

Master Thesis

Commercial Diplomacy from a Capital Theory perspective

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Preface

Dear reader,

In this thesis you will discover a new perspective on an ever more important topic in Foreign Affairs, commercial diplomacy. This thesis marks the end of my Masters of Science in Business Administration program at the University of Twente in Enschede, The Netherlands.

My interest in commercial diplomacy is caused by two personal passions of mine; the love of foreign cultures which can create beautiful identities of people and my admiration for entrepreneurs who can create value (and business) for other people, sometimes seemingly out of nothing. When the subject was introduced to me through the university newspaper, I contacted the responsible researcher, Dr. Huub Ruel who was kind enough to inform me on the subject and my interest was sparked after which Dr. Ruel became my supervisor.

The importance of researching commercial diplomacy is obvious, there is little academic knowledge on the subject as it is while governments are extending their commercial diplomatic activities ever more. The difficulties that come with a new academic field challenged me since the subject could go in whatever direction we chose but creating new knowledge also requires a lot of work and in this case best of all, travel.

I was fortunate enough to be invited by the Royal Dutch Embassy of the Kingdom of The Netherlands in Canberra Australia for an internship of three months in which I received the freedom to explore my research subject as I seemed fit. I would like to thank my direct supervisor and mentor Mark Versteden, my second supervisor Nico Schermers and the ambassador for the Kingdom of The Netherlands Mr. Willem Andreae for this opportunity and the rest of the embassy staff for making me feel welcome. The data gathered during this time has become the basis from which I produced the framework. Besides my own research, the embassy involved me in an array of other tasks relating to economic and commercial diplomacy which proved to be an enriching experience for me.

I collected the data from 14 semi-structured interviews with both economic and commercial diplomats. Besides providing me with all the data I needed to conduct my research, they were often kind enough to share personal experiences in starting a career in international spheres. Since this is a wish of mine, I would like to thank you all for your contribution and good advice.

And finally I would like to thank my first supervisor, Dr Huub Ruel and Raymond Loohuis for assisting me and advising me along the way. Your input has been very helpful and through your help I was able to fulfill the dream of graduating a master's degree and working in a foreign country.

Management summary

The field of commercial diplomacy is one which contains numerous opportunities and interesting developments. This research concentrates on the activities commercial diplomats conduct in the host country. The objective is to create an exhaustive framework which contains the resources available to the diplomat (conceptualized in social, cultural, political and economic capital) and three entrepreneurial phases (opportunity recognition, development and exploitation). This framework will provide a better, richer and deeper understanding of the activities of commercial diplomats. As a basis for research, this research is formed around the following research question:

How can capital theory and entrepreneurship theory create a better understanding of Commercial Diplomacy?

In order to answer the research question, an inductive method is used which is based on literature research and semi-structured interviews. The literature used is based on the research paper of Naray (2011) and the literature review by Reuvers and Ruel (2012). The research paper of Naray (2011) provides us with three roles that encompass the activities of the commercial diplomat (advisory role, facilitating role and representative role) and an array of activities that can be divided among the roles. The literature review by Reuvers and Ruel (2012) provides us with an extensive array of activities gathered among the research papers available.

By conducting 14 semi-structured interviews with one ambassador, one EU diplomat and 12 economic and/or commercial diplomats, valuable insights have been gathered which add to the knowledge from the papers. Through an internship at the Royal Dutch Embassy of the Kingdom of The Netherlands in Canberra Australia, I could select the respondents by non-probability selection of similar cases, being employed by western countries which have long histories concerning commercial diplomacy and international trade. These interviews increased the validity of the emerging framework and provided better understanding of commercial diplomacy. The following results were obtained:

- Commercial diplomats are most active concerning social capital during the opportunity recognition and development phase, concentrating on market analyses and matchmaking. Among the three role researched, most activities are concerned with gathering information that is of value to entrepreneurs on both a broad level and individual level once an opportunity is being developed. These activities span among all three roles from advice to facilitating the dialogue and representation.

- The exploitation phase produced the least amount of results from the interviews, indicating that commercial diplomats regard their role as more extensive in the first two phases than in the last. Findings from literature do state activities that could be of value to commercial diplomacy.
- While some commercial diplomats maintain active relations with industry representatives and individual entrepreneurs in the home country to raise awareness on possible opportunities, others do not. The strategies involved in raising awareness among domestic entrepreneurs range from actively raising awareness to only reporting findings to the home department which maintains relations with industry representatives and entrepreneurs. Commercial diplomats who do maintain active relations mentioned the need to be competitive with commercial diplomats from other countries. By maintaining active relations they achieve a first mover advantage. Commercial diplomats who mainly report to the home department mentioned the need to be humble about their role and put initiative to the entrepreneurs.
- The importance of culture in commercial diplomacy is regarded differently among commercial diplomats. Commercial diplomats who do feel that culture is important in their task often have tasks which contain cultural aspects, or are often in contact with people whose tasks have cultural aspects. When culture is regarded as important, the strategic involvement of culture ranges from ad hoc to fully incorporated into the commercial diplomacy strategy. When it is incorporated into strategy, diplomats focus during representing their nation to shared history, values, problems and problem solving attitude in the recognition phase and focus on business ethics, innovative spirit, trustworthiness etc. in the development phase.
- Political capital is important since commercial diplomacy and economic diplomacy are often intertwined. The interviews however do not completely clarify as to how this is done and under what circumstances. This can be caused by the fact that most of the respondents have either one or the other as their task.
- Economic capital can be of significant importance according to literature, but not according to respondents. Economic capital has produced the least useable findings in research and in the interviews. The use of grants, subsidies and other economic capital should have more attention from both researchers and commercial diplomats.

The framework containing capita and entrepreneurial phases works well to create better insight in the activities of the commercial diplomat. It distinguishes resources and phases so that coherence between activities can be discovered. The activities that suit this framework best are activities that either directly involve the entrepreneur, or are needed for the activities that directly involve the entrepreneur. Purely indirect activities such as involvement in 'in-made' campaigns are less suited for this kind of framework since they do not belong to a certain entrepreneurial phase.

Several recommendations for further research are made. First, the findings need to be tested under other circumstances for external validity. The findings presented are confined to diplomats situated in Australia and only western diplomats have been selected. Second, the constructs presented in this research must be examined by diplomats and entrepreneurs to increase construct validity. Third, the theory resulted from this research needs to be tested in order to deduct a theory of commercial diplomacy. Using the results from this research, effectiveness of commercial diplomacy can be determined better because of a better understanding of when activities are needed and their coherence with other activities.

Management samenvatting

Het onderwerp commerciële diplomatie bevat vele mogelijkheden en interessante ontwikkelingen. Dit onderzoek focust zich op de activiteiten die commerciële diplomaten uitvoeren in het buitenland. Het doel is om een uitputtend raamwerk te creëren dat alle hulpmiddelen die de commerciële diplomaat tot zijn beschikking heeft bevat (social capital, cultural capital, political capital en economic capital) en drie fases van ondernemen bevat (herkennen van kans, ontwikkelen van kans en exploiteren van kans). Dit raamwerk zal leiden tot een beter, rijker en dieper begrip van de activiteiten van de commerciële diplomaat. Als basis voor dit onderzoek is de volgende onderzoeksvraag genomen:

Op welke manier kunnen capital theory en entrepreneurship theory een beter begrip van commerciële diplomatie creëren?

Om de onderzoeksvraag te beantwoorden wordt een inductieve methode gehanteerd welke als basis literatuur en semigestructureerd onderzoek heeft. De literatuur die is gebruikt is gebaseerd op een onderzoek paper van Naray (2011) en een literatuur review van Reuvers and Ruel (2012). Het onderzoek paper van Naray (2011) geeft drie rollen die alle activiteiten van de commerciële diplomaat omvatten (adviserende rol, faciliterende rol en de representerende rol) en een aantal activiteiten die kunnen worden opgedeeld in deze rollen. Het literatuur review van Reuvers and Ruel (2012) geeft een uitgebreid aantal activiteiten die zijn verzameld uit vele papers die beschikbaar zijn.

Door 14 semigestructureerde interviews af te nemen met een ambassadeur, een EU diplomaat en 12 economisch en/of commerciële diplomaten, heb ik waardevolle inzichten verzameld die toevoegen aan de kennis uit de literatuur. Tijdens een stage bij de Koninklijke Ambassade van het Koninkrijk der Nederlanden in Canberra Australië heb ik mijn respondenten via een bewuste selectie geselecteerd op de eigenschap dat ze allen voor overheden werken welke al lange tijd bezig houden met commerciële diplomatie en internationale handel. Deze interviews hebben de validiteit van het ontwikkelde raamwerk vergroot en een beter begrip van commerciële diplomatie gegeven. De volgende resultaten zijn behaald:

- Commerciële diplomaten zijn vooral actief met social capital in de herkenning- en ontwikkelingsfase, vooral met markt analyses en het vinden van potentiële partners. De meeste activiteiten aangaande de drie rollen in dit onderzoek concentreren commerciële diplomaten op het vergaren van informatie die van waarde is voor ondernemers op een breed niveau en op individueel niveau wanneer een kans wordt ontwikkeld. De activiteiten zijn aanwezig in alle drie rollen.

- De minste resultaten zijn gevonden in de exploitatiefase. Dit geeft aan dat commercieel diplomaten hun rol vooral als belangrijk beschouwen in de eerste twee fases. Bevindingen uit de literatuur geven wel activiteiten aan die in deze fase van belang zijn.
- Hoewel sommige diplomaten actieve relaties onderhouden met representanten van industrie en individuele ondernemers in het thuisland, doen anderen dat niet. De strategieën die het creëren van aandacht voor mogelijke kansen reiken van het actief creëren van aandacht tot alleen rapporteren naar het thuisdepartement. Commerciële diplomaten die actieve relaties onderhouden noemen de behoefte om competitie te voeren met andere overheden en creëren een 'first mover' voordeel met deze actieve relaties. Commerciële diplomaten die dit niet doen noemen de bescheidenheid van hun rol en laten het initiatief aan de ondernemers.
- De mate van belang van cultuur in commerciële diplomatie wordt verschillend aanschouwd onder diplomaten. Commerciële diplomaten die cultuur van belang achten in hun werk hebben vaak culturele aspecten in hun taak en staan vaak in contact met mensen welke culturele aspecten in hun taak hebben. Wanneer cultuur van belang wordt geacht, reiken strategieën die cultuur verwerken in commerciële diplomatie van ad hoc tot volledig geïntegreerd. Wanneer het is geïntegreerd in de strategie, concentreren diplomaten tijdens het representeren van hun land op gezamenlijke geschiedenis, waarden, problemen en probleem oplossende houding in de kans herkenningfase. In de kans ontwikkelingsfase wordt de focus gelegd op de ondernemers ethiek, innovatieve geest, vertrouwenswaardigheid etc.
- Political capital is belangrijk omdat commerciële diplomatie en economische diplomatie onafscheidelijk zijn van elkaar. De resultaten van dit onderzoek laten niet voldoende zien hoe dit gebeurt en onder welke omstandigheden. Een oorzaak hiervoor kan zijn dat de meeste respondenten de een of de andere als taak had.
- Economic capital kan van significant belang zijn volgens literatuur, maar niet volgens de respondenten. Economic capital heeft de minste bruikbare bevindingen geproduceerd en zal meer aandacht moeten krijgen van zowel onderzoekers als commercieel diplomaten.

Het raamwerk met capita en ondernemers fases is succesvol in het creëren van beter inzicht in de activiteiten van de commercieel diplomaat. Het onderscheidt hulpmiddelen en fases zodat samenhang tussen de activiteiten zichtbaar wordt. De activiteiten die het best geschikt zijn voor dit raamwerk zijn activiteiten die de direct betrokken zijn bij de ondernemer, of nodig zijn voor activiteiten die direct betrokken zijn bij de ondernemer. Activiteiten die indirect assisteren, zoals

'made-in' campagnes zijn minder geschikt voor dit raamwerk aangezien er geen ondernemers fase is waaraan deze gekoppeld kan worden.

Er kunnen meerdere suggesties worden gedaan op basis van dit onderzoek. Allereerst moeten deze bevindingen getest worden onder andere omstandigheden om de externe validiteit te vergroten. De bevindingen in dit onderzoek zijn beperkt tot respondenten die wonen in Australië. Ten tweede, de concepten die gepresenteerd zijn in dit onderzoek moeten worden onderzocht door diplomaten en ondernemers om de concept validiteit te vergroten. Ten derde, de theorie die voortkomt uit dit onderzoek moet worden getest om een theorie van commerciële diplomatie te kunnen deduceren. Door de resultaten van dit onderzoek te gebruiken kan de effectiviteit van commerciële diplomatie beter geëvalueerd worden door beter begrip welke activiteiten nodig zijn en de samenhang tussen de activiteiten.

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Chapter 1

Background

In recent years, the number of academic papers regarding commercial diplomacy has increased (Reuvers & Ruel, 2012). This reflects the observation that “in a growing number of countries diplomatic systems are being overhauled so the commercial activities of diplomatic services have been centralized, the commercial activities of diplomats have been extended, and business interests have been formally integrated within the diplomatic system.” (Lee & Hudson, 2004) Important studies such as Narray (2011) and Kostecki and Narray (2007) give a conceptual overview of the roles commercial diplomats can act out and what activities constitute commercial diplomacy. More recent studies such as Busschers (2011) and Visser (2011) collect data on what activities are regarded as important by an array of individuals. There is however a lack of understanding regarding how commercial diplomacy activities produce results, under what conditions and what constitutes effectiveness of these activities. This study aims to contribute by creating a better, deeper and richer understanding regarding the workings of commercial diplomacy from the perspective of an entrepreneur.

1.1 Necessity for understanding commercial diplomacy

It is estimated that no fewer than 20.000 commercial diplomats are employed the world over and sometimes more than half of the diplomats’ time is spent on commercial activities (Kostecki & Naray, 2007). Using a gravity model, Rose (2007) indicates that international trade increases 6% to 10% for every foreign mission, but this is only a correlation, not an explanation. The necessity for understanding commercial diplomacy comes from the fact that all these commercial diplomats are paid for by tax payers’ money. Therefore theory needs to be created on what commercial diplomacy is and what it does or should do. As stated in criteria of good theory, “a theory distinguishes between (a) the underlying generative mechanisms or laws that have the power to cause events to happen in the real world, (b) the particular circumstance or contingencies when these causal mechanisms operate and, (c) the empirical events that people experience and researchers observe.” (Van de Ven, 1989). This theory is needed to properly tie results to commercial diplomacy activities. Other theory on the effectiveness of export programs or the process of international entrepreneurship is

insufficient to answer for these questions since the commercial diplomat has a unique position in the tools and resources he can use and his responsibilities towards tax payers.

1.2 Contribution of this research

It can be quite difficult to synthesize what may claim to be scientific contribution and what not. The term scientific contribution should not create the misunderstanding that the contribution that I make is purely to the academic field. In this I follow the distinguished author Kurt Lewin who stated that “Nothing is as practical as good theory.” (Lewin, 1945), meaning that a good theory, by definition, has practical use.

To advance the quality of understanding of commercial diplomacy activities, new paradigms or viewpoints need to be considered which include tangible and intangible results. Therefore two major concepts are linked in this research, capita (which is measured in social capital, cultural capital and political capital and economic capital) and entrepreneurship (which is measured in three stages, opportunity recognition, development and exploitation). These forms of capita have been widely used in social sciences in a great number of fields (Portes, 1998, Silva & Edwards, 2004).

Entrepreneurship theory has, of course been used in international entrepreneurship, but to my knowledge never in contrast to commercial diplomacy. In this thesis I research if the application of these constructs will advance the understanding of commercial diplomacy and therefore contributes to the discussion on effectiveness of commercial diplomacy.

1.3 Current changes for international entrepreneurs

A major modern event influencing commercial diplomacy and (international) entrepreneurship is globalization. “Globalization is the process of social, economic, cultural and technological integration among countries in the world.” In the case of the integration in economic terms, economic globalization refers to the “the interdependence of national economies, and the trend towards greater integration of goods, labor and capital markets.” (Som, 2009) For entrepreneurs this means more opportunities across borders, as well as more competition.

Therefore the internationalization of businesses can be expected to gain further momentum because the world economy is becoming increasingly integrated with continued declines in government-imposed barriers and continued advances in technology (Lu & Beamish, 2001). When exporting to a

new destination, firms must learn many tariff and non-tariff measures, information on consumer preferences etc. Gathering this information requires performing market-specific studies, whose costs are at least partially fixed in nature (Martincus & Carballo, 2010).

1.4 Objective

As stated before, the major contribution of this research is to create a better, deeper and richer understanding of commercial diplomacy through the application of new concepts to this subject. This research will therefore mainly have an exploratory nature. Since the role of commercial diplomats in the internationalization process of entrepreneurs has never been researched in this way, this research will be qualitative and inductive in nature to allow for new knowledge to be created. This type of research is well suited to create understanding of complex mechanisms in open environments, which of course the commercial diplomacy process is. From the data resulting from the research, theory will be produced which provides better insight in the workings of commercial diplomacy

1.5 Research question

In inductive research such as this it is common that research questions and constructs change over time according to findings (Baxter & Jack, 2008, Eisenhardt, 1989). The research question presented here is the final research question. It is designed to capture two aspects of this research, first to evaluate the new concept of using capita and entrepreneurship theory in order to increase the understanding of commercial diplomacy, second to create the understanding itself. Therefore the research question is

How can capital theory and entrepreneurship theory create a better understanding of Commercial Diplomacy?

1.6 Research Method

The method used in this research will be based on semi-structured interviews. In order to conduct the research, first a theoretic framework must be created in which the capita, the commercial diplomacy process and entrepreneurship are described. In order to create this framework, a literature study and semi-structured interview are used. The results of the literature study are used

to create a framework in which the process of internationalization of SMEs can be structured, and the unique value added by the respective commercial diplomats can be identified through the concepts of capita. The semi-structured interviews give insight in the process of successful commercial diplomacy activities and the value added resulting from that activity in contrast to the timing of the internationalization process of the SME.

The interviews will be conducted among economic and commercial diplomats from several western countries who are situated in Canberra and Sydney Australia. An advantage of the Australian case is that the political centre (Canberra) and business centre (Sydney) are geographically removed. This causes the process of commercial and economic diplomacy to be more separated and easier to distinguish.

At last I use the framework and the results from the interviews to identify which capita is used or created and in which entrepreneurial stage this action is mostly used. The resulting theories are finally compared to existing theories which will explore the validity of the framework.

Chapter 2

Literature review

In this literature review I first describe what constitutes commercial and economic diplomacy. It is not my purpose to create an extensive literature review on the subject. Therefore I will only describe the aspects that are useful for this thesis which are the activities conducted by commercial diplomats. Second, I will describe the subject of international entrepreneurship. Three phases of entrepreneurship are described, namely opportunity recognition, development and exploitation to allow for commercial diplomacy activities to be linked to the specific entrepreneurial phases. Third, I describe capital theory and the four forms used in this thesis, social capital, cultural capital, political capital and economic capital. This will allow explaining the tangible and intangible results of commercial diplomacy activities.

2.1 Economic and commercial diplomacy

In (international) entrepreneurship, non-economic forms of control can account for a significant amount of trade since entrepreneurs and SMEs do not have the resources to conduct thorough and extensive market research and therefore must seek alternative means of control (Mcdougall & Oviatt, 2003). Governments grant an alternative means of control by delivering services such as commercial and economic diplomacy. For the purpose of this thesis I will concentrate on the actions commercial diplomats undertake in order to fulfill their role.

This thesis will use the conceptualization by Naray (2011) who defines commercial diplomacy as “(the) aim at encouraging bilateral business through a series of roles that commercial diplomats perform in various activity areas, such as trade promotion, investment promotion, and corporation in science and technology” and describes the role of the commercial diplomat as threefold: facilitation, advisory and representation. A list of activities encompassing commercial diplomacy, according to the roles, is included in the appendix (Appendix A)

The strategies involved in commercial diplomacy differ from nation to nation (Kostecki & Naray, 2007, Lee & Hudson, 2004, Naray, 2011). The factors involved in shaping these strategies and their consequences are described in a literature review by Reuvers and Ruel (2012) as drivers and shapers.

For the purpose for this thesis it is not necessary to further explain these factors. The actions that result from the drivers and shapers of commercial diplomacy which assist domestic business are of interest for this research. An overview of these actions described in a literature review by Reuvers and Ruel (2012) is placed in the appendix (Appendix B). Berridge (2005) summarizes the activities as such: “information gathering, lobbying, clarifying intentions, supporting commercial and financial activities, assisting nationals abroad, and promoting popular sympathy for the state’s foreign policy – at home as well as abroad” (Berridge, 2005) Kostecki and Naray (2007) give a value chain approach to commercial diplomacy distinguishing primary and support activities. The primary activities are direct goals commercial diplomacy hopes to achieve (such as trade and FDIs, research and technology, tourism and business advocacy), the support activities describe the tools a commercial diplomat is able to use in order to achieve the primary goals, which include intelligence, networking, involvement in the ‘made-in’ image campaigns, support for business negotiations, contract implementation and problem solving. We can note that not all these actions directly involve the entrepreneur him/herself. Assistance can be both direct and indirect.

2.1.1 Economic diplomacy

In this research, the distinction between commercial diplomacy and economic diplomacy is less relevant since the two are in practice irrevocably intertwined: commercial diplomacy aims to exploit comparative advantages and capitalize on the international opportunities created by economic diplomacy and the evolution of markets (Potter, 2004).

The distinction made in this thesis concentrated on the relation being formed. While commercial diplomacy concentrates on relating to entrepreneurs and aims at supporting business, economic diplomacy concerns itself with relationships with other government officials, either through bilateral relations or multilateral organizations such as the WTO and is concerned with politics and regulations.

As a short definition Bayne and Woolcock (2011) state that “economic diplomacy is the process of international economic decision making.” These decisions mainly involve trade barriers such as import tariffs when it concerns multilateral organizations or non tariff barriers when bilateral trade organizations are concerned. As a broader description, Saner (2003) states that “economic diplomacy is concerned with economic diplomacy issues, e.g. work of delegations at standard setting organizations WTO and BIS. Economic diplomats also monitor and report on economic policies in foreign countries and advise the home government on how to best influence them.

Economic diplomacy employs economic resources, either as rewards or sanctions, in pursuit of a particular foreign policy objective. This is sometimes called “economic statecraft”. This policy objective in itself does not necessarily involve economic issues. It can thus be used as a tool to achieve any foreign policy goal.”

This research is concerned with the activities commercial and economic diplomats conduct assisting the entrepreneur in his internationalization process. In order to do this, I use capital theory to create a new perspective on the value added for the domestic entrepreneur. To first understand this perspective I use international entrepreneurship theory which relates to opportunities and how they develop from recognition to exploitation.

2.2 International Entrepreneurship

In entrepreneurship literature, many stages exist ranging from three to five or six different stages. As an example Mcdougall and Oviatt (2003) come to the conclusion that international entrepreneurship can be defined as “the discovery, enactment, evaluation, and exploitation of opportunities –across national borders- to create future goods and services.” (Short et al., 2010). Many researchers use different names and conceptualizations for these stages as well as different numbers of stages. I conclude that the theory most relevant to this research is a theory offered by Shane and Venkateraman (2000) using three stages, opportunity recognition, opportunity development and opportunity exploitation. These three stages are used since the conceptualizations are relevant to commercial diplomacy while more stages would bring much trouble identifying results because of minute differences between the stages without creating much more understanding. Furthermore, these three stages are used plentiful in scientific literature, allowing for good conceptualization. Therefore I use an entrepreneurship theory that is concerned with the discovery, development and exploitation of opportunities. (Shane & Venkateraman, 2000).

The focus of the field of (international) entrepreneurship lies on two concepts: first the individual entrepreneur and his/her characteristics which makes them see or create opportunities and take considerable risk to exploit them, and second, the nature of the opportunity itself. Not all opportunities present themselves to all people. A multitude of necessary but insufficient factors are involved and mode of action differs from one entrepreneur to the other.

By presenting a short description on the theory of entrepreneurship we can better understand the perspective of an entrepreneur and how the work of a commercial diplomat can add value to the

process. First I discuss the opportunity itself, and then the three phases resulting in exploitation are described.

2.2.1 Entrepreneurial Opportunity

Entrepreneurs exist because they can exploit opportunities that others cannot (Ardichvili et al., 2003). In order to understand this process I first discuss what an opportunity is.

In literature, entrepreneurial opportunities must contain a few criteria in order to create potential success for the entrepreneur. The definition I use in this research is “An opportunity has the qualities of being attractive, durable, and timely and is anchored in a product or service or adds value for its buyer or end user.” (Timmons, 1994) There are several reasons why I use this definition. First it creates the boundary that an *entrepreneurial* opportunity must be able to result in a profitable venture by the delivery of goods or services.

Within the debate on the effectiveness of commercial diplomacy, critics argue whether or not effectiveness should be measured in increase in trade point towards the fact that much of the commercial diplomats’ work is indirect and cannot be counted in terms of trade (Kostecki & Naray, 2007). I argue that this is a matter of time frame and that not all actions must immediately result in increase in trade and for all entrepreneurs, however the end result of entrepreneurship is increase in business and therefore the end result of successful commercial diplomacy should be the same as the end result of entrepreneurship which the exploitation of entrepreneurial opportunities.

Second, when looking at the characteristics of entrepreneurial opportunity, namely attractiveness, durable and timely, it should stand out that opportunities are personal and a matter of perception (Ardichvili et al., 2003, Baron & Ensley, 2006). Indeed the very word “recognition” points toward an individual event. Opportunity recognition and creation is mainly a process of individual cognitive processes.

Opportunities exist in a variety of ways. Shane and Venkateraman (2000) present a view on the existence of opportunities in product markets: Within product market, three different categories of opportunities are described: 1 the creation of new information, as occurs with the invention of new technologies; (2) the exploitation of market inefficiencies that result from information asymmetry, as occurs across time and geography; and (3) the reaction to shifts in the relative costs and benefits of alternative uses for resources, as occurs with political, regulatory, or demographic changes.

A criticism must be addressed first which points towards a validity challenge in research method, namely that these opportunities can only be recognized in hindsight (Singh, 2001). Singh suggests that this definition of entrepreneurial opportunity must be scrutinized since “For opportunity to exist and be a construct capable of examination, it must be identifiable *before* the venture is founded and success gained.” Although, methodologically this argument makes sense, this definition is used in this thesis since these opportunities are dependent on timely factors and is a highly creative process which will not easily be captured much like art. This discussion does however point out how difficult the entrepreneurial process can be and therefore how equally difficult the commercial diplomacy process can be.

In sum, an entrepreneurial contains several characteristics which makes it difficult to recognize. It is attractive, durable and timely and often cannot be recognized by all individuals beforehand. This makes the entrepreneurial process a highly personal one and very difficult to analyze. This, of course, does not mean it is not important, since all business starts in an opportunity.

An opportunity by itself cannot result in trade; an entrepreneur must recognize, develop and exploit the opportunity. What this entails is discussed in the following paragraph.

2.2.2 Opportunity recognition, development and exploitation

As stated in the previous paragraph, the recognition, development and exploitation of an entrepreneurial opportunity is a personal event with both economic and creative aspects. For the purpose of this research I use the different phases to understand what entrepreneurship entails and better understand the value added by the commercial diplomat. The first phase, recognition, describes how an entrepreneur comes to recognize the fact that he or she is able to create a new business venture. The second phase shows the difficulty in developing this opportunity into a business plan. The third and final phase starts when a business plan comes into action for the first time. Each of these phases comes with their own set of difficulties and criteria. I describe each phase separately.

2.2.3 Opportunity recognition

Entrepreneurial opportunities are only presented to certain individuals and for a certain amount of time. In entrepreneurship theory, this phase is often recognized as a cognitive process of the individual entrepreneur (Dimitratos & Jones, 2005) or in different terms, “the eureka moment” (Baron & Ensley, 2006). This moment is often a long time coming in which a multitude of factors play a role. When these factors “align” the entrepreneur has an idea which constitutes an entrepreneurial opportunity.

Factors causing people to perceive and value these opportunities differently are because of a hunch, superior intuition or private information. First, entrepreneurs must have an awareness for opportunities (Baron & Ensley, 2006, Koning & Muzyka, 1999). Key cognitive factors in this process are: entrepreneurial alertness, information asymmetry and prior knowledge, social networks, personality traits and the type of opportunity itself. This entrepreneurial alertness consists out of “a unique preparedness to see opportunities, high intelligence and creativity.” These characteristics can let individuals see connections between otherwise independent events. People have to guess other peoples expectation and make decisions based on accurate or inaccurate information.

Baron (2006) sees opportunity recognition as pattern recognition which individuals use to identify meaningful patterns in complex arrays of events or trends and suggests that successful serial entrepreneurs use a form of prototype of an opportunity and compare this to new information on markets.

This information often comes from the network of an entrepreneur. Especially weak tie networks links (casual acquaintances) can form bridges to information which is not contained within the strong tie network of the entrepreneur (Koning & Muzyka, 1999, Ardichvili et al., 2003) Prior knowledge and experience (Shane, 2000), culture, education and peers (Wood & McKinley, 2010) can influence the pattern recognition process of the entrepreneur.

Because information is imperfectly distributed, all economic actors do not receive new information at the same time. Consequently, some people obtain information before others about resources lying fallow, new discoveries being made, or new markets opening up. These patterns are discovered between otherwise independent events such as technology, shifts in markets, changes in government policies, etc. Furthermore, political, social, and other types of change also offer a continuous supply of new information about different ways to use resources to enhance wealth. (Shane & Venkateraman, 2000)

All in all, it is important that entrepreneurs are aware of opportunities and recognize that new information is created constantly. Quick access to this information is key in a competitive environment. One instrument often used is the personal network of the entrepreneur and publications on changing economic and cultural situations. These factors are recognized in commercial diplomacy literature and practice.

2.2.4 Opportunity development

When an opportunity is recognized and the entrepreneur has decided to act and develop the opportunity, a process begins in solving the many problems associated with doing business. It is in this phase that simple concepts become more elaborate and develop into business plans (Ardichvili et al., 2003). This entails a continuous, proactive effort of problem solving.

Evaluation becomes an essential part of the development process. In the first stages of development, evaluation is often informal and not communicated to the outside world. When development requires more resources evaluation becomes more formal and the development phase becomes more recognizable. These resources are often outside of the direct control of the entrepreneur creating more stress on the social and cultural capita of the person. Networks and social capital can be a source to these resources as well as access to new information, but the trust and commitment needed takes time and effort to create (Sasi & Arenius, 2008). Therefore strategies need to be introduced in order to effectively make use of the limited resources of the entrepreneur.

In the case of inventions, prospective new product or services, the first formal evaluation may involve a feasibility analysis, which addresses the question of whether the proposed combination of resources can, in fact, deliver specified value. A feasibility analysis will likely also assess whether the value that a particular combination of resources can deliver will translate into economic success. If a business concept has yet to be developed, a feasibility analysis based on either market needs (value sought) or resources (value creation capability) can specify the business concept(s) that would be feasible (Ardichvili et al., 2003).

The evaluation process creates insight in further actions and resources needed to be committed to the process. The intelligence that is deemed important by entrepreneurs in this phase are on (overseas) customers, underlying the importance of buyer behavior, product information particularly on standards specifications required by foreign legislation and knowledge on market preferences. (Leonidou & Adams-Florou, 1999)

As stated, many resources needed for thorough evaluation of business plans lie outside the control of the entrepreneur. Commercial diplomacy can assist in these evaluations by delivering information or refer to people who can. The evaluation process maps how much the entrepreneur does not know of the risks involved and what needs to be done to reduce this ignorance and therefore the risk involved and possible value gained.

2.2.4 Opportunity exploitation

The exploitation phase starts when the actual business transaction takes effect for the first time. In this research I use the threshold for entrepreneurs whether or not to commit resources into the exploitation of an opportunity as proposed by (Choi et al., 2008), stating the entrepreneur starts the exploitation phase when ignorance is sufficiently reduced through knowledge accumulation (Choi et al., 2008) : As Choi et al. (2008) state further: “This ignorance threshold” captures a tradeoff between the time needed to increase legitimacy and the necessity to act now and minimize competition.” He explains this model as such: “The mechanism of opportunity exploitation is built on the tradeoff between performance measures (specifically, profit potential, likelihood of downside loss, and exploration cost), which is governed by an entrepreneur’s knowledge accumulation –thus ignorance reduction- and his/her knowledge management orientation (tacit vs explicit).” In earlier research Choi and Shepherd (2004) specifically mention knowledge of customer demand, more fully developed necessary technologies, greater managerial capability and greater stakeholder support as vital items of information. All these items of information can reduce uncertainty and motivate an entrepreneur to start the exploitation phase.

Furthermore, the uncertainty of an opportunity is related to the newness of the opportunity. A quick exploitation can create early mover advantage, but leaving the entrepreneur suffering uncertainty. More development time can reduce the uncertainty but creates the risk of other competitors entering the market.

It is important to note that the level of risk can never be reduced to zero, but only to an acceptable level of risk. Commercial diplomats play a role in this by providing information and being prepared to assist with solving problems that do occur.

In sum, entrepreneurs recognize, develop and exploit opportunities. This process starts with recognizing opportunities by being aware through relating new information to past experiences. The evaluation process that follows still needs a constant flow of information, but more detailed to the

specific opportunity. When this new information reduces the risk of the new business venture to an acceptable level, entrepreneurs can start to exploit the opportunity. Commercial diplomats can play an active role in each of these phases.

It stands out that many of the previously discussed factors assisting entrepreneurs are intangible and out of the control of entrepreneurs. Factors such as the personal network or information can sometimes be bought but are often dependent on other (social) factors. These factors can be described through the use of capital theory. Capital theory is often used to describe the causes of social inequality and sometimes used in entrepreneurship research. In this research Capital theory is used to describe the usefulness of commercial diplomatic activities in the perspective of entrepreneurship. First capital theory is described followed by separate descriptions of the four forms of capita used in this research; social capital, cultural capital, political capital and economic capital

2.3 Capital theory

In this research I want to extend understanding of the added value of commercial diplomacy towards an entrepreneur by using a capita. In the previous paragraphs it is mentioned that entrepreneurs must often use non-economic and intangible resources. In the case of entrepreneurship, non-economic forms of control can account for a significant amount of trade since entrepreneurs do not have the resources to conduct thorough and extensive market research and therefore must seek alternative means of control (Mcdougall & Oviatt, 2003). Capital theory addresses the non-economic sources of social advantage and social class differentiation (Silva & Edwards, 2004) and can serve as a measure of these controls. It is not important to trace the entire history of the concept. In recent decades however, the concept of capital as an alternative explanation for social inequality, as well as economic advantage has received great attention.

The work of Bourdieu (1986) can provide a good basis for understanding capital. Bourdieu (1986) conceptualizes capital as “accumulated labor (in its materialized form or its ‘incorporated form) which, when appropriated on a private, i.e. exclusive, basis by agents or groups of agents, enables them to appropriate social energy in the form of reified or living labor.” (Bourdieu, 1986). Bourdieu conceptualizes capital in three distinct forms; cultural capital, social capital and economic capital. These forms will be described in the paragraphs concerning the discussion of the separate capita.

Capital is conceptualized as accumulated labor that can either be objectified or embodied. Furthermore capital must be invested in and accumulates over time so that its (increased) presence of a certain capital can influence future situations. The mix in which these capita are present at a given time portrays the functioning of the social structure of that moment. At last capita such as social capital and cultural capital can be transformed into economic capital, in other words, favors resulting from contacts (social capital) can result in economic advantage (economic capital) and cultural capital can increase the price of an object (a work of art) (Bourdieu, 1986).

This form of fungibility binds the sociological and economic perspectives (Portes, 1998). Lin (1999) explains the connection between capital and economics as such: "As for a capitalist view, on the one hand, (capital) is part of the *surplus value* generated and pocketed by the capitalists (and their 'misers', presumably traders and sellers), On the other hand, it represents an *investment* (in the production and circulation of commodities) on the part of capitalists, with expected returns to a marketplace. Capital, as part of the surplus value, is a product of a process; whereas capital is also an investment process in which the surplus value is produced and captured. Discussion on the use of capita in research is mainly made in individual research on a specific capital." (Lin, 1999)

There is much discussion on the definition and conceptualization of individual capitals. The divergent character of the concept has caused many different versions of the concepts of the different capitals. Researchers argue that this reduces the validity of the concept since "good conceptualization is important since many critics say that the concept of capital creates a "a wonderful elastic term, or umbrella concept." (Adler & Kwon, 2002). Discussion on the individual concepts follows but as a response to this criticism I use the argument that the theoretical concepts are "polymorphic, supple and adaptive, rather than defined calibrated and used rigidly (Bourdieu & Wacquant, 1992). This means that researchers must themselves construct the objects of their research or they are left dealing with objects that have been pre-constructed within narrow approaches (Silva & Edwards, 2004). In the next paragraphs I will discuss the different types of capital I use to describe the effects of commercial diplomacy.

In sum, capital theory states that individuals can possess or embody capita that are a result of heritage or past investments and can be used to benefit the owner. Commercial diplomats can invest in any of the capita and spend these on the internationalization process of the entrepreneur.

2.3.1 Social capital

A simple description of social capital describes the goodwill, or sympathy, trust and forgiveness offered by friends and acquaintances (Adler & Kwon, 2002). This goodwill is then supposed to produce information, influence and solidarity. Social capital can be of great importance to an entrepreneur since networks create an alternative source of necessary resources needed for overcoming export barriers (Mcdougall & Oviatt, 2003).

Social capital can be measured as a property of an individual, or belonging to a network in which the individual has a unique place. There are many definitions of social capital, creating a great diversity in constructs and unit of analysis (Anderson et al., 2007). For practical reasons I use the definition of social capital as offered by Lin (1999): *resources embedded in a social structure which are accessed and/or mobilized in purposive actions*. By this definition, the notion of social capital contains three ingredients: resources embedded in a social structure; accessibility to such social resources by individuals; and use or mobilization of such resources by individuals in purposive actions.

Burt (1997) points to the information benefits of social capital for entrepreneurs. These benefits are access, timing and referrals. "A manager's network provides access to information well beyond what he or she could process alone. It provides that information early, which is an advantage to the manager acting on the information. Through referrals, the manager's interests are represented in a positive light, at the right time, and in the right place." This explanation refers to the increase in possibilities a manager enjoys when his/her network spans 'structural holes' in which two or more groups of people are not aware of each others' activities. A manager who spans the structural hole, by having strong relations with contacts on both sides of the hole, has access to both information benefits of the network. In order to maintain the quality of a network, it needs maintenance.

The networks that are important for business opportunities are dynamic and change over time (Coviello, 2006). Often this requires the development of close, corporative, long-term relations, rather than relying on arms-length market transactions, in order to realize the benefits of resource and production adaptation; effective communication and coordination of activities; and knowledge transfer (Wilkinson & Brouthers, 2000).

Besides information flow and referral, Lin (1999), also describes the benefit of social credentials which the referral can produce when this referral is done by the right person. Critics argue that social capital is often used to describe the resource it provides and the means to get to the resource (Anderson et al., 2007, Lin, 1999, Sobel, 2002). In these papers, social capital is described as the facilitator of social interaction.

In international business social capital can be used to create and/or access to new markets or to be introduced into a network which activities are complementary to each other in order to create superior value (Sharma, 1992). Other research has shown that higher levels of trust within networks are correlated with more access to knowledge, economic payoff and innovation (Knack & Keefer, 1997). The goal in this research is to identify actions of commercial diplomats that increase the access to these resources, expand the network or enhance the quality of contacts.

Therefore social capital enables an entrepreneur to mobilize resources simply by knowing the right people and building the right relations with them. Some will serve the purpose of information while others will serve the purpose of assistance. All relations have their unique necessary criteria which the entrepreneur or commercial diplomat must constantly maintain.

2.3.2 Cultural capital

The concept of cultural capital has been used in a variety of research and is recognized as both an underlying aspect of social behavior (Lamont & Lareau, 1988) and as a significant factor in consumer behavior. Cultural capital has been widely used in various research areas (Guiso et al., 2006). As for economic research, reluctance exists since the concept of cultural capital “is so broad and the channels through which it can enter economic discourse is so ubiquitous (and vague) that it is difficult to design testable, refutable hypothesis.” (Guiso et al., 2006) therefore a thorough explanation of the subject is needed.

In this research, two forms of cultural capital are deemed important, first I use the view as conceptualized by Bourdieu (1986), and second I describe the concept of cultural capital as a pattern of consumer behavior of the dominant class.

As with social capital, the conceptualization by Bourdieu (1986) has received much recognition in literature. Bourdieu (1986) offers cultural capital as an explanation of differences in academic success of students, not on the basis of natural characteristics, but of *the heritage from earlier generations* (the membership of classes). Without clearly defining the concept, Bourdieu (1986) describes three forms of cultural capital: the embodied state, i.e. the form of long-lasting dispositions of the mind and body, the objectified state, meaning the form of cultural goods (pictures, books, dictionaries, instruments, machines etc.) and the institutionalized state, meaning a form of objectification into academic qualifications. The most important form in social and economic life is the embodied state

since it creates identity of the individual and groups which in turn creates a flow of goods and services that can be of interest to international entrepreneurs and commercial diplomats.

Two ways of explaining culture persist in literature: one explains culture as a set of activities produced by culture-industries. Culture in this functional sense can be thought of as being represented by the “cultural sector” of the economy. The second interpretation of culture is what might be termed an anthropological or sociological view and is used as the basis of the definition of cultural capital used in this research: *culture is seen as a set of attitudes, practices and beliefs that are fundamental to the functioning of different societies*. Culture in this constituent sense is expressed in a particular society’s values and customs, which evolve over time as they are transmitted from one generation to another. (Throsby, 2001)

The second interpretation of culture is of influence to economics in the sense that the expression of norms and values (and ultimately identity) can, among other things, be expressed by the consumption of goods and services and by the social and cultural exclusion of other groups (Guiso et al., 2006). This view holds similarities with the interpretation by Bourdieu (1986) of cultural capital in its embodied state. By the influence on the formation of groups, this definition of cultural capital is in danger of overlap with the previously mentioned concept of social capital. The distinction that is made here is that social capital is the chosen network of the individual. The individual invests in his or her network in a way that suits him or herself. *Cultural capital on the other hand concerns norms, values and practices that are handed down from earlier generations*. It is much harder to be detached from these practices and would entail leaving the group in search of another (Guiso et al., 2006, Holt, 1998). This observation completes the definition of cultural capital used in this thesis: *cultural capital is the set of attitudes, norms and values, practices and beliefs that are fundamental to the functioning of different societies and that are handed down from earlier generations*.

In the economic field, cultural capital has several similarities with human capital since the embodied form of cultural capital entails skills that can be used in the practice of business and communication. An essential element of culture in both functional and constituent senses as defined above is its role as an expression of group or collective aspects of people’s behavior, as demonstrated in their activities and belief systems. Thus, in broad terms something can be said to be of cultural value if it contributes to these shared elements of human experience. (Throsby, 2001)

In sum cultural capital, as described in the previous paragraphs describes a sense of identity handed down from earlier generations. In commercial diplomacy and international entrepreneurship perception of this identity is important since it creates trust and a sense of belonging. In commercial

diplomacy literature, activities such as involvement in 'made-in' campaigns are often described in which the domestic culture is promoted to increase the willingness to do business.

2.3.3 Political capital

The term political capital produces far less results in my literature research. Even though the literature is scarce, it does point to a concept which can oblige to the criteria stated by (Bourdieu, 1986) and described in the discussion on capital theory. In a paper on a case study on political influence in a town in Denmark, Sørensen and Torfing (2003) describe political capital as such: “while social capital refers to trust building through social interaction in civil society, political capital refers to *the individual powers to act political that are generated through participation in interactive political processes linking civil society to the political system*. As such, the term political capital refers to three factors related to local political actors’ ability to engage in political decision making: the level of access that they have to decision-making processes (endowment); their capability to make a difference in these processes (empowerment); and their perception of themselves as political actors (political identity).” (Sørensen & Torfing, 2003)

Although this concept is tailored to a case study in local politics it does give factors which can be of interest for the research question of this thesis. Political capital concerns influence into political decision making by groups (Booth & Bayer Richard, 1998, Sørensen & Torfing, 2003). It describes actions which are much more akin to economic diplomacy. As described earlier, commercial and economic diplomacy are intertwined and part of the task of many commercial and economic diplomats is to influence policy in favor of domestic business.

In this research, I use a definition as used by Casey (2008): “*political capital is the sum of combining other types of capital for purposive political action or the return of an investment of political capital which is returned into the system production (reinvestment)*.”

As for this study, political capital refers to the political influence of a particular country in a foreign country or in multinational organizations.

Political influence is described in this research as the influence to either change regulations in favor of domestic businesses in general, or influence decision makers in individual cases. Assisting businesses in general can be done through multinational organizations, or in bilateral discussion. Assisting individual businesses (or small groups) happens much more as a task of commercial diplomats in foreign countries and can be grouped in the activity “problem solving”. Especially in

developing countries, being tied to a specific political organization can influence political capital depending whether or not this group is in power (Siegel, 2007). Political capital is seen as a function of the network of an individual or group. For international relations the ability to increase power by enhancing and exploiting their network positions and the fungibility of network power are of particular importance to influence. (Burton-Hafner et al., 2009)

Political capital is thus the power of commercial diplomats or the entrepreneurs to influence foreign or multinational policy. This activity is most often described as economic diplomacy in scientific literature. It is of importance to this research since it aims to create an exhaustive framework in which the activities concerning commercial diplomats in corporation with economic diplomats are intertwined.

2.3.4 Economic capital

Mostly, the term economic capital is used to describe money or access to money. However, the notion of capital derives us to the point that it can entail all assets that are directly convertible into money such as property rights (Bourdieu, 1986). The end goal of entrepreneurship is exactly this, the formation of economic capital. The other side of the story is that economic capital is often needed for investments to create the right resources to develop and exploit an opportunity. This can often be a problem causing the entrepreneur to invest in the other capita first in order to convert them later into more economic capital.

In applied fields of academic literature, economic capital can be associated with an individuals' income or household income (Wilson, 2002), or in economic theory with lending, borrowing, mortgaging and amortising (Savage et al., 2005). In this research I define economic capital as simple as money, access to money or knowledge to prevent costs. This can take the form of grants, subsidies, insurance etc. In the view of (Bourdieu, 1986), economic capital can also refer to the use of buildings or other facilitation that would otherwise cost money.

Regarding export promotion, economic capital can have a risk-reducing affect (Molnar, 2008). In her thesis Molnar (2008) describes the risk reducing affects economic capital can have in the form of export credit, loan guarantees and export insurance. These forms of assistance have an instantly risk reducing affect which can cause the entrepreneur to develop opportunities that he would otherwise not. As stated by Mcdougall and Oviatt (2003) and quoted earlier in this thesis, entrepreneurs and

SMEs do not have the resources to conduct thorough and extensive market research and therefore must seek alternative means of control.

In sum, economic capital refers to all assets used by the diplomat to help the entrepreneur reduce risk using financial means. This can take the form of export credit, loan guarantees and export insurance.

The concepts of entrepreneurship and capita can be put into a table to create an overview of how the commercial diplomacy activities are separated:

Table 1 research table

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital			
Cultural capital			
Political capital			
Economic capital			

Chapter 3

Method

In this chapter I discuss the method used in this research. The method used ensures that the resulting theory makes a contribution to both science and the practical field of commercial diplomacy. As for the criteria for contribution I use a statement proposed by Corley and Gioia (2011): “an idea that has the ability to provide original insight into a phenomenon by advancing knowledge in a way that is deemed to have utility or usefulness for some purpose.” The insight I mean to provide is incremental in nature since it builds upon existing theories, although applied in other fields and of revelatory nature, meaning that the framework “can reveal what we otherwise had not seen, known or conceived in this field of study.” (Corley & Gioia, 2011). The resulting theory will be useful for both researchers and practicing managers.

To explain the research design I follow a structure used by Saunders et al. (2009) following a structure containing philosophy, approach, strategy, method of choice, time horizon and techniques and procedures. I comment explicitly on the philosophy underpinning my research since it is often overlooked in research and final theses, but to my experience and opinion it is important to understand the place of the research in the academic field and in science.

3.1 Philosophy

The philosophic underpinning of research can arise from several worldviews. In order to find the right research philosophy it is good to recognize some aspects of the research question and the concept being researched. First, there is no real entity to be researched; commercial diplomacy is a constructed concept existing out of activities conducted by (a) state representative(s). The results of these activities are then interpreted by individuals (me) who use their value systems in order to rate the results as satisfactory or not.

Two views collide when the effectiveness of commercial diplomacy is discussed, the first emphasizes that only measurable results are to be of value to the researcher (objectivist worldview), the second emphasizes that results that are perceived, but not measured are of importance to (subjectivist worldview). This research tries to create a better understanding of the intangible results of

commercial diplomacy and is therefore bound to the subjective observations of the respondents and the researcher (Baxter & Jack, 2008, Easton, 2010, Eisenhardt, 1989, Sayer, 2000).

Second, there is no theory to test. No theory to my knowledge exists which can pass all theory criteria. For these criteria I use the criteria as proposed by Van de Ven (1989): “a theory distinguishes between (a) the underlying generative mechanisms or laws that have the power to cause events to happen in the real world, (b) the particular circumstance or contingencies when these causal mechanisms operate, and (c) the empirical events that people experience and researchers observe”. These two aspects narrow the possibility of my research down to an inductive research in which new theory is produced.

3.1.1 Epistemological and ontological foundations

Two epistemological views that can relate to the previously stated assumptions are the critical realistic paradigm and the interpretive paradigm. First the interpretive paradigm:

The interpretive paradigm is based on the view that a deeper understanding of a phenomenon is only possible through understanding the interpretations of that phenomenon from those experiencing it. In the interpretive paradigm, data analysis is not judged on whether or not the data is replicable, but on its ability to provide reasonable and plausible insight into a phenomenon such that a deeper understanding of the phenomenon can be gained (Shah & Corley, 2006).

The essence of critical realism, as stated by Easton (2010) is: “Critical realists propose an ontology that assumes that there exists a reality “out there” independent of observers. A naïve realist epistemology would assume that this reality can be readily accessed. ... However these conditions rarely occur in social systems. As a result critical realists accept that reality is socially constructed” (Easton, 2010) Therefore our view of the world is imperfect since it is interpreted by us. An important argument as to why this is, is that our knowledge of the world is too little and we need more perspectives on the same object (Sayer, 2000). In the case of commercial diplomacy this means that every actor only experiences part of the complete concept of commercial diplomacy. My goal is then to gather as many “interpretations” as possible to make my own perception as complete as possible.

Both views rely on the interpretations of individuals as a primary source of observation. A main difference is that critical realism does state that there are causal mechanisms and results that may be intangible but do exist outside of the individual (such as the social capital or cultural capital of an

individual). The interpretative view does not necessarily state that these things actually exist and the only thing we can measure is the interpretation (or the feeling) of the unit of analysis. As for this research, I use data analyses to distinguish between the interpretations of individuals and the real contributions commercial diplomacy can provide whether the individual interprets it as so or not. In other words, which of these constructs do resemble a part of reality as it exists outside the individual? Therefore critical realism will be the foundation of my method.

To firmly ground my research in critical realism I mainly use the method of Sayer (2000). He summarizes the case for critical realism as such: "By simultaneously challenging common conceptions of both natural and social science, particularly as regards causation, critical realism proposes a way of combining a modified naturalism with a recognition of the necessity of interpretive understanding of meaning in social life" (Sayer, 2000) p.9. In other words, our experiences are of the real world, but we have an incomplete experience of it and therefore an incomplete understanding of how it works and we are likely to draw the wrong conclusions about it. But if the world is one open, complex system, how can we account for possible confounding variables and state something about the world which we can believe is true? As for causality in an open and complex world Sayer (2000) states the following: "For realists causation is not understood on the model of regular successions of events, and hence, explanation need not depend on finding them, or searching for putative social laws. Explanation depends instead on identifying causal mechanisms and how they work, and discovering if they have been activated and under what conditions." These explanations can then be used to make predictions of results in other situations and contexts.

The goal of this research is to gain a better, deeper and richer understanding of commercial diplomacy. As seen in chapter two, no theory of commercial diplomacy exists. This is to say, there is no paper that states what a commercial diplomat should do in what situation in order to produce which desired result. This makes the possibility of a deductive research almost impossible since the only way to produce a theory is to use a grounded theory approach in which existing academic papers are used to produce a theory which is then tested by the data the research produces.

This research is inductive. By induction through data gathered by the research, a framework will be produced by observing patterns in the data. The more often a particular result is found in the data, the more likely it will be part of reality. By understanding which capita the activities of commercial diplomats result in, from the perspective of the entrepreneur, a better grounding of real results is gained. By identifying in which entrepreneurial phase these activities are needed and which particular circumstances, contingencies can be identified under which these activities can be

expected to be effective. Following the previous discussion, this research bases its conclusion on congruent findings across multiple respondents. If findings are reported mutually, I can conclude that the finding is not an interpretation of the individual respondent but exists and is valid. Furthermore, the more respondents report on a particular finding, the more robust the finding will be.

3.2 Research strategy

The research strategy used in this research has to take into account a number of aspects. First, several results of the commercial diplomacy process are intangible and are subject to the interpretations of individuals. Second, there is no sound understanding of the causal mechanisms that underpin the concept. In order to answer the research question, explanatory case studies would be useful to explain causal links that are too complex to be researched by survey or experimental strategies (Baxter & Jack, 2008, Yin, 2003). Because of limited access and time I use the “most used instrument in qualitative case studies”: the interview. When the respondents are chosen carefully, the research should be able to predict similar results across cases or predict contrasting results based on a theory (Baxter & Jack, 2008).

3.2.1 The respondents

The 14 respondents chosen for this research are selected by country, profession and access. My access to commercial diplomats was limited; the situation in Australia was such that I was situated in the capital Canberra which houses the Australian government and the embassies. The closest business centers in Australia are in Sydney and Melbourne which caused difficulty in access. Nine of the 14 respondents are therefore situated in Canberra and have mainly economic tasks and traditional diplomatic duties. I consulted four respondents in Sydney whose tasks could be better described as export or import promotion to compare findings. Their tasks are more comparable to commercial diplomacy.

The respondents that are selected are typical examples of economic and commercial diplomats (meaning employees from western countries whose countries have been practicing commercial diplomacy for a long time). The unit of observation will be the economic or commercial diplomat representing this country but I analyze the commercial diplomacy process as a whole. This is due to constraints in the resources I have in collecting the data. By identifying the organization structure

and the results that arise after commercial diplomacy activities, I try to create a framework of commercial diplomacy which creates a better understanding.

The respondents are coded R1 to R14 to ensure discretion. These coding are used in chapter four concerning the findings to identify findings and make for a better readable chapter.

Table 2: Respondents

Respondent	Country	Function	Place of employment
R1	EU	Economic Diplomat	Canberra
R2	Netherlands	Ambassador	Canberra
R3	Netherlands	Commercial and Economic Diplomat	Canberra
R4	Italy	Commercial and Economic Diplomat	Canberra
R5	Germany	Economic Diplomat	Canberra
R6	France	Economic Diplomat	Canberra
R7	America	Economic Diplomat	Canberra
R8	Canada	Commercial and Economic Diplomat	Canberra
R9	United Kingdom	Economic Diplomat	Canberra
R10	Denmark	Commercial and Economic Diplomat	Canberra
R11	Netherlands	Commercial Diplomat	Sydney
R12	Germany	Commercial Diplomat	Sydney
R13	Canada	Commercial Diplomat	Sydney
R14	France	Commercial Diplomat	Sydney

3.2.2 Research question and constructs measured

To account for accurate measurement and conclusions, thorough defining and shaping of the research question and the constructs being used is a necessary feat. In new topic areas it is however equally important to recognize that both are tentative in this type of research. No construct is guaranteed a place in the resultant theory, no matter how well it is measured. Also the research question may shift during the research (Eisenhardt, 1989). Constructs that are usually used in critical realist research are the structure of entities (in this research organizations) and the relations within these entities and to others (domestic entrepreneurs) (Easton, 2010).

Within each interview I analyze the organization structure, the view on what type of assistance the commercial diplomat should or should not give, what is seen as a successful event of commercial diplomacy in recent times and why and finally what is seen as the specific result of the actions of the commercial diplomat. Successful activities are typically activities that result in new trade, but the

interpretation is left to the respondent. Therefore it is important to understand what is meant by success and why. This allows for much interpretation on both the respondent and the interviewer sides (which creates threats to the internal and construct validity of the research), good research techniques allow for good control for this threat.

3.3.3 Gathering the data

Data is gathered through semi-structured interviews. As for the method of the interview I follow the structure as advised by (Flick et al., 2004): “the researchers orient themselves according to an interview guide, but one that gives plenty of freedom of movement in the formulation of questions, follow-up strategies and sequencing.” (Flick et al., 2004) p204. It still allows the researcher to cover a specific list of topic areas, with the time allocated to each topic area being left to the discretion of the interviewer (Jarratt, 1996). In order to orient myself I first used scientific literature and conducted an open interview with a European Diplomat in Canberra and an ambassador who gave me an independent view of the commercial and economic diplomacy activities in Canberra. After concluding for the most important constructs and dimensions I started the semi-structured interviews to research my cases. In research that uses the epistemological grounds and techniques I use, it is important to use more than one data source (Eisenhardt, 1989, Sayer, 2000). Therefore I tried to interview two respondents per case (which not always succeeded), one in Canberra (which mostly was an economic diplomat and one in Sydney (which was mostly a commercial diplomat). Most interviews lasted from 1 hour to 1,5 hours and were held at a place of the respondents choosing, mostly at their own office.

While conducting the interviews it is important to prevent common problems in semi-structured interviews. The most important problems in my research were lack of trust, lack of time, Hawthorne effects (I, as the researcher can influence the respondent) and constructing knowledge. In order to recognize and solve these problems I use the paper of Myers and Newman (2007). The problem regarding lack of trust demanded that I did not use a tape recorder (as advised by my mentor at the Dutch embassy), but needed to rely on notes I made during the interview. This solution does in turn cause a threat of my own construction of knowledge (interpretation of the interview and my notes). I tried to solve this threat by allowing for more time during the interview itself so that I could repeat my notes to the respondent until I had the approval of it being right. Regarding the Hawthorne threat, I made sure the interview would not be too intrusive so that the commercial diplomats could be open to me about the subjects. Therefore, my influence of being from the Dutch embassy was

limited. Immediately after the interview I typed out my notes to ensure them to being as accurate as possible and losing as little information as possible.

At the start of the interview it is important to explain the purpose of the interview and the way the data is handled (regarding privacy) (Weiss, 1994). It was promised that no person could be directly related to statements, but I am allowed to use quotes as they were said during the interview.

Since this study only entails a master thesis in which I have three months to do my research, the only possibility is to conduct a cross sectional study in which I take a “snapshot” of the situation in a particular time and place. This time starts at March 2nd 2011 and ends at June 19th 2011, the place is Canberra Australia. These constraints are mainly due to the fact that this place as an intern was offered to me as such.

3.3.4 Analyzing the data

Drawing conclusions is the most difficult and least codified part of the qualitative case study design (Eisenhardt, 1989). The gathering and analysis of the data, as much with qualitative research happens concurrently (Baxter & Jack, 2008). The goal of the research is to create better understanding of commercial diplomacy activities. Yin (2003) notes it is of importance to return to previous propositions in order to advance the research while still keeping focus. This report contains the final version of the analysis used. Rigor in the analysis of the data is mainly constructed by the comparison of the data. For solutions to these problems I follow the advice of Baxter and Jack (2008). In order to find valid explanations for the results of commercial diplomacy, I look for patterns in the activities commercial diplomats conduct and their perceived results from them. These perceptions are measured using keywords for every concept used. Definitions of the concepts and a list of these keywords follows at the end of this paragraph. These patterns concern the timing of the activity and the context in which they seem effective. The context creates a better understanding under which circumstances the activities are likely to be successful and create a basis for comparison. Furthermore I need to find valid explanations as to why these results are achieved by the diplomat. These findings are then interpreted by the researcher in order to place them in the capital and entrepreneurial scheme.

3.3.5 Definitions

The ten concepts used in this research are first defined. For further operationalization I use a table containing the keywords used to analyze the data. The definitions of the three commercial diplomatic roles (advisory, facilitating and representative) are presented as offered by Naray (2011)

3.3.5.1 Commercial diplomatic roles

Advisory role

The advisory role refers to gathering and analyzing intelligence and information with a view to advising, either internally or externally.

- Intelligence gathering and analysis is referred to by most studies on commercial diplomacy in one way or another that comprises both data collection and analysis for the home-country business community and – to a lesser extent- foreign investors and traders.
- The internal advisory role refers to reporting to the home ministry and communication within the commercial diplomats' office and the embassy

The facilitating role

Facilitation infers that the commercial diplomat takes no part in the business transaction and only refers, coordinates and provides logistics to encourage the transaction and/or its preparation.

- Referral covers recommending companies to prospective clients and partners and vice versa, and other forms of facilitating direct contacts.
- Coordination means encouraging social interaction between partners (business and/or state authorities) where various processes are considered simultaneously and their evolution is arranged for the benefit of all parties.
- Logistics refers to roles that deal with all aspects of technical and facility support for the actually or potentially involved parties.

Representative role

Commercial diplomats represent their home country's economic and business interests and thus have a role in communicating and advocating positions and interests in the host country before various stakeholders.

- External communication consists of the commercial diplomats' presentations, participation in conferences, preparation of business briefings, press articles, direct involvement in event marketing etc.
- Advocacy consists of systematic and planned efforts to defend the home country's business interests in dealings with home-country governments and major publics with the objective of improving the regulatory environment.

3.3.5.2 Capita and entrepreneurial phases

As for the capita, I use the definitions I stated in Chapter 2 concerning the capita:

Social Capital

Social Capital refers to the *"resources embedded in a social structure which are accessed and/or mobilized in purposive actions."* (Lin, 1999) This notion of social capital contains three ingredients: resources embedded in a social structure, accessibility to such social resources by individuals and use or mobilization of such resources by individuals in purposive actions.

Embedded resources and network locations refer to resources which are beneficial to the entrepreneur such as knowledge or information, services or customers/business partners or to the politician such as political power or goodwill.

Accessibility refers to the ability of the individual to be granted the resources embedded in their network. Most of these resources need to be granted by other individuals.

Mobilization of resources refers to the ability to utilize the resources to the benefit of the individual. Not all assistance or services which could be derived from a network can be utilized by an entrepreneur (Lin, 1999).

Cultural Capital

Cultural capital is defined as *the set of attitudes, norms and values, practices and beliefs that are fundamental to the functioning of different societies and that are handed down from earlier generations*. Culture in this constituent sense is expressed in a particular society's values and customs, which evolve over time as they are transmitted from one generation to another. (Throsby, 2001)

Political capital

Political capital is defined as "the sum of combining other types of capital for purposive political action or the return of an investment of political capital which is returned into the system production (reinvestment)."(Casey, 2008)

Political capital refers to the political influence of a particular country in a foreign country or in multinational organizations. Political influence is described in this research as the influence to either change regulations in favor of domestic businesses in general, or influence decision makers in individual cases.

Economic Capital

In this research I define economic capital as simple as money, access to money or knowledge to prevent costs.

Economic capital refers to all assets used by the diplomat to help the entrepreneur reduce risk using financial means. This can take the form of export credit, loan guarantees and export insurance.

Recognition phase

The recognition phase describes the phase in the entrepreneurial process in which the entrepreneur becomes aware, for the first time, of the possibility of a new business venture upon which he decides to act.

Development phase

The development phase refers to the time between the first recognition of an opportunity and the signing or the first business transaction.

Exploitation phase

The exploitation phase refers to the time after the signing of the first business transaction and the actual delivery of the product or service.

Table 3: Keywords used in analyses

Advisory Role	Facilitation
Gathering data	Facilitating dialogue
Study(ies)	Coordination
Potential investors	Organizing
Image studies	Training
(Creating) awareness	Logistics
Representative	
Represent	
Speech	
Promote (promotion)	
Presence	
Referral	

Social Capital	Cultural Capital
Contacts	Culture
Partners	Perception
Match	Value(s)
Relation	Image
Market Research	Customs
(potential) customers/clients	Traditions

Political Capital	Economic Capital
Regulations	Subsidies
Politicians/political	Grants
Trade Barriers	

Opportunity Recognition	Opportunity Development
Recognition/recognize	Development/developing
Early stage	Evaluation
Beginning/start	Business plan
Awareness	

Opportunity Exploitation
Exploitation
Final Stage
Transaction
Export
Import

The end result of the literature as described in chapter 2 and the conceptualization of the three roles as offered by Narray (2011), a final schema is produced including the concepts of social capital, entrepreneurship theory and the three commercial diplomacy roles; advisory role, facilitating role and representative role:

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital <ul style="list-style-type: none"> • Advisory role • Facilitating role • Representative role 			
Cultural capital <ul style="list-style-type: none"> • Advisory role • Facilitating role • Representative role 			
Political capital <ul style="list-style-type: none"> • Advisory role • Facilitating role • Representative role 			
Economic capital <ul style="list-style-type: none"> • Advisory role • Facilitating role • Representative role 			

3.3.6 Reaching closure

To state when the research has come to a point to which conclusions can be drawn and the final report can be made, two issues are of importance: in the first, ideally, researchers should stop adding cases when theoretical saturation is reached. In practice, theoretical saturation often combines with pragmatic considerations such as time and money to dictate when case collection ends. In the case of thesis research I was constrained due to a time limit and limited resources to reach commercial diplomats who were not situated in Canberra. After collecting 14 interviews, on which several from different respondents (an economic diplomat in Canberra and a commercial diplomat in Sydney), time and resources ran out, causing me to stop collecting interviews.

Chapter 4

Findings

This chapter presents the findings of my research. It contains a description of how, according to my research, commercial diplomatic activities help entrepreneurs in opportunity recognition, development and exploitation. The activities of commercial diplomacy are divided into three roles according to the conceptualization offered by Naray (2011); the advisory role, facilitation and representation. The findings are reported as I interpreted them from the interviews, with quotes from respondents to highlights important aspects. Each section starts with a general introduction containing which kind of activities are found and how these activities fall into the category. Explicit details regarding the effect of the activities are discussed in the following sections according to capital type. I chose to report the findings according to type of capita since the activities are found to transform according to the different entrepreneurial phases.

4.1 The Advisory Role

This subject regards information on economic situations and possible entrepreneurial opportunities. Communicating vital information to the state departments has always been a core activity of diplomats. This research shows that all diplomats regard this activity as a primary task, although with subtle differences. The advantages gained by being present in the foreign country in interpreting and accessing information through personal networks and personal experience leave the diplomat being able to give entrepreneurs a competitive advantage. The following text explains how this competitive advantage is created through the different capita per entrepreneurial phase.

4.1.1 Social Capital

4.1.1.1 Opportunity recognition

All embassies report on macroeconomic situations and, more specifically, situations regarding sectors that can be of importance for home industry. This information informs entrepreneurs on possible opportunities to expand their network. How this can benefit the social capital of entrepreneurs differs from one nation to the other. The manner in which this benefit is delivered differs according to the distribution network and how specific the information is tailored to the needs of a group of entrepreneurs (a sector) or individual entrepreneurs. Some diplomats contest that diplomats should not deliver specific information to entrepreneurs and only deliver macroeconomic reports to state departments while other diplomats are constantly in contact with domestic entrepreneurs or their representatives (for example the chamber of commerce). One diplomat representing the first view stated:

R5: "We must not overreach ourselves. We do not have the expertise to really recognize opportunities and sell them to the home industry. It is really their initiative. We don't see the bigger picture like the home government does. We report on sectors and maybe if we see an opportunity we sent it to the industry representative, but this is relatively rare. Trade stimulation is done by the industry themselves."

Another diplomat representing the second view stated:

R4: "We are in competition with other countries to be the first to knock on the door when opportunities arise. This means we have to actively involve our businesses from the beginning. We are here to make sure we get into chances before anybody else does."

Social capital, as stated as the benefits that can arise from a persons' network, can be affected by these two strategies as follows: Governments mainly use central state departments to deliver information to whoever demands it (R5, R6, R9, R12, R14). This means social capital gained by delivering insufficient information (not tailored to individual needs) for opportunities regarding wide geographical situations. This is the major benefit regarding this strategy. Entrepreneurs dealing with the first strategy can get information on possibilities from all over the world if they request it from their state departments. Since this information is not tailored to their specific needs, other actions are required to complete the opportunity recognition process.

Regarding the second strategy, social capital is created differently. The information reaching entrepreneurs can be much more specific due to the personal experience of the diplomat created by the direct communication with the entrepreneurs (R3, R4, R8, R13). This benefit comes under significant conditions. First, the diplomat must be included in the personal network of the entrepreneur. In other words, diplomats can only deliver specific information to an entrepreneur if he is “on the radar”. Second, information reaching the entrepreneur is very specific as for location. Therefore an overview of large geographical areas is harder to obtain. Third, the personal judgment of the diplomat can lead to uncertain or wrong interpretations and therefore is uncertain of quality.

In conclusion this strategy can benefit the social capital of entrepreneurs by giving them information that might or might not be accurate on specific opportunities at certain geographical areas. Another benefit of this strategy is that entrepreneurs can react quicker.

4.1.1.2 Opportunity development

In this stage information regarding possible new contacts becomes more specific. Especially diplomats who prioritize trade promotion over economic diplomacy regard this as an important feature in their work:

R8: “They [potential business partners] need to get a dialogue started so they can find out if there’s a business opportunity.”

Diplomats (R3, R4, R8, R9, R11, R12, R13, R14, R10) help in selecting potential business partners, an activity known in literature as matchmaking. Diplomats also refer to other advisors to help the entrepreneur overcome problems in the development process.

In order to increase the effectiveness of this activity, some diplomats have specialized in certain sectors to increase the number of valuable network contacts and thereby increase the quality of service to entrepreneurs. Diplomats regarding the first strategy can specialize in sectors that are regarded as having a worldwide competitive advantage (R13, R14). Diplomats working according to the second strategy can change sectors according to opportunity in the foreign country and capability and willingness of home industry (R3, R8, R11, R12). The selection of these sectors often lies at the responsibility of the high commissioner or ambassador and specialization often lasts for about two to three years. Other Diplomats do not specialize and serve all entrepreneurs equally (R4, R9, R10)

4.1.1.3 Opportunity exploitation

Social capital plays a less significant role in the exploitation phase. One diplomat actively organized meetings between entrepreneurs to improve the quality of the contacts (R11). This can improve the chances of success for the entrepreneurs already involved and increase chances for new entrepreneurs. One diplomat mentioned that the absence of this activity in her case was due to the presence of a chamber of commerce organized by the industry themselves (R12).

4.1.2 Cultural Capital

Cultural capital is not deemed equally important by all diplomats. It stands out that diplomats who have both trade promotion and cultural affairs in their portfolio, or work on the same location as diplomats who are occupied with cultural affairs deem culture to be an important part of commercial diplomacy while diplomats only occupied with trade promotion do not.

4.1.2.1 Opportunity recognition

Entrepreneurial opportunities do not only arise from technological or economic sources. Cultural perspectives can change and can lead to a demand for products or services. One example is a situation in which extreme floods created an increased demand for flood prevention (R2, R3). No other situation changed but the perspective for this demand. This was cause for diplomats whose countries have strong flood prevention industries to create awareness in their home country around this subject.

4.1.2.2 Opportunity development and exploitation

Cultural values and habits are part of the task of the commercial diplomat, the activities involved in advising in cultural values and habits are linked to facilitating dialogue and therefore described in the facilitating role in the next subchapter.

4.1.2 Political capital

4.1.2.1 Opportunity recognition

When asked for successful stories on commercial and economic diplomacy, mainly the Canberra situated diplomats mentioned the significant role political capital played in removing trade barriers (R1, R5, R6). Changes in legislation can instantly create opportunities. Communicating this information is an activity of the economic diplomat and happens in much the same way as described in the paragraph regarding social capital during opportunity recognition (R3, R5, R6). It is different from social capital in the sense that the choice to change legislation can be influenced by the amount of pressure coming from businesses and international organizations. Changes in these power structures, such as elections, also fall into this category and can be a significant indicator of opportunities being created.

4.1.2.2 Opportunity development

Situations can occur when business partners want to develop opportunities but need regulations to change before exploitation can take place. Communicating this information to politicians can help increase the chances of success. Diplomats who are involved in economic diplomacy described assisting entrepreneurs by opening a political dialogue (R4, R6). Information on the possible development of opportunities can initiate a political process that can result in changing of legislation. This activity is mostly seen as an economic diplomacy activity and is practiced exclusively by diplomats situated in Canberra.

Facilitating dialogue is often combined with the tactic of increasing the number of potential business partners by raising awareness and thereby increasing the pressure on legislators to act (5). This is an activity mostly practiced by diplomats who conduct trade promotion either in Canberra or Sydney in close corporation with economic diplomats in Canberra (R11, R12, R13, R14).

4.1.2.3 Opportunity exploitation

The findings did not show how political capital is used during the exploitation phase. Some diplomats have mentioned maintaining relations with foreign diplomats. This could be seen as increasing the chances of success in the exploitation phase or increasing chances of success in the recognition phase.

4.1.3 Economic Capital

4.1.3.1 Opportunity recognition

Governments can issue grants and subsidies to stimulate certain sectors of business. These actions can immediately create opportunities. Diplomats report on these changes according to the findings presented under social capital. Some diplomats work in close corporation with Austrade, an Australian institution working to stimulate Australian imports and exports to be able to quickly report on future stimulus (R8, R9).

4.1.3.2 Opportunity development

These activities continue during the development phase, only more specific to developmental problems. While monitoring the developmental process, diplomats can give advice on how to cut costs (R12, R13, R14).

4.1.3.3 Opportunity exploitation

The findings did not show results for the opportunity exploitation phase.

In sum, the advisory role in commercial diplomacy concentrates on providing information regarding the situation regarding all capitals. Regarding entrepreneurs during the recognition phase, commercial diplomats provide information which concerns market analysis, governmental stimulation and general cultural difficulties. In the development phase this information becomes more detailed to the concerns and problems which are provided by the opportunity at hand which can concern finding potential partners for entrepreneurs and politicians

Table 4: Activities in the advisory role table

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital	<p>Distribute information on macro and sector level (R 3, R5, R6, R9, R12, R14)</p> <p>Information on events that are linked to the interests of the entrepreneur (R3, R4, R8, R13)</p>	<p>Detailed information on possible partners (matchmaking) (R3, R4, R8, R9, R11, R12, R13, R14, R10)</p> <p>Specialization in Sectors according to home industry strengths (R13, R14)</p> <p>According to foreign country characteristics (R3, R8, R11, R12)</p>	Maintaining business community (R11)
Cultural capital	<p>Communicate domestic information on country image to the foreign country public (R2, R3)</p>		
Political capital	<p>Report on political climate and possible legislative changes that affect the business community (R3, R5, R6)</p>	<p>Distributing information on the possible development of opportunities to politicians in order to create support (R4, R6)</p>	
Economic capital	<p>Reports on subsidies or economic advantages that might affect a domestic entrepreneur (R8, R9,)</p>	<p>Gathering and distributing information on ways to cut cost or specific subsidies from both governments' sides (R12, R13, R14)</p>	

4.2 The facilitating role

Preparing partners, or facilitating dialogue, is often mentioned as an important activity since cultural differences are often underestimated according to this research. Second, context is often explained while facilitating dialogue to speed up the communication process.

4.2.1 Social capital

4.2.1.1 Opportunity recognition

Assistance to entrepreneurs is tailored to their “export readiness” (R3, R8, R12, R13, R14). Several diplomats have complained that entrepreneurs request for potential partners while they are not ready to export and therefore not ready to expand their network in the foreign country. What constitutes being export ready is often a personal observation (R3, R12). Criteria that are mentioned are having a website in the language of the foreign country and having done research themselves.

R8: “Assistance is tailored to the degree to which a company is ready to export or not. When a company has proved to be export ready we find potential partners and might never hear from them again, but if they need extra help such as legal advice we can assist as well.”

4.2.1.2 Opportunity development

In the interviews it is often emphasized that diplomats have to take on a facilitating role while the entrepreneurial process unfolds (R3, R8, R9, R11, R13). In this context it becomes most obvious in the sense that dialogue on the development of business plans is under way, but many questions and uncertainties still exist. The role of the diplomat is to answer questions on matters the entrepreneurs cannot answer themselves (for example on the subject of custom regulations) or refer the entrepreneur to someone who can. This preparation of dialogue speeds up the process and reduces uncertainty.

4.2.1.3 Opportunity exploitation

One diplomat (R11) mentioned the recurring activity of organizing meetings with domestic entrepreneurs who the diplomat found could benefit each other with their experiences. This experience includes how to handle common problems to how to best go about finding new opportunities. When I mentioned this to other diplomats, one stated that she did not conduct this activity since the business community was already organized themselves, suggesting organizing these

events is only preferable when the business community is too small or too disorganized to conduct it themselves.

4.2.2 Cultural capital

4.2.2.1 Opportunity recognition

Some diplomats state that entrepreneurs can underestimate the cultural boundaries that can prevent relations being created because of a lack of trust (R3, R12). Diplomats can only do so much in increasing the perception of their nation. All diplomats make sure entrepreneurs are aware of cultural difficulties before venturing into a foreign land.

4.2.2.2 Opportunity development

Before starting trade shows or trade missions and sometimes in general, commercial diplomats organize events in which entrepreneurs are informed or even trained in cultural habits and social protocols (R2, R3, R12, R13). The experience of the diplomat and other entrepreneurs can enhance the overall quality of the group and the effectiveness of communication with their foreign counterparts. At an event organized by diplomats to prepare for a trade mission regarding oil production, one entrepreneur mentioned his experience regarding the high appreciation of safety drills by the Australians (R2). At a visit to a site all entrepreneurs enthusiastically participated in a drill creating goodwill with the Australians. The quality of the group is sometimes as strong as the weakest link, or as one diplomat stated:

R8 “the potential success of a trade mission is to a degree dependent on the selection of business partners.”

4.2.2.3 Opportunity exploitation

The findings did not show results concerning the exploitation phase. The findings did show diplomat using cultural events to maintain relations with business associates. The findings are described in the representative role.

4.2.3 Political capital

4.2.3.1 Opportunity recognition

The diplomats situated in Canberra stated part of their task is to maintain their networks with Australian government officials (R2, R3, R4, R5, R6, R7, R8, R9). This can be seen as preparation for potential dialogue. Several economic diplomats included in this research stated that success of political dialogue depended on matching the right level of politicians (R2, R3). Having more government officials included in the network can cause for a more effective strategy.

4.2.3.2 Opportunity development

In political context, partners are briefed on the history of their counterpart and the forces that drive him. The result of this is that the conversation between the two partners will be about the subject as much as possible (R8, R9).

4.2.3.3 Opportunity exploitation

The findings did not show results concerning the exploitation phase. Diplomats mentioned that it is not common that the diplomats themselves are only involved in the facilitation phase in a monitoring role, giving advice or assistance if needed, but this was rarely the case. Since there are no recurring activities in this role, I do not include them in the schema.

4.2.4 Economic capital

Economic capital did not show findings in the facilitating role. There are possibilities that diplomats facilitate dialogue with Australian or domestic government officials for applying for subsidies, but these were not significantly found in the interviews. Therefore I do not include them into the schema.

In sum, the findings show that in the facilitation phase, diplomats mainly assist in preparing individuals for their dialogue with their counterparts to increase the chances of success. This preparing can take the form of training (but not necessarily) so that entrepreneurs or politicians are not occupied with learning how to deal with their counterparts on a professional or cultural level. Diplomats can assist in organizing trade missions or shows, but mainly to the degree of this training,

some diplomats have explicitly mentioned that it is not their goal to assist in activities entrepreneurs should be capable of doing themselves, sticking to their “unique value added”.

Table 5: Activities concerning facilitation

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital	Evaluating entrepreneurs and assisting to make them “export ready” (R3, R8, R12, R13, R14)	By advising on business problems, facilitating dialogue (R3, R8, R9, R11, R13)	
Cultural capital	Making entrepreneurs aware of cultural difficulties (R3, R12)	Training/workshops or organize meetings in which cultural habits are discussed or trained. (R2, R3, R12, R13)	
Political capital	Maintaining political contacts (R2, R3, R4, R5, R6, R7, R8, R9) Matching the level of politicians with the opportunity (R2, R3)	Providing political context for both dialogue partners (R8, R9)	
Economic capital			

4.3 The representative role

Being present at important events has proven to play an important part in the task of the diplomat. Being present at events is an important part of gathering information and maintaining the quality of contacts. Other ways of representing the country is by giving speeches or making other types of public appearances such as being present at trade fairs or trade shows.

4.3.1 Social capital

4.3.1.1 Opportunity recognition

Social capital can be enhanced by diplomats in several manners. First, some diplomats mention the fact that the presence of diplomats can attract attention (R2, R3, R4, R5). This can work at general events or at more specific events such as trade fairs or trade shows. Diplomats who are focused on trade promotion are often present at these events (R3, R11, R12, R13). Second, speeches or presentations of diplomats can be used to promote aspects of the home country. Strong aspects of the home country or the home industry can be promoted to increase the perception and goodwill towards the home country (R2, R9). These activities are mainly conducted by high officials that were not included in this research. The diplomats involved in this research were involved in the organization of these events.

4.3.1.2 Opportunity development

Diplomats increase trustworthiness in the development phase. Not all diplomats regard this aspect as equally important as risk avoidance is deemed more necessary in some cultures than others. One diplomat who does find risk avoidance an important aspect of trade promotion compared the presence of diplomats in this phase as being a "security blanket" so that entrepreneurs would develop opportunities they would otherwise not (R12).

Sometimes diplomats introduce potential business partners to enhance the stature of the entrepreneurs. By risking his own reputation, the diplomat increases the one of the entrepreneur. Several diplomats mentioned this as an important activity during trade shows or trade fairs (R9).

4.3.1.3 Opportunity exploitation

The findings did not show results concerning the exploitation phase. Events are sometimes used to give speeches and mark the occasion of big successes. These activities did not show significant results and are therefore not included in the schema.

4.3.2 Cultural Capital

4.3.2.1 Opportunity recognition

Diplomats who deem culture to be an important aspect of commercial diplomacy are often involved in cultural events that do not have primary commercial purposes. In this way core values of the domestic culture that is shared by the foreign culture can be promoted without the entrepreneurs in the spotlight. One diplomat stated that this is important since:

(R9) "You must not be too clear of your purposes at the start."

Aspects that can be beneficial in this stage are shared history, culture, shared problems and current successful relations.

Examples are Canada Day or events promoting Italian food. Events like these might create goodwill towards a specific country that can help recognize opportunities or increase the chances of opportunity development.

4.3.2.2 Opportunity development

The use of cultural capital in the development phase does tend to be more concentrated on business purposes. One diplomat mentioned the subjects; business ethics, innovative spirit, problem solving strategies, trustworthiness and friendliness as important aspects of cultural promotion during development phases (R9).

The presence of diplomats can also be of cultural value. High officials can be present at events to underline the cultural value of the relationship between the two countries. At one event an ambassador used a speech to underline the shared cultural values, history and problems of both countries (R2). Second, Cultural events regarding art are often used to create goodwill. Another

diplomat stated that, while opportunities were being developed, emphasis is put on subjects such as business ethics, history of industries, innovative spirit of the industry etc. (R9).

4.3.2.3 Opportunity exploitation

One diplomat mentioned the use of cultural events to maintain important business relations (R2). These relations were high profile businessmen who were to be entertained by famous, high cultural performances of performers from the diplomats' domestic country.

4.3.3 Political capital

4.3.3.1 Opportunity recognition

Giving access to legislators for entrepreneurs is mostly a task performed by economic diplomats situated in Canberra (R4, R5, R6). This is often done in collaboration with trade promoters in business centers such as Sydney, and the home department. Communication with the business community is often left to representatives of these communities (for example the chamber of commerce, in the German case even situated in Australia) or trade promoters situated in Sydney (such as in the Canadian case) (R5, R8).

4.3.3.2 Opportunity development

In the development phase diplomats can try to involve high officials from the homeland or try to increase interest from the business community. Diplomats in Canberra often facilitated dialogue between officials (R3, R4, R5, R6, R8, R9). Involvement in trade fairs or trade shows of these politicians can also be beneficial for starting political dialogue.

4.3.3.3 Opportunity exploitation

When opportunities are successfully exploited, high officials can try to create promotional benefits by giving appearances or speeches (R9). Important events can be used to match high officials and initiate further political dialogue or maintain good relations by marking successes.

4.3.4 Economic capital

The findings did not show results regarding economic capital. During my stay in Canberra, several embassies were used for cultural activities in which the building is mainly used to facilitate the event, but also to represent the nation. This result is not included in the interview and is conceptually farfetched to include it in this role and capital. Therefore it is not included in the schema.

In sum, representation is used to generate attention and to enhance trustworthiness. The attention generated can be used to start dialogue with potential business partners or to provide an opportunity to initiate political dialogue. Diplomats enhance trustworthiness by being present at trade shows or missions and such or by actively referring entrepreneurs.

Table 6: Activities concerning representation

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital	<p>By performing at public events, creating interest from otherwise uninterested entrepreneurs (R2, R3, R4, R5)</p> <p>Emphasizing strong aspects of the domestic country (R2, R9)</p>	<p>By being present, enhancing trustworthiness of entrepreneurs (R12)</p>	
Cultural capital	<p>Promoting country image according to history, shared values and problems etc. The use of cultural events to create potential meetings (R9)</p>	<p>At events promote the trustworthiness, business ethics and innovative character of the domestic entrepreneurs (R9)</p> <p>Promote shared history and culture (R2)</p>	<p>Use cultural events to maintain relations. (R2)</p>
Political capital	<p>Representing the business community to foreign political actors to create support or see what chances of success are (R4, R5, R6)</p> <p>in collaboration with trade promoters (R5, R8)</p>	<p>Involve high political officials to create interest in the foreign country and start political dialogue (R3, R4, R5, R6, R8, R9)</p>	<p>Use high officials to “seal the deal” at public events (R9)</p>
Economic capital			

Chapter 5

Conclusions and Discussion

5.1 Conclusions

The goal of this research is to create an exhaustive framework which increases the knowledge on commercial diplomacy towards a better, richer and deeper understanding. In order to achieve this I used the concepts of social, cultural, political and economic capital and entrepreneurship. By using these concepts in a framework, the activities of commercial diplomacy are seen from a new perspective. The three roles as introduced by Naray (2011) create three different schemas that show the diverse aspects that play a role in the work of a commercial diplomat. The schemas show that the activities have coherence among the roles and the different capita according to the three entrepreneurial stages.

The conclusions are further discussed per role. First the use of the roles is discussed, and then the conclusions from the findings are discussed.

5.1.1 Advisory role

In the advisory role, diplomats inform domestic government officials and entrepreneurs on economic, cultural and political situations, as well as detailed information on possible opportunities. Of the three roles discussed in this research, the advisory role has included the most observations (38) from the interviews. Diplomats mainly regard the field of social capital important. The activities gathering and distributing information on macro- and sector analyses in the opportunity recognition phase (6) and providing detailed information (on for example matchmaking) in the opportunity development (9) were included most in the interviews.

This information can be of value to the entrepreneur since it can be used to increase the possibility to successfully increase their social capital. While some diplomats only inform on the present

situations as they are, other diplomats actively seek out possibilities for entrepreneurs to recognize opportunities. In political situations, diplomats can inform on the political context which can produce successful strategies in changing regulations in their favor.

The active version of the advisory role can result in a 'first mover advantage' since entrepreneurs and politicians are involved quicker and communication is more efficient. The passive role of the diplomat often coincides with the advantage that entrepreneurs are better able to seek out information on possibilities globally and are not subject to the personal interpretation of the active diplomat which can also produce favoritism.

In the opportunity recognition phase, information is often not specific (market analyses or sector analyses). In the development phase, information does get more detailed since the boundaries of the opportunity become more apparent. This coincides with more detailed information on cultural affairs or perceptions which can be of influence in dialogue or expectations towards each other. Activities such as referral to specific advisors or information on (for example) custom regulations is more common in this phase.

5.1.2 Facilitation

Facilitation is mostly interpreted as facilitating dialogue, or preparing partners for dialogue. This includes the correct selection of partners and correct preparation and training of partners so dialogue is mostly about the subject at hand instead of learning how to cope with each other. The facilitating role included the second most observations from the interview. These observations were distributed between maintaining a network of contacts concerning the preparation of political dialogue and (to a lesser extent) preparing entrepreneurs in the opportunity recognition phase and in the development phase, advising on business problems and preparing entrepreneurs for cultural difficulties. Concerning entrepreneurs this can involve training on cultural habits, but is mostly refrained to informing. Concerning politicians, it is mostly about context. This is so the partners can quickly start the dialogue involving their personal specialization.

The emphasis of this role is to prepare dialogue partners such that expected difficulties which can be avoided and are in the power of the diplomat to avoid, are avoided. The conversation between the partners is then concentrated on the subject at hand. Thereby, the chances of success are increased.

In facilitating the internationalization process of entrepreneurs in the opportunity recognition phase, diplomats adjust their assistance to the "export readiness" of the entrepreneur. This can involve

assistance on how to become export ready, but can also involve being selected for certain trade missions. In the development phase, this assistance becomes more tailored to the specific needs of the entrepreneur. The chances of success of the entrepreneurs are increased since the diplomat has avoided the problem of the entrepreneur not being prepared to meeting the needs of potential counterparts.

Diplomats can also be involved in organizing events at which entrepreneurs can exchange experiences. Facilitating these events can provide valuable insights in the foreign culture or opportunities.

Concerning political capital, diplomats facilitate dialogue. Adding to advising on possible opportunities, diplomats can facilitate the dialogue by creating a strategy to achieve goals. This can involve the level the politician needs to be to achieve the desired effect and how to achieve the necessary attention (for example organizing a trade mission). Second, Diplomats also actively maintain a network of government officials to ensure smooth dialogue in the future. Third, the diplomat assists by providing context. This makes for more efficient dialogue since the partners can quickly move on to the topic at hand. These actions can significantly create opportunities for entrepreneurs by changing regulation.

5.1.3 Representation

The representative role has included the least amount of observations (24). Representation is most often used to generate attention or increase the trustworthiness of entrepreneurs on an ad hoc basis or by representing domestic entrepreneurs to the foreign government. Creating attention for certain events is mostly done by simply being present. Increasing trustworthiness however implies creating focus on certain aspects of the national culture, or shared aspects of culture. Being present can increase social capital by making more people attend events, and can be combined with political capital since gatherings can, at the same time, be an opportunity for a foreign politician to make a public appearance.

Diplomats can increase trustworthiness of entrepreneurs by being present at events, but this has hardly been observed in this research. This is probably due to the location of the research and the selection of respondents. Both were from western cultures, which reduced the need for increasing trustworthiness of entrepreneurs.

Presence at trade shows or trade fairs is common; this serves to represent the nation as well as to gain experience and new knowledge on business. Social capital is enhanced by the use of cultural capital in the sense that focus on the right aspects of a country can create a better perspective on the nation and by referral of the diplomat himself. One diplomat mentioned a strategy in which opportunities develop these aspects which can be more focused on aspects involving business such as the innovative spirit or the good business ethics of the country. Political capital can be involved by involving high officials at trade shows, fairs or missions to start political dialogue.

Using the capita I have created insight in the resources the diplomats need to accomplish these tasks. These capita are discussed separately

5.1.4 The Capita

The four different capita used in this research create insight in how the different activities and roles regarding these capita work together. The most observed capital is social capital (44), followed by political capital (30) indicating that these are the capita most important for commercial diplomats. Cultural capital included a significant amount of observations (12). Economic capital hardly included observations (5) indicating that subsidies and grants are not deemed important in the task of a commercial diplomat. The capita social capital and political capital mainly describe separate lines of work since one is primarily aimed at entrepreneurs (social capital) and the other is aimed at government officials (political capital). These areas are however intertwined; this is discussed in the next paragraph. Second I discuss the role of cultural capital as regard to social and political capital. Cultural capital plays a mediating role in both processes and cannot be seen as a separate task in the light of commercial diplomacy. Economic diplomacy contained too few observations to research its role among the other capita.

5.1.4.1 Social Capital – Political Capital

Most observations in the interviews regarded social and political capital. These activities have mostly been separated, which is resembled by the fact that most observations concerning one or the other capita, are contained in a specific group of respondents. This distinction reflects the task of the respondent (social capital included in the group of respondents who are trade promoters or commercial diplomats and political capital by economic diplomats). There is however some coherence between the two capita following the entrepreneurial phases in the advisory role and the representative role.

Advisory role

In the opportunity recognition phase, both group of respondents report on their respective climate, both economic and political. A link between both capita is that reports on the political climate include possible economic changes which can influence the political climate. Reports on economic situations can include the political climate regarding the possibility of successful political dialogue which can result in the lowering of trade barriers. At last, political dialogue can include the economic situation of entrepreneurs wanting to create new business, but being held back by legislature.

In the development phase, political capital can be enhanced by increasing the support among the business community (social capital). This support can be enhanced when successful matchmaking results in increase in pressure towards politicians to remove or reduce trade barriers. Government officials are influenced by a force field consisting of domestic and international stakeholders. When social capital increases the pressure for changing legislature among both domestic and international stakeholders, chances of success are increased.

Representative role

The results show that in the representative role, social and political capital can enhance each other, mostly at events. Large events attract political officials, which can initiate dialogue and (high) government officials attract more people. Especially during trade missions in the recognition phase when the main aim is to meet potential business partners, social capital is increased by the presence of government officials.

In the development phase, when events are more focused on specific business opportunities, events can be used to initiate dialogue on legislation concerning these opportunities. As described in the

previous paragraph concerning the advisory role, the presence of many domestic and international entrepreneurs can create pressure on politicians to change legislature.

5.1.4.2 The mediating role of Cultural Capital

Cultural capital is never a main task or aim among the respondents in this research. Cultural capital is used as a facilitator in the processes of international entrepreneurship or political dialogue. Most observations concerning cultural capital were included in the facilitating role since it is used to ease conversation and make the expectancies of the people involved more realistic.

During the recognition phase, cultural capital mediates by influencing the perception of a national culture, or by preparing people for cultural difficulties during their respective processes (entrepreneurial or political). By representing a culture or promoting image, diplomats can increase the goodwill towards their nation which has benefits for both the number of contacts and the quality of these contacts (social capital). The stronger these contacts are the more attention politicians will grant a specific country. Focusing on shared culture can also enhance the quality of contacts with politicians, creating better access or opportunities for dialogue.

5.1.5 The entrepreneurial phases

Dividing the activities into three phases (opportunity recognition, development and exploitation) has shown us how the activities of commercial diplomats transform during the entrepreneurship process. What stands out in this research is that most commercial diplomats regard their role in the recognition and development phase as more important than in the exploitation phase. Matchmaking is the most common activity together with providing information. Respondents in the interviews stated that the role of a commercial diplomat is mostly to either only initiate processes, after which a facilitating role is assumed, meaning that diplomats only assist when asked for by entrepreneurs. In order to divide the activities into the three phases, I needed to rely on my own interpretation. Some of the respondents agreed with different phases in the process to the degree that assistance to entrepreneurs was tailored to their "export readiness". Others mentioned their policy that all entrepreneurs must be assisted equally and diplomats are not allowed to differentiate between the entrepreneurs they represented.

5.2 Comparison with literature

To test the validity of the findings and the schema, I compare the findings discussed in the previous paragraphs with results that can be produced when the schema is used in accordance with academic literature. Literature on the exact activities of commercial diplomats is quite scarce. I use two tables found in two separate academic papers. First I use the table produced by Naray (2011) since the activities that are produced in this table are categorized according to the three roles discussed in this research. Second I use a table produced by Reuvers and Ruel (2012) since it is produced as a result of an extensive literature study.

Three new tables are produced, discussed and compared with my own findings. As a final result findings that could not be fitted into the tables are discussed and the validity of the schema used is discussed.

5.2.1 The advisory role

Discussion on the advisory role

It stands out the only two capita are involved in this exercise. The main reason for this is that political capital, which is comparable to economic diplomacy, is not discussed in the papers I used and therefore do not regard this capital. Economic capital is not considered as well. There are no activities regarding subsidies, grants etc.

The square containing the most results is the social capital, opportunity recognition square, indicating that most activities regarding giving advice to entrepreneurs aim at the first stage of the entrepreneurial opportunity process. This agrees with my own findings that indicated the same activities, namely reporting to HQ and raising awareness.

Findings that add to my own are mainly in the opportunity exploitation column regarding social and cultural capital. Regarding social capital my findings did not show active supervision of IPRs and contracts, contract implementation and coordination of legal action. This difference could be explained by the situation in Australia, meaning that these activities are less necessary or that my

research was more focused on directly creating opportunities (trade promotion) and not on the complete task of the commercial diplomat.

Another difference is "Reporting internally on the success of the last 'made-in' campaign". My findings did show that diplomats reported on the cultural perception in the foreign country. I included these activities in the opportunity recognition square since my findings did not indicate that these were the direct result of the campaigns, but a report on the situation as a whole, with and without direct involvement of the diplomat.

Table 7: the advisory role according to literature

Activities marked with * are offered by the conceptual paper by Naray (2011)

Activities not marked are offered by the literature review by Reuvers and Ruel (2012)

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital	<p>Gathering export and marketing data*</p> <p>Report to HQ about emerging exporting product niche in host country*</p> <p>Identifying potential investors*</p> <p>Inform HQ about international tender, including possibilities for large investors from home.*</p> <p>Developing business and government contacts</p> <p>Gathering/disseminating commercial information</p> <p>Gathering export marketing data</p> <p>Awareness campaigns</p>	<p>Advising on participation of experts from home ministries in a multi stakeholder joint venture project*</p> <p>matchmaking</p> <p>Search for partners/distributors</p> <p>/investors/lawyers</p>	<p>Contract implementation and problem-solving</p> <p>Supervision of violation of IPRs and contracts</p> <p>Coordination of legal actions</p>
Cultural capital	<p>Image studies*</p> <p>Image studies</p>	<p>Promoting goods and services</p>	<p>Reporting internally on the success of the last 'made -in' campaign*</p>
Political capital			

Economic capital			
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5.2.2 The facilitating role

Discussion on the facilitating role

The capita political capital and economic capital again show no results because of the same reasons discussed in the paragraph regarding the advisory role.

The facilitating role contains fewer results than the advisory role and shows some differences with my own findings. Regarding social capital, these findings focus on facilitating matchmaking, this concurs with my own findings, but in different ways. The facilitating role according to literature is focused on the activity of introducing potential business partners. My own findings focus on preparing individuals before dialogue and monitoring the dialogue in order to advise on problems that occur.

Cultural capital shows results regarding the coordination of 'made-in' campaigns, and using PR for large contracts where national image is involved. These findings did not show as such in my findings, although my findings did show that high officials give speeches at successful events to mark the occasion and raise awareness. I put this finding in the table regarding representation since I did not find that it facilitated the event, since it was already completed. Naray (2011) who proposed the roles and their conceptualizations, does put this finding in the facilitation table. Therefore I included it here but I disagree with the finding.

Economic capital shows results in the sense that the building housing the embassy facilitates events regarding commercial diplomacy. This falls into the economic capital subject since the use of the facilities cut costs. My findings did not show these results.

Table 8: The facilitating role according to literature

Activities marked with * are offered by the conceptual paper by Naray (2011)

Activities not marked are offered by the literature review by Reuvers and Ruel (2012)

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital		Introducing potential exporters* Organization of prospect meetings* Introducing parties to initiate R&D joint ventures* Consultant to both countries	
Cultural capital	Coordination of 'made-in' campaigns*	Coordination of 'made-in' campaigns*	PR for large contracts where national image counts*
Political capital			
Economic capital	Embassy's secretariat is servicing a trade promotion conference		Members of an investment promotion mission use office facilities at the embassy

5.2.3 The representative role

Discussion on the representative role

Many of the findings in this table concur with my own findings. This table adds to my findings by adding activities in the exploitation column by involving the support of firms in dispute settlement, PR in favor of joint scientific projects, protection of home country investors in the host country, preparation of press articles on scientific achievement, defense of national companies singled out by host country authorities and advocacy activities. Aside from advocacy activities and PR in favor of joint scientific projects, these activities involve the protection of domestic business in one way or another. As my research was conducted in Australia, protection of businesses was less necessary.

On the contrary to the other tables in this chapter, political capital does show results. Interesting results are the pressure for improved protection of home country's IPRs and advocacy activities. Some of the success stories mentioned in my interviews concerned the successful improvement of regulations. Protection rights are to my experience an important subject in Australia, but mainly from experience reading newspapers and informally talking to diplomats. It was not explicitly mentioned in the interviews. My findings did show that diplomats try to raise awareness in the business community to increase pressure on officials to change regulations.

In sum, the results from the literature add to my table. These findings can either be the result of research in other geographical and cultural areas, or be the result of a narrow focus of my interviews. Either way, the table proves useful in interpreting these results in a new light since the original findings by Naray (2011) and Reuvers and Ruel (2012) are divided in categories regarding the subject they relate to, such as corporation in science and technology or intelligence and network activities. This table categorizes the findings according to the capita and the entrepreneurial phase involved and from the perspective of the entrepreneur.

Table 9: the representative role according to literature

Activities marked with * are offered by the conceptual paper by Naray (2011)

Activities not marked are offered by the literature review by Reuvers and Ruel (2012)

	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
Social capital	Briefings for potential investors*	Participating in trade fairs, introducing potential exporters	Support firms in dispute settlement procedures* PR in favor of joint scientific projects* Protection of home country investors in the host country*
Cultural capital	Presentations during awareness campaigns*		Preparation of press articles on scientific achievements*
Political capital	Pressure for improved protection of home country's IPRs*		Defence of national companies singled out by host country authorities* Advocacy activities
Economic capital			

5.2.4 Missing results

Not all results from literature could be included into the table. The results from the paper of Naray (2011) contained more results than were included in the table. Regarding the advisory role these results were; Supervision of violations of IPRs, Spotting of counterfeiting cases and reporting back to HQ with advice for action and monitoring research achievements. Regarding the facilitating role,

these results were; search for reliable IP lawyers, coordination of legal action, training material for awareness campaigns is printed and distributed by the embassy, ambassador or commercial diplomat hosts a conference on promotion of scientific corporation, translation of the campaign's material is done by the commercial diplomat unit's of staff, approaching CEOs with investment proposal and organizing ministers participation in private investors forum.

The main concern I had with these results is that they are either indirect and therefore suitable for all phases or that a specific activity was timely, meaning it cannot be conducted permanently, but at the same time unclear in which phase the activity could be conducted in (for example, training material for awareness campaigns is printed and distributed by the embassy).

These missing results indicate that this table has difficulties with activities that are not explicitly tied to a single opportunity phase. A solution could be to incorporate them in all phases, but that would be missing the point of the table. In conclusion I state that the use of this table is limited to direct activities that incorporate the entrepreneur, such as introducing potential business partners, or activities that are needed to produce the information to produce these activities, such as gathering export data.

5.3 Discussion

5.3.1 The use of capita in commercial diplomacy

A large portion of the task carried out by commercial diplomats consists of work producing intangible results. Capita has proven to be useful in creating insight into these results by separating the major factors involved in commercial diplomacy. The concepts of social, cultural, political and economic capital capture and separate the most important dimensions in the task of the commercial diplomat. This creates better insight in how the activities of commercial diplomacy complement each other. Most activities fit quite neatly into one of the categories such as matchmaking in social capital or promoting country image in cultural capital.

Difficulties arose concerning the activity regarding information or advisory role. It is important to remember that the result that is desired determines which capita the activity is involved in. In concerning economic information the result that is desired is to increase the social capital of the

entrepreneur; it does however have some difficulty in fitting in the framework suggesting it needs better conceptualization.

Conceptualizing the different capita has proved difficult since the use of the capita is widespread in literature and applications of the construct differ from research to research. Many scientific papers do not discuss what is meant by the capita used. The conceptualization used in this research is made to fit the literature on commercial diplomacy. This does however create the chance that my own interpretation is wrong. Other methods of constructing and operationalizing the capita would be an improvement.

Economic capital is included in this framework since the literature suggested the use of subsidies, grants etc. and the facilitation by involving facilities such as buildings in organizing events. This has however not been thoroughly researched in this research. Since the literature suggested these activities, I have kept it in the framework as a suggestion for future research.

5.3.2 What is the quality of this research?

The method of qualitative interviews is well suited for an inductive research such as this. The research question and the method involved have changed during the time of this research to create as much knowledge as possible out of the data. It gives insight in a possible framework which can create a more coherent insight in the different activities of commercial diplomacy and how they change or cohere to other activities during the internationalization process. The value of these findings has both academic and practical dimensions.

In academic sense the findings contribute to the understanding of commercial diplomacy since the activities are now connected to four different capita which add to the existing body of knowledge. In the practical sense, diplomats can now see their activities in the light of the entrepreneur by involving the three different entrepreneurial stages. The research also gives an overview which can be used by all commercial diplomats to decide which activities can be used and under new conditions (the entrepreneurial phases).

The capita allow for a new method to capture the often illusive and intangible environment of the diplomat and the entrepreneur. It can be argued whether or not the conceptualization of the capita used in this research is sufficient, but to my experience, it relates to often overlooked aspects of diplomacy. Whereas practices such as country promotion and networking are often mentioned in

research, it is now linked to entrepreneurial stages. It provides insight into its coherence with social capital and the different roles played out by the diplomat.

The main critique I place at my research are the fact that I myself needed to write out the notes and do not have a literal transcript of the interviews, and the fact that the respondents were all diplomats and were all situated in either Canberra or Australia.

Although the notes were approved of during the interview, approval after the notes were typed out would be better since the data are derived from these documents, not the notes. It leaves a chance for wrong interpretation on my part. The method used is derived from a single instrument, the semi-structured interview which leaves a chance for mono-method bias. Furthermore mono-selection bias is present since all respondents are diplomats and are selected by me.

Involvement of entrepreneurs is better since more viewpoints can give better insights which findings are part of the interpretation of diplomats themselves and which findings are not. This coheres with critical realism which states that as many divergent viewpoints need to be used to strengthen the validity of a finding. Last, by involving only Australian based diplomats, the findings can only be trusted to relate to the Australian case. External validity is therefore probably constrained to diplomats working in comparable situations.

5.3.3 Implications for commercial diplomacy

The implications for commercial diplomacy are discussed in two subjects. As stated at the beginning of this research, a contribution of a research must have both state academic progress as well as practical use. First I discuss the contributions to the academic field regarding commercial diplomacy.

5.3.3.1 Academic contributions

As stated in the first chapter, commercial diplomacy is in need of better understanding which can help to determine the effectiveness of commercial diplomacy. The scientific papers discussed in the literature review state a list of activities categorized by subjects such as intellectual property rights or intelligence. This research builds on these findings by offering a table consisting of two new perspectives on the matter: capita and entrepreneurship theory. These two concepts have proven to work for most activities that either directly involve entrepreneurs or are needed to prepare for services that directly involve the entrepreneur.

The framework introduced by this research provides a more solid basis to understand the effectiveness of commercial diplomacy since it gives an opportunity for measuring more detailed results tailored to more specific situations. The discussion on effectiveness can now be mediated by factors of the entrepreneurial opportunity stage and by which capita are most important in a certain situation.

For academic science this can provide an insight that might lead to a better understanding on what resources are available to diplomats and how they use them to conduct their commercial diplomacy activities. This understanding can now be tested under different conditions to test the validity of the concept. When the conditions under which certain activities are carried out are better understood, academics might be able to derive testable propositions to form a sort of contingency theory of commercial diplomacy.

The coherence between the capita among the activities and roles used in this research can form a basis in understanding the commercial diplomacy process. Understanding how these intangible resources cohere with one another creates a better empathy towards the commercial diplomacy process and provides a grounding of these understandings. The coherence can also be used to research the external validity of the outcomes of the framework. Cultural, legislative and geological differences can be expected to be of influence to the importance of activities in the framework. Other research has already researched differences among nations, either for conceptual reasons (Mercier, 2007), or through application of institutional theory. By applying this kind of research to my own findings, knowledge can be created which gives a more exhaustive, better, richer and deeper understanding on how commercial diplomats use their resources in order to assist entrepreneurs.

5.3.3.2 Practical contributions

This research makes several practical contributions to the field of commercial diplomacy. First, this research offers a framework which shows possible activities and their coherence with one another. As previously stated, not all commercial diplomats conduct the same activities. This framework might suggest possibilities for diplomats to enhance their effectiveness by adding possible activities and giving an understanding how these activities assist entrepreneurs.

It also gives the diplomat an insight in the distinction between entrepreneurial phases. Diplomats included in this research often mentioned that they tailored assistance to the “export readiness” of

the entrepreneur. The entrepreneurship theory used in this research provides better ground to tailoring assistance to the specific phase an entrepreneur finds themselves in.

By including capital theory in their assessment of their environment and the environment of the entrepreneur, diplomats can better estimate which activities are needed to assist the entrepreneur. By understanding the necessity of a particular capital, diplomats can also better conduct these activities.

By including the three roles of commercial diplomacy, commercial diplomats can realize that several activities can be of interest during a single event. These roles are often conducted mutually. Therefore the diplomat is able to assist entrepreneurs better by being more efficient during a single event.

Second, it shows that cultural capital, which is not deemed equally important by all respondents, can be a valuable part of commercial diplomacy in the sense that cultural differences can be an obstruction. Diplomats have a unique position to change the perspective of the country's image. Strategic involvement of culture in commercial diplomacy can also enhance the effectiveness of their work. The mediating influence of culture in both the commercial diplomacy and economic diplomacy process can be of great value to diplomats who have not used it previously. Understanding how this can affect these processes can enhance the probability of success of their tasks.

Third, economic diplomacy did not show as many results as the other capitals. This might be the results of the focus of my interviews, but it can also be the result of the fact that many commercial diplomats focus in the social aspect of their task, meaning reporting on market analyses and, when opportunities develop, focus on matchmaking. More detailed knowledge on economic contributions might be beneficial to entrepreneurs and using facilities such as the embassy for meetings might be beneficial in cost and in representing the nation at the same time.

5.2.4 Suggestions for further research

Since this research is inductive in nature, the findings are derived from data but not tested by it. This framework is my best estimate as to how the concepts of capital, entrepreneurship and commercial diplomacy can be combined. Since it is not tested, it is difficult to suggest what the construct and external validity are. Therefore further research is needed to test these findings. First, these findings must be compared with other settings (red. other countries) and entrepreneurs as respondents. In order to do this, this research must be tested in other countries to improve the knowledge as to what conditions these findings stand and if not, how they change. Other research on how institutions of

countries change the workings of commercial diplomacy can give one example of how to do this. Involving entrepreneurs gives a better construct validity since the views of diplomats are compared to those of entrepreneurs. The constructs of the capita themselves can also be tested by (for example) a Delphi method using diplomats to increase the accuracy of the constructs used and therefore the findings the interviews produce. The findings also need to be compared by other types of data.

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Appendix A

Commercial diplomacy activities according to the three commercial diplomacy roles as offered in the paper by (Naray, 2011); source Common empirical research and insights with Prof. M. Kostecki and literature review

<i>ACTIVITY AREA</i>	Promotion of Trade in Goods and Services	Protection of Intellectual Property Rights (IPR)	Cooperation in Science and Technology	Promotion of 'Made-in' and Corporate Image	Promotion of Foreign Direct Investment (FDI)
<i>ROLE (Nature)</i>					
Facilitation					
Referral	Introducing potential exporters	Search for reliable IP lawyers	Facilitation of contacts between high-technology labs	PR for large contracts where national image counts	Approaching CEOs with investment proposals
Coordination	Organization of prospect meetings	Coordination of legal action	Introducing parties to initiate R&D joint ventures	Coordination of 'made-in' campaigns	Organizing minister's participation in private investors' forum
Logistics	Embassy's secretariat is servicing a trade promotion conference	Training material for awareness campaigns is printed and distributed by the Embassy	Ambassador or CD hosts a conference on promotion of scientific cooperation	Translation of the campaign's material is done by the CD unit's staff.	Members of an investment promotion mission use office facilities at the Embassy.
Advisory					
Intelligence-gathering and analysis	Gathering export marketing data	Supervision of violations of IPRs	Monitoring research achievements	Image studies	Identifying potential investors
Internal Communication	Report to HQ about emerging exporting product niche in host country	Spotting of counterfeiting cases and reporting back to HQ with advice for action	Advising on participation of experts from home ministries in a multi-stakeholder joint venture project	Reporting internally on the success of the last 'made-in' campaign	Inform HQ about international tender, including possibilities for large investors from home
Representation					
Advocacy	Support firms in dispute settlement procedures	Pressure for improved protection of home country's IPRs	PR in favour of joint scientific projects	Defence of national companies singled out by host country authorities	Protection of home country investors in the host country
External Communication	Tourism promotion conference	Presentations during awareness campaigns	Preparation of press articles on scientific achievements	Contribution to 'made-in' promotion events	Briefings for potential investors

Appendix B

Activities as offered by a literature review as offered by (Reuvers & Ruel, 2012)

Network activities	Intelligence	Image campaigns	Support business
Developing business and government contacts	Gathering/ Disseminating commercial information	Promoting goods and services	In negotiations; contract implementation and problem-solving
State visits/ delegation	Market research	Participating in trade fairs, introducing potential exporters	Gathering export marketing data
Buyer-seller meetings	Reporting to home country	Sensitizing potential foreign investors	Supervision of violations of IPRs and contracts
Match-making	Consultant to both countries	Gathering export marketing data	Advocacy activities
Search for partners/distributors/ investors/ lawyers	Image studies, joint scientific research	Tourism promotion activities	Coordination of legal actions
Personal network of Commercial Diplomat		Awareness campaigns	

Appendix C

List of questions regarding economic and commercial diplomats situated in Canberra.

Question 1: What is your professional background?

- What is your education
- What work experience do you have?

Question 2: Who supervises you?

- Which department do you work for?
- Do you carry out tasks for other departments as well?

Question 3: How much discretion do you have in your work?

- Regarding economic diplomacy
- Regarding commercial diplomacy

Question 4: What is the role of your country and embassy in Australia?

- How does your country relate to Australia?

Question 5: What are major activities in your work?

- What unique capabilities do you derive from your position?

Question 6: Please describe a success story concerning commercial diplomacy

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

Appendix D

List of questions regarding respondents in Sydney (trade promoters)

Question 1: What is the role of the organization?

Question 2: What are your ties with your home country?

Question 3: What are the ties with host country?

Question 4: What is your own role in the organization?

Question 5: What is your role in creating awareness/communicating business opportunities at home industry or embassy?

Question 6: Do you distinguish or specialize between sectors?

Question 7: What are important factors in assisting individual companies?

Question 8: Is there a difference between goals of individual businesses regarding individual requests and trade missions?

Question 9: What are important factors in trade missions

Question 10: What are unique capabilities that you have here as opposed to home country or Canberra?

Appendix E

Notes from the interviews

R1

EU representative

Economic diplomacy is the facilitation and regulation of trade and aid to developing countries. This is mostly what the EU does. Before 2006 lots of resources were spent on WTO but after negotiations failed, market access program was launched. The EU tries to create a level playing field by creating Free Trade Agreements, treaties or assisting in bilateral communications creating a partnership framework. In cases like China the EU can act like a spokesperson for its member states to create more comprehensive strategy. Trade barriers can be seen as friction between different market systems. As an example, testing of products such as safety on food is better if it's done in the home country because failure does not mean shipping back and forth. The more regulations differ, the more resources need to be spent on the agency conducting the tests or if differences are greater, such agencies will not be recognized by the host country. Dominant market systems try to produce pressure to host countries to shape their trade system like their own. The American and European compete systems in this.

Tariffs have been a significant issue for economic diplomacy but are increasingly overshadowed by non-tariff barriers. Intellectual property rights are a good example of trade barriers. In order to export to a particular country, products need to be protected against counterfeiting and reproduction. As an exchange for agreement on specific products, Australia has opted to recognize specific products such as champagne or scottish whiskey as unique and protects the name and brand. This makes trade for these products safer.

Enforcement of law is also an issue as this produces certainty for exporters. The EU raises these issues to host country governments and can make the case to WTO if the issue cannot be solved. The EU also tries to produce influence on governments to enforce trade law in the host country.

Many actors are involved in working groups delivering information, EU counselors, national representatives and industry representatives on both sector level and chambers of commerce. When an issue is raised, exploratory inquiries are made to form collectives. The bigger the collective the more priority is given to the issue. Second, strategy and necessary resources are designed to estimate the difficulty of the issue and the chances of success. The involvement of the EU by individual member states is purely pragmatic. States look for other members to form the collective, when this is done, mostly the EU takes initiative but this is not always the case. The presence or involvement of the EU can also be to create bigger impact on the host country.

Embassies are seen as communicators between home and host states. Differences in culture can create difficulties in communicating, furthermore diplomats can easier choose on issues to concentrate.

On the area of development, the EU provides information on how to export towards the EU. Information.

R2

Interview Dutch Ambassador

At the Royal Dutch Embassy we practice trade promotion and economic diplomacy. Our task is to monitor economic affairs in Australia and report to the department of Foreign Affairs in The Hague and oversee trade promotion in Australia. We prioritized trade promotion and started to learn from experience what works.

Trade promotion is more than solving the problems of individual companies who come to us for assistance. To conduct trade promotion well we incorporate all resources available to us, meaning that our staff and I are often involved in trade promotion activities such as trade missions, trade shows and other opportunities to promote trade. We do this by monitoring which sectors are developing and could be of interest to Dutch industry. When Dutch industry shows initiative we discuss how we can best assist. We can choose to assist in a single event, but if the opportunity is such, we can also specialize in sectors to incorporate long term strategies. The advantages of specialization are the ability to build a better network and invest in better knowledge about the sector. An example is specialization on Dutch industry regarding oil. The project regarding oil lasted for several years and included Royal Dutch Shell and a host of other companies. The result was a big investment in Dutch companies regarding an oil refinery.

The aspects involved in trade promotion are such that we incorporate all resources available to us. In trade promotion, we incorporate culture which has worked very well in create attention and goodwill toward our country. At a gathering during a trade mission I presented an Australian government official with an historic artifact. This artifact was found on a sunken Dutch vessel not far from the coast of Australia. It was first displayed in the Netherlands. By presenting it at an event which was related to trade, I created a lot of attention and goodwill from the people involved. We often try to focus on our shared history. This makes the Australians see us in a better perspective which is good for trade.

Culture can also be important in smaller things. During the trade mission regarding oil, an event was organized to prepare for a meeting with Australian businessmen. The purpose of this meeting was to share experiences that entrepreneurs had to maximize our knowledge. One entrepreneur mentioned his experience with the Australian attitude towards safety drills. The Australians regarded this as highly important and always enthusiastically participated in their weekly drills. As a result we asked the Australians if we could participate in such a drill, communicating our shared interest in safety in industry.

The strategy involved in trade promotion is a result of a weekly meeting at which our entire embassy staff is present. By involving our employees who are responsible for economic affairs and trade promotion and our employee responsible for cultural affairs, we come up with a unique strategy that incorporates the resources we can deliver.

When we opt for specialization, we try to involve local people to represent us, if the business center is far away. We have offices in Sydney, Melbourne and Perth that specialize in certain sectors. Specialization in sectors only lasts as long as there is interest from businesses. Our resources are too few to specialize in all we want to specialize in.

R3

Dutch economic and commercial diplomat

Question 1: What is your professional background?

I enjoyed an economic education, but after graduating I soon started to work for Foreign Affairs and became a diplomat.

Question 2: Who supervises you?

We are supervised by the department of Foreign Affairs. We are also in contact with the department for Economic Affairs and Agriculture and Innovation, but we rarely do tasks for them.

Question 3: How much discretion do you have in your work?

In the case of economic affairs we write reports and we do not have too much choice in the matter. As for trade promotion and other commercial diplomatic activities, we do have discretion in how we go about our business. We mainly base this on experiences from the past and is organized by the embassy staff.

Question 4: What is the role of your country and embassy in Australia?

Besides doing normal consular matters, we promote Dutch culture and our part in the history of Australia. We found that this has a good effect on the Australians and Australian entrepreneurs. We have important history to share with the Australians and we share much of their cultural values and problems, such as water management.

Question 5: What are major activities in your work?

I write reports to our department of Foreign Affairs and we maintain a network containing foreign government officials and domestic industry representatives and entrepreneurs. When we perceive a possible opportunity, we communicate this to entrepreneurs who might be interested. It is up to

them to take further initiative. When partners want to develop an opportunity, we try to facilitate it as best we can.

In order to make partners find each other, we can individually refer entrepreneurs to potential counterparts or assist in organizing events at which they can meet as many potential counterparts as possible. Examples of this are trade shows.

Since we are in contact with the industry representatives we can maintain good relations better than people back home. And since we live in this country we have better experience regarding culture.

Question 6: Please describe a success story concerning commercial diplomacy

At a trade mission regarding oil, our ambassador presented a cultural artifact which was found at a shipwreck of one of the first Dutch explorers coming to this country. By presenting this artifact we created a lot of awareness and goodwill since we highlighted our shared history and common values. The success we found was that it created a lot of goodwill toward our culture. It was necessary that many business deals were created immediately, but many development processes were started.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

We assist entrepreneurs to the degree at which they are export ready. When entrepreneurs are not serious, or their demand is such that we can see that there is little chance of success, we only offer limited assistance. When entrepreneurs have done their preparation, we can assist better and give more detailed assistance. When longer term assistance is required, we try to maintain contact with the company so we get to know the entrepreneurs. In further assistance we deliver what is necessary. We therefore monitor the process to a degree, but always wait for the demand of the entrepreneur.

R4

Italian economic and commercial diplomat

Question 1: Please describe your professional background

My background is a MA in International Business

Further public service, 2,5 years ago came to Canberra. New ambassador implemented focus on Economic diplomacy

Question 2: Who supervises you?

Foreign Affairs is the only one supervising. They tempt to have control but this is practically not really the case. An evaluation program is under way but not ready. The main reason why economic diplomacy is focused upon is crisis and government cutbacks. The argument for economic diplomacy is such that it implies value for money better than cultural or consular matters.

Question 3: How much discretion do you have in your work?

Strategy of Foreign Affairs is that I supply constant information on economic affairs that are important to Italy. Within this process I come across persons or people from my embassy come across persons that see opportunities for Italian sectors or industries. We then write a report and see if there is an Italian counterpart who is interested.

Question 4: What is the role of your country and embassy in Australia?

Italy has about 900.000 people in Australia and 140.000 with a double passport. We are here to assist them on consular matters and to organize events to keep the Italian people connected to the homeland. As for Italian business, we are a communicating vessel between domestic government and business and the government to raise issues in order to remove trade barriers.

How does your country relate to Australia?

Italy has a large population in this country and spends a lot of time on the cultural aspects of it. If it comes to business or commercial diplomacy, the main thing is that the Italian way of organizing is very difficult to comprehend. This means that although we should report to foreign affairs we only do so on broader things such as sector analysis. We take the discretion to seize opportunities for trade promotion and are sometimes successful. Politics and economic diplomacy are not completely interrelated though. It is only when it pragmatically makes sense when we combine them.

Question 5: What are major activities in your work?

We keep informed through network contacts, reading newspapers, internet etc and are briefed from Italy to communicate to the right persons. On the trade promotion side, we do much connecting businesses with other businesses. This mainly goes through trade missions. We are here to make sure we get into chances before anybody else does.

We create intelligence is created mainly by keeping eyes and ears open, reading newspapers, and talking to important persons. You have to know what is going on and have good knowledge on current affairs. My job is not only to be involved with economic affairs, but also political. From this opportunities arise.

What unique capabilities do you derive from your position?

By knowing sources you create a goodwill and get more information from them as to when I would be on the phone with them from Rome. These sources help me find good counterparts for Italian businesses and other people who could really help to create momentum or opportunities. You have to know the habits and how to deal with the local people. You get more when you are here then when you are not.

Question 6: Please describe a success story concerning commercial diplomacy

A trade mission concerning construction.

An opportunity arose for construction companies to get involved with a government project. We wrote a report and sent it to industry representatives. A dialogue was created between us and the industry representatives and Australian representatives. Our part in this was to facilitate communication and partner search. It is hard to tell if it was a success story as this was in an early stage of the process and this was more saying hello then creating deals, but some companies did get contracts. Another aspect was to get politicians from both sides involved. This was done at the post through the political side. We handed the Australians a dialogue on political issues and they gave us the chance to organize this trade mission and helped raise awareness.

Success factors were the involvement of government officials from both sides and well-connected companies with selection through good dialogue.

Officially we had to report the opportunity to Rome, they had to give this to the chamber of commerce who handed it over to industry representatives etc. We kept communication lines short in order to achieve effectiveness. Foreign Affairs mainly helps when there is an opportunity for them to help, for example when the right officials or other gatekeepers are hard to reach by us.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

Politics and trade can complement each other when it works to make momentum for opportunities. And this can only be done with backing from the Trade department in Rome. With cultural issues we don't really involve economic or commercial diplomacy. We train Italian chefs in Sydney but that's mainly it. We do not actively distinguish between the different phases mentioned.

R5

German economic diplomat

Question 1: What is your professional background?

Background in sociology

In function since august 2010

First time diplomat/economics

Question 2: Who supervises you?

Foreign affairs is the only one giving orders or directions. Other agencies might also have smaller tasks if they need to reach politicians.

Question 3: How much discretion do you have in your work?

On economics we do sector analysis if asked. This is done through German chamber of commerce or economic ministry. Many German groups of industry exist who are in contact, but we don't do much with them. Our job on economic affairs is to reduce trade barriers. We get these assignments from industry or foreign affairs

Question 4: What is the role of your country and embassy in Australia?

Germany has a large population in Australia and historical connections. We maintain these connections. It is not a primary aim for German government to stimulate trade. We do facilitate it as best we can but it is to the business themselves to export or go international.

We see economic diplomacy as reducing trade barriers. This is also political but we don't integrate it into, let's say human rights. Australia is a transparent country and we don't need to do that.

Question 5: What are major activities in your work?

We mostly do economic diplomacy, but this is kind of mixed with other forms of diplomacy. We don't see it as being separate. It is the job description of maintaining German interests whether they are economic or not.

Trade promotion mainly occurs by the chamber of commerce in Sydney and the consulate. The chamber helps individual companies to overcome difficulties. They might ask a fee for this when it is tailored to their needs or more difficult to do. We can provide some political capital to gain some recognition to the mission. This is often done through a continuous political dialogue.

We must not overreach ourselves. We do not have the expertise to really recognize opportunities and sell them to the home industry. It is really their initiative. We don't see the bigger picture like the home government does. We report on sectors and maybe if we see an opportunity we sent it to the

industry representative, but this is relatively rare. Trade stimulation is done by the industry themselves. This can be done by stakeholder groups and an effective chamber of commerce. This chamber of commerce can exist because of a critical mass of businesses already present in Australia. Because of the work it is big and they can become good at learning difficulties particular to Australia and teaching them to interested businesses. The longer away a country is the harder it is for small businesses to get access.

Question 6: Please describe a success story concerning commercial diplomacy

Industry representatives contacted me to see if there was a possibility to get me involved in a trade mission. These people wanted me to give general information on markets and provide political capital. I wasn't really involved. It was mostly them and the chamber of commerce in Sydney. Maybe the ministry of economics, but foreign affairs mainly kept out of it.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

We don't actively distinguish, but we don't find information on the internet that's already available. An entrepreneur must be serious in doing their part and we only act if there's something they can't do themselves. Still mostly this is done by the chamber

R6

French economic diplomat

Question 1: What is your professional background?

I have a background in economics, I have always worked for trade department, for the last 4 years in Canberra.

Question 2: Who supervises you?

In 2008 commercial diplomacy (trade promotion) and economic diplomacy were separated and UBIFrance was created in order to achieve efficiency and government cutbacks. UBIFrance works under the umbrella of the Trade department but has no function anymore at the embassy. At the embassy we focus on reducing trade barriers and big projects. These mainly involve big corporations who need us to push for legislation or create awareness. All individual businesses or requests are redirected to Unifrance in Sydney. Here they often ask for fees for individual help.

The discretion I have regarding trade promotion is limited. It is simply not my job to do this. We do market analysis and sometimes we see opportunities and communicate them to industry representatives. After this it is again UNIFrance who picks it up.

Question 3: How much discretion do you have in your work?

My task is mainly planned by the home department. We do get discretion in how we go about our tasks but they are mainly directed by the home department.

Question 4: What is the role of your country and embassy in Australia?

Besides consular matters we monitor the political and economic environment. Trade promotion is mainly done by UBIFrance in Sydney. We receive orders from our home department, after which we create a strategy based on our experience. We don't involve culture directly with economic diplomacy, we do branding but that is because it is in our job description. We don't involve economic diplomacy with this.

SMEs are the backbone of our economy but not as much as Germany. UNIFrance mainly deals with SMEs, big companies can provide for themselves and come to us at the last moment if they need some extra push. When there's regulation or legislation involved, the matter is different. We are then instructed by the trade department to facilitate the dialogue.

Question 5: What are major activities in your work?

Regarding big projects or major political dialogue we facilitate. We know who gatekeepers are or we can find out very fast. Then we convey information to them and back to the home country gatekeepers. This means we normally do not get engaged in the dialogue itself.

Question 6: Please describe a success story concerning commercial diplomacy

These big projects usually take several years and one success story is Rogeufort cheese which could not be accepted in Australia. We convinced them to accept our certification so we could export it. This meant moving government officials on both sides to engage in political dialogue, raise awareness and push for debate.

Initiative came from industry and home government

Unique capabilities were to get the right people engaged. To explain what political context is and the position of France government on the issue at hand.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

At recognition we try to determine if any opposite party is interested. If that's confirmed the initiative is given to the businesses or industry. They tell us when we are needed to provide capital of any kind. We don't keep track or an eye on it. Mostly because it is not our business, UNIfrance takes care of this.

R7

American economic diplomat

Question 1: What is your professional background?

I work for the economic department.

Question 2: Who supervises you?

Is supervised by FA, they want information on Australian markets and we provide them Trade promotion is more done at the consulates. This is worldwide the case but in Australia more since the business centers and the political center are more removed. We do trade promotion implicitly but this must not be done too obvious. Our goal is more political and cultural.

Question 3: How much discretion do you have in your work?

Culture between America and Australia is very strong, there are many Americans present in Australia and there are many businesses here. This means that internationalization between America and Australia is relatively easy.

Trade department and economics are present in trade centers through government and private companies. They write the detailed reports and take most initiative on trade opportunities.

Question 4: What is the role of your country and embassy in Australia?

We do create awareness and deliver the unique capability to get political gatekeepers involved. We can communicate necessary information between the two parties. We maintain political dialogue and contacts. We do this to make sure that relations between our countries remain as good as they are.

Question 5: What are major activities in your work?

When we do involve commercial diplomacy in our activities it should always be secondary. You can't be too obvious on your attempts to promote business. Political capital and cultural capital are vital in this respect. We also must not overstate the importance of trade promotion. Businesses can do this themselves because of the great experience that's already present.

In order to get a good mix we have a weekly videoconference with all heads of the consulates. In this way everybody can get a good perspective on what others are doing and how they can contribute. We rarely do this on the commercial diplomacy side. But on economic diplomacy we can pick up on problems quite quick and see if we can contribute by involving government officials or something.

As an embassy we can also deliver a unique competence by making sure every company is treated equal, e.g. when a company is disadvantaged. This is more relevant in emerging countries than in open economies. China for example can be very different in how they treat different businesses.

Question 6: Please describe a success story concerning commercial diplomacy

Question has not been discussed

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

We do not conduct trade promotion at our post. We are involved in trade promotion in the sense that we are present at trade missions to create awareness. We therefore do not distinguish between the phases. Maybe the trade promoters in Sydney do, but I don't know.

R8

Canadian economic diplomat

Question 1: What is your professional background?

My background is in customs, mainly on the commercial side.

I have been working in this function for 2 years.

Question 2: Who supervises you?

I am supervised by the international trade department. It is similar to the Australian organization in the way that foreign affairs and trade department are merged. They communicate with the high commissioner and he supervises me and the high consulate in Sydney.

Question 3: How much discretion do you have in your work?

I get the discretion in such a way that the percentage of time which I spent on economic diplomacy, commercial diplomacy and political diplomacy is divided. How we fill that time is actually templated. It's also common sense, from experience we found ways as to what to do in certain situations. When we see opportunities we hand them over to home industry representatives to see if there's mutual response and we can get working. In economic diplomacy we do get less discretion than in commercial diplomacy. Economic diplomacy tends to be directed from the home land.

Question 4: What is the role of your country and embassy in Australia?

We do the normal embassy things like consular things but on a cultural level we have Canada day for example but very rarely. This is when we have business and cultural and a little political aspects involved. In the case of economics, we try to reduce trade barriers and stimulate trade but this is not the main task. Politics would be the main task and if economics can be part of this, all the better but it is not a necessity.

Question 5: What are major activities in your work?

Concerning economic diplomacy:

Facilitating dialogue would be a primary one. We know who the gatekeepers are and can communicate between home and host country. This is done better by us since we know the local customs. The agenda for economic diplomacy is mostly set in the home country. We also do market

analysis. We are assigned with certain sectors which the high commissioner has appointed. These are separated between Canberra and Sydney as to what side is more relevant (political or economics).

Concerning commercial diplomacy:

In this I play an active role in the process, but it is mostly to the industry. They need to get a dialogue started so they can find out if there's business opportunity. We communicate relevant information to the right people. We help in matchmaking but after that we see what we can do based on the events that evolve.

Question 6: Please describe a success story concerning commercial diplomacy.

A trade mission to the Avalon airshow.

This is considered a success story since it involved economic diplomacy regarding market access and commercial diplomacy in matchmaking. We devised a program, got the right contacts involved communicated policy to the companies involved, introduced them to decision makers. We don't organize to the degree that we book hotels, we concentrate on unique value added which means nothing that can be looked up on the internet. This value added mainly contains introduction to the right people and identifying opportunities that others don't see. This is because we talk to the right people and are involved into national affairs.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

Assistance is tailored to the degree to which a company is ready to export or not. When a company has proved to be export ready we find potential partners and might never hear from them again, but if they need extra help such as legal advice we can assist as well. In the case of big events where government is involved we can follow further in the process and help to get the right people involved. We do not actively distinguish between the different opportunity phases.

R9

British economic diplomat

Question 1: What is your professional background?

UK economic advisor

Function: 2 years in Canberra

Tasks: Occupied with economic diplomacy, trade and climate change and some minor other subjects.

Question 2: Who supervises you and what are your main tasks?

I work for the foreign office. I am asked for sector analysis for foreign affairs. I do tasks for other departments if they apply, but this is rare. Duties such as economics, politics and culture are separated into different departments with different locations. UK trade asks reports on sectors both macro and micro.

Question 3: What is the relationship between your home country and Australia?

The UK obviously has a strong connection with Australia we tend to build on this relationship. This means that culturally we try to maintain our connection and profit from it economically.

Question 4: What are major activities in your work regarding economic and commercial diplomacy?

Regarding economic diplomacy we report on economical politics, both nationally and state wise. We coordinate our position in multilateral organizations and monitor what the likely position of other country would be. We facilitate dialogue between home government and host government in that we prepare people on subjects as best we can so specialist can get down to business quicker. We address market issues on the economic diplomacy side by engaging in awareness creation with government officials. We are rarely successful in these kind of issues

On the commercial diplomacy side we don't do that much here. That's in Sydney but sometimes we help by providing political capital

Question 5: Please describe a success story regarding commercial diplomacy

We are rarely successful often we engage because it is what we are supposed to do, but measuring success is very hard. One success story would be the recognition of a UK certificate for export to Australia. The initiative came from companies and we pushed government officials here to create support.

Question 6: what are unique advantages regarding your position?

We have a lot more time to think of what happens in Australia. Because we watch news and are aware of local issues we have a better sense of important events then back home.

We have basic knowledge on how things work. This is about culture, social acceptable forms of behaving, how the organizations of government really work etc.

With this experience we can create better awareness of issues at the right people. Often we just have to involve one person to set things in motion.

Network, because of our network we are able to identify entry points for issues and estimate the right tactic to influence him.

Closeness to companies means issues and problems are picked up quicker.

Question 7: How do activities change during the internationalization process of the entrepreneur?

In opportunity recognition we first try to create awareness with businesses back home. When this is done we do a partner search. If this is successful we try to make them meet through a trade mission or faire or whatever. At the end we reach problem solving for individual companies.

Culture stays the same, we don't distinguish between opportunity stages.

Question 8: Do you incorporate culture in commercial diplomacy? If yes, what role does it play?

The role of culture can be seen that it pays to be seen as trustworthy, likable, innovative people. We have to react to the fact that people see England as old fashioned. So we try to show them how innovative we are. We also see inward education and tourism as important pillars for culture. We do this by mentioning these aspects in speeches, as part of our daily conversations, media and bringing important people to Australia.

R10

Danish economic and commercial diplomat

Question 1: What is your professional background?

I have been a commercial and economic diplomat for about 2 years.

Question 2: Who supervises you?

I am supervised by Foreign Affairs.

Question 3: How much discretion do you have in your work?

We do our work based on our experience in how we can assist entrepreneurs. We do get discretion in that part of our task. As for writing reports on political and economic affairs, we get assignments from Foreign Affairs.

Question 4: What is the role of your country and embassy in Australia?

We do consular tasks and give assistance to entrepreneurs. We represent our population in Australia.

Question 5: What are major activities in your work?

We write reports on economic affairs and we assist entrepreneurs in internationalization problems.

Question 6: Please describe a success story concerning commercial diplomacy

A success story was a company which wanted to find the right partner for business. I needed to find out which sector they could be located in and we matched them successfully.

Question 7: How do activities change during the entrepreneurial process? Do you distinguish between opportunity recognition, development and exploitation?

Question not asked.

R11

Dutch commercial diplomat (Sydney)

Question 1: What is the role of the organization?

The role is purely to stimulate trade. We are situated in a trade center and maintain contacts with key players. We also do consular tasks, but that is not really our department. Three to four years ago we started with trade promotion and since one year we have an extra staff member. We don't do any economic or political diplomacy. What we do is in consultation with the embassy in Canberra. Our role is to spread awareness of opportunities to relevant Dutch players and to perform matchmaking so that business can occur. Other forms of matchmaking we do are connecting Dutch firms that can help each other with specific problems through exchange of experience.

Question 2: What are your ties with your home country?

We communicate with home industry representatives if we think we have to and companies visit us when they come here. We have some communication with foreign affairs but that is relatively less. Trade promotion is mainly a business to business affair and government should only be involved when this is necessary.

Question 3: What are the ties with host country?

We are responsible for certain sectors and we maintain contacts with the relevant businesses. We meet them regularly and know what's going on. We also have contacts with the chamber of commerce. This way we keep connected to events and can anticipate them. But we mainly are connected through our own network of Dutch companies who are settled here. They come here often and we know what they are dealing with.

Question 4: What is your own role in the organization?

My role is to facilitate communication between businesses, to find the right partners for communication and to be informed on relevant issues. I do this in both a pro active and reactive role. I'm pro active in that I invite companies who are interested in my services and create awareness to relevant players. I'm reactive in that companies contact me to assist them in problems or need of contacts.

Our other economic attaché is more focused on specific sectors. She does market analysis and organizes trade missions. This is a more proactive role in that creating awareness in the home country is an initiative that originates here. After this it is also more reactive by facilitating communications and to see if there's anything we can add.

Question 5: What is your role in creating awareness/communicating business opportunities at home industry or embassy?

We communicate what we find mainly with the embassy. We also have contacts with home industry representatives. We also monitor trade barriers but we are not proactively engaged in creating new awareness among them. You should only communicate when things are certain. Otherwise people might stop listening.

Question 6: Do you distinguish or specialize between sectors?

We've chosen sectors based on capabilities and opportunities. We also help other businesses but this is more superficial. These sectors we want to specialize in so we can create better return on investment. The place where these sectors are treated is purely pragmatic. Who has the time to do them when the opportunity comes along?

Question 7: What are important factors in assisting individual companies?

Finding the right partner is important. This is one of the most important factors because otherwise there is no opportunity. When a potential trading partner is found, companies need to have more practical information on regulation and processes. The next step is to get them in contact with people who can actually help them with practical matters such as lawyers bankers etc. When all this is done we monitor if any extra help is needed.

We don't effectively monitor for export readiness. This is mainly intuition. How serious and thought through is the request? How much recourse is committed to internationalization etc. We rarely refuse requests but we do spend more time for serious ones.

Question 8: Is there a difference between goals of individual businesses regarding individual requests and trade missions?

Individual requests can range from the first step of internationalization such as partner search or information on processes to really hands on requests far more down the process. Trade missions are often for partner search and get some real life experience in the foreign country and market. Further down the road companies like to do things individually because they don't want the competition to know what they are up to. When the business have their potential partner it is of less importance for them to be present as a collective since they are pre occupied by their own processes.

Question 9: What are important factors in trade missions

Where does initiative come from?

The initiative can come from us or the business themselves. What's important is that there is a trade fair or event that we can use. We rarely organize trade missions without these events.

What are activities normally associated with trade missions?

We mainly facilitate. We let business themselves select and organize. We don't hold hands to contacts for example. When it is possible we can try to get big players involved so that we can get more attention.

Question 10: What are unique capabilities that you have here as opposed to home country or Canberra?

Because we are located at a business center we get to meet CEO's and other business representatives more. When representatives from Holland come to Australia they often go to Sydney and they drop by for an hour to see what's new. That is not possible in Canberra. Because we speak a lot to these people and to Australian people we have a better understanding of how things work and common misunderstandings about Australian culture and way of doing business. In order to have this understanding we need to be present at this place.

R12

German commercial diplomat (Sydney)

Question 1: What is the role of the organization?

The role of our organization is to promote trade as much as we can. We do this in close collaboration with our home country chambers of commerce. We share experience and awareness on local events to home country industry. We are also involved in training of German companies in getting ready to export. In Australia we try to promote inward investment by giving presentations, writing articles etc.

Question 2: What are your ties with your home country?

We are controlled by ? We communicate with our chamber of commerce, of which there are many. These are industry specific and have a great deal of experience in handling this kind of information. We also have 80 offices in 60 countries and they communicate with the same organizations. This means they have a good overview of world affairs.

Question 3: What are the ties with host country?

We have our own network of companies and are involved with Austrade and the local chamber of commerce.

Question 4: What is your own role in the organization?

I handle problems of individual companies and am involved in organizing trade missions. I am also in contact with Austrade but this is more limited. I am not that pro active if it comes to creating awareness. I send reports to the chamber of commerce in Germany and they decide what to do with it next. I occasionally report to industry itself by writing articles or short reports in magazines. When it comes to organizing trade missions I am more proactive. I try to get companies involved. This is of course only if they want to. I then organize the entire trade mission. We are paid by the companies to do that.

Question 5: What is your role in creating awareness/communicating business opportunities at home industry or embassy?

I do that on a slightly less active basis since I don't have the overview of the world. This is done back home. I can spot an opportunity arising from Australia but I cannot identify if this is a better opportunity than other countries. So I have to be modest in the awareness that I create. Communication works better if there's an overview.

We communicate trade barriers if we find them here to the embassy. We give some information but we are not really involved afterwards. This is not our job.

Question 6: Do you distinguish or specialize between sectors?

We do distinguish between sectors in the sense that we specialize in sectors that have worldwide competitive advantage. An example is German heavy machinery engineering or our automobile sector.

Question 7: What are important factors in assisting individual companies?

Individual businesses have to be export ready. That's the most important factor. This means they have a good idea what it takes to export. Selection on this is mainly through intuition and the amount of products they can provide to show that they are willing to put in the effort. These products can be websites in English, brochures in English, a dedicated export manager etc. This also means that they don't immediately want an export partner but do thorough market research first. We of course assist them in this.

Sectors differ in that the home government set incentives for investment. The problem with this is that they can change and that getting ready to export can take a while. We also have some cultural advantages but we are not actively engaged in changing this or using this. We do try to not specialize in sectors and give every business the same kind of service.

Question 8: Is there a difference between goals of individual businesses regarding individual requests and trade missions?

Trade missions are often good for having first experience of the country and culture and to meet potential partners. After this the companies often go along their own path. For bigger projects sometimes several trade missions are organized.

Question 9: What are important factors in trade missions

To find the right match basically. When potential opportunities are present we try to find the right match. Good preparation is also essential. We are not experts but we are informed enough to give the players enough insight so that they can skip this part when they meet. This communication also increases interest among players.

Question 10: What are unique capabilities that you have here as opposed to home country or Canberra?

We can provide knowledge on the mentality of businessmen here. This creates trust, a sort of security blanket. Germans seek risk avoidance and we can provide this with experience and information.

R13

Canadian commercial diplomat

Question 1: What is the role of the organization?

To harbor Canadian business interests. This mainly means trade promotion but we also work in tandem with Canberra to oversee the diplomatic aspect of trade as well. We are here to pick up on these issues and translate them to the embassy.

What is your role?

I'm here to coordinate what we do here. This means specialization in sectors and communicate relevant information to the embassy and back home to industry or the trade department. We also are responsible for helping individual SMEs. We monitor companies who start up and see if we can help.

Question 2: What are your ties with your home country?

We are supervised by a combined department consisting of Foreign Affairs and the Trade department. Direct supervision is done by the high commissioner in Australia, but we communicate reports on sectors and macroeconomic issues.

Question 3: What are the ties with host country?

We are in contact with industry representatives and we are present at trade shows and trade fairs. We do this to expand our network, but also to keep up to date with current events.

Question 4: What is your own role in the organization?

I direct several trade promoters. I make sure reports are up to quality and communicate vital information to the high commissioner. We create strategies on trade promotion and, if necessary, economic diplomacy.

Question 5: What is your role in creating awareness/communicating business opportunities at home industry or embassy?

We have to be aware of the position of the Australian market as regarded to Canada. This means to monitor the chosen markets to see what opportunities or threats arise and communicate them to the embassy.

We are in contact with industry representatives at home so we can keep communication lines short. When we see opportunities, or what we think might be opportunities, we communicate them to home industry. We play an active role, but do wait for further initiative from the entrepreneurs.

Question 6: Do you distinguish or specialize between sectors?

We specialize in sectors according to three factors, foreign country demand and willingness and capability of domestic industry. These specializations have a durability of about two to five years. We do provide a basic assistance for all entrepreneurs, but we try to keep up with current events as well.

Question 7: What are important factors in assisting individual companies?

Companies need to be export ready. The degree to which they are export ready determines the level of assistance they receive. Second, the demand of the entrepreneur, or the exact question needs to be clear. If it is not, we cannot assist in meaningful ways. We do assist in formulating these demands.

Question 8: Is there a difference between goals of individual businesses regarding individual requests and trade missions?

In the case of trade missions, individual demands are mostly clear and we have potential partners found. In the case of individual entrepreneurs we can also give assistance on, for example, market research. This kind of research is mostly already done when trade missions are involved.

Question 9: What are important factors in trade missions

We try to provide context to potential partners before they meet. Sometimes a trade missions is just to say "hello", but it is always worthwhile to provide as much context as possible to increase the chances of the contact to be fruitful. We also have to select the right partners according to export

readiness and capability. The potential success of a trade mission is to a degree dependent on the selection of business partners.

Question 10: What are unique capabilities that you have here as opposed to home country or Canberra?

We have shorter communication lines with foreign entrepreneurs and domestic entrepreneurs and can therefore make a good estimation on what the situation is and what kind of strategy can be effective. Our experience with Australia also gives us an advantage in carrying out these tasks as regard to our home department.

R14

French commercial diplomat

Question 1: What is the role of the organization?

Our organization has the task to promote our domestic industries and stimulate trade of (mainly) SMEs all over the world.

Question 2: What are your ties with your home country?

I report to the HQ on some economic affairs, but mainly on sector analyses that are important to us. They distribute this information to interested entrepreneurs. I do not have contact with industry representatives in the home country.

Question 3: What are the ties with host country?

I have built a network of contacts of mainly industry representatives or entrepreneurs regarding the sectors that are important to us and I need to maintain it. I derive information from it and am able to refer domestic entrepreneurs to potential partners.

Question 4: What is your own role in the organization?

My main task is trade promotion. I assist domestic entrepreneurs in internationalization to Australia. When entrepreneurs arrive for assistance, HQ has already made sure they are export ready and they are ready for meeting partners. This can be done by referral or involvement in trade shows or fairs. In tis I can play an active role in organizing these trade shows and fairs.

Question 5: What is your role in creating awareness/communicating business opportunities at home industry or embassy?

I do not create awareness among domestic entrepreneurs. This is the task of my home department. I only assist entrepreneurs who are referred to me by the home department.

Question 6: Do you distinguish or specialize between sectors?

We specialize between sectors based on domestic sectors that have worldwide competitive advantage or that we want to actively compete in. An example of an industry with worldwide competitive advantage is French cuisine. Another industry that we want to compete in is high tech industries.

Question 7: What are important factors in assisting individual companies?

Important factors is to know what the company can do for customers or partners. Our main task is to find partners for these clients and therefore it is important to know what they can do. Other factors are to find the right situation such as trade fairs or individual referral depending on the situation.

Question 8: Is there a difference between goals of individual businesses regarding individual requests and trade missions?

Not really, in trade mission are useful when you have an agenda that is not too detailed or if the purpose is to meet new clients. In individual assistance we can help with individual problems that arise during the development of the opportunity.

Question 9: What are important factors in trade missions

Finding the right match of entrepreneurs and the right amount of awareness of the mission. When we have the wrong match, entrepreneurs cannot commit to trade, and with too little awareness, they might not show. We try to create awareness by involving media or politicians.

Question 10: What are unique capabilities that you have here as opposed to home country or Canberra?

We have the experience with the host country and can therefore make better judgments on how to go about opportunities. Furthermore, it is very important to regularly meet with industry representatives and entrepreneurs to derive information and create goodwill.

