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Chapter 7

Competitors or Collaborators: A Comparison of Commercial Diplomacy Policies and Practices of EU Member States

Annette Stadman and Huub Ruël

Abstract

Commercial diplomacy within the EU is currently a matter for the individual EU member states (MS). This results in different policies and practices. But to what extent do they really differ? This chapter presents the results of a comparative study on EU MS commercial diplomacy policies and practices. The policy goals and practices of all 27 MS were assessed via document analysis and interviews with commercial diplomats. The findings show considerable differences in terms of the responsible ministry, the policy focus, the network of foreign posts and the work performed at the foreign post. However, countries that entered the EU first seem to have similar commercial diplomacy *policy* and *practices* characteristics, as do the countries that entered the EU after 2003. Furthermore, the results of statistical tests show that countries that entered first are similar in size, wealth, share of EU trade, number of embassies inside the EU, number of employees at the foreign post and the activism of the foreign post. These similarities apply as well for the countries that entered the EU after 2003. Overall, this study concludes that home country characteristics (size, culture, government), host country characteristics (institutions, culture, regime) and the relationship between a home country and a host country affect the commercial diplomacy policies and practices.

Keywords: Commercial diplomacy; diplomacy; EU; foreign post; comparative study

Introduction

Commercial diplomacy is about how governments and diplomats promote and support international economic activities of and for home country companies (Naray, 2011; Ruel & Visser, 2012; Ruel & Zuidema, 2012). Commercial diplomacy is different for each country in the world because it depends on the political structure of a country, its regulations and government policies. This creates many different styles and approaches to commercial diplomacy around the world (Kostecki & Naray, 2007). In Europe, the EU makes rules and regulations about economic affairs that its MS have to implement (Chalmers, Hadjiemmanuil, Monti, & Tomkins, 2006; Nugent, 2006). The policy decisions of the EU affect the MS' government policies on commercial diplomacy. One of the most important policy decisions is the creation of a single European market with no trade barriers and free movement of goods and services to stimulate trade and economic affairs within the EU (Chalmers et al., 2006; Moravcsik, 1991; Nugent, 2006). The policy decisions of the EU and the internal market change the commercial diplomacy policies and practices of each MS. There are mutual relations among the MS, and some bilateral diplomacy has been taken over by the EU (Keukeleire, 2003). The fact that there are no trade barriers and that economic affairs have been mostly aligned has made some of the export tasks of embassies within the EU unnecessary (Kostecki & Naray, 2007; Naray, 2008). This means that MS should re-order their embassies within the EU to align them with the Council and Commission decisions concerning economic affairs (Bátora & Hocking, 2008). EU MS exercise different commercial diplomacy policies and practices when operating within the EU and outside the EU.

It is unclear whether the commercial diplomacy policies and practices of the MS will harmonise within the EU. The EU MS have to align their policies and practices to the rules and regulations of the internal market, but this does not directly affect commercial diplomacy. Kostecki and Naray (2007), Naray (2008), and Bátora and Hocking (2008) acknowledge that within the EU there are still differences between the commercial diplomacy policies and practices of the EU MS. Bratberg (2007) gives an example of four EU MS and shows that they have different commercial diplomacy policies and practices. This comparison is not that extensive, however. There is currently no research and knowledge about how exactly all the EU MS differ from each other or what they have in common in terms of their commercial diplomacy policies and practices within the EU. This research aims to identify and compare the differences and similarities between the commercial diplomacy policies and practices of the EU MS and to uncover how these differences and similarities can be explained.

This chapter continues with a literature review about commercial diplomacy. Its definitions and the factors that influence commercial diplomacy are highlighted. Then the research methodology is explained. In the findings the commercial diplomacy factors of the MS are compared. We conclude with a discussion about the results, the limitations of the research and the possible options for further research.

Diplomacy

Diplomacy, in the broad sense, is an instrument for foreign policy to manage external relations. It involves communication, information-sharing and negotiations between states. It contains rules, regulations and procedures about the interaction and activities of diplomats of different countries who work in foreign posts or other organisations (Bátora & Hocking, 2008; Baylis & Smith, 2005; Kostecki & Naray, 2007; Lee & Hudson, 2004). There are different types of diplomacy. In this research the focus is on commercial diplomacy.

Commercial Diplomacy

The literature has different definitions of commercial diplomacy, and there is no agreement about its extent. In general, commercial diplomacy focuses on the business community (Kostecki & Naray, 2007). It is about the 'promotion of inward and outward investment and exports in trade' (Berridge & James, 2003, p. 42; Lee, 2004, p. 51; Saner & Yu, 2003, p. 13). A detailed definition of commercial diplomacy was given by Naray (2008) and extended by Ruel and Visser (2012): 'commercial diplomacy is an activity conducted by state representatives which is aimed at generating commercial gain in the form of trade and inward and outward investment for the home country by means of business and entrepreneurship promotion and facilitation activities in the host country based on supplying information about export and investment opportunities, keeping contact with key actors and maintaining networks in relevant areas' (Ruel & Visser, 2012, p. 2). This definition indicates that commercial diplomacy embraces the work of diplomats in embassies or foreign posts who support home country business in host countries and develop international business ventures (Berridge, 2010; Kostecki & Naray, 2007; Ruel & Visser, 2012; Ruel & Zuidema, 2012). Commercial diplomacy is performed by government employees, diplomats and other employees of foreign posts. Commercial diplomats are normally state representatives, but they can also be private actors with a diplomatic status who work on business promotion between the home and host country (Naray, 2011).

In this study, commercial diplomacy will be defined as the services of foreign posts that support export promotion and business development. It is about the diplomatic activities that help home country companies to sell their products abroad, and to find new business partners and investment opportunities. The services of the foreign posts are the commercial diplomacy practices of a country and display their implementation. The commercial diplomacy policies of a country depend on its government policies. Hocking and Spence (2005) and Kostecki and Naray (2007) indicate that within the EU, commercial diplomacy has changed because of policy integration. They mention that commercial diplomacy within the EU might move to become one commercial diplomacy system (Hocking & Spence, 2005; Kostecki & Naray, 2007). In the next section, a closer look is taken at commercial diplomacy in the EU and between the MS.

Diplomacy in the EU

Diplomacy within the EU dates back to the beginning with the creation of ESCS. The first delegation of the EU was opened in London in 1955. It had no actual diplomatic function and only served as a communication and information office (Bátora, 2003; Bruter, 1999). In 2011, the EU had 130 delegations and offices all over the world, with 14 of them at international agencies: African Union, UN, WTO, ASEAN, UNCESO, OECS, FAO, WFO, IFAD, Council of Europe, IAEA, ONEDC, UNIDO and OSCE (Europa, 2011b).

Diplomacy in the EU has its own styles, rules and procedures that are created by the treaties (Bátora, 2003). The first basis for external relations, mostly in the field of economics, was established by the EEC treaty in 1957. The biggest change to external relations was made in the treaty that established the EU (TEU) in 1992 in Maastricht. This treaty divided the EU into three pillars: the first is the European Commission (EC) pillar, the second is the CFSP pillar, and the third pillar is about JHA (Nugent, 2006). Thus, commercial diplomacy falls under the EC pillar (Kostecki & Naray, 2007). To say something about the commercial diplomacy of each member state, a closer look should be taken at the EC pillar and its influence on the EU MS.

Commercial Diplomacy in the EU

The EC pillar contains the European market and the free movement of production (Chalmers et al., 2006; Nugent, 2006). The primary goal of the EEC was to create an area in which there was ‘free movement of goods, persons, services and capital’. In order to achieve this, the EEC created a customs union in which trade barriers, quotas and tariffs were abolished (Lindberg, 1963). The next big step was taken in 1985 with the creation of the SEM within the SEA. The SEM liberalised procedures and ensured the completion of the internal market without internal frontiers by 1992 (Moravcsik, 1991; Nugent, 2006). The SEM contains its own four pillars: ‘the free movement of goods, persons, services and capital between the MS; the approximation of such laws, regulations or administrative provisions of the MS as directly affect the establishment or functioning of the common market; fair competition; and equal trade with common trade barriers for the whole EU and no barriers inside the EU’ (Nugent, 2006, pp. 356–360).

As predicted in the SEM, the internal market was completed in 1992 in Maastricht with the creation of the TEU (Pollack, 1997). From then on, the internal market contained the ‘free movement of goods, persons, services and capital’. The internal market is about fair competition where there are no internal frontiers, borders, controls or checkpoints (Chalmers et al., 2006; Kleiner, 2008; Moravcsik, 1991; Pollack, 1997). The EU makes decisions about the internal market and about product standards, product testing, certifications, labels, protectionism and monopolies of companies (Nugent, 2006). MS gave the EU the competence and right to create policies about trade and economic development through the treaties (Bruter, 1999; Hill & Wallace, 1979; Kenis & Schneider, 1987). Already since 1957, the EC pillar has

had a legal person status, and today all the regulations, directives and decisions that are and have been made within this pillar are binding for all the MS (Chalmers et al., 2006; Hocking & Spence, 2005).

MS' Commercial Diplomacy

The competences of the EC to create policies that are binding for all the MS have changed their commercial diplomacy policies. The internal market has created an intense EU integration and 'Europeanisation' with no borders that brings the MS closer together (Bratberg, 2007; Hocking & Spence, 2005; Kostecki & Naray, 2007). This European integration created a so-called intra-EU order where domestic politics and MS' commercial diplomacy overlap (Bátora & Hocking, 2007, 2008). This overlap means that MS have to take the EU framework and Commission policies into account when making national politics. The responsible ministry for commercial diplomacy and the foreign posts have to align their policies to the EU ones, since parts of bilateral diplomacy have been taken over by the EC/EU (Bátora & Hocking, 2008; Keukeleire, 2003). For commercial diplomacy this means that diplomats have to modify their duties because the internal market without trade barriers changes the tasks of export promotion of embassies within the EU considerably (Kostecki & Naray, 2007), but it is not clear how the tasks of the embassies will change.

According to the literature, it would seem that the intra-EU order within the European integration creates a convergence between the commercial diplomacy policies and practices of EU MS whereby commercial diplomacy within the EU looks more like one concept (Bátora & Hocking, 2008; Hocking & Spence, 2005; Kostecki & Naray, 2007). MS can create alliances with other MS in multiple ways and strengthen bilateral relations where there are mutual interests in multiple forums (Bátora & Hocking, 2007, 2008). In this situation the MS will be collaborators. However, there are some articles that indicate that this integration does not mean that commercial diplomacy in each MS will be created in exactly the same way since there is, for instance, a variation in the range of capabilities (Bátora, 2003; Rijks & Whitman, 2007). There is space within the free trade zone to operate in the way each MS wants, and there is no common policy concerning commercial diplomacy (Bátora & Hocking, 2008; Hill & Wallace, 1979). This means that MS can diverge: some might stick to their traditional structure, while others shift commercial diplomacy in a new direction (Bátora & Hocking, 2008). Especially in this European integration, embassies and foreign posts remain important communication and promotion services for the MS (Bátora & Hocking, 2008) and are shaped in the way each MS thinks best, and then the MS will be competitors.

The discussion above makes it clear that commercial diplomacy in the EU is changing because of the binding policies in the EC pillar, but it also makes it clear that the commercial diplomacy policies and practices of all the EU MS will not automatically be the same. The MS have the option to be collaborators or competitors. In the next sections, all the factors that might explain the differences or similarities between the MS are discussed.

Factors Influencing Diplomacy

The literature on diplomacy is very extensive. There are many factors involved. It is assumed that these factors also influence commercial diplomacy, because they are interconnected and overlap in several areas.

The factors that have been mentioned in the literature are the country's characteristics: identity, character, law, norms, values, rules, traditions, structure, culture, size of the country, time of entry into the EU, degree of EU scepticism, the 'international' strength/power of a country and the strength of the responsible ministry (Bátora & Hocking, 2007; Bratberg, 2007; Duke, 2002; Galtung & Ruge, 1965; Hill & Wallace, 1979; Hocking & Spence, 2005; Hoffman, 2003; Kleiner, 2008; Rijks & Whitman, 2007); a country's capabilities and resources: the size and number of embassies, the budget and number of employees at foreign posts, training, competencies, academic background, working requirements, communication, tasks, staff category, function, access and presence (Bátora & Hocking, 2007, 2008; Bratberg, 2007; Duke, 2002; Hill & Wallace, 1979; Kleiner, 2008; Szondi, 2008); the policy focus of a country and the policy goals (Bruter, 1999; Kleiner, 2008; Szondi, 2008).

Factors influencing commercial diplomacy. In the literature on commercial diplomacy, there are several factors that overlap with diplomacy, especially when looking at the country characteristics. The main factors mentioned are the government's structure, its political issues, the country's homogeneity, size (Mercier, 2007), and organisational and institutional arrangements (Naray, 2008). The literature also describes factors that specifically influence commercial diplomacy. They can be categorised into ones concerning the government of a country and its foreign posts. The two levels are discussed below.

On the government level, the commercial diplomacy policies are influenced by the responsible ministry, the centralisation/decentralisation from the ministry, the independence of trade promotion organisations (TPO), and the structure of the ministry (Naray, 2008). An example of different systems based on the responsible ministry is given by Naray (2008) and by Kostecki and Naray (2007). Naray (2008) shows that the responsible ministry can be the Ministry of Trade, which is the case in Poland, France and Russia, or the Ministry of Foreign Affairs, as in Sweden, Norway, Denmark, Finland, and Iceland. There can also be joint oversight between both ministries, which is the case in the United Kingdom. This joint oversight may also be controlled by the Ministry of Trade, which cooperates in some cases with the Ministry of Foreign Affairs, as in Italy and Germany (Kostecki & Naray, 2007; Naray, 2008).

On the foreign post level, the commercial diplomacy practices are influenced by the structural form of the agencies responsible for commercial diplomacy and by the level of government (central, regional and local) where the services of these agencies are provided (Mercier, 2007). The local government level contains the bodies that implement the services, also known as the foreign posts. The structural forms of agencies or foreign posts can be divided into private, public or a mix of both. Most

European countries seem to adopt a private–public mixture (Mercier, 2007). The foreign posts use different programmes and practices for the promotion of export and inward investment. The export promotion programmes can be divided into market development programmes and export service programmes. The export promotion practices are trade shows and trade missions (Mercier, 2007). Market development programmes are concerned with the dissemination of sales leads, the participation in trade shows, the preparation of analyses and the sending of newsletters. Export service programmes involve holding seminars for exporters, counselling those exporters, providing ‘how-to-export’ handbooks and helping with the financing of export (Mercier, 2007). Trade shows are used to promote home country firms and their products abroad. They form a big part of market development programmes. Trade missions are used more for commercial diplomacy than trade shows. Trade missions provide aid to firms for future business and FDI in a simple and cost-effective manner. Diplomats in trade missions provide knowledge of a host country’s culture and market to home country firms by contacting government representatives and local business persons (Mercier, 2007).

The influential factors on the foreign post level are affected by the number and the characteristics of the diplomats and employees working there. The education of the employees, their background, skills, motivation, experience and mindset influence the commercial diplomacy practices (Kostecki & Naray, 2007; Saner & Yu, 2003). Commercial diplomats in foreign posts can be civil servants, trained diplomats or representatives of a country’s chamber of commerce (Saner & Yu, 2003). A common way in commercial diplomacy to verify and improve a diplomat’s skills is cross-fertilisation. Cross-fertilisation schemes place diplomats in different settings for short periods of time. For instance, diplomats may be placed in business settings, while the business representatives temporarily occupy a post at the mission (Lee, 2004; Mercier, 2007). When diplomats leave the embassy, cross-fertilisation can again come into play. Ambassadors may be appointed to the international relations departments of global companies, or work in investment firms, consulting companies, law firms or policy advisory agencies (Saner & Yu, 2003).

Finally, along with all these factors that influence the commercial diplomacy policies and practices, there are also different types of diplomats. Within the literature on diplomacy, three types of diplomats have already been mentioned by Galtung and Ruge (1965): the ‘elite-oriented’, the ‘treaty-oriented’ and the ‘structure-oriented’ diplomats. Although these are rather extreme types, they are still valid (or mixtures of them) and can also apply in commercial diplomacy. An elite-oriented diplomat mostly comes from the upper class. His/her job consists of meetings, parties, social gatherings and conferences. This diplomat has a lot of connections and knows people who can help him/her to achieve a goal. The treaty-oriented diplomat should have a law degree and be an expert in legal matters. He/she should be able to negotiate and draft treaties in order to reach an agreement that is acceptable to his/her own country’s laws and preferences. Finally, the structure-oriented diplomat should be an academic who has specialised in social sciences. His/her job is to read as many books and articles about the political, economic and social structure of the host country. All of his/her observations and

reports should provide enough insight into the host country for the home country to take further action (Galtung & Ruge, 1965).

Alternatively, KostECKI and Naray (2007), Naray (2008) and Ruel and Visser (2012) describe three basic types of commercial diplomats: business promoter, civil servant and generalist commercial diplomat (KostECKI & Naray, 2007; Naray, 2008). A business promoter is a diplomat who is very business-oriented. He/she seeks proactively to support companies by performing consultancy services for them. A civil servant mostly works for the Ministry of Foreign Affairs and has a reactive role. He/she keeps a distance from business and only does the work that is requested by the ministry. A generalist is a diplomat who works for businesses on an *ad hoc* basis. He/she does the work for the foreign post, and when he/she feels like it, the diplomat supports business (KostECKI & Naray, 2007; Naray, 2008).

Commercial Diplomacy Policy and Practice

The previous section showed that the first factors that influence commercial diplomacy policies and practices are the country characteristics. They reflect similarities and differences between EU MS on the national government level and on the foreign post level. The national government level involves the commercial diplomacy policies, and the foreign post level concerns the commercial diplomacy practices of a country. Figure 1 shows that the country characteristics directly affect the government’s focus and the policy goals of a country, and indirectly influence the commercial diplomacy policies and practices. The country characteristics lay down the basis for a government and its decision-making process, but it is the government

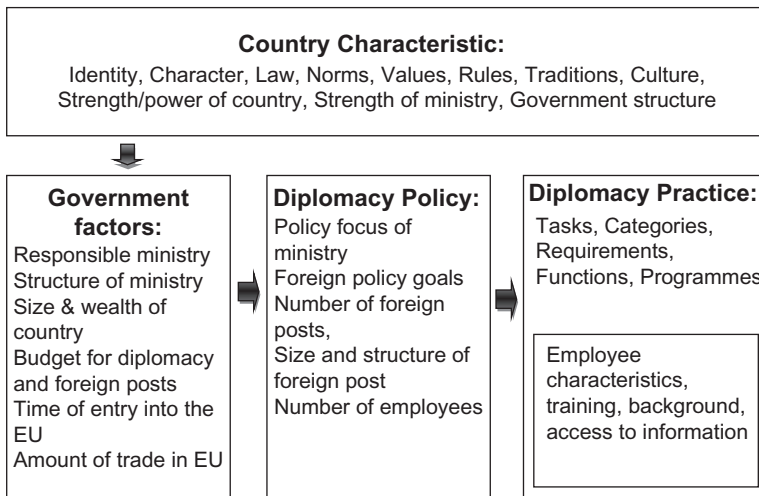


Figure 1: Factors influencing commercial diplomacy.

that creates the focus and the commercial diplomacy policies of a country. A government policy specifies a government's goals. It defines what should be accomplished and which behaviour of the underlying staff is needed for that (Wies, 1994). The government policy focus of a country directly influences its commercial diplomacy policies and indirectly its commercial diplomacy practices. The commercial diplomacy policies that are laid down by the responsible ministry directly influence the commercial diplomacy practices. The commercial diplomacy practices contain elements of human resource management such as training, job description, staff selection and involvement in decision-making (Ahmad & Schroeder, 2003; Delery & Doty, 1996; Way, Lepak, Fay, & Thacker, 2010) and can be separated into the content and the employee characteristics that influence the diplomatic job. The former are the tasks, staff categories, functions of employees, the requirements for employees and the programmes that can be used by commercial diplomats to implement the policy. The latter are an employee's personality, training, academic background, and access to information.

In this study, the EU MS will be compared on the basis of their government and its commercial diplomacy policies and practices. The comparison is performed on both the national government level and foreign post level to show the differences and similarities between their commercial diplomacy policies and practices. The government factors and commercial diplomacy policies and practices will be compared on the basis of clear, separate concepts or numbers as discussed in the methodology.

Method

The comparison of the commercial diplomacy policies and practices of EU MS is based on the principles of policy analysis and qualitative research. Policy analysis is used to understand the MS' policy setting to learn what the different policies are and to better compare all the policies based on clear concepts. Policy analysis is also used to see how the policies are implemented and uncover the methods used by the MS for dealing with commercial diplomacy. Qualitative interviews are used to gather information about the work on commercial diplomacy of employees of foreign posts.

Commercial Diplomacy Policy Factors

The first part is an examination of primary and secondary data to uncover the policies of the MS. In this part, the level of analysis is the organisational unit of the MS (also referred to as the government). The policy goals and documents examined come from the government of a country and its current cabinet. This study does not look at how the policies changed over time but at what they are in the current government. We can state that the policies of a country did not change drastically during the study and can be considered constant. This means that the data is reliable, and the policy goals are similar over a short time period. The policies will be compared on the basis of the

following factors: the responsible ministry, the structure of the ministry, the size of the country, the wealth of a country, the budget for diplomacy and foreign posts, the time of entry into the EU, the amount of import and export within the EU market, the policy focus of the ministry, the foreign policy goals, the number of embassies, the number of trade offices and the number of employees dedicated to commercial diplomacy. These factors were chosen because they are relatively straightforward to find and they can be compared based on clear categories. The operationalisation of these factors is shown in [Table 1](#).

Commercial Diplomacy Practice Factors

The second part of the study consists of qualitative, semi-structured interviews and unstructured field observations to uncover the commercial diplomacy practices of the MS. The interviews were conducted among diplomats and employees of foreign posts. The interviews with the employees were conducted to gather empirical data about the commercial diplomacy practices of the EU MS, how employees perform their work, which of the practices are used and how the policies are implemented. The practice factors that are compared in this study are the size of the foreign post, the structure of the foreign post, the economic function of the foreign post, the number of employees at the foreign post, the tasks and staff categories of the employees at the foreign post, the programmes used by the employees, the activism of the foreign post, the training of employees, the requirements of the foreign post, the academic background of the employees and the access to information. The operationalisation of the practice factors can be found in [Table 1](#).

The interviews were conducted face to face with diplomats and employees of foreign posts ([Eisenhardt & Graebner, 2007](#)). The units of analysis in this part are the commercial diplomats and the other employees of the foreign posts. The interviews were semi-structured and consisted of open-ended and closed-ended questions. Closed-ended questions are used to obtain similar answers that are more easily comparable based on the concepts given for the practice factors. Open-ended questions are used to provide space for new aspects of commercial diplomacy that are addressed by the respondents but not used in the literature and that can bring new light to the situation. The language that is used is English; in combination with the closed-ended questions, this is meant to avoid differences in definitions and to make sure the answers can be compared ([Atkinson & Brandolini, 2001](#)). It has to be kept in mind that interviews can be biased because of the personality and position of a respondent ([Eisenhardt & Graebner, 2007](#)) and their desire to present themselves in a better light ([Newman et al., 2002](#)). In order to avoid this bias, several respondents of one country were asked for an interview to make sure that this country is evaluated by different persons, hopefully at a similar level. The answers to the questions will always differ, but because of the way the questions are formulated, the possibility to categorise the answers into clear factors, and the direct contact with the respondents, this part of the study is considered valid, and the answers are good enough to make a clear comparison of the practices of the EU MS ([Sorensen, Sabroe, & Olsen, 1996](#)).

Table 1: Operationalisation of the comparable factors of commercial diplomacy.

Policy factors	Definition	Indicators	Labels	Code
Responsible ministry	The ministry that creates the policies about commercial diplomacy and trade	Policy goals of the responsible ministry	Ministry of Trade	1
			Ministry of Foreign Affairs	2
			Both	3
Structure of responsible ministry	The hierarchy and freedom to operate the ministry	If the ministry has to follow the government policies step by step or has some freedom to decide on its own	Decentralised	1
			Independent	2
			Centralised	3
			Dependent	4
Size of country	The size of a country based on square kilometre area and number of inhabitants	Square kilometre, and population	Small	1
			Medium	2
			Large	3
Budget for commercial diplomacy and foreign posts	The amount and percentage of the total budget that is spent on commercial diplomacy and foreign posts	X total budget X for commercial diplomacy and foreign posts	$X\%$ of total budget	Numerical numbers
Wealth	The wealth of a country is the amount of income (GDP) the country and its inhabitants have	GDP per capita in PPS and euro per inhabitant	Rich	1
			Average	2
			Poor	3
Intra-EU trade	The amount of import and export of a MS within the EU	Share of the amount of imports and exports in percent per MS	High	1
			Average	2
			Low	3
Entry time in the EU	The date and time period when a country entered the EU	1957: EU six Between 1958 and 2003 is the middle From 2004 till 2011 is the last	First	1
			Middle	2
			Last	3
Policy focus of ministry	The general focus on trade and business of the government of an MS	Foreign policy goals of the ministry	Business oriented	1
			Mixed oriented	2
			Trade oriented	3

Table 1: (Continued)

Policy factors	Definition	Indicators	Labels	Code
Number of embassies	The number of embassies a country has within the EU and outside the EU	Number of embassies within the EU and outside the EU	<i>X</i> embassies outside the EU <i>X</i> embassies inside the EU Total number of embassies	Numerical numbers
Number of embassies in EU	Category of the number of embassies a country has within the other MS	20 or less 21–25 In all other MS 26	Few Average High	1 2 3
Number of trade promotion organisations (TPOs)	The number of offices abroad that are not embassies or consulates, but do focus on trade and commercial diplomacy	Number of offices of trade agencies	Total trade promotion offices	Numerical numbers
Number of employees	The number of employees who work on commercial diplomacy under the ministry and/or trade agency	Number of employees abroad (and the number of employees within the home country)	Number of employees abroad	Numerical numbers
Practice factors	Definition	Indicators	Values	Code
Structure of foreign post	The way the foreign post is organised and how it is funded	Government budget or private member fees	Private	1
Economic function	The kind of function that the employees have within the foreign post	The tasks and activities of the employees of the foreign post	Public	2
			Business promoter	1
			Civil servant /business promoter	2
Staff categories	The categories of the staff (employees) of the foreign post based on their activities and work	The work and activities of the employees of the foreign post	Generalist	3
			Structure	1
			Elite	2
			Treaty	3

Size of foreign post	The size of the foreign post expressed in the number of employees working on commercial diplomacy	The number of employees working on commercial diplomacy	Number of employees	Numerical numbers
Programmes	The activities and events that the employees of a foreign post perform and organise for commercial diplomacy	The activities and events the employees work on	Trade shows (fairs) Reporting Seminars Counselling Trade missions Workshops	Yes or No 1 = Yes 2 = No
Activism of foreign post	The number of programmes and tasks the employees of a foreign post perform and work on	Number of tasks and programmes, 3 or less is reactive, more than 3 is proactive	Proactive Reactive	1 2
Requirements	The requirements that have to be met in order to work at the foreign post	Requirement for a degree, learning languages and other requirements	Degree Language Other	Yes or No 1 = Yes 2 = No
Training	The amount of training and the kind of training while working at the foreign post	If the employees have training or not while working at the foreign post	Yes No	1 = Yes 2 = No
Academic background	The educational background of the employee of the foreign post	The employee's educational background	Economic/business Political Economics and political Economics and law Politics and law	1 2 3 4 5
Access to information	The way and possibility of employees (and companies) to find information	The employees indicate whether the way of gathering information is good or bad	Good Bad	1 2

Data Collection

This research covered all 27 current MS of the EU: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom (Europa, 2011a). For this study, the goal was to get in touch with each MS to achieve a full comparison of commercial diplomacy within the EU. The first part looks at the commercial diplomacy policies, especially the policy focus and policy goals of each country. The commercial diplomacy policies of all 27 MS were compared by looking at primary and secondary sources, such as books, journals, government publications and newspapers. The country characteristics and general information were found on the EU website (Europa, 2011a, 2011c) and data was taken from Eurostat (Eurostat, 2011). To find out what the policies of a government are, their websites were thoroughly searched for their policy documents and all policy goals. Still, it was not always easy to find the correct information on the government website. A lot of information is spread over many pages, and often important information can only be found in the local language. This affects the validity of the data, because not all of it can be accessed (Sorensen et al., 1996). For some governments the policy documents could not be found or correctly translated. Nevertheless, enough data was obtained for each government to show what the policy goals of the country are, and the data is considered valid.

The commercial diplomacy practices of the EU MS were collected via interviews with diplomats and employees of foreign posts. We strove to get a response from large and small countries, the new members and the ones that had been in the EU the longest to check the effect of size and time of entry into the EU. The extent of this research is dependent on the respondents' willingness to participate and the time limits of the participants and of the researcher. For practical reasons and to improve comparability, only one foreign post of a country was visited, and all the foreign posts were located in one MS, in this case Sweden (Stockholm). The practices of the MS vary across countries and can create bias with practices in other countries. To avoid any bias, the data collected can be seen as a sample or a case study looking at the practices of one foreign post of a MS in one other MS (Eisenhardt & Graebner, 2007). The research is reliable when looking at the commercial diplomatic practices in the case of Sweden, but it cannot be generalised to all commercial diplomatic practices of a member state within and outside the whole EU (Sorensen et al., 1996).

All the employees were contacted via post, e-mail or telephone and asked whether they wanted to participate in this research. Each interview with the employee was conducted at the foreign post. In the findings, the foreign post is classified as an embassy or a different kind of foreign post. During the interview, notes are made, and where possible the interview was recorded. After each interview, the notes and information were written down as soon as possible. The interview information contains the location, date, time, setting and impression of the interview. Each session was saved as a separate Word file. The notes and recordings of the interviews were translated into an interview transcript. This transcript was sent to the interviewee for

comments and cross-checking. After receiving the respondent's comments, the final version of the interview transcript was created, and this was used later in the data analyses.

Data Analyses

The commercial diplomacy policy and practice factors of the EU MS were gathered via policy analyses and interviews. To be able to compare them, they were transformed into categorical data. The chunks of data were classified in the categories shown in [Table 1](#). These categories will be shown next to each other in the tables of differences and similarities between the policy factors and the practice factors of the EU MS. From these tables the comparison between the factors was drawn. To be able to see a relationship between the policy and practice factors and if an explanation can be found for these differences and similarities, the policy and practice factors were statistically tested. To do so, they have to be changed into quantities. The factors are arranged into categorical variables or quantitative variables and are put in a statistical data set as nominal data or numerical data. The tests used for the categorical data are the Pearson chi-square test, the Phi test and Cramer's V test. For the categorical data there is no test that can show a linear relationship, but the chi-square test and Phi test show if the values are independent of each other or not. If the values are dependent, then there is a relationship between them. The Cramer's V test shows any association between two variables. The association between two categories does not show the strength of the direction of the relationship, but only indicates that there is one. For the numerical data, the chi-square test, the Phi test and the Cramer's V test are also used, but one additional test is done to see if there is a correlation between two numerical factors. The association for the numerical data shows if there is a linear relationship, and the correlation shows its direction and strength ([De Veaux, Velleman, & Bock, 2008](#)). The operationalisation of the factors and the corresponding statistical values (codes) can be found in [Table 1](#). [Table 2](#) shows the number of times the labels of the factors were found. The total of the policy factors is 27 MS. The total of the practice factors is 14 MS. The results of the policy analysis and interviews are explained and discussed in the next section.

Findings

As mentioned before, this research compares the commercial diplomacy policies and practices of EU MS in two ways: a policy analysis and a practice analysis. In this section the two analyses are performed, and the MS factor comparison is discussed. The first part contains the policy analysis of the 27 EU MS. The second part contains the practice analysis of a selection of 14 MS: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, the Netherlands, Romania, and Slovakia.

Table 2: Descriptive statistics.

Policy factors	Labels	Frequency	Percentage
Responsible ministry	Ministry of Trade	4	14.8%
	Ministry of Foreign Affairs	5	18.5%
	Both	18	66.7%
Size of country	Small	8	29.6%
	Medium	13	48.1%
	Large	6	22.2%
Wealth	Rich	11	40.7%
	Average	3	11.1%
	Poor	13	48.1%
Share of intra-EU trade	High	6	22.2%
	Average	6	22.2%
	Low	15	55.6%
Entry time in the EU	First	6	22.2%
	Middle	9	33.3%
	Last	12	44.4%
Policy focus	Business oriented	12	44.4%
	Mixed oriented	14	51.9%
	Trade oriented	1	3.7%
Number of embassies inside the EU	Few	4	14.8%
	Average	15	55.6%
	High	8	29.6%
Practice factors	Labels	Frequency	Percentage
Structure of foreign post	Private	1	7.1%
	Public	13	92.9%
Economic function	Business promoter	11	78.6%
	Civil servant/business promoter	3	21.4%
Staff category	Generalist	0	0%
	Structure	2	14.3%
	Elite	4	28.6%
	Treaty	1	7.1%
Programmes	Mixed	7	50%
	Trade shows (fairs)	9	64.3%
	Reporting	14	100%
	Seminars	9	64.3%
	Counselling	3	21.4%
	Trade missions	14	100%
Activism	Workshops	2	14.3%
	Proactive	9	64.3%
	Reactive	5	35.7%

Table 2: (Continued)

Practice factors	Labels	Frequency	Percentage
Requirements	Degree	14	100%
	Language	10	71.4%
Background	Economic/business	5	35.7%
	Political	2	14.3%
	Economics and political	4	28.6%
	Economics and law	2	14.3%
	Politics and law	1	7.1%
Access to information	Good	14	100%

Member State Policy Comparison

Each country has its own network of responsible ministries and other parties that are involved in commercial diplomacy. Most MS have a network with a shared responsibility between the Ministry of Foreign Affairs and the Ministry of Economic Affairs. This network is used in 17 MS: Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania and Slovakia. The other possible scenarios are that only the Ministry of Foreign Affairs is responsible as is the case in Belgium, Greece, Ireland, Sweden and the United Kingdom, or that the Ministry of Economic Affairs is responsible, mostly with some support from the Ministry of Foreign Affairs and its embassies, as is the case in France, Poland, Portugal, Slovenia and Spain. The responsible ministry is the main actor working on commercial diplomacy together with the foreign posts that implement its policies. In the network, the chambers of commerce are also taken into account, because they play a large role in commercial diplomacy. Other organisations and institutions can also play a role in commercial diplomacy, but because they vary widely from country to country, this makes the network too complex, and they are not discussed here.

The policy focus of most MS is classified as business-oriented. It is derived from their policy goals. Many countries indicate in their policy goals that they want to improve trade and abolish barriers, increase export and attract investment. These policy goals are very trade-oriented. In addition, the MS have written down in their policy programmes and website how they want the policies to be implemented by the trade agencies and trade offices. It is there that one sees a focus on supporting businesses and helping them with their export and investment and finding new business opportunities. Determining the policy focus was not easy, because a lot of the information was dispersed. The policy focus in this study shows what the predominant policy goals of a country are. It is possible that data is missing and that countries might have a different policy focus, but from the data gathered, the countries are categorised as having a certain policy focus. Thirteen countries were

classified as being predominantly business-oriented: Austria, Denmark, Estonia, France, Greece, Italy, Luxembourg, the Netherlands, Romania, Poland, Portugal, Sweden and the United Kingdom. Based on the data that was found, one country was classified as being predominantly trade-oriented: Bulgaria. Some countries could not be classified as being predominantly trade- or business-oriented and are classified as mixed. These countries are Belgium, Cyprus, Czech Republic, Finland, Germany, Hungary, Ireland, Latvia, Lithuania, Malta, Spain, Slovenia and Slovakia.

In this study, the number of foreign posts has been divided into the number of embassies within the EU, the number of embassies outside the EU and the number of trade offices. The embassies within the EU have been categorised into three groups. There are eight countries with an embassy in each MS: Belgium, France, Germany, Greece, Ireland, Italy, Portugal and Spain. Most MS have between 21 and 25 embassies in the EU, and have a consulate or high commission in the MS where they do not have an embassy. There are a few small countries that have 20 or fewer embassies within the EU: Estonia, Malta, Latvia and Luxembourg. The MS also have trade offices that work on commercial diplomacy. They almost always fall under the responsibility of the Ministry of Economic Affairs and/or a trade agency. Only Bulgaria, Hungary, Slovakia and Slovenia do not have trade offices abroad. In these countries all the work of commercial diplomacy abroad is done at the embassies and consulates, and often the embassy has an economic section or commercial counsellors working on commercial diplomacy. In Austria and Germany, the chambers of commerce act as trade offices, and the Austrian chambers of commerce are often named as the economic department of the embassy. The policy factors of the EU MS are summarised and shown next to each other in [Table 3](#).

Member State Practices Comparison

As mentioned before, the MS all have a network of embassies and/or trade offices that work on commercial diplomacy ([Table 2](#)). Almost all MS have embassies and trade offices abroad; only Bulgaria, Hungary, Slovenia and Slovakia do not. Austria and Germany have chambers of commerce abroad (AWO and AHK) that operate as a trade office. The German embassies work on a part of the commercial diplomacy, and the rest is done at the AHK. No commercial diplomacy is performed by the Austrian embassies, as everything is done by the AWO. The AWO is often considered the economic department of the embassy, and some employees of the AWO have a diplomatic status. Denmark, Estonia, Finland, France, Greece, Latvia, Lithuania, the Netherlands, and Romania all have embassies and trade offices that work on commercial diplomacy. Often the trade office is part of the embassy (as its economic department), but in Estonia, Finland and the Netherlands, they have separate trade (business) offices outside the embassy. The employees of the trade offices or of the economic departments of the embassies can all be classified as business promoters. The employees who work on commercial diplomacy within an embassy who are not part of an economic department and/or also have to perform other activities are classified as civil servants. In the embassy of Estonia and

Table 3: Policy factors.

Policy factors	Austria	Belgium	Bulgaria	Cyprus	Czech Republic
Responsible ministry	Combination of Ministries of Economy, Family and Youth and Ministry of European and International Affairs	Ministries of Foreign Affairs, Foreign Trade and Development Cooperation	Ministry of Foreign Affairs and Ministry of Economy	Ministry of Foreign Affairs with the Ministry of Commerce, Industry and Tourism	Ministry of Foreign Affairs with the Ministry of Industry and Trade
Structure of ministry	Decentralised and autonomous (independent)	Autonomous (independent), decentralised	Decentralised		Individually (independent)
Size of country	Area: 83,870 km ² , population: 8.3 million; medium	Total area: 30,582 km ² , population: 10.7 million; medium	Area: 111,910 km ² , population: 7.6 million; medium	Area: 9250 km ² , population: 0.8 million; small	Total area: 78,866 km ² , total population: 10.5 million inhabitants; medium
Wealth of country	Rich	Rich	Poor	Average	Poor
Budget for diplomacy	6.4% of total budget	15.7% of total budget	13.2% of total budget	7.63% of total budget	Export strategy: 3330 million CZK
Entry time in the EU	1995: middle	First, 1957	Last, 2007	Last, 2004	Last, 2004
Share of intra-EU trade	Average	High	Low	Low	Low
Policy focus	Business oriented	Mixed oriented	Trade oriented	Mixed oriented	Mixed oriented
Policy goals	More efficiency; bilateral economic agreements and export promotion; economic policy support, provide businesses and organisations with incentives for cooperation. Hub and lobby centres for EU decision-making	Create inward and outward investment Abolish tariffs and trade obstacles Develop trade promotion Provide business support	Improve participation in economic cooperation and international trade Promote economy abroad	Promote development Increase economy Promote export of goods and services Increase inward investment	Promote export Promote economic interests abroad Improve services for companies abroad

Table 3: (Continued)

Policy factors	Austria	Belgium	Bulgaria	Cyprus	Czech Republic
Number of embassies	23 embassies in the EU, 45 embassies outside the EU; average	26 inside the EU, 60 outside the EU; high	24 inside the EU, 60 outside the EU; average	21 inside the EU, 27 outside the EU; average	58 outside the EU, 25 inside the EU; average
Number of foreign trade offices	AWO: 75 offices abroad	Flanders: 70 offices, Wallonia: 20, Brussels: 20		11 trade centres	33 offices in 30 countries
Number of employees	2167 abroad	Foreign trade advisers: 403, living abroad: 221			Total: 375, head office: 235, abroad: 140
Policy factors	Denmark	Estonia	Finland	France	Germany
Responsible ministry	Ministry of Foreign Affairs with Ministry of Business and Growth	Ministry of Foreign Affairs with Ministry of Economy and Communications	Ministry of Foreign Affairs and Ministry of Employment and Economy	Ministry of Economy, Finance and Industry	Ministry of Trade with Ministry of Foreign Affairs
Structure of ministry					
Size of country	Total area: 43,094 km ² , total population: 5.5 million inhabitants; medium	Total area: 45,000 km ² , total population: 1.3 million inhabitants; Small	Total area: 338,000 km ² , total population: 5.3 million inhabitants; medium	Total area: 550,000 km ² , total population: 64.3 million inhabitants; large	Total area: 356,854 km ² , total population: 82 million inhabitants; large
Wealth of country	Rich	Poor	Rich	Rich	Rich
Budget for diplomacy		0.3% of total budget	66% of foreign service budget, 0.3% of total expenditure	Total expenditure is 176.3 billion euro	2% of total budget
Entry time in the EU	Middle, 1973	Last, 2004	Middle, 1995	First, 1957	First, 1957
Share of intra-EU trade	Low	Low	Low	High	High

Policy focus	Mixed oriented	Business oriented	Mixed oriented	Business oriented	Mixed oriented
Policy goals	Free trade Increase value, knowledge and growth	Support businesses abroad Improve export for new companies Enter more markets	Remove trade barriers (free and fair trade) Improve services of missions for companies Promote and improve internationalisation of Finnish companies, especially SMEs	Support French companies with their export and entry into foreign/international markets	Abolish trade barriers Work on international agreements for global free trade and fair competition Promote export and investment
Number of embassies	60 outside the EU, 25 inside the EU; average	13 outside the EU, 20 inside the EU; low	52 outside the EU, 25 inside the EU; average	139 outside the EU, 26 inside the EU; high	124 outside the EU, 26 inside the EU; high
Number of foreign trade offices	Located in 60 countries	10 offices in 9 countries	66 locations in 45 countries	48 agencies: 33 outside the EU and 15 inside the EU	AHK: 120 offices in 80 countries
Number of employees	100 in Denmark, 300 abroad	Estonia Enterprise: 285 employees	1800 employees at missions abroad		

Policy factors	Greece	Hungary	Ireland	Italy	Latvia
Responsible ministry	Ministry of Foreign Affairs	Ministry of Foreign Affairs with Ministry of Industry, Trade and Tourism	Ministry of Foreign Affairs and Ministry of Trade	Ministry of Trade with Ministry of Foreign Affairs	Ministry of Economics with assistance of Ministry of Foreign Affairs
Structure of ministry		Autonomous	Decentralised		
Size of country	Total area: 131,957 km ² , total population 11.2 million inhabitants; medium	Total area: 93,000 km ² , total population: 10 million inhabitants; medium	Total area: 70,000 km ² , total population: 4.5 million inhabitants; medium	Total area: 301,263 km ² , total population: 60 million inhabitants; large	Total area: 65,000 km ² , total population: 2.3 million inhabitants; small

Table 3: (Continued)

Policy factors	Greece	Hungary	Ireland	Italy	Latvia
Wealth of country	Poor	Poor	Rich	Average	Poor
Budget for diplomacy	0.03% of total		1.5% of total		16% of total
Entry time in the EU	Middle, 1981	Last, 2004	Middle, 1973	First, 1957	Last, 2004
Share of intra-EU trade	Low	Low/Average	Low/Average	High	Low
Policy focus	Business oriented	Mixed oriented	Mixed oriented	Business oriented	Mixed oriented
Policy goals	Promote Greek business abroad Provide information to Greek businesses abroad	Free competition and increase Hungarian competitiveness, and enter new markets EU integration Trade development	Promote trade and investment Increase access to new markets	Increase trade Internationalise business Support access to new markets	Competitiveness Free trade
Number of embassies	58 outside the EU, 26 inside the EU; high	53 outside the EU, 24 inside the EU; average	34 outside the EU, 26 inside the EU; high	100 outside the EU, 26 inside the EU; high	14 outside the EU, 20 inside the EU; low
Number of foreign trade offices	60 bureaus abroad in 49 countries	Network with diplomatic services via the embassies in over 50 countries	30 international offices	117 offices in 87 countries	13 representation offices abroad
Number of employees			Total: 1260, in Ireland: 900, abroad: 360		LIAA: 200 employees
Policy factors	Lithuania	Luxembourg	Malta	The Netherlands	Poland
Responsible ministry	Ministry of Foreign Affairs with Ministry of Economy	Ministry of Foreign Affairs with Ministry of Economy and Ministry Foreign Trade	Ministry of Foreign Affairs with Ministries of Finance, Economy and Investment	Ministries of Economic Affairs, Agriculture and Innovation together with the Ministry of Foreign Affairs	Ministry of Economy
Structure of ministry				Decentralised	

Size of country	Total area: 65,000 km ² , total population: 3.3 million inhabitants; small	Total area: 3586 km ² , total population: 0.5 million inhabitants; small	Total area: 316 km ² , total population: 0.4 million inhabitants; small	Total area: 41,526 km ² , total population: 16.4 million inhabitants; medium	Total area: 312,679 km ² , total population: 38.1 million inhabitants; large
Wealth of country	Poor	Rich	Poor	Rich	Poor
Budget for diplomacy		0.4% of total expenditure	0.04% of total budget	4.6% of total budget	
Entry time in the EU	Last, 2004	First, 1957	Last, 2004	First, 1957	Last, 2004
Share of intra-EU trade	Low	Low	Low	High	Average
Policy focus	Mixed oriented	Business oriented	Mixed oriented	Business oriented (innovation)	Business oriented
Policy goals	Work closely on EU trade policy Add value to business and create innovation	Export to new, international markets Support economic activities abroad	Bring investment to Malta Improve export Support international commerce Maximise economic benefits	Strengthen international competitiveness Ensure more innovation through cooperation Enlarge and secure global economic position	Improve trade, export and inward investment Help Polish companies to do business abroad, especially SMEs
Number of embassies	20 outside the EU, 22 inside the EU; average	23 outside the EU, 19 inside the EU; low	12 outside the EU, 14 inside the EU; low	85 outside the EU, 25 inside the EU; average	64 outside the EU, 25 inside the EU; average
Number of foreign trade offices	9 commercial attachés, Enterprise Lithuania: 18 representation offices	Trade and investment offices in 9 countries	5 overseas offices	Business supports offices in 9 countries	48 offices in 44 countries
Number of employees					

Table 3: (Continued)

Policy factors	Portugal	Romania	Slovakia	Slovenia	Spain
Responsible ministry	Ministry of Economy and Employment	Ministry of Economy with Ministry of Foreign Affairs	Ministry of Economy with Ministry of Foreign Affairs	Ministry of Economy	Ministry of Economy
Structure of ministry					
Size of country	Total area: 92,071 km ² , total population: 10.6 million inhabitants; medium	Total area: 237 500 km ² , total population: 21.5 million inhabitants; medium	Total area: 48,845 km ² , total population: 5.4 million inhabitants; small	Total area: 20,273 km ² , total population: 2 million inhabitants; small	Total area: 504,782 km ² , total population: 45.8 million inhabitants; large
Wealth of country	Poor	Poor	Poor	Poor	Average
Budget for diplomacy		11.9% of total budget			0.45% of total budget
Entry time in the EU	Middle, 1986	Last, 2007	Last, 2004	Last, 2004	Middle, 1986
Share of intra-EU trade	Low	Low	Low	Low	Average
Policy focus	Business oriented	Business oriented	Mixed oriented	Mixed oriented	Mixed oriented
Policy goals	Internationalization of economy More inward investment and export	Promote export: organise events and meetings, support with regulations and laws, support network Attract inward investment	Liberalise market Remove trade barriers Change legislation to make business easier	Make enterprise more competitive Internationalise market (more export) Attract inward investment	Make enterprise more competitive Internationalise market (more export) Attract inward investment

Number of embassies	50 outside the EU, 26 inside the EU; high	24 outside the EU, 23 inside the EU; average	41 outside the EU, 22 inside the EU; average	37 outside the EU, 24 inside the EU; average	91 outside the EU, 26 inside the EU; high
Number of foreign trade offices	50 offices in 44 countries	80 offices	21 economic sections outside the EU and 22 economic sections inside the EU		13 business centres
Number of employees					1000 specialists

Policy factors	Sweden	UK
Responsible ministry	Ministry of Foreign Affairs	Ministry of Foreign Affairs (FCO)
Structure of ministry		Decentralised
Size of country	Total area: 449,964 km ² , total population: 9.2 million inhabitants; medium	Total area: 244,820 km ² , total population: 61.7 million inhabitants; large
Wealth of country	Rich	Rich
Budget for diplomacy	4.99% of total budget	
Entry time in the EU	Middle, 1995	Middle, 1973
Share of intra-EU trade	Average	High
Policy focus	Business oriented	Business oriented
Policy goals	Free trade More export Support for companies, especially of SMEs	Increase growth and international competitiveness Make it easier for SMEs and entrepreneurs to enter a market and to grow
Number of embassies	66 outside the EU, 21 inside the EU; average	78 outside the EU, 24 inside the EU; average
Number of foreign trade offices	60 offices in 52 countries	Offices in 96 countries
Number of employees		2400 employees

Finland, the employees working on commercial diplomacy cannot be classified as being predominantly business promoters, because they also perform tasks that do not fall within the scope of commercial diplomacy and because both countries have trade offices (Estonia Enterprise and Finpro) outside the embassy that work on commercial diplomacy. The embassy of Germany has an economic department, but its employees work more on economic policy affairs than on commercial diplomacy and cannot be classified as business promoters, but more as civil servants. Germany has an AHK that acts as the trade office, and the employees of the AHK are exclusively business-oriented.

The work of the employees of the foreign posts can be divided into several tasks. The first one is to write reports. Each employee updates the government or the HQ of a trade office on the current status of the post, the work that has been accomplished, the events that have been organised, what the economic situation of the host country is, and what the position of the host country government is on economic affairs. The second task is to arrange missions. Each foreign post, often in cooperation with the home government and other institutions, arranges missions of trade and/or political delegations that come to the host country. Another important task is to respond to questions received from companies, institutions and individuals asking for information about economic sectors of the host country and/or possible business opportunities and partners. Some of the employees indicated that they would help companies to set up meetings with possible business partners and provide some advice concerning business opportunities. They made it clear that they provide information and set up meetings, but do not take part in the business meetings. The foreign post is not a consultancy firm and is not involved in the firm's strategy. The employees give options to the firm, and the firm decides which strategy to follow.

The employees of the foreign post also arrange particular events. Most foreign posts organise shows to bring companies together or to display what their country has to offer in terms of export and investment opportunities. Fairs and trade shows are two big events where countries show their home products. Often the embassy or trade office arranges a national booth where companies can display their products. The embassies of Estonia, Finland, Germany, Hungary and the Netherlands indicated that they did not arrange fairs, but Estonia Enterprise, Finpro, the AHK or the agency at home (EVD) arranges national booths at international fairs or trade shows. A second option to promote and highlight the business opportunities of the home country is by organising workshops and seminars. The employees at the foreign posts of Lithuania, Romania, France, Greece, Latvia, Finland, Estonia, Denmark and Austria said that they organise seminars. The employees of Lithuania and Greece stated that they also organise workshops. The task row in [Table 4](#) shows which kind of events countries organise to promote their companies and country. Based on these results, the countries are labelled as proactive or reactive. Reactive means it only organises missions and fairs, while proactive implies it also organises seminars, workshops and other events that actively promotes the country. The foreign posts of Austria, Denmark, Estonia, Finland, France, Greece, Latvia, Lithuania and Romania are labelled as proactive. The foreign posts of Belgium, Germany, Hungary, the Netherlands and Slovakia are labelled as reactive.

The events that are organised by the employees depend on the structure and the resources of the foreign post. Embassies have fewer resources, such as money and employees, for commercial diplomacy than the trade offices. Trade offices have more employees working on commercial diplomacy. In an embassy there are often only one or two commercial attachés working on economic affairs. The number of employees working at the foreign post and the activities they perform are decided by the ministry, but this is also influenced by the working requirements, the training, and the background of the employees at the foreign post. All the employees of an embassy have had diplomatic training. They have an academic background in economics and politics. The employees at trade offices have not all had diplomatic training, and they have an academic background in economics and law. The requirements for a person who wants to work at the foreign post differs per country. The foreign posts of Austria, Finland, France, Greece, Latvia, Lithuania and Romania indicated that speaking several languages is a requirement. The foreign posts of Belgium, Denmark, Estonia, Germany, Hungary, the Netherlands and Slovakia indicated that speaking the local language is not a requirement, but it is a benefit if an applicant does speak the local language and/or other languages. The foreign post of each MS has a university bachelor degree as a requirement. The working requirements and number of employees can explain the differences and similarities between the practice factors of the 14 MS. The practice factors together with the country characteristics and the policy factors were statistically tested for a relation between the factors and any possible explanations for the differences and similarities between the MS (Table 4).

Results of Statistical Analysis

The comparison of the commercial diplomacy policy and practice factors showed that there are clear differences and similarities between the EU MS. The commercial diplomacy policies and practices of the MS depend on the country characteristics. The country characteristic factors show differences and similarities between the MS, but they also provide a possible explanation for the differences and similarities between the commercial diplomacy policy and practice factors of the MS. The country characteristics together with all the policy and practice factors have been statistically analysed for possible relations between them and for possible explanations for the differences and similarities between the MS. The statistical analysis for possible relations is based on the chi-square test, the Phi test, the Cramer's V test and the correlation test (De Veaux et al., 2008). From a theoretical point of view, we would expect to find relationships between several factors. Six interesting relationships are discussed in this section.

Responsible ministry and policy focus. On the policy side, a relationship is generally assumed between the responsible ministry and the policy focus of the MS. Within a country, we would expect that the policy focus and policy goals of a government depend on the responsible ministry creating the policies. It would make sense that the Ministry of Foreign Affairs is less business-oriented than the Ministry of Trade, but

Table 4: Practice factors of EU MS.

Practice factors	France	Germany	Greece	Hungary	Latvia
Structure of foreign post	Chamber of commerce, private.	Trade agency, public	Embassy, public	Embassy, public	Embassy, public
Economic function	Business promoter	Business promoter	Business promoter	Civil servant/business promoter	Business promoter/civil servant
Tasks	Problem solver; answer questions; provide information; organise events, fairs, trade shows, missions, delegations, ministry visits, business to business meetings; partner search; briefings; reports	Reporting, answering questions, trade missions, trade fairs, market study, country profile	Promoting investment and export; market analysis; partner search; exporting strategies; events, trade shows and seminars; meetings; reports; briefings; company visits; missions	Assisting business with their export and going abroad, answer questions, promote Estonia, cooperate on EU affairs, attend briefings, organise events	Reporting, answering questions, events, meetings, briefings, visits
Staff category	Elite oriented	Structure oriented	Structure oriented	Mixed oriented	Elite oriented
Number of employees	7 in the office	2 on economic affairs	8 on economic affairs	1 on economic affairs	1 on economic affairs
Programmes	Seminars, fairs, missions, reports	Fairs, trade missions, reporting	Seminars, fairs, missions, reports	Reporting, seminars, missions	Trade missions, reporting, seminar
Activism of foreign post	Proactive	Reactive	Proactive	Proactive	Proactive

Requirements	German and English, economic and law degree	University degree, diplomatic test, affinity with country and economic degree recommended	Experience within economic sector, business degree; local language is a plus	Diplomatic requirements	University degree, 4 languages: Finish, Swedish, English and language of own choice
Training	On-the-job training, with seminars and personal training	Assessment and test, after that no training	Team-building, competence development courses	Diplomatic training	Diplomatic training
Background	Economics and law	Politics and economics	International business	Politics	International politics, law and communication
Access to information	Good	Good	Good	Good	Good

Practice factors	France	Germany	Greece	Hungary	Latvia
Structure of foreign post	Trade agency, public	Embassy, public	Embassy, public	Embassy, public	Embassy, public
Economic function	Business promoter	Civil servant/ business promoter	Business promoter	Business promoter	Business promoter
Tasks	Give advice, provide information, show benefits, provide contacts, find partners and opportunities, provide tools for public and	Contact for companies, answer questions, report to ministry and other agencies, support EU affairs, go to	Increase export; promote investment; organise conferences, symposia and workshops; develop	Organise events, reports, arrange delegation visits, find investors, work on export, travel to find	Attract investment; promote Latvia; organise seminars, fairs./ exhibitions;

Table 4: (Continued)

Practice factors	France	Germany	Greece	Hungary	Latvia
	press relations and advertising, coordinate young graduate programme, organise fairs and events, make studies	briefings, do market studies, organise missions and visits, advice companies	business relations; organise trade and business delegations; provide information; arrange options for exhibitions	and help companies	matchmaking; trade missions; individual visits; market research; provide information
Staff category	Mixed oriented	Mixed oriented	Elite oriented	Treaty oriented	Elite oriented
Number of employees	12 people in the office	12 in the economic department (50 in the chamber of commerce)	2 employees in the economic section	1 employee on economic affairs	1 employee on economic affairs
Programmes	Reporting, fairs, seminars, counselling, missions	Reporting, missions, counselling	Fairs, trade missions, workshops, seminars, reports	Reporting, missions	Seminars, fairs, missions, reports
Activism of foreign post	Proactive	Reactive	Proactive	Reactive	Proactive
Requirements	English, trade/business education, learn local language	Diplomatic requirements	University degree, fluent English and French	Diplomatic requirements	Business and trade, 3–4 languages, higher education

Training	Exam, experience is training	Diplomatic training	Exam, no further training	Exam for each country you go to, special job training	Presentation exam, experience
Background	Business	Politics, some economics	Business and economics and mass communication	Politics	Economics, journalism
Access to information	Good	Good	Good	Good	Good

Practice factors	Lithuania	The Netherlands	Romania	Slovakia
Structure of foreign post	Embassy, public	Embassy, public	Embassy, public	Embassy, public
Economic function	Business promoter	Business promoter	Business promoter	Business promoter
Tasks	Promote export, investment and tourism; provide information; provide consultancy; organise events	Reporting, answering questions, trade missions, market scan, promoting brand Holland	Export promotion and investment attraction; organise missions, fairs, exhibitions, study and work visits, meetings, presentations; go to conferences; answer questions; provide information; partner search; provide contact information; write reports; go to briefings	Identify trends, strengthen competition, attract investment, look for innovation and knowledge, answer questions, briefings, reports, fairs, missions, presentations

Table 4: (Continued)

Practice factors	Lithuania	The Netherlands	Romania	Slovakia
Staff category	Mixed oriented	Structure oriented	Mixed oriented	Mixed oriented
Number of employees	1 on economic affairs	2 on economic affairs	1 on economic affairs	1 on economic affairs
Programmes	Fairs, seminars, report, workshops, counselling, missions	Missions, reporting	Seminars, fairs, missions, reports	Fairs, trade missions, reporting
Activism of foreign post	Proactive	Reactive	Proactive	Reactive
Requirements	5 years business experience, English+one other language, degree in economics, international trade and law	Affinity with and knowledge of country, economic degree and language recommended	Romanian citizenship, bachelor degree (economic or law), 2 foreign languages (local is a plus)	University degree, diplomatic test, business degree recommended
Training	Test with verbal discussion	Training and test at beginning, after that no training	Training programme with written test and interview before going abroad (applying for job abroad)	Assessment and test, after that no training
Background	Degree in economics, international trade and law	Politics, economics and social	Economics/business	Politics and economics
Access to information		Good	Good	Good

the statistical analysis did not prove this relationship. The Ministry of Trade as well as the Ministry of Foreign Affairs that are solely responsible for commercial diplomacy were both labelled as business-oriented. If the responsibility lay with both ministries, then they were labelled as business-oriented, mixed-oriented, but also as trade-oriented.

Economic function and background of the employees. On the practice factor side, we would expect to find a relationship between the economic function of the foreign post and the background of the employees. If the foreign post is business-oriented, then we would assume that the employees have a background in economics. This relationship has not been proven by the statistical analysis. The foreign post that is labelled as business-oriented can have employees with a background in economics, politics or law. The employees do not need an economic background to work for a foreign post that is business-oriented.

Staff category and background of the employees. Also on the practice side, we would assume that there is a relationship between the staff category and the academic background of the employees. According to the literature, a treaty-oriented diplomat has a background in law, and the structure-oriented diplomat has a background in the social sciences (Galtung & Ruge, 1965), but this has not been confirmed by the statistical analysis. The background of an employee cannot be classified into one staff category. An employee with an economic background can be labelled as elite-oriented, but also as structure-oriented or treaty-oriented.

Policy focus and economic function. Concerning the implementation of the policies of an MS, practice factors have been tested with the policy factors to see if there is a link between them. We would assume that there is a relationship between the policy focus of a country and the economic function of a foreign post. We would expect that the economic function and activities of the foreign post are directly derived from the policy goals of the government. The statistical analysis did not prove this relationship. This means that the employees have some freedom in deciding the function and activities of the foreign post.

Wealth and the number of embassies inside the EU and the number of employees. Finally, we would assume that there is a relationship between the wealth of a country, the number of embassies a country has inside the EU, and the number of employees at the foreign post. A country labelled as rich should have more money and resources to set up an embassy in each MS and to employ more persons at a foreign post than a country that is labelled as poor. This has not been proven by the statistical analysis. Countries labelled as rich do not have significantly more embassies and employees than countries labelled as poor. A country that is labelled as rich might have the resources to set up more embassies and to employ more persons, but that does not mean that the country will do so and will employ more persons than countries labelled as poor. Both can have the same number of embassies within the EU and

have one person working on commercial diplomacy at a foreign post. The results of the six interesting relationships are shown in [Table 5](#).

Besides these six relationships, the statistical tests found relationships between other factors. The relationships and the values of the factors that have a relationship can be found in [Table 6](#). In addition, the statistical tests found a weak positive correlation between the number of trade offices and the number of embassies within and outside the EU (and the total number of embassies). This means that when the number of trade offices increases, the number of embassies also increases or vice versa. For instance, if the number of trade offices of a country is higher, then the number of embassies of that country also will be higher.

After having tested all the factors in order to see if there is a relationship between pairs of them, it became clear that the MS can be arranged into two groups that have the same categories for several factors. There are only a few countries that fall outside the category, and some factors do not apply to all the countries, but the categories make a clear distinction between the MS. The categories contain the country characteristics, policy factors and practice factors. The data shows that countries labelled as small mostly entered the EU last; they are labelled as poor and have a lower percentage of intra-EU trade. The responsibility for commercial diplomacy lies with both the Ministry of Foreign Affairs and the Ministry of Trade. They also have fewer embassies and fewer employees at the foreign post. These countries are almost all proactive in promoting trade and investment and have a staff category at the foreign post that is labelled as mixed-oriented. The countries that are labelled as large almost all entered the EU first; they are labelled as rich and have a high percentage of intra-EU trade. The responsibility for commercial diplomacy lies with both the Ministry of Foreign Affairs and the Ministry of Trade or only with the Ministry of

Table 5: Interesting relationships.

Relationship	Test value^a
Responsible ministry and the policy focus of a country	0.893
Economic function, foreign post and the background of the employee(s)	0.160
Staff category of the employees of the foreign post and the background of the employee(s)	0.208
Policy focus of a country and the economic function of its foreign post	0.707
Wealth of a country and the number of embassies inside the EU	0.394
Wealth of a country and the number of employees at a foreign post	0.095

^aThe test values are similar for the chi-square test, the Phi test and Cramer's V test. A relationship is significant when the value is smaller than 0.05.

Table 6: Statistical relationships.

Relationship	Test value ^a
Entry time in the EU and the size of a country	0.018
Wealth of a country and the entry time in the EU	0.001
Entry time in the EU and the share of intra-EU trade	0.001
Entry time in the EU and the number of embassies inside the EU	0.020
Entry time in the EU and the activism of the foreign post	0.047
Entry time in the EU and the number of employees at the foreign post	0.019
Size of a country and the wealth of a country	0.039
Size of the country and the number of embassies inside the EU	0.003
Size of the country and the number of employees at the foreign post	0.015
Size of the country and the share of intra-EU trade	0.004
Share of intra-EU trade and the number of employees at the foreign post	0.002
The academic background of the employees and the activism of the employees of the foreign post	0.019
The total number of embassies and the number of trade offices	0.02

^aThe test values are similar for the chi-square test, the Phi test and Cramer's V test. A relationship is significant when the value is smaller than 0.05.

Foreign Affairs. They have more embassies and more employees at the foreign post, but are mainly reactive in promoting their country and have different kinds of staff categories.

Conclusion

The results of the research show the differences and similarities between the commercial diplomacy policies and practices of the EU MS. To begin with, it is obvious that the MS are different in terms of their country characteristics. It is more interesting to compare the commercial diplomacy policy and practice factors. The first difference between the MS is that they all have their own commercial diplomacy network of ministries, foreign posts, chambers of commerce and other institutions that are involved in commercial diplomacy. The most common network is a shared responsibility between the Ministry of Foreign Affairs and the Ministry of Economy. Almost all countries have embassies and trade offices abroad that are working on commercial diplomacy. Often, the trade office is part of the embassy (as an economic

department), but in some countries they have separate trade (business) offices outside the embassy. MS have different policy goals and policy focus. They also vary in the number of embassies, the number of trade offices and the number of employees at the foreign post. Furthermore, the MS have different staff categories, working requirements, types of training and employees at the foreign posts. Finally, the MS vary in terms of the tasks of the employees at the foreign post and the events they organise. Some MS can be classified as being proactive and some as being reactive. There are also similarities between the MS. They can be categorised into two groups: countries that entered the EU first and countries that entered the EU last. Figure 2 shows the two categories that are opposite of each other in almost all aspects.

The categories in Figure 2 look general, and not all of them count for each country, but it shows in what way the MS are similar to each other. The countries that entered the EU between 1958 and 2003 do not form a third group, rather they can be placed in one of the two categories. Examples of countries that fall in the ‘first’ category are France, Germany, Italy, Belgium, the Netherlands, the United Kingdom and Spain. Countries that fall in the last category are, for instance, the Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia. There is a big difference between countries that have been in the EU for a long time: they have set up a good trade network. Countries that are new to the EU still have to set up a trade network and promote the business and investment opportunities of their country, because they are not well known in the EU. These categories make the effect of the policies created within the EU clear, and it shows the EU how countries shape their commercial diplomacy policies and practices within the single European market, and whether these regulations have been implemented or if they should be changed. Finally, these categories reveal the relevance of this research because it shows what the commercial diplomacy policies and practices are of the other MS. It is relevant for governments to know what the other MS are doing, because it affects their political and especially their economic relation. It raises the questions of whether they should collaborate or if they should be competitors. Especially the countries labelled as small would do well to collaborate within the EU to increase trade and investment.

EU first	EU last
<ul style="list-style-type: none"> • Large • MFA & MT or MFA • Rich • High trade % • 25/26 embassies • 2 or more employees • Reactive 	<ul style="list-style-type: none"> • Small • MFA & MT • Poor • Low trade % • 24 or fewer embassies • 1 or 2 employees • Proactive

Figure 2: Member state categories.

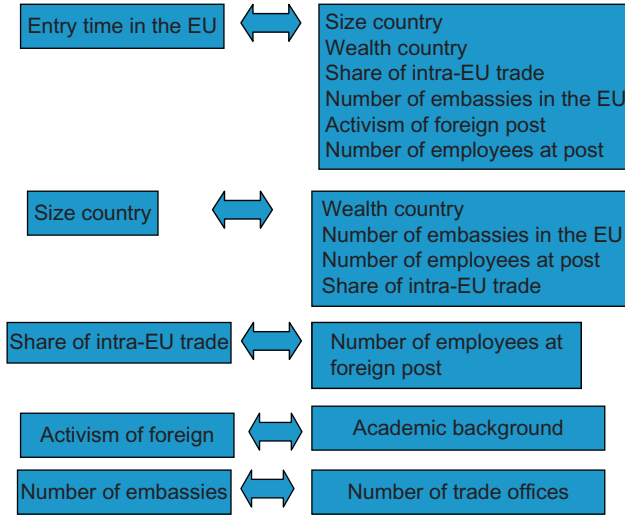


Figure 3: Relationship between commercial diplomacy factors.

The commercial diplomacy policy and practice factors were also statistically tested for a relationship between them and for a possible explanation for the differences and similarities between the MS. Figure 3 shows the relationships between the commercial diplomacy policy and practice factors.

The statistical tests show that there is a positive relationship or correlation between pairs of factors, but it does not show which factor can explain the differences or similarities between the MS. We would assume that the size of a country explains the number of employees at a foreign post. However, the statistical tests do not support a causal relationship; in other words, which factor is the dependent factor and which is the independent factor (de Veaux et al., 2008). Also, some of the relationships do not reflect the influence of one factor over the other. There is theoretically no explanation for the relationship between the time of entry into the EU and the size of a country. This means that there is no absolute clarity about which factors explain the differences and similarities between the MS and which factors affect commercial diplomacy. The next section contains a discussion about the factors that influence commercial diplomacy according to the employees interviewed, and to what extent these factors have been mentioned in the literature.

Discussion

The literature review showed that the commercial diplomacy policies and practices of a country are influenced by different factors. During the interviews, some of these factors were discussed with the participants. Almost all of the respondents mentioned that the practices of the foreign posts are performed differently in each country

around the world. Four important points influencing the commercial diplomacy practices that some of them mentioned are the host country characteristics, the economic relationship between the countries, the kind of foreign posts in the host country and whether the host country is located inside or outside the EU.

The first point has been mentioned in broad terms before. According to the literature, the environment, cultural background, regime and institutions of the host country affect commercial diplomacy (Kostecki & Naray, 2007; Ruel & Zuidema, 2012; Yakop & van Bergeijk, 2009). The literature acknowledges that the host country affects commercial diplomacy, but most articles do not mention which characteristics specifically influence commercial diplomacy. The only authors who talk about the host country factors are Kostecki and Naray (2007). They say that 'the host country's market size and market potential is the most significant determinant of the investment in commercial diplomacy' (Kostecki & Naray, 2007, p. 13). They stress the importance of the host country characteristics in the performance of commercial diplomacy practices. The employees who were interviewed mentioned more host country characteristics that influence commercial diplomacy than those given in the literature. The host country characteristics should contain the general characteristics of the country, such as identity, character, law, norms, values, rules, traditions, culture, strength/power of the country and government structure, but they should also include its market characteristics like the type of market (upcoming or developed), size of the market, specific market sectors, specialisations, the added value of top sectors and the way of doing business (local business culture).

The second factor that is important is the economic relationship between the home and the host country. Several studies show the link between export and demographic factors. Rose (2006) finds in his study that export is negatively linked to the economic distance between two countries. This means that if a host country is further away, then the amount of export from the home country to that host country is lower than if the host country is located nearby. He also finds a positive link between export and countries with trade agreements, a common language or land border. Finally, he shows that the relationship between the two countries matters and proves this in the point that colonies trade much more with their coloniser than with other countries (Rose, 2006). Yakop and van Bergeijk (2009) extend the study of Rose. They confirm that distance influences the amount of trade between two countries and introduce new factors that are linked to export. They find that export is positively linked to the economic size and the important markets in the host country, and that it is negatively related to transaction costs, transportation time, land border, currency union, product area and common language (Yakop & van Bergeijk, 2009). The employees who were interviewed raised similar points. They indicated that distance and the economic interaction between the two countries influence the commercial diplomacy practices. The economic interaction between the two countries depends, according to the employees, on the economic priority of the countries, their current trade relation, possible trade barriers, their cultural differences, the amount of trade, perceptions of the country and what a country can gain from the other country (added value).

The third point that influences the commercial diplomacy practices are the types of foreign posts a country has in the host country. In the literature review it was already

mentioned that the structural form of the foreign posts affects commercial diplomacy and that they can be divided into private, public or mixed (Mercier, 2007). The results of this research made it clear that practices are performed differently within an embassy or a trade office. The employees of the foreign posts indicated that the practices depend on the number and the types of foreign posts in the host country. The literature found that an additional consulate or embassy in the host country increases the amount of export (Rose, 2006; Yakop & van Bergeijk, 2009). These studies only looked at consulates and embassies related to export, but did not include trade offices or chambers of commerce related to commercial diplomacy. The employees at the foreign posts mentioned that the practices of an embassy in the host country are different if there is also a trade office and a chamber of commerce. Then the embassy performs different and fewer practices, because the rest are performed by the trade agency or by the chamber of commerce. If the embassy is the only foreign post in the host country, then obviously it has to perform all the practices that are normally performed at the trade office or the chamber of commerce.

The final factor that was mentioned by the employees is the location of the foreign posts within other EU countries and in countries outside the EU, especially in third world countries. The literature review mentioned that the internal market of the EU changes the commercial diplomacy of the MS and that diplomats should modify their duties (Bratberg, 2007; Hocking & Spence, 2005; Kostecki & Naray, 2007). The literature, however, does not show in which way it will change and what duties the diplomats perform. The employees of the embassies said that within the

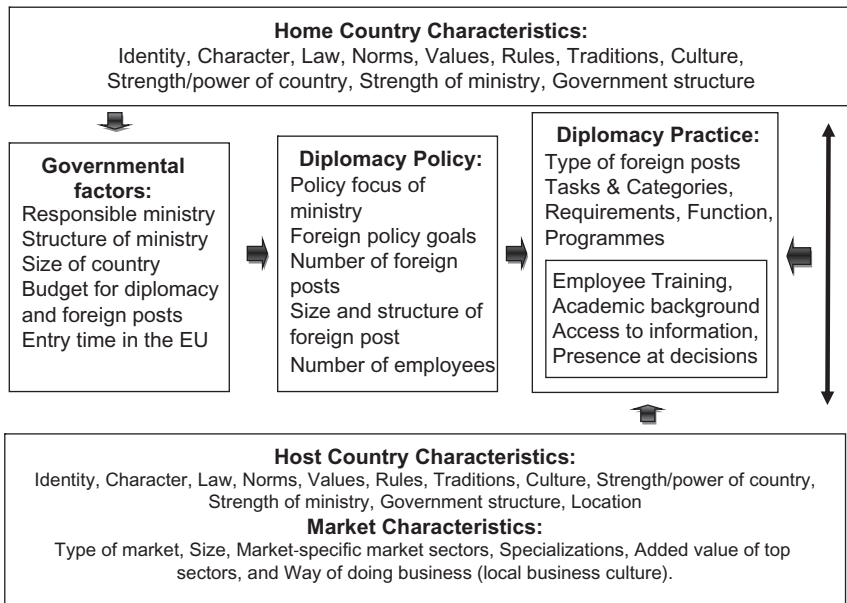


Figure 4: Factors influencing commercial diplomacy.

EU they work more on economic affairs and the political decisions within the EU framework. They look for cooperation options with countries for all EU affairs and inform the government about a MS position on a certain policy issue. The employees in the EU do not need to work on issues about trade regulations and barriers because of the free trade area. According to the employees, the embassies outside the EU have to work on removing trade barriers and controlling the rules and regulations of the host country. In third-world countries, embassies may only get involved when a company has trouble with the rules, regulations and other trade barriers of the host country. In those countries, the political relations and active roles of diplomats are needed to help a company to venture abroad and find business opportunities.

This discussion makes it clear that there are more factors that influence the commercial diplomacy practices than those mentioned in the literature review. This means that the figure showing the factors that influence commercial diplomacy has to be extended. [Figure 4](#) contains the home country characteristics, the host country characteristics, its market characteristics, the economic relationship between the two countries, and the commercial diplomacy policy and practice factors.

Limitations and Further Research

This study looked at the commercial diplomacy policies and practices of the EU MS. Their policies were examined based on a policy analysis. The information was found on the government websites and in policy documents. This information is limited because not everything is published online, and a lot of information is only written down in the local language. Still, for this study enough information was found to analyse the policies of a government and to compare the MS. The practices were researched through interviews. The participation rate is a limitation for this study, because not all of the MS practices could be compared. The fact that all the foreign posts were located in Stockholm (Sweden) makes it hard to generalise the data, but it is good for comparing the factors, because all the posts are located in the same economic market and country.

These limitations and the discussion about the factors that influence commercial diplomacy indicate that there is still plenty that is unclear about what influences commercial diplomacy policies and practices and what effect EU membership has. Future research should focus on the differences in commercial diplomacy policies and practices within and outside the EU. Researchers and decision-makers have to realise that the internal market changes the way commercial diplomacy is performed. Furthermore, studies should be done to prove which factors that have been mentioned in this study really influence commercial diplomacy. More statistical tests have to be performed to confirm the direction of the relationship between factors and which factors deter commercial diplomacy. Also, the practice factors of the MS have to be tested in different countries to see if this data can be generalised to account for practice factors of all the foreign posts of an MS within the EU. These practice factors should also be tested outside the EU, paying special attention to the significance of

the host country characteristics, the relationship and the distance between the home and host country.

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