achieve a resolution or reach an agreement. This may require internal reflection and awareness in order to identify their and the organisation's basic objectives. Indeed, the aspect of *self* in diplomatic studies in general is a neglected dimension. This is because, within the domain of diplomatic knowledge, the knowledge of diplomats is rarely considered. They are either considered as 'objects' or as 'subjects' whose presence in diplomatic representation does not involve the 'self' (Constantinou, 1996). As Cornago (2016) argues, the element of self in diplomatic relations was slowly displaced with the doctrine of reason of state. However, the optimum

performance of diplomacy demands the 'self' in front of the 'other' for cultivating relationships and mutual understanding (Certeau, 1986). Diplomats constantly face clashes and cultural differences that require the involvement of the 'self' to transform the relationship with others.

While participants believe that business diplomats should have an internal organisational and self-knowledge, they equally believe that this should be accompanied by external knowledge.

6.2.2.2 External Knowledge

Participants in this study believe that business diplomats should possess diverse forms of knowledge in a variety of subjects and topics. Business diplomats, according to the participants, are well versed in history, politics, cultures, and international relations as well as basic business practices. Accordingly, business diplomats are well read and aware of the current issues and affairs around them as well as having a strong desire to learn and acquire more knowledge. As a result, they are able to engage and contribute to any conversation on a wide range of topics:

> *"If you're going to have a conversation you need to be engaged in*
> *the world. You have to know what's going on out there. You want to*
> *be able to talk about the economy, or talk about geopolitical issues"*
> *(participant 10).*

Business diplomats, according to the participants, should have a basic understanding and knowledge of business. While the role of a business diplomat does not directly involve day-to-day business operations, their knowledge of basic business terminology and practices will help them negotiate, represent, and communicate effectively. Knowledge of the concepts of supply chains, business models, and finance is part of the basic knowledge expected from people representing their business:

> *"I have to look at that from the point of view of understanding that*
> *market, understanding my competitors in that market, understanding*

the supply chain, the business model, and how am I going to get in?"
(participant 16).

"You need knowledge about business practices, experience from
zero so you know what accounting and finance means … start from
zero if you want to learn the practice of business or diplomacy (I
started from an administrative position), and have experience in
business practice and administrative issues" (participant 6).

Participants stress the importance of acquiring knowledge on policies, protocols, and regulations when engaging in business diplomacy. This does not mean knowledge of all regulations and protocols but only those of countries and governments the business is targeting. To the participants, this will enable them to make the right business decisions and eliminate any failure or potential risks. Participants extend this knowledge to legal, political, and social norms of the target country. To them, business diplomats are fully aware and knowledgeable of the targeted countries' laws and regulations and are not ignorant or dismissive of their protocols and social norms. In a sense, business diplomats comprehend the market and its requirements and recognise the target country's regulations and policies while being sensitive to the political and social climate of the country. The following two comments reflect this sentiment:

"When you go to do business deals you need to have some
information on the background of that particular government and
country and what their requirements are in terms of the rule of law
and the policies and other things that might affect the success of
your proposal, what you are intending to propose. I think you need
to have that background in advance for you to be able to… like
everything else, if you want to succeed you have to have background
knowledge of that government in terms of their rules and their
requirements and the protocols" (participant 11).

"They need probably the ability to engage and operate in the legal,
political and social norms of the country. The ability to adapt to

*those ... Particularly legal and political dynamics as quickly as
possible. I think that's really important because there can be small
details or what appear to be small features of different markets that
can have a huge impact on your ability to successfully business"
(participant 5).*

Although knowledge about business, markets, and regulations are important
elements of business diplomacy, participants in this study also identified
knowledge about history, politics, and cultures as equally important elements of
business diplomacy. This diversity of knowledge required by business diplomats
is to be expected since diplomacy, in general, is embedded in knowledge.
According to Kurbalija (2002), diplomacy is a profession of knowledge in that it
requires diverse forms of information due to diplomats' various activities of
negotiation, communication, and representation. This knowledge starts from
general knowledge (standard education), international relations, politics, and
specialised diplomatic training (Kurbalija, 2002). Business diplomats are like state
diplomats and perform tasks and activities that require knowledge similar to that
of state diplomats (Saner et al., 2000). Henisz (2016) maintains that managers
must understand and appreciate the history of their operating areas and the local
traditions and beliefs.

Hence, participants in this study found practical knowledge about politics, history,
and cultures (including cultural awareness) was associated with the profession of
business diplomacy. This includes knowledge about current affairs and political
issues happening around the world. Business diplomats are aware of the
complexity of history and the entanglement of politics, and have a sense of deep
appreciation and recognition of cultural diversity. To the participants, this
diversity of knowledge helps business diplomats positively engage with multiple
stakeholders on the local and global stage and facilitate respect and common
understanding which will lead to better outcomes. This sentiment was expressed
by the following two participants:

*"So I think if we want to do business with different cultures
overseas, what we need to do is we need to learn about the cultures,*

*learn about the people, learn about the history of those countries,
about the political issues that they are facing, about the environment
in those countries, if we do not know that then I do not think we can
do business with any country that we do not really do business with"*
(participant 1).

*"If you're going to have a conversation you need to be engaged in
the world. You have to know what's going on out there. You want to
be able to talk about the economy, or talk about geopolitical issues"*
(participant 10).

Participants particularly identified cultural awareness as a key element in business
diplomacy. Business diplomats travel and engage constantly with various
stakeholders from different backgrounds and cultures, hence having a sense of
awareness and appreciation of cultural differences is an integral part of their work.
Participants also asserted the importance of adaptability to other cultures when
engaging with stakeholders or doing business overseas. Business diplomats,
therefore, are flexible and sensitive to other cultures and how business is done in
another culture. Business diplomats do not have a 'one-size-fits-all' approach. The
following participants demonstrate the importance of cultural awareness when
conducting business overseas using the example of 'gift giving cultures' and
'adaptability' respectively:

*"Then once you get into cultures that are very foreign to New
Zealanders, be it the way business is done in China. It's got kind of a
gift giving culture which is quite important. You need to understand
how it works. In some cases, New Zealanders are worried that a gift
is a bribe or maybe seems to be a bribe, when it's not at all. In other
cases, they may not recognize something that is a bribe, and they
need to know how to deal with that"* *(participant 13).*

*"The key commonality there is that when they elect to do business
here for example in Australia, they need to firstly understand the
Australian culture, and the Australian way of business. They need to*

really be aware, and appreciate, and educate themselves about how
people do business here. There's no point in coming in and saying,
"This is how we do it in the US," or, "This is how we do it in
Finland, so this is how it'll happen in Australia." When we see that
happen quite a bit, often, it's not a successful visit, or a successful
engagement for the Finnish company, or the American company"
(participant 16).

The competence of core knowledge is not explicitly and widely discussed in the business diplomacy literature. In a conceptual overview of the business diplomacy literature, Alammar and Pauleen (2016b) did not identify practical knowledge as an established competence in the literature. However, apart from the work of Saner and Yiu (2003, 2014) and Saner et al. (2000), who explicitly call for business diplomats to strengthen their knowledge in some of the areas mentioned in Table 15, some authors implicitly suggest the relevance of knowledge in business diplomacy. Mirvis et al. (2014), for example, encouraged businesses to collaborate with NGOs because of their in-depth knowledge on key countries and hot-button issues, and their ability to act as a cultural bridge between businesses and local communities. Similarly, Busschers and Ruël (2012) suggest that knowledge is vital for business success when engaging in diplomacy.

It seems from the findings that, while diplomats may already have knowledge of their business, in today's global interactions business diplomats must add to their layers of knowledge in order to deal with external actors. According to the findings, 'business as usual' or 'best practice' when engaging in business diplomacy is not good enough. It is evident that knowledge outside the business domain is an important component of business diplomacy and that businesses should acquire and develop internal and external knowledge competencies and accept new techniques and information offered by other fields. This is why Saner and Yiu (2003) proposed a cross-fertilisation between business, government, and academics to make sure that knowledge acquired in different fields is transferred across professional boundaries.

In sum, businesses can no longer be satisfied with knowing their business or the legal conditions of a target country. Increasing pressure from civil actors and the new development of multitudes of international standards and events require businesses to negotiate, mediate, and communicate with different stakeholders. Without the appropriate internal and external knowledge, the chances of effective business diplomacy are low.

In addition to CKC, participants perceived that business diplomacy also involves an integrative multi-perspective approach. This element is discussed in detail next, with reference to the relevant literature and direct comments from participants.

6.2.3 Multi-perspective Consideration

The findings of this study suggest that considering different perspectives is a vital part of business diplomacy. The sub-core category of 'multi-perspective consideration' represents the conceptual categories of 'ethical considerations', 'empathy and perspective-taking' and 'environmental scanning'. 'Multi-perspective consideration', therefore, refers to the extent to which a person constantly scan the environment, can understand people's motives and needs, and take multiple perspectives into consideration while maintaining ethical standards. To the participants, business diplomacy is based on the true and honest realisation of the importance of understanding the underlying motives for people's behaviour, and the ability to monitor the environment and take different opinions and views into consideration, accompanied by a high regard for values and ethics when engaging with stakeholders (see Figure 15). In this sense, business diplomats are aware of and able to understand people's emotions and interests, consider alternatives, and sometimes conflicting values and interests, while realising the criticality of maintaining higher ethical codes. As one participant asserts, these qualities are fundamental to success in diplomacy: *"I think the first and foremost you need an empathy and understanding for the people that you are looking to work with" (participant 5)*.

Figure 15: Multi-Perspective Consideration (MPC)
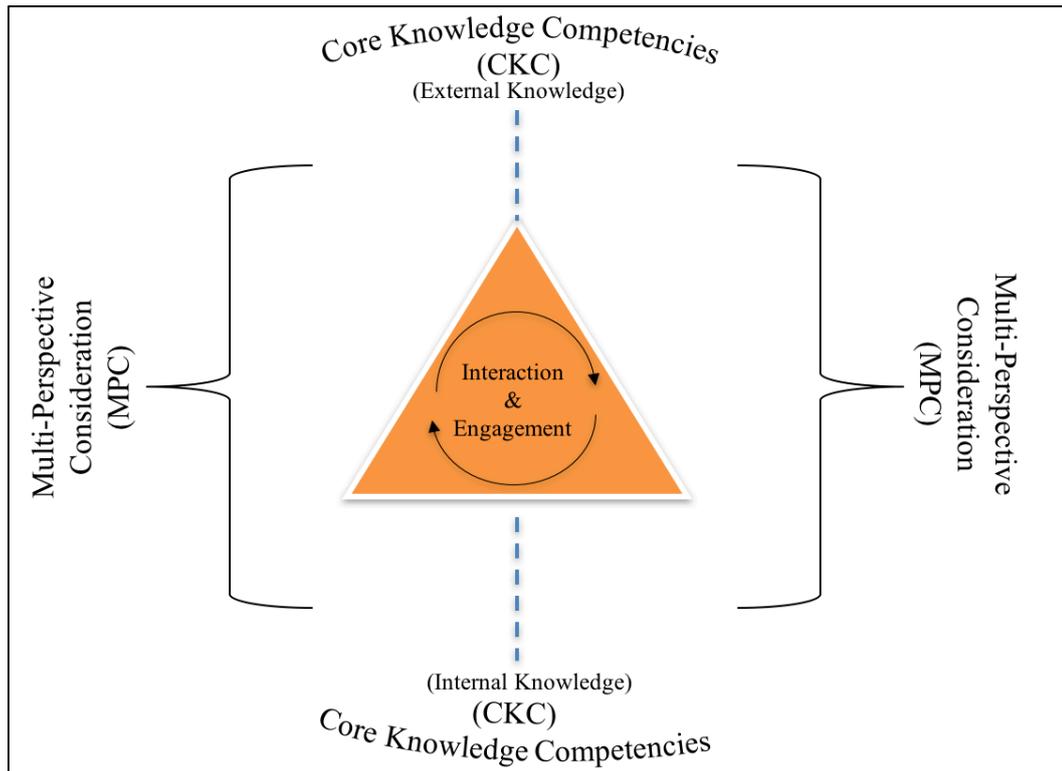
Similarly, another participant points to the importance of demonstrating ethical principles in business dealings: *"The kind of attributes we try to encourage in the companies that we're dealing with is that kind of open-book approach … honesty and ethical business"* (participant 16).

'Multi-perspective consideration' underlines the importance of integrating multiple stakeholders' views, as well as the ability to bring different people with different ideas together, in order to reach a common outcome. Business diplomats fully take the views of other stakeholders into account and try to understand their perspectives and reconcile different opinions. According to Saner et al. (2000), business diplomats constantly face opposing views from either their governments or stakeholders regarding many issues. The job of a business diplomat is not to resort to clashes or avoidance, but to effectively manage this interaction in a peaceful and respectful way to reach common goals.

6.2.3.1 Ethical Considerations

Ethics was perceived by participants to be a critical element in business diplomacy. During analysis, several conceptual codes were related to the category

of 'ethics' such as: trust, honesty, commitment, transparency, responsibility, truth, and fairness. The category of 'ethical considerations' refers to the extent to which ethical traits and moral codes are considered and not ignored. As one participant notes:

> *"I guess the other thing to point out, I think what's made foreign governments a bit more comfortable with a couple of the issues we've had lately is that New Zealand always does things transparently. We are open and honest with our partners"* *(participant 13).*

Participant 9 highlights the importance of always being truthful and straightforward. The participant asserts the importance of mutual trust between partners and that no relationship can be established without trust and honesty. The participant shared a story about one of his business partners:

> *"I was very upfront with them in a, you could say, diplomatic way which is, "We cannot now have a relationship. It is purely transactional. Our relationship is nothing based on trust because you have shown ... Until you change, don't lie, don't misrepresent, we've got no basis to be able to work well together.*
>
> *You can't bullshit because people will see through that. If you keep those values behind of truthfulness, fairness, you can maintain ... You can disagree with people but still have trust. Once trust breaks down you've got a big problem"* *(participant 9).*

Participants believe that business diplomats consider ethics and moral codes in their various interactions and dealings and make their decisions accordingly. They are honest, transparent, committed, trustworthy, fair, and responsible. This approach is not limited to ethics only but includes the organisation's and the society's broadly respected values and beliefs. According to Saner and Yiu (2014), business diplomacy should only be used and presented as a constructive, positive and ethical approach to business issues. Unethical behaviour documented

in the media by some businesses where they use diplomacy to circumvent regulatory requirements should be discouraged and dissociated from diplomacy (Saner & Yiu, 2014). London (1999) also equates business diplomacy with the ethical treatment of others, inside and outside the organisation, and to taking responsibility for themselves and others. One participant spoke of how unethical behaviour could have a negative impact on the business's reputation:

> *"You always have to be honest, and you faithfully represent your strengths and market because if you try to overstate your strengths in some area then over time that will get found out and that undermines your broader brand. I think faithfully representing and continuing to tell the story about your strengths is very important"* *(participant 5).*

According to the participants, ethical standards of honesty and transparency should be maintained in business dealings and negotiations. When a crisis or conflict occurs, businesses should not avoid responsibility or hide behind lawyers. To the participants, this is not how business diplomacy is conducted. Businesses should fully take on the responsibility and show commitment to their stakeholders by communicating, empathising, and giving assurance. One participant stressed how it is not diplomatic to hide behind lawyers when something goes wrong:

> *"Don't hide behind the lawyers and say, "It's not our fault. It's someone else." Because that always gets people's back up. So, the first thing is to go 'crikey, we've got a problem'. We're going to get to bottom of this. Show that commitment and that you care"* *(participant 10).*

The emphasis on ethics by participants is in accordance with Alammar and Pauleen (2016b) who identified unethical behaviour as one of the most common risks in business diplomacy. Diplomacy in general is embedded in power and relations, which makes it vulnerable to issues of corruption, bribery, and misuse of diplomatic efforts. Business diplomats, therefore, should be on guard and mindful of any ethical issues that they could be facing when engaging in

diplomacy. One participant who represents his company internationally shared a story about when a business partner asked him for a commission and how the participant diplomatically declined the request without jeopardising the relationship:

> *"some institutions in [country's name] is very common the president or vice president or the management would tell you: 'Well we want commission to send you students'. You cannot really behave as that is something that is not transparent or something that you do not do in New Zealand. So, if you want to say no, then you say it in a very very careful way, so you say: "I am sorry but we do not normally do this, this is not the way it is done, we can give a discount for the students that you sent to New Zealand but we cannot really pay you for that because it is against the policies"* (participant 1).

Participants felt the need to stress the importance of honesty, transparency, and commitment when dealing with different stakeholders. To them, it is important to maintain a certain level of honesty and integrity during business negotiations and dealings as it can protect the business's reputation:

> *"And I think honesty is also a key in closing a business deal. What I always think is if you tell lies about your institution or about the city you live in or about the country, this lie is going to be discovered very very soon. So, you do not make promises that you cannot keep, you do not lie, you have to be very honest"* (participant 1).

> *"Never lie to a businessman who wants to do business in your country because they will find out and these are things this businessman will tell the other one and will tell the other one then the word will spread. Then your reputation will be ruined, and no one would like to do business with you anymore"* (participant 2).

> *"I guess the second part of that is also understanding that you're coming into a new market, so they need to understand the concept of*

*transparency and commitment. If you come to a market and you
visit, and you agree that you're going to do X Y and Z ... If you come
into the market and you make a promise or you meet people, word
gets around a sector pretty quickly if you don't deliver, or if you
don't agree to complete a process that you might have shaken hands
on while you were here, and don't give a good reason for it. People
remember that, and it can damage their reputation" (participant
16).*

In summary, participants strongly associated ethics with business diplomacy. To
them, decisions and dealings with stakeholders should be based on ethical and
moral codes. While ethics should be considered by business diplomats,
participants also believe that expressing empathy and considering different
opinions is a critical component of business diplomacy.

6.2.3.2 Empathy & Perspective-Taking

According to participants, business diplomacy includes showing understanding
toward other people and considering their perspectives. In this sense, business
diplomats should show compassion and care and overcome the inclination to
consider only personal views. Business diplomacy, therefore, is not based on
narrow-minded thinking, or neglecting the ramifications of the decisions.
According to participants, diplomacy starts with understanding and considering
multiple stakeholders' views:

*"It's got to start with where would the other group stakeholder be
coming from, the public, the media, certain shareholders, the
government, where would they be coming from and trying to
understand their perspective" (participant 9).*

'Empathy and perspective-taking' contrasts with someone who does not listen to
other people's opinions and ignores their needs and underlying motives. They are
content with their current understanding of the world around them and neglect the
perspectives and emotions of others. Accordingly, business diplomats should
overcome these inclinations that may lead to limited views and interests.

To the participants, understanding the perspective of different stakeholders is an important aspect of business diplomacy. In this sense, business diplomats should explicitly show that they can go beyond their personal views and opinions and are able to consider other perspectives and ideas. This includes bringing people with different opinions together and reconciling their different interests and views into a common outcome: *"from my point of view, diplomacy is all about understanding and respecting others' views" (participant 15).* They are comfortable enough with and aware of other views, and are able to change their minds if evidence suggests otherwise. Such an approach, according to the participants, helps in building effective relationships and forming partnerships while defending the business's interests and position. The two comments below reflect this sentiment:

> *"I think to really get to understand countries and big relationships to countries is very important as on a personal level. That's why I feel that what you need to do is to get engaged with countries in a very early stage. Bring the students, bring the junior executives, bring junior diplomats and try to meet with them, understand them, work with them, build a relationship of trust and respect. Having this is a very important part of defending your own political and diplomatic positions" (participant 18).*

> *"The way you build effective relationships is to get to understand the other party and where they're coming from and what they need. You try and see how you can marry that up with where you're going and what you can provide" (participant 10).*

Business diplomacy is not limited to the consideration of different perspectives. In addition, it requires empathy, that is, the ability to show and express care, compassion, and assurance as well as showing that you recognise the motives and needs of others. This is particularly true in times of crisis or conflict where stakeholders need to be assured that the problem is being dealt with in an appropriate manner. To the participants, it is not diplomatic to ignore the needs

and questions of affected communities and stakeholders during crises. This is consistent with Henisz's (2016) characterisation of business diplomacy. According to Henisz, when it comes to business diplomacy, "managers … must display empathy and understanding, especially for suspicion and hostility directed at them based on historical grievances (p. 187).

Empathy was described by participants as the ability to understand each other and to understand other people's motives, needs, emotions, and interests. Without empathy, the chances of successful negotiations and agreements are low. Empathy was also defined as the ability to 'put yourself in someone else's shoes' and to show that you understand it is not a 'zero-sum game'. This sentiment is reflected by the following two comments:

"You have to put yourself into the other and your partner or your counterpart perspective. You have to be able to see things from the other side. That's quite helpful. It has to do with empathy, as well. You have to be able to understand the other people's point of view. You have to be open also to, not relinquish, but to give a little bit of what your interest is, be able to negotiate your position, understand that this is not a zero sum game. You're not there to completely obtain what you want but you can give something so your counterpart can also win. It has to be a win-win situation, but this is an understanding that's quite important" (participant 2).

"First of all, you've got to show compassion. That's not always the right word. But you've got to show that you care. Something's gone wrong. When it blows up, you don't really have any information. You don't know exactly what has gone wrong. You don't know exactly how it happened or who's responsible. But something has gone wrong. Someone, somewhere is suffering. Either they're hurt or their product's failed. Whatever it is, you've got a disaster on your hands. Show that you care is the first thing" (participant 10).

While participants believe that 'empathy and perspective-taking' is an integral part of business diplomacy in practice, this quality is seldom discussed in the business diplomacy literature (this will be further discussed in Chapter 8, section 8.4.1 'Theoretical Contributions to Business Diplomacy'). In other words, the aspect of 'emotions' displayed through empathy or showing understanding towards other people is not prominent in the literature. This might be because diplomats should maintain a level of professionalism by not displaying emotions of sadness or surprise as they are too revealing (Oglesby, 2016).

This humanistic aspect of diplomacy in showing empathy and compassion, or expressing understanding and emotions was one of core elements of diplomacy from the Peace of Westphalia in 1648 to the Congress of Vienna in 1815 (Cornago, 2016). However, this was slowly replaced with rigid protocols and over-professionalism with the aim of pursuing only strategic goals (Cornago, 2016). Therefore, the findings of this study counter this narrative by reclaiming the tradition of humanism in diplomacy of embracing the aspects of emotions, tolerance for cultural differences, flexibility, and compassion and care for others. This is in line with Constantinou's (2006, 2013) calls for new forms of diplomatic engagement represented by humanistic traditions of mutuality and caring for others. As far back as 1917, Ernest Satow, in his influential *Guide to Diplomatic Practice*, stated:

> A good diplomatist will always endeavour to put himself in the position of the person with whom he is treating, and try to imagine what he would wish, do and say, under those circumstances (p. 134).

In addition to considering multiple perspectives, displayed through 'ethical considerations' and 'empathy and perspective-taking', participants also perceived the ability to scan the operating environment as relevant to business diplomacy.

6.2.3.3 Environmental Scanning

Participants perceived analysing and monitoring the environment and creating a long-term vision as an important aspect of business diplomacy. According to

them, business diplomacy requires a high level of analytical capabilities to manage the environment and the ability to focus on long-term goals:

> *"We use, perhaps, the same instruments and require basically the same skills as diplomats, which is analysing trends, do a little bit of forecasting, do a little bit of historical research" (participant 2).*

It seems from the findings that participants place importance on understanding the environment. This does not only relate to environmental issues in the narrow sense; it also refers to the need to monitor, scan, and understand the domestic and international environment to create influence and a favourable operating environment. Participants stress the importance of scanning the environment all the time to anticipate issues and spot trends. To them, it is important to scan and analyse the environment to predict what is coming in order to be prepared. This includes monitoring media, politics, NGOs activities, and society:

> *"You've got to be scanning the environment all the time about what's going on, you've got to be anticipating what things may come up" (participant 9).*

> *"My job was to make sure we knew that was coming, and we knew when it was released so we could marshal our response and get it in there on time. I guess part of the role is keeping an eye on what's going around in your space so that you can alert the chief exec or the chair to something that's coming if they haven't picked it up.*

> *That's how you do those things. You need to have ears and eyes in the right places. These days, that could just mean you're monitoring a whole lot of blogs and websites. You don't necessarily have to have humans. Depends on what you're trying to keep tabs on" (participant 10).*

Scanning the environment also includes making medium or long-term forecasts and the ability to look long term and to have a clear focus. Having a long-term

vision contrasts with businesses that are short-sighted with no particular vision or only driven by short-term profit. Participants stress the importance of scanning the environment to make medium or long-term forecasts: *"you got to be able to work out maybe medium to long term forecast in terms of businesses in the country" (participant 11).* Scanning the environment also includes understanding the big picture in order to identify where you are at and what you need to do:

> *"The person wanting to have an understanding of the environment. The big picture. Then you need to break that down a little bit. You get the big picture, but what part of the picture are you going to be looking at?" (participant 14).*

> *"The ability to see the long term and stick to the long term plan I think is really important. I think in the absence of the risk and not doing that is that you either go ahead with initiatives or accept offers that are not in your long-term interest because you want to see quick ones, or you miss some of the big longer term opportunities because you haven't been prepared to put in the preparatory work, or take the required amount of time to make the most of the opportunity (participant 5).*

The findings are consistent with the literature on business diplomacy, which associates it with managing the environment. For example, Steger (2003) sees corporate diplomacy as "an attempt to manage ... the business environment" (pp. 6–7). Amann et al. (2007) see corporate diplomacy as an "attempt to manage the business environment systematically and professionally, to ensure that business is done smoothly" (p. 34). Saner and Yiu (2014), on the other hand, believe that business diplomacy pertains to the management of external key players that could shape and influence the business environment.

Having clear focus and a vision also applies to small businesses operating globally, as one participant puts it:

*"For a smaller company to succeed in a global environment, they
need to be very well organized and focused, they need to have a
good export strategy. They need to know what they are doing on the
world stage. They need to have confidence in their product or
service" (participant 12).*

The importance placed on scanning the environment by participants stems from
the increasingly complex and rapidly changing international environment in
which businesses operate. This includes the development of new international
standards, the rise of NGOs, the speed of technology and social media, and
increasing power of civil society actors. International business is extremely
sensitive and shaped by legislation, geo-political and geo-economic issues, so
they need to scan the environment effectively to anticipate future risks or conflicts
(Saner et al., 2000). The issue of analysing and scanning the environment is
central in business diplomacy; it has been identified as one of the core functions
and goals that business diplomats aspire to achieve (Alammar & Pauleen, 2016b).
This is not to say that business diplomats should control the environment but
rather systematically manage it to mitigate and anticipate potential risks and to
ensure that the operating environment of the business is not negatively affected.

In sum, the findings suggest that scanning the environment, coupled with a long-
term vision, is an important aspect for business when engaging in diplomacy.
Businesses neglecting this aspect may face risks, lost opportunities, and damaged
reputations.

6.2.4 Power-Authority Building (PAB)

Participants perceived business diplomacy to be associated with elements that are
related to the sub-core category of 'power-authority building (PAB)'. PAB refers
to the extent to which an organisation (or an individual) can build and sustain
power and authority through identifying mutual interests, creating legitimacy, and
forming alliances with others (see Figure 16). The sub-core category of 'power-
authority building (PAB)', therefore, represents three distinctive conceptual
categories: 'identifying mutual interests', 'creating legitimacy', and 'forming
alliances'. These categories were grouped under 'power-authority building' to

better capture the essence of each category, which is to ultimately obtain and maintain a perceived authority to influence the operating environment around the organisation. Below is an example of a participant's interpretation of this understanding:

> *"The first thing you can't do is to control so forget it. What you can do and this is I've mentioned this word all day in our interview right now is influence. How do I influence the way a community, a university, a group of students, a group of business people? How do I influence? How do I create a perception that they're going to like me? How do I entice them to feel that I have got to do business with? How do I entice them to think they are dealing with the most professional person?" (participant 14).*

Figure 16: Power-Authority Building (PAB)
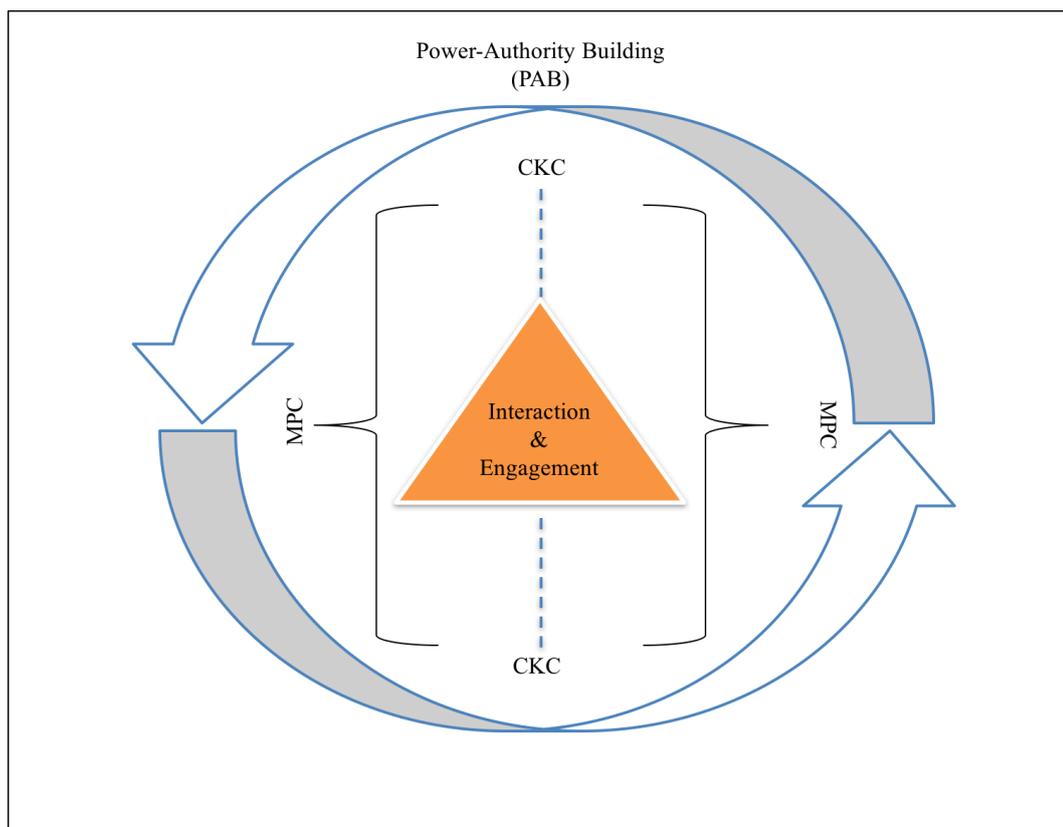
From the participants' perspective, business diplomacy is strongly associated with power-authority building strategies to influence the environment and actors within by legitimate means and to seize opportunities and create favourable conditions

for the business. Power-authority building strategies includes, for example, partnering with legitimate organisations, working with inter-governmental organisations, creating alliances with foreign governments, and obtaining a positive reputation in the eyes of the society.

Power-authority building has been one of the key aspects of business diplomacy discussed in the literature. For example, Ordeix-Rigo and Duarte (2009) see business diplomacy as "a valid way for organizations to extend their social power and influence" (p. 557). Similarly, Wartick, Wood and Czinkota (1998) argue that diplomatic know-how will enable organisations to influence and work with inter-governmental agencies within a diverse cultural environment.

In the following sections, the three key elements associated with power-authority building are discussed with support from participants' comments and relevant literature.

6.2.4.1 Identifying Mutual Interests

According to participants, business diplomats should aim to find mutual interests with their counterparts or potential partners. Mutual interests appeared in the context of identifying a common ground between two parties and focusing on similarities, rather than differences, in order to reach an agreement and advance each other's interests: *"you've got to find some sort of mutual benefit in the relationship. Otherwise it won't last very long. To me, diplomacy is all about that" (participant 10).*

To the participants, it is crucial that business diplomats should identify common benefits and interests between them in relationships and during negotiation. Identifying 'common gains' is not only done between businesses, but extends to governments, NGOs, and the society. This requires businesses to have a broader view of the issues at play when dealing with stakeholders such as NGOs or governments. This is because, for example, governments' and businesses' interests do not always coincide. For business diplomats the task is to find these common nuances in order to find a common way between them and different stakeholders. Without this component of mutuality between two parties,

participants asserted, fruitful conversations and agreements are hard to reach. This requires business diplomats to actively identify and express the advantage that the other person is likely to gain should he or she decide to join the conversation. It requires them to answer the 'what's in it for me?' question for the other person. This is reflected by the following comments:

> *"I think the fundamental, or the starting point for me is to identify the grounds of common interest, or common gain because I think generally in negotiations if you don't have some shared benefit, or shared avoided cost it's going to be quite difficult to get an agreement or a decision that ... You know or find an area to negotiate on that both parties will be able to constructively discuss or work towards. If you automatically, if one party is going to lose, and the other party is going to win, then it can be more of a challenge to start those discussions productively"* (participant 5).

> *"It's also the matter of interest. Businesses have, it's limited, perhaps to defend the bottom line what they ought to do is to maintain to keep the businesses running and to make profit. Whereas, the embassies and diplomats they, so to speak, it's a bit broader. It has to do with the development of a country, the welfare of its inhabitants, a number of other things that require, or perhaps would take these diplomats to have a broader view and not to be solely focused on the business side of it"* (participant 2).

Participants explain how finding mutual interests also requires compromise. That is, giving up something in order to reach a 'win-win' situation. While priorities should be retained, creating a balance between both parties' interests is an important part in reaching common ground. This requires accepting some conditions and giving up some privileges to create a perceived atmosphere of justice and honesty that will contribute to a long-term agreement and relationship. Below are two examples of participants' interpretations of the required balance:

"I think the key for me is always looking for win-win situations. You need to consider whom you are talking to, not only consider your own agenda and interests. If I want to wake you up, and join fruitfully in the conversation I need to leave room for your desires also, that we can compromise a little a bit and make sure that I do not walk out of this room and feel that I won every discussion and you feel that you lost every discussion. The win-win is very important I think long term, if you're not win-win, then you are bully, and we do not like bullies basically" (participant 4).

"On sight, and again sometimes, there may be some areas where you're going to accept some conditions to get a final agreement deal involves keeping a lot of things up … A lot of balls in the air for example. There are some things that you might give and there will be other priorities that you need to maintain. It requires couple of rigorous, careful, balancing it I would say but that's on the negotiating side" (participant 12).

While participants stress the importance of identifying commonalities, they also stress recognising divergences and differences to eliminate or avoid them. Finding common interests in business diplomacy means focusing on similarities rather than differences and finding other ways of working together. If there are business disagreements, then participants suggest that perhaps discussing issues of interest outside business might resolve these disagreements. Discussing stories and events around the world can bring people together and open dialogue. The same is true when there are political disagreements in business. When there are political differences between two partners, participants advise focusing on the business issues which can bridge these differences. Participants explain how sometimes in the world of business you have to work with someone who has different political ideas than you. This requires shifting the conversation and focusing on common interests such as trade or tourism where both can agree.

"Diplomacy is a way of saying, "Actually let's not concentrate on our differences, what are our strengths? What do we have in

common? How can I talk to you? How can I transact my business with you?" (participant 14).

"You probably express a bit of gratitude for the invitation for lunch and you start discussing just common areas, probably a bit of political issues around the world and then you just build a relationship from there" (participant 1).

"So, you have to be able to maintain a relationship with someone who has politically different ideas yet you can work together because while they may differ politically, in trade wise, tourism wise, we work together. And that's… you really have to be diplomatic to do that and succeed" (participant 7).

Finding commonalities has its difficulties. It requires businesses to think about their internal needs and interests and answer crucial questions before moving into negotiations or partnerships. Some of the questions, according to Ordeix-Rigo and Duarte (2009), include:

- What are our interests? And what are the limits (that is, how far can we go)?
- What are we willing to give up in order to reach common ground?
- Should we consider only our direct stakeholders' interests or the public interests as well?
- In case of disagreement, how can this matter be settled?

The element of finding mutual interests is discussed in the business diplomacy literature, as well as how business diplomats should recognise similarities and find mutual interdependencies between them and their counterparts. This is due to business diplomacy's heavy reliance on influence and relationships, which requires equally shared and reciprocal benefits with multiple stakeholders. Diplomacy efforts in general, according to Westermann-Behaylo et al. (2015), are directed toward further understanding and mutual interests between businesses,

governmental and non-governmental actors to reach mutually beneficial outcomes and reduce tensions.

On transforming corporate executives into corporate diplomats, Mirvis et al. (2014) wrote that one of most effective ways to build trust and relationships is finding the common ground between the business and its stakeholders. Saner and Yiu (2014) also wrote that business diplomacy is a two-way flow of interactions that requires exploring and identifying common ground with stakeholders to bolster the business's reputation and develop alliances. Small (2014) also maintains that the greater the awareness of shared interests between two parties, the stronger the business diplomacy effort will be in achieving common goals.

Building power and authority through identifying mutual interests is not the only element participants described as part of business diplomacy. Participants discussed creating legitimacy as an equally important part of having influence when engaging in business diplomacy.

6.2.4.2 Creating Legitimacy

Creating legitimacy and credibility for your business is perceived by participants as an integral part of business diplomacy. The conceptual category of legitimacy in this context refers to a combination of credibility, trustworthiness, prestige, and reliability that businesses can create to influence and shape the environment around them. In other words, legitimacy refers to the level of increasing trust in the business as perceived by the society. According to participants, it is imperative for businesses to appear reliable and legitimate:

> *"I think that's one thing that's the expertise needs that you are seeing very credibly and you are very well equipped to deal with these things" (participant 5).*

To the participants, creating legitimacy for the business by way of association with legitimate agencies and causes, or by creating a credible reputation, is a vital element of business diplomacy. Participants felt that it is essential for businesses to appear credible and trustworthy in the society they operate in, which will make

it easier for them to pursue their goals and implement their strategy. This requires businesses to view themselves as more than just a business, also as a social character within the society and to meet the expectations of increasingly numerous and diverse constituents (Ordeix-Rigo & Duarte, 2009). Participants spoke of how important it is for businesses to create '*imprimata*' or 'imprimaturs' for themselves, which can be done by creating an association with credible agencies in governments, businesses, or NGOs. This will provide businesses with a 'social licence' and the 'prestige' to operate locally or globally:

> *"We use this very old fashioned, very stuffy word. You may have heard it, you may not: imprimata. That is one way in which the Foreign Service can help companies in offshore markets. They allow the company to be associated with the credibility and the trustworthiness and, to some extent, the prestige of the government. There are countries where that means a lot, and there are countries where it means a bit less. You wouldn't very often do that in the United States, certainly not on the west coast of the United States, where the diplomatic overlay doesn't mean a lot, I don't think. In certain countries like China, in countries in the Middle East and countries in Africa, having an ambassador tacitly ... It's not endorsing your company, but at least being prepared to be associated with your company" (participant 13).*

The notion of creating legitimacy and a social licence to operate is a recurring theme in the business diplomacy literature and has been identified by Alammar and Pauleen (2016b) as one of the most desired goals of the activities of business diplomacy. For example, Ruël (2013) sees business diplomacy as a means "to maintain legitimacy and a licence to operate" (p. 41); Saner and Yiu (2003) also argue that by engaging in diplomacy, businesses can sustain their credibility and legitimacy. The term 'licence to operate' refers to the firm's "ability to meet the expectations of an increasingly numerous and diverse array of constituents" (Post, Preston, & Sachs, 2002, p. 9). Legitimacy, on the other hand, refers to "a generalized perception or assumption that the actions of an entity are desirable,

proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574).

The road to legitimacy and transparency is not without its obstacles. Groups or individuals, within the stakeholder system, might take advantage of the organisation or make some self-serving demands. In business diplomacy, such behaviour should not be tolerated. Opportunism should be exposed in a fair and transparent process to delineate legitimate from illegitimate demands and to stress the organisation's position (Henisz, 2016).

Participants believe that cooperating and interacting with governments, NGOs, and other businesses, at home or abroad, could eventually lead to being seen as influential and legitimate. This element of interaction adds to the legitimacy and prestige of the business as well as opening doors for the business globally. According to Westermann-Behaylo et al. (2015), interacting positively with different civil society actors helps in maintaining the business's legitimacy and its social licence to operate (such as through social responsibility programmes).

> *"It was seen as easier for somebody like myself when I was working with the [foreign] government based in London to be able to open doors for business, because you were representing the government, rather than if you were a private company just trying to expand yourself, and to try and make those calls. From the diplomatic perspective, business diplomacy is tool of access for companies, when they want to grow internationally" (participant 16).*

The participant adds that participating in governmental delegations contributes to the legitimacy of the business by adding a 'stamp of approval' to the business:

> *"Then on top of that, where the diplomacy side comes in ... If you were traveling on a trade delegation where you might have a government representative or the Minister for Foreign Affairs, or the Minister for Trade, you have that added stamp of approval, and it's*

just gives a comfort level to the people you meet in countries"
(participant 16).

Legitimacy can take different forms and shapes and achieve different goals
depending on the business itself. For example, one participant talked about how
countries in developing economies used the credibility they built over the years to
attract investments from developed countries and companies:

"Basically Southeast Asian Group, very powerful economies they
are currently: I'm talking Vietnam, China, Hong Kong, Indonesia,
India. These are right now the most powerful economies [in] all the
world. 5 years ago, no one wanted to know them, nobody. First
world countries like this one I come from okay. Guess who wants to
know them now? Guess who's knocking at their door? Let me come
in. Let me. I want to come to you now. Why? Those people have built
credibility, they've built huge economies of scale, that New Zealand
could never begin to cope with" (participant 14).

Another participant talked about how legitimacy contains many components,
including credibility and reliability. To the participant, a business diplomat should
strive to create a profile of legitimacy through being credible and reliable:

"You look at it, trusted advisor is all about business diplomacy. That
has got four components. One is credibility. Like you ask, when I go
and talk to some company, they know me that I know about the
industry ... Second thing is reliability, that is actions. You tell
whoever, he will deliver it. Reliability, that is action that you will
deliver it, can't be done by anybody" (participant 15).

In summary, according to the participants, businesses should seek to legitimise
their operations by creating, as also proposed by Hocking (2007), a broader cross-
section of societal interests as represented by different civil society actors,
including NGOs, to increase their power and authority. However, creating
legitimacy and influence can sometimes be difficult without forming alliances or

coalitions. In the following section, we discuss how participants perceived creating alliances as part of business diplomacy.

6.2.4.3 Forming Alliances

Forming alliances and aligning your interests with others was perceived by participants as a critical element of business diplomacy. The conceptual category of creating alliances was perceived as something more than partnership. It is a way of forming political and diplomatic alliances with other governments, NGOs, and businesses to defend and advance interests and create opportunities around the world: *"So you need to create that loyalty I guess, get the government behind you" (participant 8).*

Participants believe that forming an alliance with home governments is a significant aspect of business diplomacy. Participants advise businesses to form an early alliance with their home governments to get their support when there is an issue overseas. This is done by aligning the government's interests with their own by identifying issues common to both sides. For example, developing a high-quality product or service with international worth is something important to governments and useful for creating an alliance. Participants also advise businesses to approach governments for support and to turn their products and services into a 'national story' to gain the support and trust of governments. This is reflected by the following two comments:

> *"Going through the trouble, if it's not competitive or if it isn't going you can't artificially create a market if it's not there. If there are things that we can help, if there are technical barriers to trade for example, high tariffs or the things that can be addressed through a pre-trade agreement or if there are things, if there are arbitrary rules and regulations that are making it difficult for that company, then we can at least help them at the border and in country. Equally, the business needs to have a product or a service that's tangible, that has some international worth" (participant 12).*

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*"I've got an idea. We can do this with our company, or investing or
whatever and that will be great for New Zealand." If you can turn it
into a great for New Zealand story, you're going to get a lot better
support" (participant 10).*

Participants believe that identifying common ground between the country's
interests and its companies can facilitate future alliances. This exploration of
common interests will lead to possible future alliances between businesses and
governments. The participants provided ideas for forming an alliance with the
home government, such as positioning the company as a national business and not
just another private business. This requires first identifying where a country's
interest might be and then taking it into consideration in their daily business
practices.

*"In the field of education, it is very important not to only focus on
education but to focus on New Zealand itself. So, it is very important
to talk about the quality of education in New Zealand and then, after
that, it would be the quality of the institution itself and the
programmes that you offered and the products that you are trying to
sell. So, I think those are the most important things" (participant 1).*

*"Your main vision is the national interest. You are apt to be able to
see what is coming in the future and where you're going to have a
plan for the future. Not all businesses have it.*

*Do a little bit of perspective, what is going to happen in the future,
where situations may go and where my national interests can be
located within those trends. Identify those trends and identify the
partners that can help you push for your national interest, to defend
your national interest to gain something" (participant 2).*

The outcome of the close relationship between businesses and governments is
described by one participant's experience in New Zealand and Australia:

*"The way I see New Zealand dealing with it [is if] something
happens to a company, the diplomatic front is there to assure the
other side that things will be dealt with and that in a short time as
possible and I think New Zealand does that, even Australia too"*
(participant 11).

The idea of creating alliances can present challenges and can be complicated
because the interests of businesses do not necessarily have any alignment to any
specific country, including home countries. According to Westermann-Behaylo et
al. (2015), because some businesses operate in multiple countries, it is unclear
when the interests promoted by a company diverge from its home country's
interests; also, it can be difficult to identify a home country for some
multinational corporations. While this may be true, creating alliances, as
described by participants, applies more to national businesses who may operate in
different countries but still have connections to their home country.

The element of forming alliances is in accordance with various business
diplomacy studies. Because diplomacy is heavily dependent on networking, this
means that creating coalitions, or alliances, is critical in facilitating and managing
complex interactions and agendas (Katrandjiev, 2006). Creating a 'coalition of the
willing', which can include NGOs and governments, leads to power and can
influence multiple players (Riordan, 2014). Asquer (2012) for example, believes
that strategic alliances and partnerships are connected to the activities of firms
engaging in business diplomacy. Watkins (2007) argues that the role of senior
executives is advancing the business's interests by negotiation and creating
alliances with key external players. Saner and Yiu (2014) indicate that business
diplomacy aims at identifying possible alliances, through the use of diplomatic
skills and knowledge, that businesses and governments may be unaware of. They
argue that this is similar to the role of a political diplomat who engages in similar
functions on behalf of a government. Small (2014), who led the effort of a
Canadian mining company to make a deal with the Balkan government, contends
that aligning the business's interests with the governments' helped produce results
sought by the company, the home government, and the host government.

In short, the findings suggest that building and maintaining strategic alliances with governments and NGOs and aligning the business's interests with its home country's interests is a vital part of business diplomacy and will help businesses achieve greater results and extend their sphere of power and authority.

6.3 Chapter Summary

This chapter has demonstrated the emergent theory of MSMI and discussed its constructs with support from the field data and the literature. It identified the categories and core categories and interpretively explained them by providing representative comments from participants and support from the relevant literature. The chapter explained how business diplomacy can be understood and achieved through the integration of the interrelated conceptual elements of: interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration (MPC), and power-authority building (PAB). In the next chapter, these interpretations are further discussed in more detail with support from the related literature.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

Chapter 7 Further Discussion: Integration of and Interrelations Between Elements

7.1 Chapter Overview

In the previous chapter, the conceptual and core categories were presented and discussed with support from participants' quotes and the relevant literature. This chapter further discusses these findings and explicitly shows their interrelationships in light of the related literature. Interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration (MPC), and power-authority building (PAB), which are the main elements of the theory, are discussed further. This chapter also further explicates the links between the main elements and illustrates their significance in relation to the diplomacy and business diplomacy literature. A chapter summary is provided at the end.

7.2 Diplomacy and Business Diplomacy

Diplomacy was created by states for states; a diplomat is a state agent whose sole job is to defend and promote the state's interests (Cooper, 2013). Business diplomacy, on the other hand, was established to mimic and incorporate the job and role of political diplomats within the business context (Kesteleyn et al., 2014a; McConnell et al., 2012). Hence, there are similarities but also differences between them. Business diplomacy includes more than just the main functions of diplomacy: communication, negotiations, and representation. As will be discussed further in the contribution section (see next chapter, section 8.4.5, 'Contributions to Political Diplomacy'), this study provides new empirical insights into the field of political diplomacy. The empirical conceptualisation of business diplomacy, and the uncovering of some of its core elements, can be transferred to diplomacy and can be further validated and used to further explore diplomacy.

Nonetheless, the findings of this study are both promising and challenging. While the concept of business diplomacy is relatively new, there are growing numbers of studies and interest in the subject. This study, therefore, provides timely empirical findings and a clear conceptualisation of a concept that has been found to create

long-term value for businesses. Until this study, the amount of empirical research in the area was relatively small and limited to a few researchers. Hence, this study opens the door for future studies to delve into the concept and conduct more empirical research. This study provides practical steps and a narrative of what business diplomacy is in practice and how it can be further explored and studied.

At the same time, the findings are challenging in that they confirm that when diplomacy is conducted in business, it constitutes more than a tool for communication, representation, and negotiations. Business diplomacy encompasses multiple qualities that, according to participants, should be mastered and practised. The findings show that business diplomacy is valued and recognised, and how it should be integrated into the business at the strategic level. The findings that business diplomacy involves the integration of interaction and engagement, CKC, MPC, and PAB, are new to the field of business diplomacy and can enhance our understanding of the subject matter. Below we further discuss these core elements of the findings in relation to the relevant literature and show their interrelationships.

7.3 Interaction & Engagement

The findings suggest that business diplomacy is associated with the elements that are concerned with interacting and engaging with multiple stakeholders. The findings suggest that business diplomacy is based on the realisation of the significance of positively and constantly interacting and engaging with various stakeholders. The different aspects of interaction and engagement are brought together under two qualities: 'establishing and maintaining relationships' and 'communication and engagement'. This highlights the importance of both relationships and communication in business diplomacy. To this extent, interaction and engagement in business diplomacy refers to the ability to constructively build and maintain positive relationships with different stakeholders through different communication channels in order to preserve a good reputation, identify possible opportunities, and mitigate potential risks. Business diplomacy greatly emphasises the significance of engaging and communicating with stakeholders because of its heavy reliance on relationships and different networks.

These findings largely confirm previous conceptual studies on business diplomacy which assert that diplomacy in business is commonly defined as the ability to establish and maintain good relationships with the wider community and to strategically communicate with them to maintain legitimacy and reinforce a good reputation (Henisz, 2016; Westermann-Behaylo et al., 2015). Stakeholders exert great power in today's interconnected and technological world. They began to have a significant influence due to their increasing awareness and access to technology and news sources. Hence, failing to accommodate this transformation without proper engagement and communication may result in risk that can be hard to recover from. Businesses should always interact with different stakeholders' networks and keep them, and the public in general, informed through appropriate and open communication channels.

Establishing and maintaining relationships underlines the increasing role of organisations in playing an active role in stakeholders relations. According to Ordeix-Rigo and Duarte (2009), businesses must go beyond unilateral communication with one sector and instead engage in a more participatory relation with the public. The goal is to achieve "a true and lasting support of the public and not just a mere and occasional public support" (Ordeix-Rigo & Duarte, 2009, p. 557). This network capital will be one of the important competitive advantages for the organisation. This is reflected by Asquer's (2012) comment that one of the first tasks of business diplomacy is the establishment of relations with governments, NGOs, other businesses, and the public in general to achieve economic advantage. This relationship capital in turn will serve as a means to identify possible opportunities and alliances, have an impact locally and further afield, and mitigate potential risks (Small, 2014).

The development of new communication technologies is a double-edged sword for businesses. On the one hand, they can provide an efficient and fast way to communicate the business's vision and activities. On the other hand, they make businesses vulnerable to the instant spread of rumours and speculation that can damage the business's reputation. The findings of this study suggest that participants place great emphasis on the importance of direct and open

communication and engagement with various stakeholders on different issues and topics. According to Henisz (2016), organisations too often assume that stakeholders are aware of their actions and initiatives and overlook the significance of explicit and transparent communication with stakeholders to convey their message in a manner that will be understood and appreciated. This corresponds with the findings of this study, which stress the importance of making the business's message available to stakeholders through different channels, including traditional media, social media, and other communication channels, such as the organisation's own website. Stakeholders should be made aware of any major issue and how it is being dealt with. This should reinforce trust between the company and the wider community and help avoid potential reputational damage to the company. According to Saner et al. (2000) and Westermann-Behaylo et al. (2015), business diplomacy is characterised as the ability to communicate effectively with multiple stakeholders, including pressure groups, NGOs, and public figures, to protect the business's image and influence perception. This approach to communication in business diplomacy, as also suggested by the findings and the literature, is "communication with" rather than "communication to" (Ordeix-Rigo & Duarte, 2009).

The aim of engagement and communication with stakeholders is not to promote goods and services, but to foster understanding, identify opportunities, and correct misconceptions. Nonetheless, the successful execution and the enhancement of stakeholders' engagement and communication require the development of core knowledge competencies in various subjects and issues, which is discussed next.

7.4 Core Knowledge Competencies

The findings suggest that business diplomacy is associated with having essential knowledge competencies in various subjects and topics. The findings indicate that business diplomacy is based on having an inquiring mind and an urge to learn more and apply this knowledge during various interactions. CKC encompass the elements of both 'internal' and 'external' knowledge which indicate the criticality of having knowledge about oneself and the organisation one is working in and representing, as well as external knowledge about the world. This highlights the significance of knowledge in business diplomatic activities and the importance of

considering this knowledge when interacting and engaging with different stakeholders. According to the findings, CKC should always mediate any interaction with stakeholders to help facilitate understanding and resolutions. In that sense, CKC refers to the ability to seek and apply new internal and external knowledge to various issues and subjects when dealing with stakeholders in order to manage and positively influence this interaction. Business diplomacy emphasises knowledge due to its reliance on influencing and shaping the operating environment. Without this knowledge component, positive outcomes of diplomatic activities may be hard to attain. The knowledge element in this study contrasted with someone who is limited to his or her current worldview and knowledge, and only considers the information dictated by superiors.

The aspect of acquiring and applying 'external' knowledge on various topics and subjects, such as history, politics, international relations and law, business, regulations and policies, concurs with various studies on business diplomacy. According to Voicu (2001), practical knowledge in different areas can help managers successfully carry out activities in a specific context. Saner et al. (2000) also argue that in today's world of bilateral and multilateral diplomacy, businesses must acquire knowledge and experience on how intergovernmental bodies, such as the World Trade Organisation, work and how various countries function. The authors also contend that knowledge of cultural, political, and economic systems is essential to the work of business diplomats. Ruël (2013) also maintains that knowledge remains one of the most critical issues for business diplomats due to their sensitive and risky interactions with internal and external stakeholders.

Despite this acknowledgement of the importance of knowledge with respect to business diplomacy, the specific areas of knowledge are not well established. According to Alammar and Pauleen (2016b), practical knowledge that might be necessary for business diplomats is not yet well articulated in the literature, with the exception of the work conducted by Saner and Yiu (2003, 2014) and Saner et al. (2000). This is not only an issue in business diplomacy, but in diplomacy in general. Constantinou (2013) for example asks: "what forms of knowledge are relevant for understanding the environment within which diplomacy operates? … what kind of knowledge about actors, processes, and issues constitutes necessary

diplomatic knowledge[?]" (p. 143). This study, therefore, significantly adds to the existing literature on both diplomacy and business diplomacy by highlighting some of the key areas of knowledge required when engaging in diplomacy. The findings show that participants believe that knowledge of history, politics, cultures, international law and relations, and business and markets is expected from people engaging in business diplomacy.

The internal knowledge aspect of this study refers to knowledge of the business one is working in or representing, as well as internal knowledge of one's objectives and position that can be learned from and used to support the organisation's mission. According to the findings, business diplomats are encouraged to have a deep and comprehensive knowledge of the business's needs and vision, as well as using their own knowledge and experience to successfully carry out representation and negotiation activities. However, this aspect of internal knowledge is not emphasised in the literature of either diplomacy or business diplomacy. This is because diplomats, in general, are agents of representation whose sole job is to carry out the activities of the employer or the organisation one is representing. This is not restricted to business diplomacy; in diplomatic studies in general, the goal is to preserve the employer or the authorised agent's interest. Therefore, the internal knowledge aspect does not feature as it does not seem to be significant to their work. In a typical interaction, a business diplomat carries out a mission with a specific and dictated goal and message with relatively little freedom to apply their own knowledge of the organisation or themselves.

This is reflected by Constantinou (2006, 2013) and Cornago (2016) who call for transforming diplomacy and to bring back the internal aspect of individuals. Constantinou (2013), for example, asks, "how what one knows in diplomacy and what one makes of that knowledge depends on what one understands diplomacy to be?" (p. 144). This question reflects the estrangement of the individual diplomat between themselves and what they know, and between their employer and the agent. The findings of this study, therefore, suggest that diplomatic individual knowledge, including needs, objectives, and interests, is considered and combined to form a new way of diplomacy. Participants stress the importance of individuals' self-knowledge of the organisation or the knowledge they have

accumulated over the years. To them, diplomacy, at least in the business context, can benefit from individual diplomats' internal knowledge to better serve the organisation's overall interests. This is why, for example, Saner and Yiu (2014) call for an internal business diplomacy knowledge platform that people within the organisation can learn and benefit from as an internal knowledge base system.

As will be discussed in the contribution section (see next chapter, section 8.4.1 and 8.4.2 for theoretical and practical contributions to business diplomacy), this study then largely contributes to the existing literature on diplomacy and business diplomacy by empirically confirming and expanding on the importance of the internal and external knowledge aspect of individual diplomats. Nonetheless, the aspect of CKC can be better enhanced by integrating the quality of multi-perspective consideration.

7.5 Multi-Perspective Consideration

The findings of this study indicate that business diplomacy is related to the ability to consider multiple perspectives. MPC refers to the extent to which opinions, emotions, and ethics are considered, while constantly scanning the environment for opportunities and threats. Business diplomacy in that sense is a venue for understanding and considering different, and sometimes conflicting, opinions and ideas, as well as expressing empathy and compassion toward others. These different aspects of business diplomacy are brought together under three qualities: 'empathy and perspective-taking', 'ethical considerations', and 'environmental scanning'. This underlines the significance of showing care and compassion toward the 'other' and the criticality of analysing the environment and learning and appreciating other perspectives and positions, while maintaining moral values. To this extent, business diplomacy goes beyond considering and representing one side, repressing emotions, and engaging in unethical behaviour. One must always understand and consider other sides as well, and show empathy rather than just sympathy. This will lead to creating an atmosphere of trust and foster greater understanding, and contribute to better outcomes and deeper relationships.

The quality of MPC and its related elements is not well articulated in the business diplomacy literature, with a few exceptions (Henisz, 2014, 2016; Ruël, 2013). Diplomacy in general is not thought of as a craft for displaying emotions or considering one's own ethical obligations and other people's ideas and views. This is because the agent, or the diplomat, is linked to his or her employer whose interest must eventually be considered. There is of course space for discussion and clarifying issues with the employer, or the authorised agent, be it a state or a company, but ultimately, the employer's views are the ones that will be considered and hence represented. However, as cautioned by London (1999): "principled leaders are not Pollyannas. They do not believe that kindness and empathy work in all cases. They recognize the political context and work within it" (p. 174). Also, within the realist discourse of diplomacy, "matters of ethics and emotional value are secondary to the complexities of the global state system" (Wheeler, 2016, p. 531).

Therefore, it seems that participants in this study believe empathy is an integral part of business diplomacy and should be practised and expressed to reflect and show understanding. This is consistent with Henisz's (2014) view that businesses should demonstrate empathy and even change their plans to address legitimate claims and grievances. Similarly, Ruël (2013) believes that government and business diplomats should be sensitive to each other's needs and show empathy and understanding. Expressing empathy and understanding in a relationship can lessen disagreements and decrease the likelihood of crises (Larsson, 2006). This may go against diplomats' belief in not displaying emotions of sadness or surprise as they are too personal and revealing (Cohen, 1987). However, and at least in business diplomacy, the findings indicate the significance of empathy in maintaining relationships and protecting the company's image.

The issue of ethics and ethical behaviour is well articulated and emphasised in the business diplomacy literature. According to Saner and Yiu (2014), business diplomacy should only be utilised as a constructive and positive tool. The authors maintain that recent unethical behaviour documented in the media where businesses use diplomacy to circumvent regulations should be discouraged. This is reflected by the findings where many participants believe that issues of honesty,

transparency, trustworthiness, and taking responsibility are all important elements of conducting business diplomacy.

Ethics according to the findings also includes communicating unethical behaviour to the public and distancing oneself from corrupt partners. As some participants articulated, it might be easy sometimes for large corporations to hide behind lawyers and claim no responsibility for unethical activities. However, with increasing power and awareness of stakeholders and access to information, these corporations might be exposed and their reputation might suffer. This is reflected by the recent incident of United Airlines (discussed in detail in the next chapter, section 8.3.1 'Implications for International Business'), where, at first, they denied any wrongdoing in the violent ejection of a passenger, but soon were forced by increasing public pressure to apologise and reach a settlement with the passenger. Therefore, as Ordeix-Rigo and Duarte (2009) affirm, business diplomacy entails the direct communication and engagement of not only the positive aspects, but also the unethical and unfair behaviours. That is, businesses should take responsibility for their negative activities and commit to communicating about them and resolving them in an open and transparent way. With pressure to be more transparent and ethical, it would make more sense for businesses to behave ethically to avoid damage to their reputation or loss of opportunities.

The notion of scanning the environment in business diplomacy is considered important in the business diplomacy literature (Kesteleyn et al., 2014a; Ordeix-Rigo and Duarte, 2009; Riordan, 2014; Saner and Yiu, 2014). According to Alammar and Pauleen (2016b), managing the business and political environment remains one of the most critical aspects of business diplomacy due to its high impact on the business's operation and image. This is why Steger (2003) defines business diplomacy as "an attempt to manage systematically and professionally the business environment in such a way as to ensure that 'business is done smoothly' (pp. 6–7). Operating within a diverse cultural, political, and societal environment requires an understanding and an appreciation of the complexity of the situation, and, more significantly, an understanding of the basics of business diplomacy to deal with these complexities.

Monitoring and scanning the environment was perceived by participants as an important element of business diplomacy. In that sense, business diplomats constantly monitor the operating environment to anticipate trends and changes, to be prepared for future incidents, and to understand international and domestic issues. These activities are part of issue management (Jaques, 2007) which can be enhanced by developing diplomatic skills to help identify and resolve these issues. The business environment is increasingly complex and rapidly changing due to, for example, increasing numbers of stakeholders, hence it needs to be regularly monitored and analysed. This includes creating a forecast of major business and social trends, gaining information regarding upcoming legislation, and monitoring news and social media sources. All of this is designed to prepare the business and to create the appropriate responses and strategies for future events.

MPC, therefore, is based on the integration of multiple qualities, including 'empathy and perspective-taking', 'ethical considerations', and 'environmental scanning'. The consideration of these aspects is highly likely to enhance the ability to manage and influence and to assist in achieving legitimacy and forming alliances. The quality of power-authority building is discussed next.

7.6 Power-Authority Building

Power-authority building has been found in this study to be related to the concept of business diplomacy. Power-authority building encompasses different elements that are organised under three qualities: 'identifying mutual interests', 'creating legitimacy', and 'forming alliances'. Power-authority building, therefore, refers to the business's ability to positively influence and shape the operating environment through identifying common ground, creating legitimacy, and forming alliances with others. The identification of the ability to build power and authority in this study underlines its criticality to business diplomacy. Businesses need to recognise common interests and alliances with others and associate themselves with legitimate partners. All of this is meant to seize new opportunities, create favourable conditions for the firm, and to ultimately have an influence over the operating environment. In doing so, businesses can predict or mitigate risks and have legitimacy and power in the society.

The ability to influence as represented by 'power-authority building' concurs with the vast majority of literature on business diplomacy. Amann et al. (2007) for example argue that one reason for failed negotiations and public relations campaigns is due to lack of influence. Similarly, Sako (2016) concluded that business diplomats must be able to influence rules and their environment to their advantage. Sako used the example of Uber to show how it influenced business models and transport regulations to its benefit due to its level of power. Also, Asquer (2012) showed how business diplomacy includes activities, such as influencing social and economic actors, in order to seize opportunities and cooperate with authorities regarding rules that might affect them. Ordeix-Rigo and Duarte (2009) similarly argue that business diplomacy is "a valid way for organizations to extend their social power and influence and thus achieve their status of institutions within society" (p. 557). Westermann-Behaylo et al. (2015) also argue that business diplomacy is a way for organisations to influence public opinion and decision-makers.

The ability to influence can be dependent on the ability to identify common or mutual interests with other stakeholders. Finding common ground, in a world of conflicting and competing interests, can be the first step in building and sustaining good relations with others and building influential capital. As Ordeix-Rigo and Duarte (2009) argue, identifying mutual interests with stakeholders is the first step in achieving common ground with the public. According to Westermann-Behaylo et al. (2015), multistakeholder initiatives and collaboration are voluntary and, therefore, require a degree of mutual benefits between two sides to achieve a common goal. This can be done by giving up one aspect in a negotiation to gain trust and future collaboration and opportunities, or focusing on aspects of commonalities instead of differences in public and business conversations. This, however, does not entail compromising ethical principles or the business image and vision. A business diplomat needs to find the fine line between what can and cannot be negotiated. This, as discussed earlier, requires internal knowledge of the organisation one is representing and a high regard for ethics.

As a result of businesses operating in a risky geopolitical environment and being exposed to increasing levels of public awareness, they need to appear legitimate throughout their business operations to protect their image and cultivate their relationships. According to the findings, legitimacy remains one of the critical issues in business diplomacy. According to Amann et al. (2007), business diplomacy is rooted in creating legitomacy and it remains the motivation for diplomatic effort conducted by businesses. Narrowing the legitimacy gap between the business and the society can be achieved through various ways such as keeping promises, creating partnerships with legitimate organisations, and demonstrating enduring respect for stakeholders' interests (Henisz, 2016; Sethi, 1979). However, it can also be achieved through adopting a diplomatic approach by integrating the various elements of this study, such as engagement with stakeholders, considering stakeholders' perspectives, empathy, and ethical considerations. Thus, businesses should distance themselves from illegitimate activities in home or host countries, or from illegitimate organisations and groups. According to Ruël and Wolters (2016), a business may have all the legal requirements to operate in an environment, however, without the element of legitimacy, it may not be welcomed and accepted by the local community and society. Therefore, legitimacy ensures that the business is accepted and its operation in a country is welcomed by the people.

The creation of legitimacy can be enhanced by forming legitimate alliances. This aspect was recognised by the participants of this study as a core competence in business diplomacy. Creating alliances was identified as a tool to strengthen the business's position and enhance its reputation and influence, as well as identifying potential opportunities and mitigating possible risk. Forming alliances also aids in credibility transference, where the credibility of a highly credible source is transferred to a less credible source that agrees with its position on issues (Heinze, Uhlmann, & Diermeier, 2014). Forming alliances is not only restricted to other businesses, but includes forming alliances with NGOs, governments, and intergovernmental organisations. This alliance-based approach is largely dependent on identifying mutual interests. Collaborations are extremely difficult due to differences in interests, cultures, and objectives (Henisz, 2016). Possible alliances include partnerships with NGOs to fight poverty or contributing to

achieving peace. It also includes supporting activists and celebrities in their human rights activities, or creating an alliance with governments to tackle local issues. For example, in Angola and Nigeria Chevron entered a partnership with local NGOs to help in poverty alleviation, and as a result, was able to restore its social licence and legitimacy in both countries (Henisz, 2016).

Forming alliances, according to the findings, also include aligning the business's interests with those of its home government to gain support and access. According to Small (2014), governments have no obligation to help private businesses overseas, and businesses sometimes want to be left alone as well. However, when unexpected events occur, according to Small, companies can benefit from their home government's support. To secure this support, companies need to identify the national interests of the government and align them with theirs. This requires research and making connections with key diplomats in order to identify this commonality of interests. As indicated by Kesteleyn et al. (2014a), formation of alliances with governments can be a source of legitimacy and can secure businesses' objectives.

It is important to note that issues of geopolitics and stakeholders' hierarchy within the power-authority building did not come up during interviews or emerge during data analysis. This could be partially due to the sensitivity or confidentiality of these two issues or the fact that business diplomacy advocates a holistic approach towards all stakeholders and issues. This perhaps has an implication for business diplomats to practice caution regarding these issues during business dealings and for future research in business diplomacy to look for the concept of power imbalance and how it may affect deal-making and negotiations.

7.7 Chapter Summary

This chapter has further discussed the core constructs of the emerging theory with support from the related literature. The chapter explained and clarified the categories and their interrelationships. It explained how business diplomacy can be achieved through the integration of interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration (MPC), and power-authority building (PAB). This chapter also exemplified the links between

the core elements by showing how the enhancement of these elements depends on their integration. Moreover, this chapter highlighted the significance of the findings in terms of the current literature on diplomacy and business diplomacy.

So far, the nature of the research problem and the literature review were discussed in Part 1; the research methodology and method design were explained and discussed in Part 2. The findings and discussion of this study were presented and discussed in Part 3. Part 4 concludes this study by suggesting the implications, contributions, limitations, and areas for future research based on the findings.

Part 1	Chapter 1: Introduction
	Chapter 2: Initial Literature Review
Part 2	Chapter 3: Methodology and Grounded Theory
	Chapter 4: Data Collection, Sampling, Interview Questions, Rigour and Ethical Considerations
	Chapter 5: Data Interpretation
Part 3	Chapter 6 Findings & Discussion: The Emergent Theory of MSMI and its Integrated Elements
	Chapter 7 Further Discussion: Integration of and Interrelations Between Elements
Part 4	**Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research**

Chapter 8 Conclusion: Implications, Contributions, Limitations, and Future Research

8.1 Chapter Overview

This chapter finally provides a conclusion for the study; it reviews the research question, problem and objectives, and the research findings. This is followed by a discussion of the findings' implications and contributions to practitioners and relevant literature. The limitations associated with the study are also presented, including those associated with the methodology, the research findings, and the researcher's capabilities. The chapter also suggests directions for future research on business diplomacy. Finally, a chapter summary is provided, followed by concluding remarks.

8.2 A Review of the Research

Before discussing the implications and the contributions of this study, a review of the research question, problem, and objectives is presented. A review of the research's key findings is also presented to provide a clear picture for the reader.

8.2.1 The Research Question

This research began with the research question:

> *How do professional diplomats, in businesses and governments, understand business diplomacy? And what are the key elements associated with business diplomacy in practice?*

Other sub-questions that were asked to elicit more information and to address the main research question are:

- How is the concept of diplomacy and business diplomacy understood and perceived by managers and diplomats?
- How do we identify un/diplomatic behaviour or practice in the business world?

- What diplomatic knowledge, capabilities, and practices can be of use in business diplomacy?

- What diplomatic resources and strategies do businesses need to possess to succeed in today's business environment?

8.2.2 The Research Problem and Objectives

The international business landscape has been transformed by globalisation, trans-nationalisation, and interconnectedness. Businesses operate in different countries, deal with multiple jurisdictions and societies, engage in complex negotiation and the development of trade standards and treaties, and face increasing geopolitical and non-commercial risks and pressures. This is coupled with decreasing governmental support for firms to the point where they must rely on themselves and assume the role and tasks of official diplomats to secure new opportunities and minimise potential risks. The process of internationalisation means that businesses are likely to face conflict and disputes in the host countries where they need the ability to cope with the complex interactions with multiple stakeholders while protecting their bottom line and reputation.

The global business environment requires businesses to interact with state and non-state actors such as NGOs, foreign ministries, international organisations, and even activists and celebrities on a growing host of environmental and social issues (Muldoon, 2005). Geopolitical risks, such as piracy, terrorism, and human rights, are some of the issues that used to be handled by governments but are now dealt with by businesses as well. A business's stance and views on certain political and social issues might affect its bottom line and reputational capital locally and globally. This requires firms to effectively monitor the environment, negotiate, and engage with external stakeholders to set expectations and express their views.

'Business as usual' or 'business best practice' may not be enough in today's competitive and complex business environment. To succeed, businesses need the ability to secure new deals, form alliances, identify common goals, and sense opportunities and threats that emanate from the environment across multiple countries (Henisz, 2016). Business opportunities and threats might remain

unknown without this constant engagement in interfacing with relevant stakeholders from around the world (Saner 2014).

Business diplomacy, therefore, has been suggested as an effective tool in managing these complexities and as "a strategic core competence of the organization" (Marquardt & Berger, 2003, p. 290). According to Muldoon (2005), "many of the global challenges now confronting international business are issues and matters of diplomacy" (p. 355). While several authors in the business literature stress the importance of business diplomacy (London, 1999; Muldoon, 2005; Ruël & Wolters, 2016; Saner & Yiu, 2014), this area is still nascent and the picture is incomplete. Business diplomacy as a concept has received limited attention within the business literature, and it is not widely recognised yet. Authors are urging researchers to conduct more rigorous research into the development of the concept and practices of business diplomacy and to further develop the concept as a management tool for businesses (Kesteleyn et al., 2014a; Søndergaard, 2014). The business diplomacy literature is still lacking a clear conceptualisation and a model of business diplomacy and a practical understanding of its key components.

Therefore, this study was conducted to empirically investigate the concepts of business diplomacy and its related elements in practice from a managerial and diplomatic perspective. In particular, this research sought to explore how the concept of business diplomacy is understood and perceived in practice by business managers and diplomats and to uncover some of the key elements associated with diplomacy when it comes to conducting business. The aim of this research was to develop overarching themes and to develop a theory of business diplomacy in practice that managers and businesspeople can learn from and use to take appropriate action in this complex world.

8.2.3 The Research's Key Findings

The findings of this study suggest that business diplomacy is a multi-faceted concept that encompasses different qualities that lead to effective diplomacy when engaging in business activities. The findings also indicate that the concept of business diplomacy is largely recognised and valued among participants of this

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study. Based on the findings, the emergent theory of multi-stakeholder managing and influencing (MSMI) was developed, which provides an empirical explanation of business diplomacy and its associated elements in practice.

The theory, and its related elements, explain that business diplomacy is not merely about network creation or monitoring the environment; rather it is a concept and practice that is based on the integration of these qualities: interaction and engagement, core knowledge competencies (CKC), multi-perspective consideration (MPC), and power-authority building (PAB). These elements that are associated with the emergent theory are briefly reviewed below.

Interaction and Engagement: The findings show that business diplomacy involves the ability to positively and constructively 'interact' and 'engage' with stakeholders. This includes 'establishing and maintaining relationships' as well as 'communication and engagement' with different stakeholders. Interaction and engagement, therefore, refers to the extent to which a business diplomat can positively create and manage relations with stakeholders through direct communication and engagement. Accordingly, business diplomacy is based on the true and honest realisation of the value and benefit of stakeholders and the need to positively engage and communicate with them. It is also based on realising the strategic impact and importance of stakeholders to the business.

CKC: Acquiring the relevant and appropriate internal and external knowledge is also an important element of business diplomacy. The findings show that business diplomats have knowledge and understanding of the environment and the world around them, as well as practical experience that they can apply. This includes external knowledge and experience in business, politics, history, law, and cultures, as well as internal knowledge about themselves and the organisation they represent. The antithesis of CKC is someone who is ignorant and limited to their own framework of thinking and understanding. Therefore, when it comes to business diplomacy, people should have an inquiring mind, comprehensive knowledge, and be able to draw from their experiences effectively.

MPC: The findings also show that business diplomacy is distinctively characterised as being considerate of multiple perspectives. This includes considering 'ethical' behaviour, showing 'empathy' towards others, 'considering different views', and 'scanning the environment' when engaging in diplomacy. Multi-perspective consideration, therefore, refers to the extent to which a person can understand and empathise with people's motives and needs, taking multiple opinions and issues into consideration while maintaining a high level of ethical behaviour. In this sense, business diplomats are honest and fair; they show compassion and care toward others, and overcome the need to consider only personal views.

Power-Authority Building: The findings show that business diplomacy is associated with elements that are related to the function of 'power-authority building'. Power-authority building refers to the extent to which an organisation (or an individual) can positively influence and shape the operating environment through identifying mutual interests, creating legitimacy, and forming alliances with others. Accordingly, business diplomacy requires a high level of analytical and social capabilities to form alliances and align interests with others, create legitimacy and prestige for the organisation, and identify common ground with others.

MSMI: The findings highlight the critical role of multi-stakeholder managing and influencing in business diplomacy. The emergent theory of MSMI in business diplomacy refers to the attempt to systematically and constructively manage the interfaces between the organisation and its representative, and its multiple stakeholders, as well as the capability to positively shape and influence the surrounding environment. This understanding underlines the close association and integration of the key findings of this study. Through 'managing', business diplomats actively interact, communicate, and engage with different stakeholders while considering the perspectives of others. Through 'influencing', business diplomats acquire the right knowledge and engage in power-authority building strategies to influence and shape the environment around them.

These findings have significant implications for practice and research. The following section discusses these implications for both practitioners and theorists.

8.3 Implications for Practitioners and the Literature

The findings of this study suggest potential implications for the field of business diplomacy. The implications for the emergent theory of MSMI revolve around the improvement of international business practices and conduct, education and teaching diplomacy in business and management programmes, and methodological implications represented by the sampling approach for future studies on business diplomacy. These implications are summarised in Table 16.

Table 16: Main Implications of the Study

Area	Implications
International Business	The findings confirm that business diplomacy is perceived to create long-term value for businesses and positively affects their performance. This has an implication for businesses to incorporate diplomacy as a strategic tool into their daily operations and practices.
Education	This study supports the call for teaching business diplomacy in business schools and universities. The practical integration of the key qualities of this study can be considered in the business educational system for better management and businesses practices at the local and global level.
Sample and Sampling Approaches	This study used theoretical sampling to gather and collect data. Based on the findings, this study identified that the most knowledgeable representatives of business diplomacy are those with constant interaction with external stakeholders. This has an implication for future studies to look for experts or actors who are most involved with multiple and external stakeholders.

8.3.1 Implications for International Business

The findings revealed that business diplomacy is increasingly valued and recognised by the various participants in businesses and governments. This is also

reflected by the increasing attention in recent years to business diplomacy in the literature.

The findings suggest that business diplomacy constitutes multiple qualities that have been found to create long-term value for businesses and can positively affect their performance and future operations. This has an implication for the international business community to incorporate diplomacy into their daily operations and to use it as a strategic tool for managing and influencing various stakeholders.

Unfortunately, the diplomatic capabilities of businesses are underdeveloped. While business diplomacy has been suggested as an effective tool for managing complexities and as a strategic core competence for organisations (Marquardt & Berger, 2003), the diplomatic capabilities of corporations, on the whole, are underdeveloped and spread unevenly throughout companies (Muldoon, 2005). More notably, fewer companies make the effort to train their managers in diplomacy, and, instead, prefer to hire former diplomats or outsource it to a foreign service (Saner & Yiu, 2003).

Therefore, instead of outsourcing, companies could use an in-source approach to be more competitive and smarter than their competitors (Saner et al., 2000). This study provides timely techniques, qualities, and a framework that can be used by businesses engaging in expansion or negotiation locally or globally. For example, the idea that businesses should seek to create alliances and identify common ground with other parties are essential qualities for businesses engaging in internationalisation and can help them reap opportunities and mitigate risks.

There are examples in the international business community that demonstrate lack of diplomatic behaviour that has cost some companies their reputational and monetary capital. One example was when United Airlines violently and forcibly ejected the passenger David Dao after he refused to vacate his seat upon request from the airline management in April of 2017. Shortly after, the video of the incident went viral on social media which resulted in global outrage from the public (Victor & Stevens, 2017). To complicate the situation further, United's

CEO, Oscar Munoz, issued a statement justifying the removal of the passenger and commending the crew's actions for complying with the airline's procedures; however, two days later, and due to accumulating pressure from various stakeholders and the airline's board of directors, Oscar apologised publicly to the passenger and the airline reached a settlement with the passenger (McCann, 2017). However, the damage was done. United Airlines lost some $250 million in market value and the US Congress wrote to United to express their concern and to seek further information. This could affect any future alliance or partnership opportunities for the airline, or result in additional government regulations.

Such behaviour from the airline could have been avoided from the beginning. Had the airline's passenger-removal policy been reviewed, as the airline is trying to do now (ABC News, 2017), the situation could have been easily prevented. In business diplomacy, this is part of environmental management and crisis anticipation and prevention. According to the chief economic adviser at Allianz, El-Erain (2017), a scenario scanning and a 'what if' approach could have spared the company this crisis. This is in line with West's (2014) analysis that reviewing and restructuring operations periodically is part of business diplomacy as it assists in forestalling potential conflicts with stakeholders. In addition, the airline's communication was poor and badly structured. In a crisis, the situation might be unclear and reconciling multiple stakeholders' interests can be difficult. The airline, however, should have focused on quickly expressing their genuine sorrow to the customer and the public (El-Erain, 2017), and promised an immediate investigation into the issue without making any decision. However, United took too long to respond and then it blamed the customer and commended the crew, which, according to the findings of this study, is not diplomatic as it does not consider the perspective of other stakeholders nor express empathy towards the public.

This is one example of how the lack of diplomatic foresight and knowledge can cost businesses huge opportunities and how the findings of this study have relevance and implications for the conduct of business, locally or globally.

8.3.2 Education

While several universities and institutions have started to teach and offer courses and degrees in business diplomacy, the number remains relatively small. According to Saner and Yiu (2003) and Saner et al. (2000), while most countries in the Organisation for Economic Co-operation and Development (OECD) make efforts to teach diplomats about business, few business schools try to understand the world of international relations and diplomacy, and fewer companies train their managers in diplomacy. The competencies of diplomacy required by businesses are not, or are only partially, covered by the existing and traditional knowledge domain of MBA and management degrees (Saner & Yiu, 2003). These competencies include, for example, knowledge of diplomatic instruments, the capacity to influence and intervene, knowledge of international business relations and history, and managing international negotiations (Saner & Yiu, 2003).

In a study conducted by Saner and Yiu (2005), the authors found that multinational corporations preferred in-house training for their managers in diplomacy; however, they also found that they prefer collaborating with MBA business schools to build their capabilities in diplomacy. This shows multinational corporations' inclination to learn and study diplomacy in business, which in turn illustrates the relevance of diplomacy to businesses. In addition, Muldoon (2005) contends that the new paradigm for business of dealing with and interacting with multiple stakeholders including governments, international organisations, and NGOs, requires a rethinking of the business education system. Managers and CEOs must be equipped with the necessary skills of representing their companies, like diplomats, and focusing on the internal efficiencies of their companies as well as the external relationships and policies (Muldoon, 2005).

This becomes evident when representatives and CEOs of some of the largest companies consider themselves diplomats and foreign ambassadors of their companies. For example, Nani Beccalli, the chief executive of General Electric International in Europe, calls himself "the foreign minister of GE" (Milne, 2009, para. 1) . According to Nani, "I don't run any operations. I am the Hillary Clinton of the situation" (para. 2). Similarly, Eric Schmidt, Google's Chairman and former CEO, is sometimes called Google's 'Ambassador to the World' because of

his work in representing Google in international arenas and dealing with world leaders (Rogin, 2012).

It is recommended, therefore, based on the findings of this study, that business diplomacy can and should be incorporated and taught at the university level to provide support for businesses, governments, and NGOs. The integration of interaction and engagement, CKC, MPC, and PAB are qualities in business diplomacy that can be considered in the business education system for better management and business practices. The practical understanding of MSMI in business diplomacy can help business teachers and practitioners make better decisions and incorporate diplomacy into their management approach.

The literature lacks empirical conceptualisation and understanding of business diplomacy in practice and how it is conducted at the practical level. This study bridges that gap by providing an empirical basis and evidence for teaching and learning business diplomacy in the education system. Contemporary CEOs and executives must not only be experts in business-related activities, like markets and competitors, but also experts in legislation, regulations, litigation, dealing with pressure groups, and ethics (Heineman, 2016). This is reflected by the multiple components of MSMI which stress the importance of acquiring knowledge and considering ethics when dealing with stakeholders.

The findings of this study, therefore, support suggestions to incorporate business diplomatic studies at the organisational and university level (Muldoon, 2005; Ruël, 2013; Saner & Yiu, 2005). The practical findings, which are based on real lived experience, can provide practical guidelines for academics and managers in their daily management practices. What is more important is that providing an educational platform for governments, businesses, and NGOs for learning and discussing business diplomacy and best practices can help in the cross-fertilisation of knowledge and skills of diplomacy between these three actors. Governments, businesses, and NGOs need each other's expertise to effectively engage in the global market and other fields (Saner & Yiu, 2003).

8.3.3 Methodological Implications

Until now, experts who could be considered the most knowledgeable representatives of business diplomacy were not precisely identified or agreed upon. This is because the function of business diplomacy is not clearly organised or established within companies nor are there distinct positions for business diplomats (Saner & Yiu, 2005). I was, in a way, entering uncharted territory. The adoption of grounded theory for this study, therefore, was partially intended to allow me to make early stops and find the appropriate research method for investigating the concept of business diplomacy.

This study used theoretical sampling in which the data from the previous round of interviews informed the direction for the next round of interviews. This is because in business diplomacy the participants who are best known to represent and understand business diplomacy remain unclear or unconfirmed. In one of the few empirical studies in business diplomacy, it took Saner and Yiu (2005) time and detective work to locate people who were knowledgeable representatives of business diplomacy for their study. The sample in Saner and Yiu's (2005) study consisted mainly of lawyers, former diplomats and government officials, and public relations managers.

Therefore, in this study, the sampling method was both open and guided by the first few rounds of interviews to see who could best provide rich and relevant data regarding business diplomacy. For example, the study started in phase one with government diplomats, business people, CEOs and executives, and honorary consuls, to see which group was most familiar with business diplomacy and could provide relevant data. NGOs representatives were also considered but none of them accepted interview invitations. In each interview, I also asked the participants to suggest people who they thought were knowledgeable representatives of business diplomacy.

Based on data collection and analysis, all participant groups contributed to the research and to the development of the emergent theory of business diplomacy and its related elements. This is because diplomacy and business diplomacy is a multidisciplinary and a trans-professional concept that draws from different fields and professions (Constantinou, McConnell, & Cornago, 2016; Søndergaard,

2014). According to Hocking (2007), diplomacy is underpinned by tri-sectoral interactions between governments, businesses, and NGOs, who all operate co-dependently and aspire to bring all major stakeholders together to reach and influence a common outcome.

However, this study observes that as the level of involvement with external stakeholders increases, so does the level of knowledge and familiarity with business diplomacy (see Figure 17). This has an implication for future studies to look for participants who interact the most with external stakeholders, whether locally or globally. At the same time, future studies are encouraged to examine the internal conditions in organisations that either prevent or encourage the development of their diplomatic skills. This study suggests that the most knowledgeable representatives of business diplomacy in governments, businesses, and presumably, NGOs, are those who have constant interaction with external stakeholders such as international organisations, governments, media, and the public in general. This is because engaging with external stakeholders requires a lot of negotiation, persuasion, interaction, and conflict resolution, all of which contribute to increased sensitivity and experience in diplomacy (Saner & Yiu, 2003).

Figure 17: Knowledge in Business Diplomacy can be Increased by the Level of Interaction with Different Stakeholders
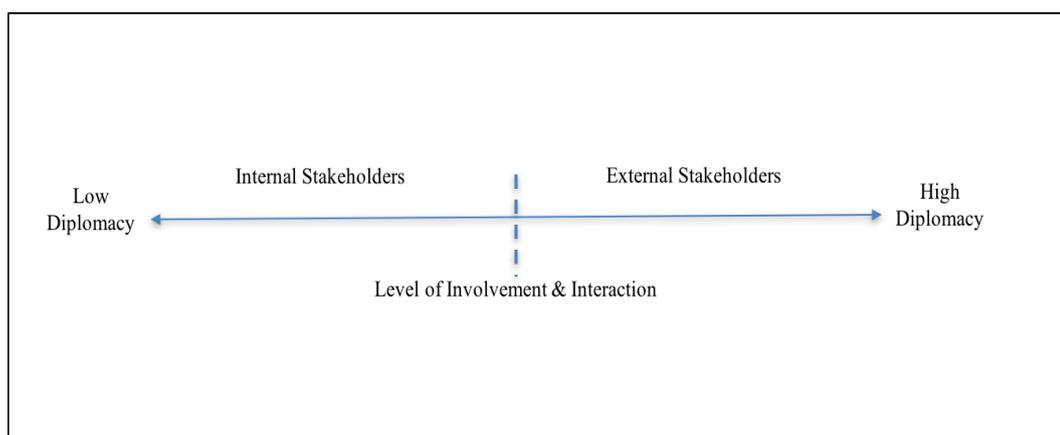
CEOs and managers, therefore, must reach beyond their comfort zone to be able to understand the environment if they wish to develop their diplomatic competency. They must go beyond formal meetings and dealings with elite

decision-makers in business and governments and interact with the public and non-elite. Over-reliance on prepped meetings behind closed doors might fail to generate networks and environmental and cultural awareness and understanding, which are critical to business diplomacy (Haynal, 2014).

8.4 Contributions to the Literature

The findings of this study contribute to our understanding of business diplomacy and what business diplomacy entails in practice and its core elements. As one of the early empirical studies in business diplomacy, this study broadens and deepens our views of the practicability and the applicability of diplomacy in management and organisational studies. The findings of this study significantly contribute to the limited literature on business diplomacy. The findings empirically confirm, yet expand on, the still largely theoretical literature on the subject matter. This inductively generated theory is significant and novel and provides an empirical interpretation of business diplomacy. Table 17 outlines the key contributions of the findings to the literature.

Table 17: Main Contributions of the Study to the Literature

Area	Contribution
Business Diplomacy	Considering the findings of this study, the contributions to the business diplomacy literature are organised into three main areas: - Theoretical Contributions to Business Diplomacy - Practical Contributions to Business Diplomacy - Integrated Assessment Tool for Business Diplomats
Multistakeholder Diplomacy Theory	The findings contribute to the theory of multistakeholder diplomacy by confirming and expanding on its characteristics and relevance to businesses.
Political Diplomacy	The findings of this study contribute to the field of political diplomacy by showing and confirming some of the common and uncommon characteristics between business and political diplomacy, as well as the relevance of this study's key findings to the field of political diplomacy.
Public Relations	While business diplomacy and public relations share similar roles and functions, the concept of diplomacy is largely overlooked in the public relations literature. This study serves to show the practical

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| | similarities between the two fields, and how both business diplomacy and public relations can learn and benefit from each other. |

8.4.1 Theoretical Contributions to Business Diplomacy

The findings confirm that business diplomacy is largely valued and recognised by various participants in the government and business sectors. According to the findings, business diplomacy should be learned and practised by businesses at the local and global levels to manage and influence multiple stakeholders. Moreover, the findings show that there is an agreement that business diplomacy should be established either as a special function or spread throughout the organisation. This confirms the importance of business diplomacy at a practical level as well as confirming the literature's consensus that business diplomacy is an important concept to businesses and that it should be practised and established.

- **Interaction and Engagement**: Establishing relationships and effectively communicating with multiple stakeholders is one of the core functions of business diplomacy according to different studies. The ability to establish and foster positive relationships with stakeholders has been one of the reasons for the recent emergence of business diplomacy. This study confirms that the ability to manage and engage with stakeholders has been perceived by participants as a core element of business diplomacy and the most significant. This accords with various studies on business diplomacy (Henisz, 2014; Ruël & Wolters, 2016; Saner & Yiu, 2014).

    The findings, however, provide detailed descriptions and accounts of how people perceive and rationalise the ability and the importance of positively interacting and engaging with stakeholders. The findings also provide more details of the function of interacting and engaging in that it is on-going and facilitated through different approaches such as hosting and attending events and participating in official delegations to expand the business's network capital and opportunities.

- **CKC**: The findings confirm and expand on studies in the literature that also found that knowledge is an important component of business diplomacy (Saner & Yiu, 2003, 2014; Saner et al., 2000). The findings show that participants believe that knowledge of history, politics, cultures, international law and relations, and business and markets are expected from people engaging in business diplomacy. Yet, the findings also show that participants equally believe that internal organisational knowledge, as well as knowledge about one's own objectives and position, is an important part of conducting diplomacy in business. This aspect of internal knowledge is largely overlooked or less emphasised in the business diplomacy literature.

- **MPC**: The qualities of ethics, empathy, and perspective-taking are not widely discussed in the business diplomacy literature. While they may be featured in some articles, they do not constitute the mainstream of discussion. Similarly, while business diplomacy is thought of as a positive and constructive tool aimed at ethical goals, ethics is not emphasised within the literature.

  MPC contributes greatly to the existing literature by adding a different and generally overlooked aspect of business diplomacy: multi-perspective consideration, which emphasises the role of ethics, understanding people's motives and needs, and taking multiple perspectives into consideration. Business diplomacy, therefore, is based on honesty and transparency, considering alternative (and often conflicting) values and opinions, while displaying a level of compassion and care. Hence, while business diplomats might be thought of as displaying a certain level of professionalism and assertiveness, to the participants of this study, narrow-minded thinking and rigidity are not associated with effective business diplomacy. The findings confirm and expand on the humanistic aspect of diplomacy that is barely discussed in the literature and the call to incorporate this aspect into today's business diplomacy.

- **PAB**: The findings largely confirm that the quality of power-authority building is an integrative part of business diplomacy. The research found that creating alliances, recognising common ground, and creating legitimacy are essential elements of power-authority strategies and can contribute to better managing of various stakeholders. This empirically confirms studies that found elements relating to power and influence are important element and output of business diplomacy (Macnamara, 2012; Ordeix-Rigo & Duarte, 2009; Westermann-Behaylo et al., 2015). However, the findings offer a detailed description of what constitutes power-authority building and its basic elements. In addition, the findings offer a rationalisation that power-authority building is a valid way for organisations to extend their power and presence.

8.4.2 Practical Contributions to Business Diplomacy

The grounded theory of MSMI provides business diplomats with a way to understand their role and develop action strategies to help exert a level of influence and management. It offers new insights into the nascent field of business diplomacy and how it is conducted in practice across different professions and industries. The findings contribute to business diplomacy by raising awareness of the practical value of engaging in diplomacy at the local and global levels. In addition, the findings offer specific suggestions and tactics which could help businesses engaging in diplomacy to better achieve their goals and develop plans with different stakeholders.

The findings explain how some people perceive themselves to be business diplomats and how they perform their role in practice. They explain why some businesses choose to behave in that particular way such as forming alliances and continuously communicating with various stakeholders. The findings suggest that these qualities are essential in enhancing the performance of a business and succeeding in business diplomacy. The theory of MSMI and its integrated elements may also make businesspeople and managers more effective in their daily interactions and communication and give them a sense of what they are doing and how to do it successfully.

The developed framework (see Figure 18) sheds light onto the practice of
business diplomacy and what constitutes its basic processes. It explains how
diplomacy is manifested in practice and what factors are at play in performing
diplomacy in business with multiple stakeholders. The developed framework
based on the findings and the emergent theory makes it visible for practitioners
wishing to effectively engage in business diplomacy. It suggests that business
diplomacy is not something done in isolation or all at once and that it happens in a
spiral process through the integration of multiple factors. This is a valuable
contribution to the practice of business diplomacy as no plausible framework
seems to exist yet (Søndergaard, 2014). By increasing our level of understanding
and awareness of business diplomacy, international businesses can better
implement their strategies and make decisions that will contribute to creating
favourable conditions and opportunities.

Figure 18: Business Diplomacy in Practice: Multi-Stakeholder Managing & Influencing in
Business Diplomacy
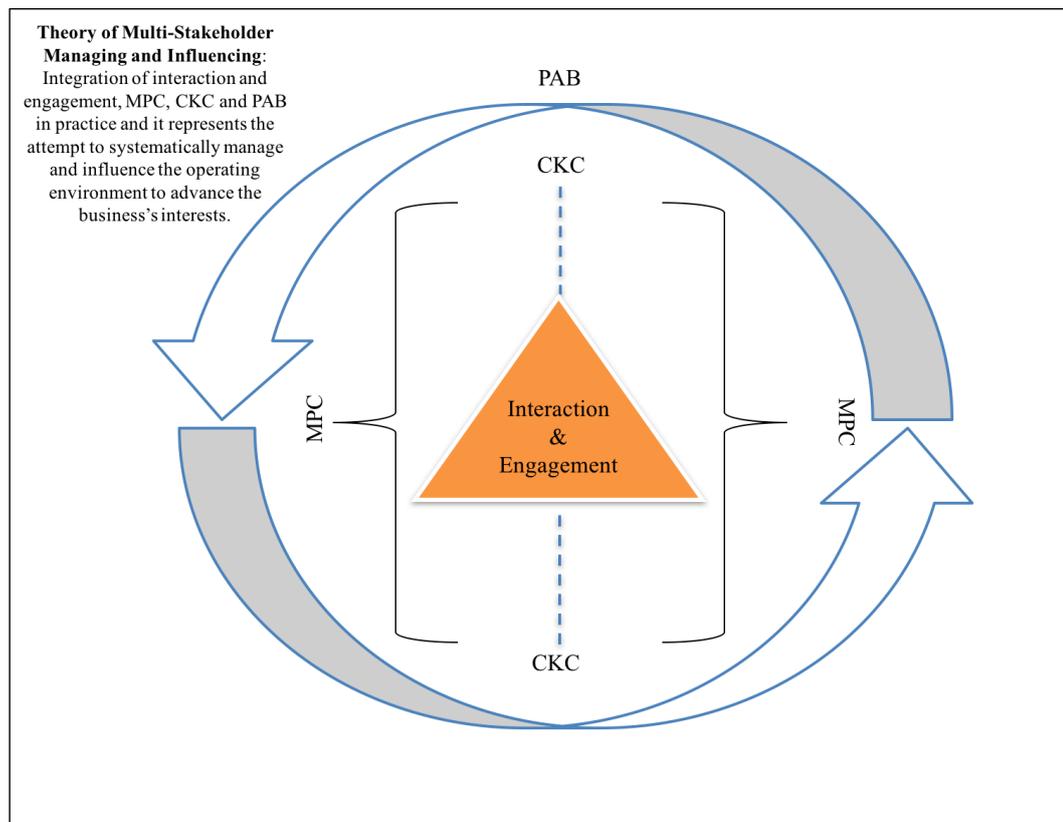
8.4.3 Characteristics and Assessment Tools in Business Diplomacy

One of the aspects that the literature on business diplomacy lacks is a list of the qualities that constitute business diplomats' behaviour and characteristics. MSMI, and its integrated qualities, provide a tool for evaluating the extent to which a person, or an organisation, acted diplomatically or not. Therefore, an assessment tool can be developed based on the qualities of interaction and engagement, CKC, MPC, and PAB, to measure and evaluate diplomacy-related activities and actions (see Appendix H, 'Integrated Characteristics & Assessment Tool for Business Diplomats'). While this list is not exhaustive (see 'Restrictive List of Qualities' in section 8.5.2 below), it does provide a foundation for what can be labelled as characteristics of business diplomats. This list can be used to measure the effectiveness of diplomatic actions and behaviours and adapted by universities, business executives, and training programmes.

8.4.4 Multistakeholder Diplomacy

The growing and diverse number of actors involved in diplomatic activities have attracted different terminologies, of which multistakeholder diplomacy (MSD) is one (Hocking, 2006). MSD is a new model of diplomacy that is concerned with the creation of networks and providing a platform in which states and non-state actors, such as NGOs and businesses, work together to address and manage common issues (Hocking, 2006). MSD provides a way for state and non-state actors to influence multilateral agreements and participate in the global policy-making process that no one actor can manage alone (Katrandjiev, 2006). In that sense, MSD does not seek to replace traditional diplomacy, but rather to accommodate the challenges facing world politics where multistakeholders are involved in the process of diplomacy (Hocking, 2006).

MSD emerged from the literature on multistakeholder processes where the aim is to bring different stakeholders together in a new way for making common decisions on a particular issue (Hemmati, 2002). One example of MSD in practice is the European Union, which practises using an MSD platform and recognises the importance of multistakeholder involvement, from businesses and NGOs, in the implementation of its plans and strategies (Katrandjiev, 2006).

MSD shares similar characteristics with business diplomacy such as influencing
and managing stakeholders, establishing and maintaining relationships, and
creating legitimacy, all of which are central to business diplomacy (Søndergaard,
2014). Many of the various roles and functions of MSD, such as creating
legitimacy, forming alliances, and acquiring the right knowledge (Hocking, 2006),
are similar to the roles and functions of business diplomacy. MSD is likely to
continue to embrace a more diverse range of diplomatic actors such as businesses
and NGOs.

Therefore, the findings of this study provide a more comprehensive understanding
of the nature of diplomacy and its relation to multiple stakeholders. MSMI
underlines the critical role of other qualities, such as ethics and empathy, as well
as confirming and expanding on other important qualities such as accumulated
knowledge in various fields. Moreover, the findings have provided a much-
needed conceptual framework that can be applied and used by actors engaging in
MSD. Through the integration of interaction and engagement, CKC, MPC, and
PAB, actors involved in MSD can effectively attain their goals and reach common
outcomes and understandings. Furthermore, since engaging in MSD requires
diplomatic skills that are relevant to all actors (Saner & Yiu, 2008), this study has
presented a detailed description and account of how different actors perceive and
conduct diplomacy in practice.

8.4.5 Contributions to Political Diplomacy

This is a study of business diplomacy and not political diplomacy as such. The
findings and interpretations are based on the perspectives of participants who are
believed to be experienced in business diplomacy (see Methodological
Limitations, section 8.5.1, 'Participants as Business Diplomats'). Therefore, this
study is limited to the field of business and corporate diplomacy. With that said,
there are many similarities between the two fields as demonstrated by the
literature and the participants of this study. Business diplomacy, in essence, is the
adaptation and the mimicking of political diplomacy within the business context
(Kesteleyn et al., 2014a; McConnell et al., 2012). Saner and Yiu (2014) contend
that "the exploratory nature of BD [business diplomats] is similar to the job of a

political diplomat, who engages in similar functions on behalf of a government"
(p. 322).

Hence, political diplomacy may benefit from this study. There are many aspects
uncovered in this study, such as internal and external knowledge, perspective
considerations, and empathy that are not emphasised within the political
diplomacy literature (Cornago, 2016; Oglesby, 2016; Wheeler, 2016). This is why
political diplomacy scholars argue for a return of aspects of mutuality, emotions,
and self and internal knowledge to the field of diplomacy (Constantinou, 2006,
2013). This study, therefore, might serve to confirm the relevance of these aspects
to political diplomacy, as well as the need to empirically explore the field of
contemporary diplomacy further to uncover some of its neglected elements.

This interrelationship between political and business diplomacy is reflected by the
participants of this study as well. Below are quotes from official diplomats on
how business people and managers can be considered diplomats and how they
share similar skills and attributes:

> *"I've met some business people that are very effective in terms*
> *of their diplomatic skills … if you start with an empathy or*
> *understanding for your counterpart in the other country …*
> *Rather than to necessarily just try and force your product on*
> *the person … I think it can be quite easily done in terms of*
> *making sure that you are in sync from a diplomatic point of*
> *view … You are generating a person's business relationship"*
> *(participant 5).*

Similarly, another diplomat stated that politics and business are, in the end, the
same thing. This might be because of the underlying motivation behind every
political interaction, that is, a trade-off:

> *"There's no such thing as foreign policy; there's no such thing*
> *as trade policy. They're the same thing" (participant 13).*

Another official diplomat also spoke of how the declining role of governments
and the changing nature of business require businesses to develop diplomatic
skills like those of official diplomats. Issues of human rights and terrorism used to
be discussed by governments, but are now dealt with by businesses as well:

> *"Now you have big businesses that you have to deal with*
> *perhaps rough governments. They have to deal with things like*
> *climate change and environmental concerns or human rights,*
> *things that perhaps you would think they're not traditionally*
> *linked with businesses" (participant 2).*

The findings of this study, therefore, show the similar tasks of both political and
business diplomats and how they might share similar characteristics and roles.
The findings also reveal some elements that might be useful to the field of
political diplomacy. If this is true, then, the characteristics and the assessment tool
developed in this study (see previous section 8.4.3, 'Characteristics and
Assessment Tools in Business Diplomacy' and Appendix H), can be used to
measure and evaluate diplomatic behaviours and actions. However, the
comparison is just beginning. Future studies, therefore, are strongly encouraged to
conduct empirical research into the field of political and business diplomacy to
see whether the findings of this study, and others (Monteiro & Meneses, 2015;
Ruël & Wolters, 2016), correlate with the current understanding of political
diplomacy, and whether the two fields can be experimentally compared. An
interesting area of further research as well is whether political diplomats perceive
business diplomats to be fit to undertake political positions.

8.4.6 Contributions to Public Relations

The field of public relations shares similar practical aspects and functions with
diplomacy and business diplomacy such as representation, environmental
scanning, and influencing public opinions (L'Etang, 2009; Ordeix-Rigo & Duarte,
2009). Nonetheless, the concepts of diplomacy, as well as international relations,
are seldom emphasised in mainstream public relations literature (Gilboa, 2008).
The findings from this study, therefore, contribute to the public relations literature
by providing a new lens and view into the field of business diplomacy that can be

transferred to public relations. The grounded theory of MSMI in business diplomacy, and its related elements, bring to the forefront the different activities that may be performed in public relations together under a new identity.

The empirical findings of this study and their detailed description may shed light on the work of public relations practitioners and provide them with the practical steps and skills they may lack or need. The ideas yielded in this study can be used and applied in the discipline of public relations, such as proclaiming the role of politics and taking the international community and geopolitical risk into consideration. The techniques and framework developed from this research are fundamental to the role of public relations practitioners. The theory of multistakeholder managing and influencing is compatible with the nature and work of public relations practitioners in organisations. According to public relations author L'Etang (2006): "organizations are active in seeking to *influence* national and international political decisions in their favour and also to *manage* the way in which issues are perceived and media agendas set" [italics added] (p. 376).

As some of the participants in this study are government diplomats, this research may also serve to uncover some of the deep similarities between diplomacy and public relations by pointing out their comparable roles and functions. This could enlighten future empirical research and help in creating symmetry between the two fields. L'Etang (2009) maintains that any research that can uncover some of the processes and practices beneficial to public relations is useful to the work and literature of public relations. Nonetheless, more research is required to further test their compatibility and to see which concepts or ideas can be transferred between each field.

As the convergence between diplomacy and public relations is becoming more apparent in recent years, I believe that both public relations and business diplomacy practitioners can learn and benefit from some of their skills and practice for successful implementation of their strategies.

8.5 Limitations

Despite the care taken in this study and the close adherence to the principles of grounded theory, there are important limitations to this study. This study is subject to at least three major limitations –due to the methodology, the findings, and me as a researcher. These limitations are outlined in Table 18.

Table 18: Main Limitations of the Study

Limitation	Description
Methodological	- Sample nature - Individual coding - Participants as diplomats
Findings	- Generalisability - Restricted list of qualities - Limitations to the theory
Researcher's Capabilities	- Theoretical sensitivity - Interviewing

8.5.1 Methodological Limitations

There are limitations associated with the overall research methodology. These include the nature of the research sample, individual coding, and participants as diplomats.

The Nature of the Sample: While theoretical sampling was used to diversify the sample, and make the data relevant to the emergent theory, there is a chance that this study may have missed key people. For example, women are unintentionally underrepresented in the sample (2 out of 21 participants). In addition, while the participants in this study come from different backgrounds and nationalities, the participants were mainly located in New Zealand (15 out of 21 participants). This means that this study may have missed critical insights from other participants in other countries where business diplomacy may be conducted differently. Finally, this study does not consider the perspective of NGOs representatives who are important elements in business diplomacy (Hocking, 2006; Saner & Yiu, 2008).

Individual Coding: The coding process in this study is completely subjective and interpretative in its nature. My role as a researcher was to put together concepts and categories that were not only grounded in the data but also felt right to me

(Corbin & Strauss, 2008). Therefore, I had to rely on my own experience and interpretation to differentiate between categories. The relationships between codes and categories were complicated and sometimes overlapping. For example, it could be argued that the category of 'Internal Knowledge' can be categorised as part of the sub-core category of 'Multi-Perspective Consideration'. At the end, in a PhD, I had to rely on my own interpretation and understanding. If the data were given to a different coder, it might have yielded different codes and categories. Following Strauss and Corbin's (1998) advice though, I made sure that the methodological chapter was transparent and that I provided enough quotes from participants as evidence for any sceptical readers.

Participants as Business Diplomats: None of the participants approached in this research were approached as though they were, although they might have been, knowledgeable and skilled in diplomacy or business diplomacy. They were approached however for two reasons: (1) within the business diplomacy literature, there is no consensus on the characteristics or positions that could be used to identify business diplomats; (2) to closely follow the grounded theory methodology, it was decided not to adopt any preconceived characteristics or positions of business diplomats while collecting data. It was, therefore, up to the data to guide the researcher on whom to interview next. For example, a few participants indicated that internationalisation managers and government commercial diplomats could provide some insights regarding business diplomacy. Therefore, these people were contacted and included in subsequent phases of data collection. It must be noted then that the findings of this study are based on the interpretation of participants who were thought to be practitioners of business diplomacy.

8.5.2 Limitations of the Research Findings

The findings of this study are subject to three limitations: generalisability, limitations to the emergent theory, and a list of restrictive qualities. These are discussed below.

Generalisability: The objective of grounded theory is to uncover a theory grounded in the data in a specific area of interest (Corbin & Strauss, 1990). That

is, the purpose of theory-building in grounded theory is not to generalise, although it may be done, but to discover a theory that has the most explanatory power for a particular set of data (Strauss & Corbin, 1998). MSMI is an emergent theory grounded in the experience and knowledge of certain participants in a specific time and place. In this sense, the theory developed is local, or substantive, and not a formal theory. So, following Corbin and Strauss's (2015) characterisation, if a person asks, "are these findings applicable to other places and people?" the initial answer is no. However, if the person asks, "can we learn something from these findings that will give us insight into how business diplomacy is understood and applied in other organisations or settings?" the answer is probably yes. Therefore, the findings of this study may not be readily generalisable or transferable to other fields or settings. If this study had been conducted in another country with the same procedures, it may have yielded different findings and theory.

To increase the possibility of generalisability, a researcher might use the concepts already developed in this study to do further research and thus increase the concept's generalisability (Chametzky, 2013). Such a process will move the theory from a substantive theory to a middle-range theory or formal theory.

Restrictive List of Qualities: The list of qualities and their subset qualities (that is, interaction and engagement, CKC, MPC, and PAB, and their related qualities, such as ethics, and perspective-taking) is not exhaustive. There may be other qualities that this study did not identify or capture such as perhaps 'reflection' or 'mentorship' that might significantly contribute to the emergent theory or enhance our understanding of business diplomacy. Thus, MSMI does not suggest that its list of qualities is exclusive or representative of all that might be known about business diplomacy (see below, section 8.6 'Avenues for Future Research').

Limitations to the Theory: While the grounded theory of MSMI has identified and explained the main concerns of the people who participated in this study, this grounded theory is limited to one core category and, therefore, does not claim to explain everything in business diplomacy. That is, the emergent theory does not presume that 'multi-stakeholder managing and influencing' and its related elements are the only main concerns of people engaging in business diplomacy.

The emergent theory also does not account for other variations and conditions. While the theory accounts for large variations and external factors (such as strong disagreement, arrival of new information, and crises), the theory is not a guide to ever-changing and complex daily situations. New conditions and consequences may arrive that require developing or amending the theory. For example, does the theory hold in high-risk situations or in developing countries? In that sense, the theory developed is a 'momentary product' and has potential for further development should new data or conditions arise (Glaser & Strauss, 1967).

8.5.3 Researcher's Capabilities

Despite my best attempts to be impartial and to follow the guidance of grounded theory and my supervisors, my ability as a relatively inexperienced researcher may have generally influenced and limited the research outcome.

Theoretical Sensitivity: Conducting grounded theory requires the researcher to be theoretically sensitive. Theoretical sensitivity not only means the researcher's ability to pick up on subtle nuances in the data, but also the researcher's ability to grasp meanings and assign conceptual names to concepts and categories (Corbin & Strauss, 2008). It also means that the researcher needs to be able to decide which categories are important and how to describe and explain their interrelationships. Therefore, as a relatively novice researcher in grounded theory, my ability to be theoretically sensitive may have influenced the way I conducted the research and limited the research outcome.

Interviewing: The way I have interacted with and interviewed the participants may also have influenced the data collection process and the research outcome. The interviewer must be skilled enough in interviewing to create an environment of trust, ask insightful questions, probe where appropriate, and minimise any artificiality. My level of skill in interviewing may have influenced the way participants responded and ultimately influenced the research outcome.

8.6 Avenues for Future Research

Based on the findings of this study, potential areas for future research are recommended. These areas are organised around the following five main areas:

Cross-Cultural Studies: While the participants of this study came from different ethnicities and countries (see Appendix D, 'Participants' Demography'), they were mainly based in New Zealand. Therefore, this study is limited to one geographical location. Future studies could be conducted by collecting data across various countries or cultures. Cross-cultural studies of business diplomacy are important to see whether the concept of business diplomacy is perceived and practised differently within different countries or cultures. Future research can use grounded theory or other research methods such as case studies or narrative studies. The results might contribute greatly to our developing understanding of business diplomacy.

Teaching Diplomacy: Diplomacy is a largely neglected topic in business schools and universities. This might be due to the recent emergence of business diplomacy or it could be because of the lack of a clear approach to teaching diplomacy. Alternatively, it could be because of the lack of a clear conceptualisation of business diplomacy and its related elements. It could also be due to the ambiguity surrounding the relevance of diplomacy to management and international business. Future research on business diplomacy is highly recommended to explore this area further. Possible questions include: How can diplomacy be taught in education settings? What are the knowledge areas needed by businesses for conducting diplomacy? What is the relevance of diplomacy to managers and international business? How do businesses prefer to acquire and learn diplomacy?

NGOs Perspectives: NGOs are key and important players in the domain of diplomacy and business diplomacy (Mirvis et al., 2014; Saner & Yiu, 2008). The perspective of NGOs in relation to how businesses should conduct their diplomacy and succeed is not yet fully and empirically explored in the business diplomacy literature. NGOs exert significant influence on the political, legal, and the societal domain that businesses operate within (Mirvis et al., 2014). In addition, NGOs possess knowledge and capabilities, such as knowledge of hot-button issues, local partners, and important projects, that are essential to

businesses (Mirvis et al., 2014). Examples of potential NGOs include Amnesty International, Oxfam, Greenpeace, UNICEF and thousands more. Therefore, future research on business diplomacy is urged to consider investigating NGOs' perspectives in relation to business diplomacy.

Developing a Middle-Range Theory in Business Diplomacy: As discussed in the limitations section, the emergent theory of MSMI, and its related elements, does not account for different variations in ever-changing and multi-faceted daily situations. I admit that different managers and businesspeople may not be convinced that all they need to successfully engage in diplomacy in this complex environment is to implement the findings of this study. The question that then arises is: how can the emergent theory be further developed, in such a way that accounts for large variations in conditions, to increase its value to businesses and management? How can the theory be further enhanced to capture the complexity of the reality of international business?

One possible way to replicate this research is with a larger and a more diverse sample in different geographical locations. The findings are likely to reveal further possibilities about the nature of business diplomacy and will further enrich our scholarly understanding of the subject matter. More importantly, the findings may contribute to developing a middle-range theory. A middle-range theory is based on a previously identified theoretical framework in the same area with different groups and cases (Corbin & Strauss, 2008; Strauss & Corbin, 1998). While the researcher should remain open to new ideas, the developed substantive theory of MSMI can be used to develop middle-range theories with new concepts and categories, thus extending its applicability and generality.

8.7 Chapter Summary

This chapter provided a conclusion for this study. The chapter reviewed the research question, problems and objectives, and findings. This was followed by discussing the implications of the study for international business practices, education, and the sampling approach for future studies. The contribution of the research to business diplomacy can be categorised into three main areas: theoretical, practical, and the development of assessment tools for business

diplomats. Another contribution relates to the recently developed model of MSD and its relation to business diplomacy. The study includes limitations due to the methodology, findings, and the researcher's capability. Future areas for potential research were also identified and suggested.

8.8 Concluding Remarks

This research aimed at empirically exploring and examining the concept of business diplomacy in practice and its related core elements. Using the Straussian grounded theory approach, diplomats, CEOs, executives, and businesspeople were interviewed and their interpretations of business diplomacy were analysed in five non-linear and sequential phases.

As a result of active interplay between the researcher and the data, and an increasing theoretical sensitivity, a theory emerged that provides a practical understanding of business diplomacy. The emergent theory of MSMI, and its related and integrated elements, provides an understanding of what business diplomacy is and what constitutes its basic qualities.

In particular, the findings demonstrate that business diplomacy is manifested through the integration of the interrelated qualities of interaction and engagement, CKC, MPC, and PAB. Hence, business diplomacy can be understood as the ability to systematically and professionally manage and influence various stakeholders and the operating environment to advance the business's interests. This is displayed through interaction and engagement, which encompass establishing and maintaining relationships as well as continuous communication and engagement. Furthermore, business diplomacy is based on the aspiration to acquire and develop core knowledge competencies (CKC) in various fields such as history, cultures, politics, business and markets, as well as having a practical and internal knowledge about oneself and the organisation one represents. Moreover, considering multiple perspectives (MPC) is a critical component of business diplomacy that includes ethical considerations, empathy, and perspective-taking. Finally, PAB is an integral part of business diplomacy that encompasses the ability to form alliances, create legitimacy, and identify common ground.

Glaser (2009) maintains that because of their openness and pressure for originality, "GT [grounded theory] is done best in the hands of the novice PhD" (p. 1). I, therefore, certainly hope that this research contributed to our developing scholarly understanding of the concept of business diplomacy and what it means in management and organisational studies. The field of business diplomacy is growing, and more questions are being asked about what it takes to be a business diplomat in today's complex and unpredictable business environment. I hope that these findings, that are grounded in the practitioners' interpretations, and supported by the related literature, help in improving our understanding of the subject matter and aid in supporting businesses wishing to engage in diplomacy to be successful and efficient in today's dynamic business environment.

This research has been a rewarding experience. The process of going through the steps of conducting PhD research, such as gaining ethical approval, visiting participants and conducting interviews, grappling with the data and developing themes, and finally thinking about presenting and discussing the findings, has certainly enhanced my capability as a novice researcher and gave me confidence in myself, expanded my knowledge, and developed in me a passion for research and learning.

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Appendices

Appendix A: Information Sheet

Doctoral Research Project:
Business Diplomacy in Practice: What Do The Experts Say?
INFORMATION SHEET

My name is Fahad Alammar, a doctoral researcher at Massey University, and this project is a research requirement for a doctoral research project. The research project is supervised by A/P David Pauleen, Dr. Andrew Cardow and Dr. Chris Galloway.

The purpose of this research is to gain greater understanding as to what business diplomacy means. The research project is focused on how diplomacy and diplomatic capabilities can contribute to businesses' success. Your involvement would be helpful in gaining better understanding of business diplomacy and diplomacy in general.

Your involvement will be to participate in one informal, open interview. It is expected that the interview will take one hour. The day and time of the interview will be at your choice and convenience. With your permission, I will audio record the interview, however, all details will be kept confidential, and any personal identifiers will be removed, unless with your expressed permission.
You will be given a chance to read and make necessary changes to the transcript of your interview. The transcript of your discussion, without your name, will be kept confidential; then it will be disposed by the project supervisor.

The data collected during the interview will be transcribed and reviewed by myself and may be used in subsequent research publications and reports. I will store the data. The data will be analysed to provide research output for the purpose of an academic thesis only. No reference to your identity will be made and any specific names or situations will be changed in order to maintain confidentiality of participants. The results of the research (i.e. the thesis) will be available through the library of Massey University and subsequently in academic publications.

We appreciate your participation. However, you are under no obligation to accept this invitation. If you decide to participate, you have the right to:
- decline to answer any particular question;
- withdraw from the interview at any time; and from the study at any time within two weeks of the interview;
- ask any questions about the study at any time during participation;
- provide information on the understanding that your name will not be used unless you give permission to the researcher;
- be given access to a summary of the project finding when it is concluded;
- ask for the recorder to be turned off at any time during interview.

> This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named above are responsible for the ethical conduct of this research.
>
> If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director, Research Ethics, telephone 06 356 9099 x 86015, email humanethics@massey.ac.nz

Should you have any question about the project, please do not hesitate to contact me, Fahad Alammar, or the supervisors below.

Kind Regards
Fahad Alammar

Contacts:

Fahad Alammar	F.Alammar@massey.ac.nz	+64 9 414 0800 Ex. 43972
A/P David Pauleen	D.Pauleen@massey.ac.nz	+64 9 414 0800 Ex. 9467
Dr. Andrew Cardow	A.Cardow@massey.ac.nz	+64 9 414 0800 Ex. 43381
Dr. Chris Galloway	C.J.Galloway@massey.ac.nz	+64 9 414 0800 Ex. 43319

Appendix B: Participants' Consent Form

MASSEY UNIVERSITY
COLLEGE OF BUSINESS
KAUPAPA WHAI PĀKIHI

Doctoral Research Project:

Business Diplomacy in Practice: What Do The Experts Say?

Researcher: Fahad Alammar

PARTICIPANT CONSENT FORM – INDIVIDUAL

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being sound recorded.

I wish/do not wish to have my recordings returned to me.

I wish/do not wish to have data placed in an official archive.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signature: .... **Date:** ....

Full Name - printed ....

Appendix C: Invitation Letter Template

Dear XX,

My name is Fahad Alammar and I am a doctoral candidate at Massey University in Auckland. I am currently doing a research, with the supervision of Associate Professor David Pauleen, Senior Lecturer Andrew Cardow and Senior Lecturer Chris Galloway, in business diplomacy among selective diplomats and managers.

Business diplomacy is commonly defined as establishing and sustaining positive relationships with multiple stakeholders. As an empirical part of this research, I would like to interview a selective range of diplomats, business people, and managers who are involved in business diplomatic related activities. These interviews are voluntary and semi-structured i.e. they are more like conversations.

For this reason, I am wondering if you could find time in your busy schedule to be interviewed by me and talk to you about your understanding and experience of business diplomacy. The interview is about your *own* personal experience and knowledge and not about XXX. The interview is for academic purposes only and it is completely confidential.

As a thank you for your valuable time, I will provide you with a 1-2 page executive summary of the key findings of the study.

For more information about this project, I have included a short abstract of the study (below) and attached an Information Sheet (which contains an ethical approval from Massey University).

Looking forward to hearing from you.

Kindest Regards,

Fahad Alammar
Doctoral Researcher
School of Management
Massey University
ph: +64 9 414 0800 ext 43972
Email: F.Alammar@massey.ac.nz

Business Diplomacy in Practice: What Do the Experts Say?

Abstract

What is diplomacy and business diplomacy, and how can diplomacy contribute to the success of businesses in today's complex world? Diplomacy has been associated with business and commercial activities for thousands of years. Recently, scholars have been looking at the concept of business diplomacy and have tried to apply it to management and organisational settings. However, until now, very little empirical work has been done in this area. By providing empirical support, this research aims to investigate the role of official diplomats and business diplomats in relation to management, organisations and businesses in general and to find how their knowledge, practices and skills can lead to better management and business practices in today's interconnected world.

Appendix D: Participants' Demographic Profile

	Name	Gender	Age	Experience (Years)	Current Position	Organisation	Location	Org. Type	Org. Field	Qualification	Ethnicity
1	M.Y.	M	37	2	Director - Internationalisation	A New Zealand Polytechnic	NZ	Private	Education	MBA	Middle East
2	S.M.	M	42	9	Deputy Head of Mission	Embassy	NZ	Public	Trade & Commerce	Master	South America
3	A.B.	M	31	5	Deputy Head of Mission/Head of the Economic & Consular Affairs	Embassy	Saudi Arabia	Public	Trade, Economy & Commerce	PhD	Europe
4	F.O.	M	67	30	- Honorary Consul - President of a Business Council	- N/A - Trade Association	NZ	- Public - Private	Trade & Commerce	Bachelor	Europe
5	J.O.	M	-	4.5	Regional Director	Embassy	Saudi Arabia	Public	Education	Graduate Diploma	NZ
6	P.H.	M	58	33	Head of Commercial and Economic Section	Embassy	Saudi Arabia	Public	Trade, Economy & Commerce	Master	Europe
7	R.W.	M	80	48	- Former Honorary Consul - Founder & Director	- N/A - A New Zealand Business	NZ	- Public - Private	- N/A - Travel & Tourism	Bachelor	Europe
8	L.P.	F	49	8	- Honorary Consul - Founder & CEO	- N/A - A New Zealand Business	NZ	- Public - Private	- N/A - Finance & Investment	MBA	Europe
9	M.P.	M	55	5	Former CEO & Executive in Residence	A New Zealand Business	NZ	Private	Education	Master	Europe
10	N.M.	M	59	12	Corporate Relations Director	A New Zealand Business	NZ	Private	Education	Bachelor	NZ

	Name	Gender	Age	Experience (Years)	Current Position	Organisation	Location	Org. Type	Org. Field	Qualification	Ethnicity
11	F.L.	M	65	65	Trade Commissioner	Consulate	NZ	Public	Trade, Economy & Commerce	PhD	Polynesian
12	P.L.	M	-	20	Senior Policy Advisor	Government Agency	NZ	Public	Trade	Master	NZ
13	M.B.	M	34	9	Senior Advisor – Export Market	Government Agency	NZ	Public	Trade	Master	NZ
14	M.K.	M	48	16	Senior External Relations Advisor	Government Agency	NZ	Public	Tourism	Diploma	NZ/Maori
15	R.N.	M	64	35	Customer Manager	Government Agency	NZ	Public	Enterprise	Graduate Diploma	NZ
16	A.F.	F	-	28	- Managing Director – Country Representative	- Australian Firm - Government	AUS	- Private - Public	International Trade & Investment Attraction	Bachelor	Europe
17	C.J.	M	-	30	Consul Economic & Commercial Affairs	Embassy	NZ	Public	Trade & Economy	Bachelor	Asia
18	K.H.	M	-	27	Consul General & Trade Commissioner	Embassy	NZ	Public	Trade & Economy	Postgraduate Diploma	Europe
19	T.A.	M	43	10	General Manager of Cultures	Incorporated Society	NZ	Private	Trusts	Diploma	NZ/Maori
20	A.M.	M	-	25	Program Director	Public	Saudi Arabia	Public	Security & Negotiation	MA	USA
21	A.A.	M	53	27	Head of Mission	Inter-governmental organisation	USA	Public	Politics & Economy	MA	Middle East

Appendix E: Interview Guide

Data Collection & Analysis Phases	Interview Questions
	Note: This interview guide is meant to be a general guideline for how interviews were mostly conducted. In reality, some questions needed follow-up questions that are not listed below. In addition, in few cases some questions were not asked due to time and space constraints. Furthermore, in some instances, questions in subsequent phases, such as Phase 2 or 3, were asked in Phase 1 because the participant happened to mention the subject. For example, business diplomatic knowledge in Phase 2 was mentioned in Phase 1 by some participants.
Phase 1 (Pilot Study)	**Diplomacy** - How would you describe diplomacy from your own perspective? - How would you characterise undiplomatic behaviour? - Can you think of a person or an organisation that did well in diplomacy? Why? **Business Diplomacy** - Do you think there is a relation between diplomacy and business? Why? - Do you think diplomacy is relevant to businesses? - Have you dealt with a business person or a manager that you would describe as diplomatic? If so, why? - How would you describe/understand business diplomacy? - In your opinion, do you think there are important diplomatic capabilities that businesses should have? Why? - How would you diplomatically manage conflicting demands put on you by different stakeholders or organisations?
Phase 2	In addition to the previous questions in Phase 1, the following questions were asked in Phase 2. The questions are based on the emergent concepts from Phase 1. **Business Diplomacy** - Do you think knowledge is important to business diplomats? if so, what kind of knowledge required and why? - Do you think there are certain roles for people engaging in business diplomacy? If so, what do you think these roles are or should be? - Can a business person or a manager learn diplomacy? If so, how? - What advice would you give businesses when dealing with home or foreign governments? Why do you think this is a good advice? - How can businesses manage and maintain a positive reputation when doing business? - NGOs exert a great influence in today's political and business environment, how do you think businesses should deal with them effectively? - Based on your experience, how can businesses develop diplomatic competencies? What is the appropriate forum for that? Why? - Do you think business diplomacy should be established or practised at the business or organisational level? Why or why not? - In a major business crisis, conflict, or scandal, what do you think the most diplomatic action that should be taken by the business? Why do you think that?
Phase 3	In Phase 3, the same questions in Phase 1 and 2 were asked. However, the questions are now becoming more structured because of the emerging concepts and categories. For example: - How do you think business should deal with internal or external conflicts? - What knowledge/skills/practices are most important and relevant to business diplomacy?
Phase 4 & 5	In this phase, previous questions were asked. However, the conversation became

| | more focused on the emerging concepts and categories. The aim was to get the participants' perception on the emerging findings and to further investigate the qualities developed.

- To what extent do you think ethics/considering multiple perspectives/knowledge/influencing/communicating/cultural awareness is relevant to business diplomacy? |
|---|---|

Appendix F: Synopsis

Business Diplomacy in Practice: Business Diplomacy as Managing & Influencing Competence

Dear ….,

What follows is a synopsis of my doctoral research project findings (in progress) that are based on the responses from participants, like you, provided in the interviews I conducted during this the research project. I am sharing the research findings with you, before I finalise them, for two reasons:

- To show my respect and gratitude for the time that you have taken to participate in this project.
- To invite you to look at the first findings and provide me with some feedback on the outcome before I finalise the findings of the project.

I would be grateful if you could give your feedback on the findings that are presented here. Please identify any changes that you think are required to be made to the model/s or the findings and email your responses to me. Your feedback would be very helpful for further development of the business diplomacy field.

I will outline the main findings of the research project with brief explanation of the findings.

Fahad Alammar
Doctoral Researcher
School of Management
Massey University
Private Bag 102904, North Shore
Auckland 0745
New Zealand
Mobile: +64211621311
Email: F.Alammar@massey.ac.nz

Project Summary

The main objective of this PhD research was to further our understanding about the concept of 'business diplomacy' and to identify its related elements and to examine how business and management can benefit from the understanding of diplomacy. The aim is to help businesses in general improve their diplomatic understanding and capabilities in the current rapidly changing business environment and to advance their interests and to contribute to their economic development. To achieve the research objective, I interviewed 21 official diplomats, business people, CEOs and executives from different fields and nationalities.

The findings and the theory developed based on the findings are explained below.

The Findings

The findings led to the conclusion that participants do recognise the concept of 'business diplomacy' and realise its value at the organisational and business level. The findings also led to the conclusion that participants agree that 'business diplomacy' should be practiced at the business level. However, there are disagreements on how it should be implemented. While some believe that it should be established as a unit within organisations, others believe that it should be integrated throughout the organisation, or handled by key people.

According to the findings, business diplomacy is made of certain categories (or themes). These categories represent the overall understanding of the information provided by all the participants, which include: 'Stakeholder Management & Engagement', 'Multi-Perspective Consideration', 'Core Knowledge Competencies' and 'Influencing'. These main sub-core categories and their categories are illustrated below.

**Figure 1** Main Categories and Sub-Core Categories
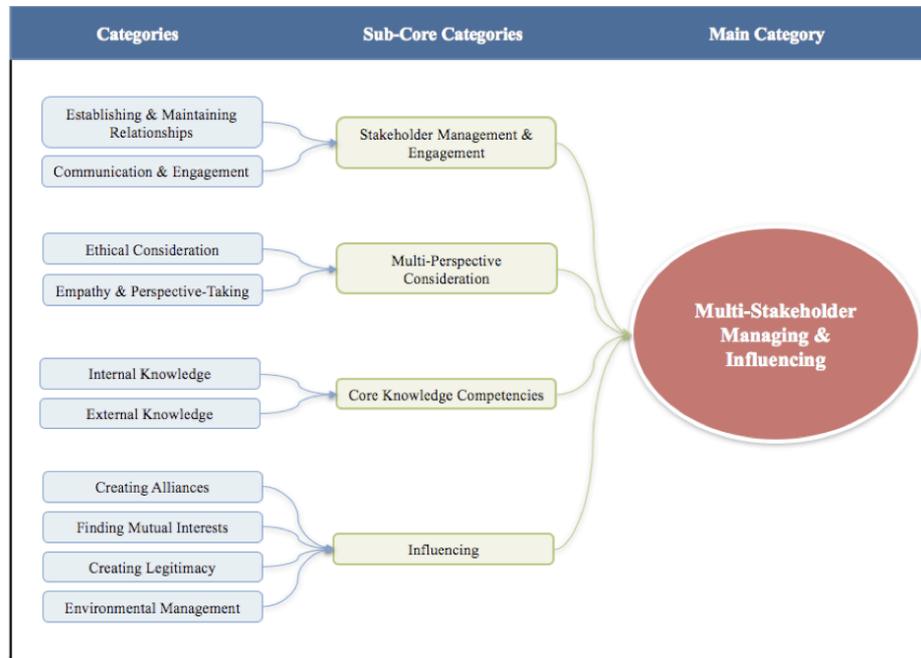
In the following sections, each core-category is explained briefly along with its associate categories.

1. **Stakeholder Management & Engagement**

The findings show that business diplomacy involves the ability to positively and constructively 'manage' and 'engage' with various stakeholders. This includes 'establishing and maintaining relationships' as well as 'communicating and engagement' with different stakeholders. Stakeholder management and engagement, therefore, refers to the extent to which a business diplomat can positively create and manage relations with stakeholders by using the appropriate communication channels. Accordingly, business diplomacy is about establishing and fostering positive relationships with different stakeholders through direct communication and engagement.

Figure 2 Stakeholder management and engagement require the continuous process of network creation, communication, and engagement
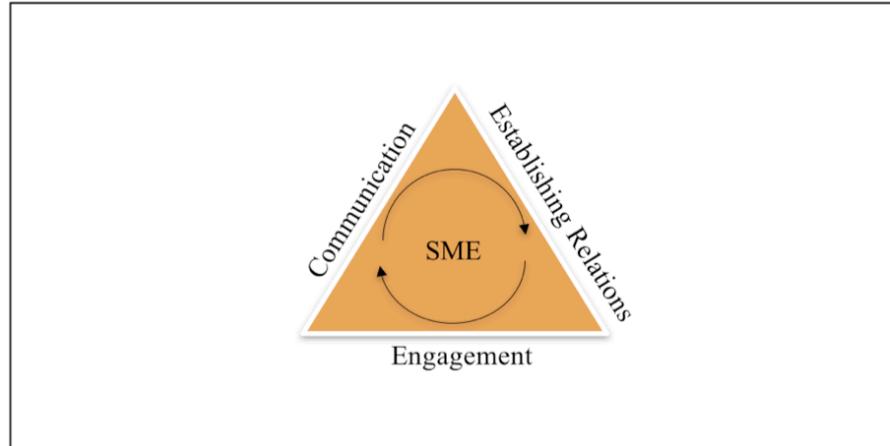
2. Core Knowledge Competencies

Acquiring the relevant and appropriate knowledge is also an important element of business diplomacy. The findings show that business diplomats should have the knowledge and the understanding of the environment and the world around them, as well as a practical experience that they can apply. This includes knowledge and experience in business, politics, history, law, international relations, cultures and knowledge about oneself and others. Therefore, when it comes to business diplomacy, people should have an enquiring mind, a comprehensive knowledge and can draw from their experience effectively.

Figure 3 Stakeholder management & engagement is mediated through acquiring and applying the appropriate knowledge in different topics and fields
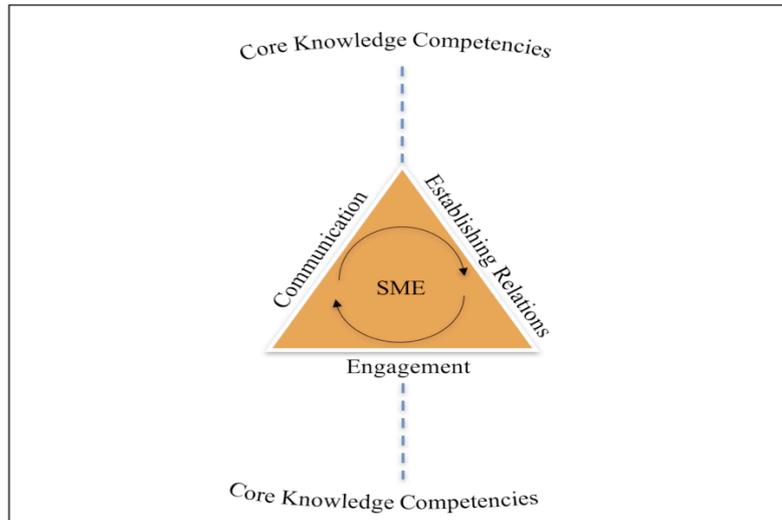
3. Multi-Perspective Consideration

The findings also show that business diplomacy is distinctively characterised as considering multiple perspectives and opinions. This includes considering 'ethical' behaviour, showing 'empathy' towards others and 'considering different aspects' when engaging in diplomacy. Multi-perspective consideration, therefore, refers to the extent to which a person can understand and empathise with people's motives and needs, take multiple opinions into consideration while maintaining high level of ethical behaviour. In this sense, business diplomats are honest and fair; they show compassion and care toward others and overcome the need to consider only personal views.

Figure 4 While mediated by the appropriate knowledge, business diplomats attentively consider multiple perspectives
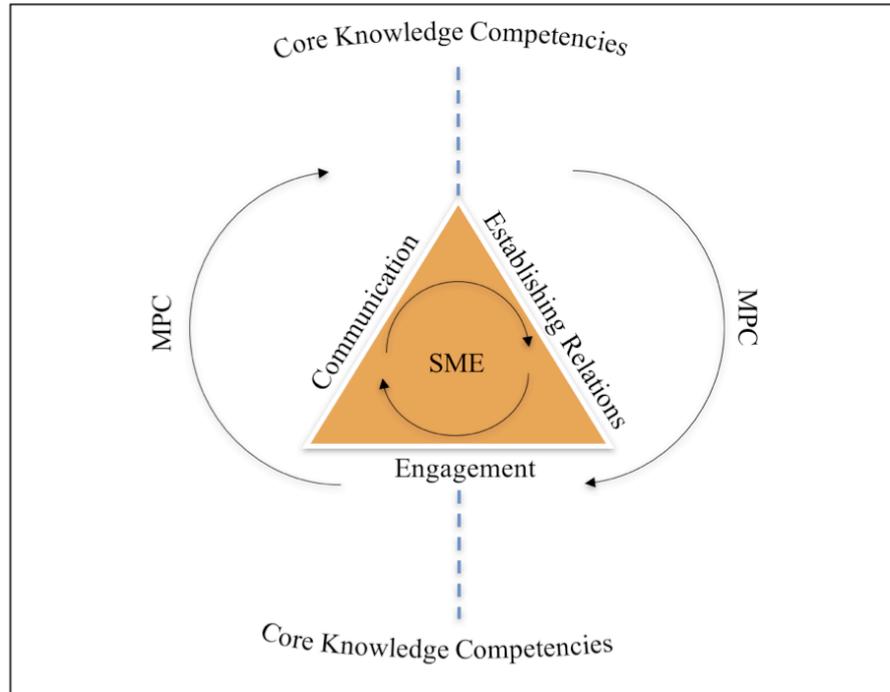
4. Influencing

Finally, the findings show that business diplomacy is associated with elements that are related to the capability of 'influencing'. This refers to the extent to which an organisation (or an individual) has control and can influence the environment around them. This is done by identifying 'mutual (or common) interests' with a business partner or a counterpart, creating 'legitimacy and credibility' for the organisation, forming and building 'alliances' with different agencies or governments, and finally, the ability to 'manage or monitor the environment'. Accordingly, business diplomacy requires a high-level capability of monitoring the environment, forming alliances and allying interests with others, creating legitimacy and prestige for your organisation, and aiming to find common grounds with their counterparts.

Figure 5 Through using different qualities, business diplomacy is about influencing and shaping the environment
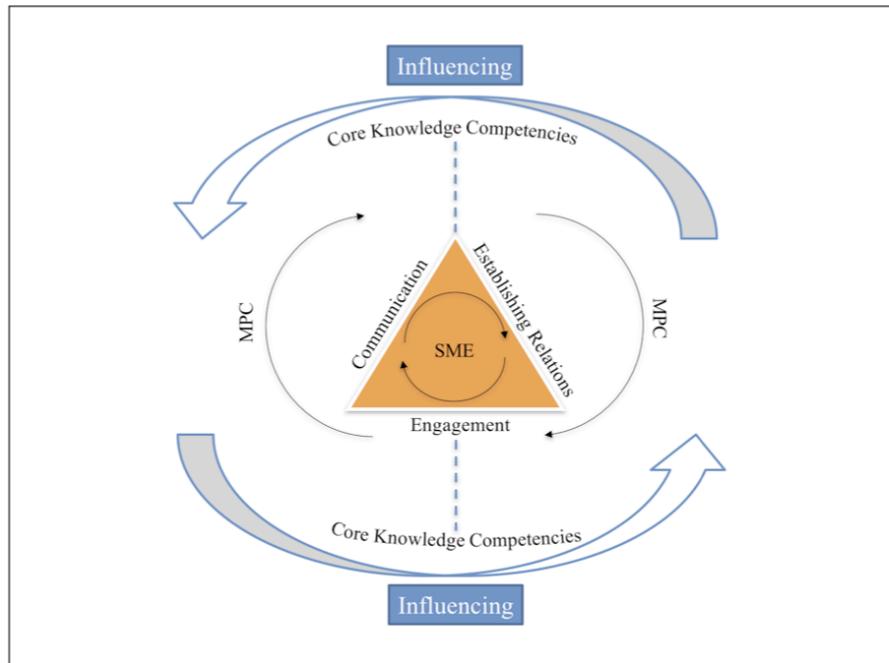
To sum up, business diplomacy can be understood as:

The ability to systematically and positively manage and influence various stakeholders, including the operating environment. This is manifested through the effective managing and engaging with stakeholders, and the application of the relevant knowledge, while considering multiple perspectives, to influence and shape the environment.

Appendix G: MUHEC Approval Letter

MASSEY UNIVERSITY
ALBANY

15 June 2015

Fahad Alammar
B302/130 Anzac Street
Takapuna
Auckland 0622

Dear Fahad

Re: **Business Diplomacy in Practise: What do the Experts have to say**

Thank you for your Low Risk Notification which was received on 12 June 2015.

Your project has been recorded on the Low Risk Database which is reported in the Annual Report of the Massey University Human Ethics Committees.

You are reminded that staff researchers and supervisors are fully responsible for ensuring that the information in the low risk notification has met the requirements and guidelines for submission of a low risk notification.

The low risk notification for this project is valid for a maximum of three years.

Please notify me if situations subsequently occur which cause you to reconsider your initial ethical analysis that it is safe to proceed without approval by one of the University's Human Ethics Committees.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

A reminder to include the following statement on all public documents:

"This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named above are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director (Research Ethics), telephone 06 356 9099, extn 86015, e-mail humanethics@massey.ac.nz".

Please note that if a sponsoring organisation, funding authority or a journal in which you wish to publish requires evidence of committee approval (with an approval number), you will have to provide a full application to one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

Yours sincerely

Brian T Finch (Dr)
Chair, Human Ethics Chairs' Committee and
Director (Research Ethics)
cc
Assoc. Professor David Pauleen,   Dr Chris Galloway   Professor. Sarah Leberman
Dr Andrew Cardow   School of Communications   Head of School of Management
School of Management   Journalism and Marketing   **Albany Campus**
Albany Campus   **Albany Campus**

Massey University Human Ethics Committee
Accredited by the Health Research Council

Appendix H: Conceptual Codes and Categories – Integrated characteristics & Assessment Tool for Business Diplomats

Open Coding (Conceptual Codes)	Axial Coding (Conceptual Categories)	Selective Coding (Conceptual Sub-Core Categories)	Core Category
- Ability to create networks - Interacting with different people - Bringing people together - Being sociable - Ability to maintain relationships	**Establishing & Maintaining Relationships**	Interaction & Engagement	**Multi-Stakeholder Managing & Influencing (MSMI)**
- Listening to people - Speaking different languages - Engaging with various stakeholders - Giving assurance - Open communicating channels - Speaking & presentation abilities	**Communication & Engagement**		
- Knowing yourself - Knowing & understanding your objectives - Knowing your own organisation - Identifying your own weakness & strengths	**Internal knowledge**	Core Knowledge Competencies (CKC)	
- Competent knowledge in history and politics - Knowledge in business & market - Knowledge of various laws & regulations - Understanding of different cultures and management styles - Passion to learn more & using experience	**External Knowledge**		
- Being honest & fair - Being transparent - Trusting & seeking truth - Reliable, credible, & committed - Taking responsibility	**Ethical Considerations**		

- Considering the opinion of others - Understanding the underlying motives and needs of others - Putting yourself in others positions - Showing compassion & care - Sensitive to people's demands	**Empathy & Perspective-Taking**	Multi-Perspective Consideration (MPC)
- Monitoring the environment - Researching & analysing - Anticipating trends	**Environmental Scanning**	
- Allying your interests with others - Allying your interests with your home government - Partnering with others	**Forming Alliances**	Power-Authority Building
- Seeking and identifying common grounds with others - Finding mutual benefits in negotiations - Compromising - Seeking harmonisation - Creating a win-win situation	**Identifying Mutual Interests**	
- Creating credibility for your organisation - Being trustworthy - Forming association with prestigious agencies	**Creating Legitimacy**	