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## **Book Reviews**

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### **1 Commercial Diplomacy and International Business: A Conceptual and Empirical Exploration**

**by: Huub Ruël**

**Advanced Series in Management**

**Published 2012**

**by Emerald Group Publishing Limited**

**Howard House, Wagon Lane, Bingley BD16 1 WA, UK, 291pp**

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When, a couple of years ago, the first idea of establishing an international journal dealing only with economy and diplomacy, we – the authors from this field had all different and interesting experience in the past. It was namely very often, that we had trouble of publishing our work in the already established journals. We often received feedback in the sense like – “this paper is too much business or too much economics for our social or political science journal”, or on the other hand “this paper is lacking enough econometric models or is too much social or political science for our business or management journal”. At least, this was my personal experience with some journals for several years. And this was one of the main reasons, why we decided to launch a new journal dealing primarily with the intersection of these two topics.

The book entitled *Commercial Diplomacy and International Business: A Conceptual and Empirical Exploration*, edited by Huub Ruël, a widely published author and a leading European researcher of management, just adds the puzzles to this (until now) not enough described research field. Or as the editor said by himself: “this book aims to advance work of commercial diplomacy by combining insights from two fields of study that to date have hardly spoken to each other”. The book therefore brings insights from international relations (especially diplomacy) about the theory and practice of commercial diplomacy and it also brings insights from business studies about the theory and practice of international business.

The book consisted of eight chapters (plus introduction) and tries to fill out the missing bits of research at the intersection of these two fields, which were to my belief unduly set aside in the past. International business has always been linked to global economic issues and international politics. On the other hand, international politics has always been closely linked to international business. In a paper (Justinek, 2011), from some years back I have even argued, that “there is practically no activity which a country, non governmental organisation, multinational corporation or any other entity would execute in the present or in the past, out of merely political or any other reasons. Sooner or later it always turns out that behind every such a decision, there are also economic interests or vice versa”. This is today (in some economies after the crisis and in some still

in its grips), as the global players (countries, companies, banks, start-ups, non-governmental agencies, etc.) are using every possible tool available to survive, even more visible.

The first chapter authored by Shirin Reuvers and Huub Ruël reviews existing research on the topic and develops a framework, which integrates the topics examined so far and provides the reader with a more complete picture of the topic at hand. By means of a literature review, this chapter shows that the body of literature involving research of both disciplines, international relations and international management, is still rather limited. The authors of the chapter determine a future research agenda and call for more empirical studies, especially in the field of (political) economy.

The second chapter authored by Robin Visser and Huub Ruël presents a study on the work of commercial diplomats (CDs) as international business promoters at foreign posts. Research has largely overlooked the actual roles and activities of CDs in explaining the effectiveness of commercial diplomacy and international business support. In this study, it is assumed that CDs' behaviour is influenced by informal institutions. Face-to-face semi-structured interviews with 23 CDs at foreign posts from different countries were conducted and analysed. The results show three different types of role behaviour and differences in proactivity per type. Informal institutions such as background, skills, and experience, cultural differences, and the working environment suggest explaining the differences in levels of proactive international business support behaviour of CDs.

The third chapter with the title 'The value of commercial diplomacy from an international entrepreneurs perspective' is authored by Sander Busschers and Huub Ruël. The authors argue that CD represents a powerful public support instrument to support the economic interests abroad. The study presented in the chapter contributes to the field of CD by identifying the determinants of the value of CD from an SME (beneficiary) perspective. The main results of the study (115 filled out scale-based questionnaire) demonstrate that the perceived service quality by SMEs of CD influences the overall value SMEs attach to CD. No evidence was found in support of the hypothesis that institutional environment of a host country is negatively related to the value SMEs attach to CD. But the research outlined a negative relationship between the international experience of an SME and the overall value SMEs attach to CD, and a positive relationship between the extent of having foreign public customers and the overall value attached to CD by SMEs.

The fourth chapter entitled 'The effectiveness of commercial diplomacy: a survey among embassies and consulates' is authored by Lennart Zuidema and Huub Ruël. This chapter presents the results of a survey that was conducted among CDs stationed at foreign posts. It appears that the amount of experience that CDs acquired at these foreign posts, combined with their established business network, form two of the most important factors which have a positive impact on the quality of commercial diplomacy. This extends further to include the importance of the client (business) preparedness in terms of knowledge and skills as well. Furthermore, the results indicate that the less favourable a cognitive institutional environment in a host country is, for instance in terms of information availability, the more relevance commercial diplomacy will have. The results of this study promote the understanding of how commercial diplomacy works and show how the debate on the future of commercial diplomacy can be taken a step further.

The fifth chapter entitled 'Measuring export support performance' authored by Gorazd Justinek, Editor-in-Chief of *International Journal of Diplomacy and Economy*, deals with a narrow segment of CD, namely export support. Since the effects of export

support are very difficult to measure the author suggest focussing on the performance of this kind of support and the chapter presents an innovative methodology for measuring this kind of activities; called – export support performance (ESP). The methodology uses first-hand observation with participation, which is a structured type of research strategy and is widely used in many disciplines, particularly cultural anthropology, but also sociology, communication studies and social psychology. Its aim is to gain a close familiarity with a given group of individuals and their practices after having been exposed to a stimulus.

The sixth chapter with the title ‘The commercial diplomat in interaction with international business: results of an empirical study’ is authored by another promising author in the field of CD, Olivier Naray. The author points out the different views of actors in CD. While businesses are interested in support in their international operations, CDs work towards both objectives: supporting individual firms and promoting the home country’s national economy in general. Thus, nature of the CD’s service to beneficiaries is highly people based, and contains both a consistent amount of government instruction and CD’s own personal judgement and initiative in promoting various sectors/sub-sectors and spotting business opportunities. The ‘intermediary’ function of the CD between the beneficiary business and its potential future business partner is important. The interaction may start on either side: the business firm may approach the CD or vice versa. To a large extent, export issues remain the most important enquiries from business to CD vs. other issues such as foreign direct investment, joint venture and debt issues. From a business perspective, the main advantages to use the CD’s service are three-fold. The CD appears to business firms as the central platform, the starting point to promote bilateral business. Second, CDs enjoy trust as an institution: they are considered credible and neutral (credibility and neutrality). Last but not the least, CDs are found useful in helping out firms in their first steps in foreign markets (not necessarily first exporters but for the firms to which the host country market only is new).

The seventh chapter with the title ‘Competitors or collaborators: a comparison of commercial diplomacy policies and practices of EU member states’ is authored by Annette Stadman and Huub Ruël. The chapter presents the results of a comparative study on EU member states commercial diplomacy policies and practices. The policy goals and practices of all 27 member states were assessed via document analysis and interviews with CDs. The findings presented 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, the study concludes that home country characteristics (size, culture and government), host country characteristics (institutions, culture and regime) and the relationship between a home country and a host country affect the commercial diplomacy policies and practices.

The eighth chapter, authored by Tim Vehof, Huub Ruël and Jan Telgen is entitled ‘Entering the United States Federal procurement market: success factors and barriers for foreign firms’. Since the US federal procurement market is the largest procurement

market in the world, it is an attractive market for foreign companies to enter. Existing literature indicates the success factors and barriers for public procurement market entry in general, however not for the US procurement market. To get an in-depth understanding of the US federal procurement market entry process for foreign companies, an expert study was conducted and, involving successful foreign companies, procurement market entry consultants, and US Government officials. The findings presented in this chapter indicate that company-specific factors and product-specific factors can be labelled as ‘qualifiers’, while relational factors can be labelled ‘winners’.

The last chapter entitled ‘Lobbying of commercial diplomats: institutional setting as a determining factor’ is authored by Elena Bondarouk and Huub Ruël. The aim of this chapter is to contribute to the understanding of how CDs lobby for public procurement contracts. The institutional environment has ramifications for the manner of lobbying and for the practice of commercial diplomacy. The research presented in the chapter brings together these streams of literature, and a conceptual model is developed. By means of an in-depth, single-case study, investigating the lobbying activities of EU diplomats in Indonesia, the study aimed to illustrate the model and draw the list of lobbying activities applicable for CDs. The findings reveal that in a weak institutional development environment, the diplomats focus on informational lobbying and rely heavily on their networks. If the decision-making powers are decentralised, the diplomats target more decision-makers. If diplomats do not have an access to decision-makers then ‘voice’ lobbying is applied. If the decision-makers are not elected, the diplomats do not engage in constituency-building lobbying. The findings illustrate the plausibility of the introduced conceptual model. They also suggest that domestic factors, such as interest in the host country, priority status of the host country and historical bilateral ties can positively influence the lobbying activities of the diplomats as well.

Altogether, the book represents an excellent filling for the space, which was pretty much empty in regard of the elaborated research area. We do recommend this book to every scholar, diplomat (not only the ones dealing with economic and commercial issues) and other practitioners at different chambers of commerce, export support agencies, investment support agencies. Or to use the words of the editor; “the introduction of the book set the stage”! We just have to build on the foundations set in the book.

## References

- Justinek, G. (2011) ‘Evaluation of the economic diplomacy model in the Republic of Slovenia’, *Int. J. Trade and Global Markets*, Vol. 4, No. 4, pp.405–419.

## 2 **Lexicon of Economic Diplomacy and International Business**

**by: Miroslav Raičević**

**Published 2013**

**by Institute of Economic Diplomacy,**

**Beograd, 11080 Zemun, Dubrovačka 2, Serbia, 469pp**

**ISBN: 978-86-85635-06-9**

The *Lexicon of Economic Diplomacy and International Business* was published in 2013, by the Institute of Economic Diplomacy from Beograd, Serbia. The editor of the lexicon,

Prof. Raičević, is also the director and ‘founding father’ of the institute and one of the leading researchers on the topic of economic diplomacy in the region. The book is written in Serbian language, which does represent some problem for the international audience, despite the interesting fact that authors of essays in the lexicon are from all over the world.

The book was prepared under the auspices of the editorial board composed of Dr. Mirjana Cukavac, Prof. Dr. Mladen Kovačević, Prof. Dr. Budimir Lazović, Prof. Dr. Dobrosav Mitrović, Mirjana Prljević, Prof. Dr. Miroslav Raičević and Prof. Dr. Maja Stanivuković. The editors of the book managed to attract more than 50 different authors to prepare different contributions to the book. The authors are thus mainly coming from the region; however there are numerous authors from EU (Huub Ruel, Olivier Naray, Gorazd Justinek, Yang Jiang, Cristian Huber) and BRIC countries (Kishan S. Rana, Tatjana Zonova, Aleksej Drinochkin, Andrej Hripunov).

The book is very specific in the sense of concept and the topic it covers. As already mentioned many times before, there was a lack of research in the past in regard of the concepts – relations of economic diplomacy/commercial diplomacy and international business. Although these two very closely linked topics and in fact in practice often treated as one, were in theory often treated as parts of different scientific fields. On one side, the political field of foreign affairs and diplomacy and on the other side the business field of international business. Globalisation however cleared away all these obstacles and today there is finally a common understanding that international business is very much linked to foreign affairs and vice versa, or as I like to point out ‘interconnected’.

In the previous issues of *IJDIFE* we presented many essays covering this topic, so we will not go into any details at this point. Let us, thus, use the words of the editor of the book – Prof. Raičević to explain the main idea of the publication: “The book speaks about the relations between economy and politics in international business and the specifics of national interest, goals and resources.”

However, the lexicon is specific also in the sense of the concept of the book itself. It is not just a ‘typical’ lexicon, explaining different words and phrases from the field of economic diplomacy and international business. It also comes along with 24 short essays, from different authors around the world, explaining different topics.

Among the introductory essays, which cover the topics of ‘modern international relations’, ‘economic diplomacy’ and ‘international business’, there is an interesting set of essays of case studies of economic diplomacy from different countries. The essays cover the economic diplomacy case studies of countries from former Yugoslavia, but there are also essays from BRIC countries (China, Russia and India) and an introducing essay on the topic of economic diplomacy of European Union.

The lexicon really represents a very interesting book, since it explains a number of issues and topics. From my point of view, the most interesting add on, to the undoubtedly enormous work done by the editorial board, represent the accompanying essays which provide a very insight view to some crucial topics, like ‘economic diplomacy, commercial diplomacy and business diplomacy’.

A very useful and interesting point of different views of economic diplomacy are also presented in the essays, which represent case studies of different countries. The different concepts and perception, not even mentioning the organisation structures of economic diplomacy, is always interesting to elaborate.

The essays additionally elaborate efforts that different countries and regions invest in international economic cooperation, results of this efforts and their strategic guidance. The different concepts and specifics of these activities additionally confirm the complexity of modern economic diplomacy or should we rather say 'present' economic diplomacy since we are talking about a 'living phenomena'. In this sense, cooperation on all fields is the most important predisposition. In fact, cooperation is one of the key messages of the book.

The book represents a very useful tool for all scholars analysing and researching foreign relations, international business or economic diplomacy. It can also be a very useful tool for diplomats and business people dealing internationally. The book combines multidisciplinary approaches and is for the reader very easy accessible and clear.

It took a lot of work and enthusiasm to prepare a book containing so much data and so much information. In my view, it is therefore a missing opportunity not to publish the lexicon also in English language and make it available also to international public and audit.