



International Business Diplomacy

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Businesses, Associations and a Multiactor Diplomacy

Peter Noordhoek

Abstract

Purpose — One of the reasons the science and art of business diplomacy is interesting, is because it puts the role of the nation in another, somewhat reduced, perspective. Instead of the nation, it puts a company at the focal point of an exchange of interests with NGOs and other national and international players. This is a reflection of a world that becomes ever more complicated: a truly multiactor world, implicating great global challenges for international companies.

Design/methodology/approach — However, changing the perspective from the nation state to that of business is not enough, no matter how multinational or big the enterprise is. To have a true perspective on the challenges diplomacy faces, it is better to add another perspective. A perspective in which the business and the multiactor aspect merge: in associations.

Findings — Here the international and diplomatic dimensions of associations are defined, a model for change is presented, and cases are discussed. Each case is discussed in terms of business diplomacy, using recent literature and definitions. Certainly not all actions by associations can be called diplomatic, but some can and these are significant.

Originality/value — Combining this insight and the possible impact of associations with available literature on the definition and nature of business (economic, corporate, commercial) diplomacy, a different light will be shed on the concept of business diplomacy. Perhaps it is better to speak about “multiactor diplomacy,” in which traditional, business, and other forms of diplomacy all have their place. The chapter ends with conclusions and specific recommendations.

Keywords: Diplomacy; business diplomacy; associations; multiactor approach; lobby; communication

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Associations

It is good to watch how the once ignored concept of “business diplomacy” (Saner, Yiu, & Sondergaard, 2000) has gained traction and is now becoming an integral part of the body of literature on diplomacy (Ruël & Wolters, 2014). Everywhere the public domain has merged into the private domain and vice versa, changing the nature of diplomacy along the way. Even so, much still needs to be done before new concepts of diplomacy are put into practice – and meanwhile there are other questions to be addressed. Here the question regarding the role of trade and professional associations is addressed.

Not unlike (business) diplomacy itself, the number and nature of modern associations gets little attention in scientific circles. This chapter starts with addressing this issue. Among other developments, the internationalization of associations gets attention.

It should be clear that a sole and single action by an actor from business is in practice a rare occurrence. Almost always an action is part of a wider pursuit of interest; waves of action and reaction taking place within networks of different actors. More often than not, associations are involved. However, diplomacy is about the representation of interests. Are trade and professional associations (hereafter: associations) a part of that representation, or do they replace or even hinder this? What role do they play in helping business attain their goals, or achieve more legitimacy toward public players? Assuming associations are a player in the arena of business diplomacy, how strong is that role or could they even take over from businesses? The art of diplomacy turns on the knowledge and skills of the person representing an interest in the international arena. Are persons working for associations also “diplomats,” or are they for instance working in “communication” or “public affairs”? If so, what is the difference?

No matter how you look at it, associations complicate the concept of business diplomacy. Ruël defines “diplomacy” as “*the dialogue via representation and communication between parties (nation-states, business, NGOs, supranational organizations, multilateral organizations, interest groups) that acknowledge each other’s existence and accept each other’s sovereignty and control over a territory*” (Ruël, 2013). Somewhere in this definition associations must be present, but not in an explicit form. That could just be an omission, but it could also be a sign that it is still not clear how complex diplomacy has become. Associations then, are a case in point.

Research Questions

This chapter aims to look into the nature and role of associations. It distinguishes several forms of associations; beyond classic trade associations it also looks at professional associations and other forms of collective power. Some of them could play a role in business diplomacy, others will not. It also looks at the changing role of associations given the effect of globalization and digitization. A framework will be

formulated for the further development of the thinking about the role of associations in influencing the interface between business and nonbusiness actors. Through three case studies conclusions are formulated about the relevance of associations for business diplomacy and for the concept itself.

It must be said that research into this topic is hampered not just because the literature on business diplomacy is still limited. The same goes for the literature on associations, even though there is much sector-specific information. There is a large amount of literature of a legal nature where associations have a role as regulator of a sector. They clearly play a role in the governance of the international economy, but it is hard to get an overview or any idea of its impact. There is also an increasing amount of literature on the management of associations, much of it collected or distributed by ASAE, the American Society of Association Executives (ASAE, 2015). Still, when an attempt is made to get a grip on what is known about the institutional nature and international role of associations, not much literature can be found. Searching for arrangements between associations and business and their impact on international relations, a literature search comes up with several groups of titles. International relations, international associations, business and their associations, international activities of businesses associations – examples enough, but collectively they do not connect enough to form a body of knowledge.

Problems with Representation

All the more reason to go ahead. Noting the research agenda for business diplomacy as formulated by (Ruël, 2013), this chapter specifically aims to fill in this leading question: “*How do small and medium-sized firms and young international start-up deals with foreign governments and societal and economic stakeholders. ... And how do they improve their business diplomacy capabilities?*” The obvious answer would be that they seek strength in numbers through their association, which in turn tries to influence both its own government and the government and other parties in the international arena. However, there is a reason why associations are not top of mind when it comes to business diplomacy.

Associations are often seen as local or “slow” actors. Perhaps they are better avoided. Some predict their demise as a consequence of digitization (Susskind & Susskind, 2015). So why bother? They are more platforms than actors and their representative bodies or leaders seem neither nimble nor powerful enough to take the lead in conflicts that require classic diplomacy. Should associations not be considered as old or obsolete methods of industry governance? Problems of competition and diverging interest among members hamper the potential of associations to be an active player. Or are these misperceptions, and is the influence of associations underestimated or misunderstood? Sometimes their image is downright bad, or in the end they offer little value for their money.

Example: Automobile Business

The scandal surrounding Volkswagen and its tampering with emission data has had the advantage of throwing light on the lobby activities of the automobile business. Focusing on the lobby activities in Brussels, according to the Brussels Transparency Register (NRC, 2015), Volkswagen spends 18% of all automotive lobby activities in Europe's capital, 42% comes from other car companies and sector associations, while 40% comes from non-German car companies and sector associations. When it comes to the number of registered lobbyists Volkswagen has 43 lobbyists. There are 62 other German lobbyists and 135 other non-German lobbyists for the car companies. The number clearly shows the great weight a single company – in this case VW – can have. At the same time there is an interaction between companies like VW and a great number of sectorial associations. In the wake of the scandal, it can be safely presumed that there have been numerous contacts between the associations and classic diplomats.

Leaving aside the discussion about the legitimacy and methods of the lobbying of the automobile industry, certainly in the case of the pollution standards, it is worth noting that this interaction of single company and association is in itself not only logical, but also to be expected. Most associations, and certainly all associations working on an international scale, have a role in influencing the government of nations.

But how different is that image from diplomacy? It is hard to compare both, even when talking about business diplomacy. Saner and Yiu (2005, p. 312) stated that “Business diplomacy pertains to the management of interfaces between the global company and its multiple nonbusiness counterparts (such as NGOs, governments, political parties, media and other representatives of civil societies) and external constituencies.” From this is example it should be clear that associations are of a different order; they represent businesses but are not a business. They are an interface for a business, but most businesses are also part of that interface. Who is influencing whom?

The Relevancy of Associations

This researcher published a book on “Sector wide quality” (“Branchebrede kwaliteit”) (Noordhoek, 2011). The book addresses the question which “interventions” can help associations to produce better products and services. Digitization, the economic crisis and a great many “incidents” have reduced trust in associations. How can that be changed? Beside other publications (Noordhoek, 2014; Noordhoek & Hoogers, 2016; Noordhoek, 2016) and activities, this author made visits in 2014 and 2016 to a conference of the American Society for Association Management (ASAE) as part of a delegation of Dutch association managers. This changed the

perspective of the author concerning the international dimension of associations. The impact of ASAE itself is huge: out of more than 90,000 American trade and professional associations, as recognized by the US tax authority (Section 501c), it represents more than 21,000 associations and aims to strengthen the position of some 750,000 members of associations with a position of leadership (including volunteers). It is interesting too to see how it functions as an international platform for associations. Some 50 countries are present at their annual meeting, including strong presence from South America and Asia (ASAE, 2015). To be sure (and to be warned), there is such a thing as a “Union of International Associations” (UIA), but this is a Brussels-based research institute of apolitical, independent, and non-governmental institutes, not on trade or professional organizations. Apart from the very influential ASAE, there do seem to be increasingly strong platforms in Asia and the Arab world, whereas the European arena (including ESAE) is not yet up to comparable strength. A movement toward further integration is logical.

The True Number of Associations and Their Impact

There are several reasons not to take information on the number of associations at first sight. Many countries do not have a reliable count of associations and changes in numbers can often be due to the merging or splintering of existing associations. It is quite rare that a completely new association arises. The digitization of society is one of the few sources of new associations (for instance: the association of web journalists). In practice a limited number of often large, old associations determine the image of associations in a country. For instance: estimating that there are more than 120,000 associations in The Netherlands (Noordhoek, 2011, plus private sources of the author, there is no register), only 2–3,000 really are big enough to have a professional secretariat, and 2–300 have wide name recognition and true impact. Based on the lobby register there were 3,500+ associations active in Brussels in 2015, but true access to the European Commission is again limited to a few hundred.

At the same time there is something more fundamental going on. On the one hand there is the rise of the (semi) independent professional, rapidly increasing the number of SMEs and giving a new dynamic to the whole group. On the other hand, you get many tentative and informal ways of cooperation between professionals. Is a LinkedIn group (75,000+ at last count in The Netherlands) or even a WhatsApp group an association or not? Many of these informal groups can have a big impact on government policy and the business environment. The consequences of these “nonclassic” changes in the way professions and professionals organize themselves will be dealt with later in this chapter. Here it is worth mentioning that NGOs are themselves part of (networks of) associations, and they, even more than governments, seem the natural counterpart of businesses.

Internationalization of Associations

In an article on the internationalization of associations, Noordhoek (2015) stated that there are three kinds of (classic) associations with an international dimension:

1. Purely national associations. Each may or may not have a link to an international platform of sister associations, but its international activities are limited, and so is its impact in that respect. Multinational enterprises (MNEs) usually leave it to their national affiliates to be a member.
2. International platform associations. There is a strong effort at coordinating the policies of national associations. The international platform has a strong position in at least one continent. MNEs almost always play a role.
3. Purely international associations, with MNEs as their dominant members; with headquarters on every continent, but no national representative function.

It almost goes without saying that the third category is most relevant to business diplomacy. However, associations of true multinationals are still a tiny group indeed. An example is to be found in the oil industry, a branch of the energy sector where all relevant players are international by nature. In fact, all three categories can be relevant. The first because of its sheer volume of combined business interests, and because this is where most SMEs can be found. The second category is interesting because international platform associations are really flexing their muscle. Even in Western Europe these platforms are gaining cloud, even though true integration seems harder here because of the relative strength of national associations. It must be said that associations are both part of globalization and an instrument of fighting this. The internationalizations as described in this three-step build-up is the inevitable result of globalization, yet it is not hard to see that even associations working on an international level carry the characteristics of the dominant nationality of its members, and there can be no doubt that international associations can function as a vessel for national interests. It is therefore important to make sharp cultural assessments of an association before declaring it a multinational platform fit for business diplomacy. For instance, a special mention needs to be made of national employers' associations. They show particular strength, being both strong on their national arenas and in the international (EU) arena, also in comparison with their union association counterparts. What is it that makes employers association so durably strong on both the national and international stage?

Conceptual Change within Associations

Here a conceptual framework is presented regarding the development of associations in the light of changes in society. Later on a translation will be made to international (platform) associations and there will be a reflection on the definition of business diplomacy in the light of all this (Figure 1).

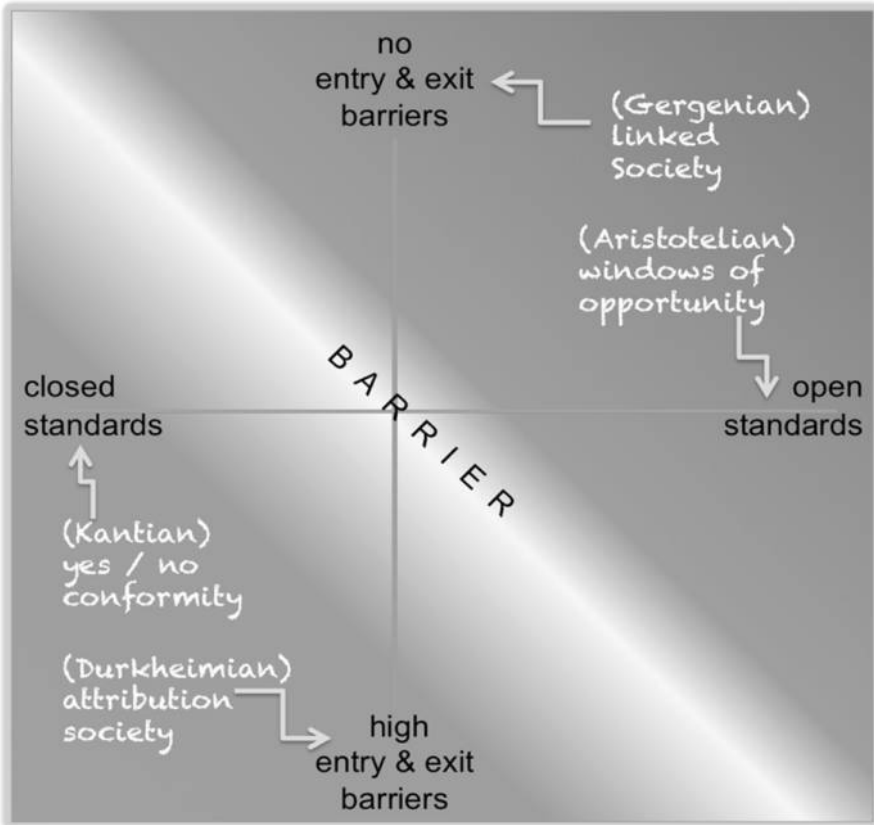


Figure 1: Sector Matrix.

In its essence an association is a group, in this case a group of people sharing a profession, skill, or craft. Durkheim's studies show that it is hard to define a group. How to measure a "shared value"? Even though this is what distinguishes a group most from a collective. Out of the many ways of doing so, the best way to do so is by defining its outer borders, thus creating Durkheim's "social facts." Outer borders that can be known by the symbols and attributes as shared by the members of the group: the doctors' white coat, the judge's toga, etc. This can be explained from a social psychological point of view when Durkheim speaks about an "attribution society" (Durkheim, 1897), where the behaviors of individuals both within and outside a group are influenced by external attributes. In combination with "closed standards" you get high entry and exit barriers to join or leave the group.

Businesses or their employees joining those groups gain the strength and privileges connected to the exclusiveness of the group or association, but might also share in its negative traits. For instance, the membership of the board of association of the oil refining industry may be essential for just being in business. At the same time, they may get captured in a certain way of doing things that may hinder them when adapting to new realities. Being a business sponsor connected to FIFA, the International Football Association, may be fantastic when you are an American firm trying to enter this European sport and its vast audience. The moment this association is hit by scandal you find your reputation suffers along with the association. Associations are more than just a collective with formal structures (Merton, 1957). They have both an integrating and a regulating force (Durkheim, 1897) that can have strong and stabilizing effects. Sometimes they are a platform, sometimes a prison, but on the whole they are well-recognizable as associations by symbols and rituals.

In contrast there is the modern “network society.” Here it is for instance the number of “likes” that determines the group. These are not the “likes” from Facebook and other social media, though they do play their part. Here we refer to Gergen’s (1991) “relational view” of people and their groups, connected to social constructionism. Only the slightest connection or interest – a “like” – can be enough to become part of a collective that still can call itself a group. As each group is changing ever so fast, with no or hardly any entry or exit barriers, it is not the barrier and its symbols that define the group, but its size, with open standards as the only way to capture some of its nature. Sometimes a network arises around a single issue of common interest; sometimes it is just a group of gamers sharing their technique of killing digital monsters. It is an ever-changing landscape of informal groups in which regular business can find what they want – or loose themselves. Classic associations often lack the speed and flexibility to adapt to this reality, though many try to rethink their “business model,” or adapt themselves to the wishes of upcoming generations.

In between those extremes there is the ebb and flow of groups forming around something that parties have in common.

Most of the classic associations and their members feel the pressure of these different ways of grouping themselves. In the context of the PhD study by this author, it can be seen that a combination of digitization and economic crisis can lead to high tensions within classic associations. While many of the older associates may want to reconnect to their values and way of doing business, many others seek a new future through routinizing, disrupting, or virtualizing their business model.

Example: Digital Industry

Once there was a strong classic association for the typewriter industry. A newcomer, IBM, led the demise of both the industry and its association. Present associations for the digital industry have a business model that runs on

organizing conferences, but are so dominated by a few large companies that in fact they have less cloud than their classic predecessor. Meanwhile, a technical development like virtual reality (VR) arises because of the existence of an informal group of “nerds” with financial cloud that spots the talent of one of its members and serves as a breeding ground for the new “Oculus Rift” technology (Anderson, 2013). This group is no more than a digital platform, yet at the same time it is very hard to get an invitation to join. There is no visible attribute to be seen, though it may be that all member wear jeans, a T-shirt and a baseball cap behind their keyboard. Together they operate as an effective network association with huge influence.

The dynamic is influenced by the presence of internal governance systems of self-regulation or that of oversight bodies. Almost all larger associations are heavily influenced by government relations and regulations and partly exist in order to influence them. Associations serve as a buffer between the members and the state, though there are many free riders that go their own way, depending on the nature and history of the association (Figure 2).

Implications

All of this may seem to have only limited relevance for the issue of business diplomacy, but if associations are important to the conduct of diplomacy, these implications can be presumed:

- Businesses and their employees will organize themselves in order to profit from the exclusive and combined positions of associations. As the world gets both more fragmented and complex, some form of representation through association will become more and more logical;
- The truly large have started to behave like “free agents”; sometimes profiting, but more often chasing their own interest at the possible expense of smaller ones and their associations;
- MNEs have also gained much cloud in relation to nation-states; yet at the same time have become more vulnerable to criticism. This can lead them to hide or seek legitimacy with or within their chosen associations;
- Meanwhile associations are becoming more professional, more interconnected, and more outward looking. The best of them manage to renew their sectors;
- Even so, these associations will remain the subjects of high tensions, connected to changes in the way people and their businesses rearrange themselves outside of classic associations;
- Scandals, incidents, and true disasters will keep on following in the path of businesses misbehaving themselves. There are always members that misbehave and

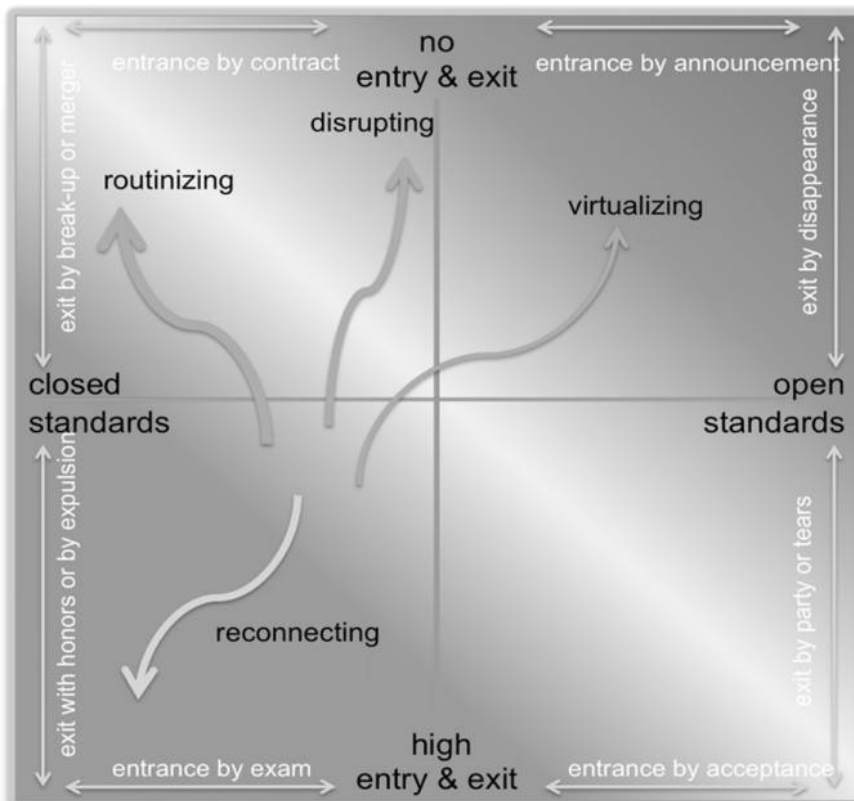


Figure 2: Sector Matrix Tensions.

associations can or will no longer hide these members. This turns associations into awkward partners for (multinational) governments to ensure better oversight and governance;

- The average association has always been highly attuned to relevant political agendas, but through better knowledge and more professionalism their association managers become significant figures in their own right: representatives of the better associations will be the economic diplomats of the future.

All of these implications make it clear that business diplomacy needs a better understanding of the role of associations if it is to play a comprehensive role next to public or economic diplomacy.

Testing Definitions

All this is to be presumed on an abstract level. Here three more examples are presented of situations where the world of business diplomacy and that of associations may meet in a more recognizable way. All three cases end with an assessment by the author whether or not the activities fit definitions as proposed by Saner, Ruël, and others.

Associations and the Energy Business

Oil and other energy companies are fierce competitors, almost by definition. There are corporate giants that truly work on a global basis, and then there are “wildcat” operations consisting of just a few guys. Suppliers, contractors, and specialists of all sizes circle the industry. Despite all the fierce competition, the businesses – as do their many enemies – do organize themselves. This runs from multinational organization like OPEC to a great number of trade associations. For instance, all the larger companies have specialists in governmental affairs. So many in fact, that they have organized themselves into an association. An overview on www.oilsheetlinks.com names more than 50 associations, indicating that worldwide there must be hundreds. The business of oil and energy associations is big business in itself – especially when national associations merge into international ones. Large ones like the International Association of Oil & Gas Producers (IOGP) “serve industry regulators as a global partner for improving safety, environmental and social performance” (IOGP, 2015), and have the clout to do so, if only because they represent members producing over half of the world’s oil. Yet, many of the same companies also get together under the umbrella of IPIECA, the “global oil and gas industry association for environmental and social issues.” What you see in the last example, is that next to “general interest” associations, connected to a trade or profession, you also get associations with an “agenda” that makes them act like an NGO.

How far do these associations meet the descriptions as put forward by Ruël (2013) and others? Defining commercial diplomacy (also in contrast to economic diplomacy), Ruël roughly defines it as “policy-making” and “business support.” From the example it is clear that associations perform both functions for their members. The “policy-making” function is clear, when for instance 14 oil and gas industry associations lobby the US congress not to tax their industry to make up for the decreased revenue after the government breakdown in November 2012 (Snow, 2012). “Business services” are also very much the task of associations, connecting in fact local, national, and international goals and facilities. Yet, does this all amount to “diplomacy”? For sure the persons representing the associations do not have diplomatic status in a public sense, but is that decisive for their role and influence? Most of the associations mentioned in the example above have a professional staff, with a task that is not limited to secretarial functions. Certainly an agenda setting association like IPIECA has staff that is (very) active when it comes to promoting the interest of the businesses involved. The point is though, that even

when actions are very “diplomatic” in their nature, they will much sooner be seen as actions of a public affairs or communication nature than of a diplomatic nature. As yet there is no match between public affairs or communication on the one hand and diplomacy on the other. In the standard handbook for association management (Cox, 2014) 10 connected activities are summed up, but diplomacy is not one of them. But maybe that should change.

Associations and the Prowess of a Profession

The notary function – mostly, the formalization of private documents and the execution of wills – is present everywhere in Europe. However, its position and task are very diverse indeed. The profession has characteristics that can run from being a truly public function (France) to a common law function (England) or in between (Netherlands, Scotland). Until recently, most of what notaries do is governed by national civil law. But like all over Europe, there is pressure to make it easier to move across borders. As families become more multinational, issues of inheritance law become inevitably more complex, properties are bought and sold across borders, and companies have to deal with complex different tax schemes. One of the ways to deal with that is a new European ruling on inheritance (EC, 2015). It settles for instance the question which law is applicable when someone dies: is it the place where someone was born, or the place where he or she lived? The ruling says: the latter. This ruling is in quite some measure the result of close consultation between the European Commission and the association called the “Council of the Notariats of the European Union,” the CNUE. This example and others have led the association to think on the future of the European notaries, with all their differences. By 2020 the association wants to “anchor the profession in a permanent way in the Union.” They may well succeed.

Hardly anybody outside the experts know about this ruling (Six, 2014). Yet it is a remarkable phenomenon to see a collective of mostly SMEs, though with a partly public, even legal, function (Otterlo, 2010), move like it is a truly policy-making body. The people representing the CNUE act like true diplomats: in the background, well informed, step-by-step, taking into account all stakeholders. Business diplomacy at its best? Probably, but it is not likely anyone will call it that.

Associations and the Import Needs of the State of Dubai

The Dubai World Trade Centre and the Dubai Chamber of Commerce work together on behalf of the government of Dubai in order to “import” trade associations in that country. Why? Because most of Dubai’s workforce is foreign born and Dubai has neither the experts nor the knowledge to assess their quality or train them according to international standards. The number of people to be trained and audited run into tens of thousands, and range from manual laborers to technicians with rare knowledge. All need to be certified. Why not give a foreign-based association a permit to train people in the skills they need? Indeed, why not. So now you

can see representatives of Dubai in expo centers around the world selling their country as a perfect place for an association to be. Their next step is an agreement with the cities of Singapore, Washington DC, and Brussels to strengthen the ties with those cities as these are the cities that are hosting most of the events.

Is this effort by one city-state part of “strategic” business diplomacy? As innovative and strategic as it is, and as much as it is about a nation and its economic ambitions and the commercial reaction to that, it is not logical to count it as part of business diplomacy. The nature of the contact between nation and association is an economic activity and mostly (though not all of it) governed by civil law. In terms of attitude, it does not compel the parties involved to use the kind of open standard skills that is a hallmark of diplomatic negotiations. It certainly does not fit the latest description by Ruël and Wolters on Business diplomacy (Ruël & Wolters, 2014).

Impact

In a recent advertisement the Dutch Federation for the Metal Industries (FME) for a new international secretary, the first qualification demand mentioned was for an expert in “economic diplomacy.” Slowly, the concept of economic, commercial, corporate, or business diplomacy is getting traction, and not just for MNEs. In fact, it makes this author doubt whether focusing on MNEs is such a logical approach. Not because those enterprises are unimportant, but because from the perspective of scientific observation it is not useful to observe an entity without its network, as a “spider without its web.” Or to put it differently; observing the network brings more than observing the elements that can be found within it – “the web shows both the spider and its prey.” As society is in general moving from the quadrant with high entry and exit levels and strict norms to one where the size of groups can change by the hour and standards change as fast, we should aim for an approach that is less explicit about the shape of institutions or organizations and pays more attention to the things that stay as long as we are not replaced by robots: human insight, skills, smart interaction, and representation. In other words: the focus should move to the uniqueness of diplomacy as an instrument for intervention, and less on the actor.

The Limits of Business Diplomacy as a Concept: There is More to Business than Business

Business diplomacy can be used as an overall concept for aspects of “commercial” or “economic” diplomacy and more. Yet, writing this chapter, and after having been away from the subject for over some years, this author cannot help but reflect that its title does not do justice to the breath and relevance of its topic. Looking at how authors like Ruël (Kesteleyn & Riordan, 2014) are interpreting it, the scope is

not embracing enough when it comes to “business,” and lacks clear focus when it comes to the “diplomacy.”

Instead of suggesting that associations should have a place in business diplomacy, I would rather go one step further and would suggest that in the future we speak of “*Multiactor Diplomacy*”.¹ As “MAD” as this may sound, it does more justice to the reality of new definitions of group formation. Neither empires nor enterprises are immune to the speed of a tweet, but people still need to look each other in the eye before reaching a true agreement on anything.

The Limits of Business Diplomacy as a Concept: More Focus on the Art of Diplomacy

These changes in society will make the potential need for diplomacy larger, not less. When Saner and Yiu wrote their article on business diplomacy “management” in 2000, traditional diplomacy was in urgent need of a fresh look at the “behavioral complexity” facing diplomats (Yui, 2003, p. 13). Modern management techniques, international business acumen, and insights for personal maturity came into demand. At the same time business leaders had to master political and media skills, plus a multicultural mindset. The great breakthrough of business diplomacy is that it makes clear, on both the national and the business side, that there was and is a greater need for “role versatility and tolerance for ambiguity” (Saner et al., 2000, p. 16).

Things have changed. On the one hand we come to terms with the complexity of the field. The influential role of associations should teach that not even on the side of business itself things are one-dimensional. A multiactor approach is needed. Yet on the other side we should perhaps clear the concept of diplomacy of all its semi-modern additions and go back to the roots, art, and skill of diplomacy as a vocation. How would that look?

Esprit du corps Diplomatique

Looking at the matrix, it would seem that a new esprit de corps diplomatique is in order. The vocation is not for a lobbyist who wasted too much time in university, nor for a communication specialist who starts to believe in his own “frame,” but for a professional analyst and connector who can easily move from one arena to the next without losing his or her independent view, and as such is trusted to do complex and sensitive negotiations.

¹Also considered: Multi party Diplomacy, but the word “party” suggests a possible conflict that need not be there, plus that “party” always suggests some form of collective, while it is still very much possible that it is all about just a single company. Melissen (2011) quotes Wiseman (2010) when he pleads for “polylateralism,” but unfortunately this is still defined from a state–non-state perspective, and therefore is not polylateral enough.

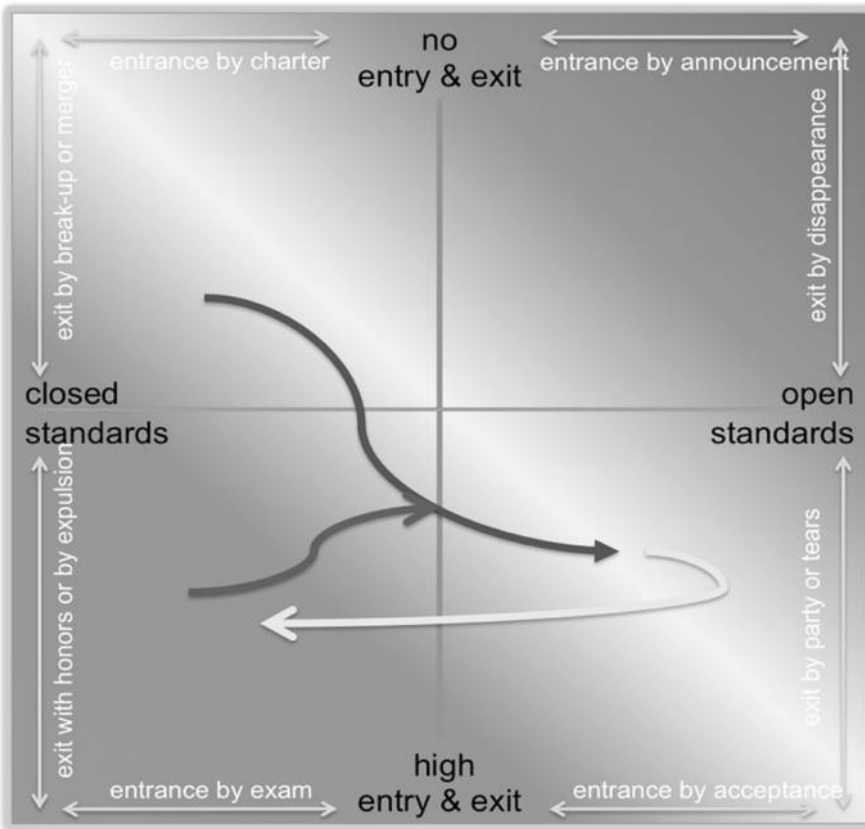


Figure 3: Sector Matrix Diplomacy.

Neither Durkheim with his attributions, nor Gergen with his likes, are in themselves enough. Some kind of mutual recognition of professionalism should occur. How would the path toward a multiactor approach look like? (Figure 3)

Using the matrix as a development tool, movement could come from two directions. One is the trained public diplomat coming from down left. The other is the business/commercial/communication diplomat coming from the upper left.

Different Phases in the Development of Diplomacy

The assumption is here that both from the public and from the (collective) private sphere a network will form through co-optation. From this a new professionalism,

the new diplomat, will rise and start laying the foundation for a new association of diplomats.

To put it in another, broader and more historic perspective, four phases are formulated, also serving as a conclusion to this chapter:

In the *first phase*, there is the *public diplomat*, nation-bound. It knows it needs to modernize, adding for instance economic knowledge and commercial skills to the profession. Many diplomats move on to the semipublic sphere of NGOs, applying their craft in the world of development aid.

In the *second phase*, the “other side” discovers there is a diplomatic challenge. In 2000 it is coined as “*business diplomacy*.” It shows companies the way to a subtler dealing with developments and agendas as pushed by political parties, action pacts, and NGOs. These institutional stray cats can be as stubborn as anything and not easily bought or silenced by influencing governments. The companies had to learn a different language, use other negotiation skills. However, it must be said that most companies did not see the value of the new concept and preferred to solve problems by throwing mountains of communication dollars at the problem. At the same time classic public diplomacy tries to reinvent itself as “new public diplomacy.” The goal is basically the same, though approached from the government side.

In the *third phase*, from 2015 onwards, we should see how the concept of diplomacy evolves into a *multiactor* approach.

All the reasons for business diplomacy are here and at play. Sustainability, stakeholder management, diversity – they remain elusive goals, but it can be said that they are no longer on the periphery of business awareness and much more central to the business model. New issues come up like cyber security and privacy, but the question is more when and how they will be tackled, not if. The focus shifts from the single multinational to the multitude of companies that bind themselves within associations. If there is a conceptual problem these years, it is the fact that diplomacy does not distinguish itself enough from public affairs and other communication activities. The effort is aimed at formulating a new set of skills for the profession, strong enough to acquire a new identity. Perhaps this effort will come from those within the multinational active in the field of “government relations,” but more likely the effort will come from those who have worked both within and outside public diplomacy. The best place to exchange experiences and reflections is in a new association.

There could or should be a *fourth phase*. A phase that could be a rebirth of *diplomacy* as diplomacy. The multiactor perspective stays, if only for the fact that disruptive technology goes on and is constantly changing the nature of society. However, it is no longer connected to the business or association side of the equation. It is as much about public diplomacy as anything, because nations are feeling the same disruption and reaction to that with both internationalization and regionalism. We will see that (possibly through that new association) a new diplomatic corps arises, supported by academia and education institutes, with young talents available for new challenges all over the globe.

Conclusions

We are now in a time where the concept of business diplomacy becomes more mainstream. It is time to strengthen the concept with added knowledge and insights. Part of this is an acknowledgment of the role of associations in the international arena. Except for the biggest enterprises, most international activities will go through the channel of associations. So this role has many dimensions, and many of them are not yet understood. It is apparent that in an interdependent world the international dimension of associations will become more pronounced. But in what way, and what will its impact on diplomacy be? Considering the cases used in this chapter, this is a truly complicated and multidimensional process, in which much will happen not only out of sight, but also in the guise of words like “public affairs” and “communication.”

This chapter provides a conceptual framework for looking at the role of associations and their position in a fast changing world. The digitization of that world is one of the reasons the position of businesses is changing, and the role of associations is changing with it. A proper understanding of this framework is a step toward a clearer and less one-dimensional image of associations.

At the same time the recognition of the role of associations is but one step in a larger realignment in the nature of diplomacy. We are now seeing a move where classic state or public diplomacy (including economic diplomacy aimed at furthering trade) is being complemented by business diplomacy. This business diplomacy does not limit itself to NMEs or NGOs. It involves all actors in the modern network society, including myriad of SMEs. Associations are in large measure the vessel in which all these entities come together. It is predicted that this again will develop into a multiactor diplomacy, until in the end there is just diplomacy. Diplomats will then move from state to business, and from departments to associations. They are professionals, capable of working in many capacities and in many roles.

Recommendations

As is often the case, more research needs to be done, both when it comes to the actual role and impact of associations and on the effect on the nature of business diplomacy when the effect of (changes within) associations is taken into account for the future of business diplomacy. Both the science of associations and the science of business diplomacy are very much in its early stages. There is lots of information, little data, and even less validated opinions on both fronts. The first step however, might have less to do with writing than with meeting. These are some recommendations:

1. Let the world of associations and (business) diplomacy meet in conferences or other settings.
2. Articulate a view and conceptual framework for the diplomatic aspects and skills within associations, especially their international dimension. Show that this is

- more than a matter of lobby, public affairs, or communication and has a strong public dimension.
3. Articulate a view and conceptual framework for the part that associations can play within a multiactor world of diplomacy.
 4. Let scholars in the field of both associations and diplomacy add to the knowledge of the international dimension of associations. This involves “big” data aspects like: numbers, divisions, field of activity, network charts.
 5. Do this too when it comes to case descriptions of times and places where the world of associations and that of both public and business diplomacy meet.
 6. Design or evolve conceptual frameworks, like used in this chapter, for the description and analysis of developments.
 7. The concept of business diplomacy should evolve into an approach mostly bound to large MNEs to a truly multiactor approach, of which associations are a part.
 8. The concept of (public or traditional) diplomacy should evolve into an approach recognizing that the public sphere is also becoming more and more multiactor, including a role for semipublic associations and associations formed and led by public professionals.
 9. In the end public and business diplomacy should merge into a new profession, not bound by geography or entity, but by common skills and ethics.

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