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FROM PUBLIC RELATIONS TO BUSINESS DIPLOMAT: NEW COMPETENCIES

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Dissertation submitted as partial requirement for the conferral of

Master in Business Administration

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September 2018

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Abstract

In an ever-increasing diverse and globalized business world, where a myriad of new stakeholders has developed, companies began to emerge as influential actors who could engage in commercial, economic and diplomatic activities. In order to manage all these new complex interactions, Public Relations (PR) was seen as an important link to deal with such issues, however PR functions are no longer enough to achieve all the goals in connecting with this new environment. The emergence of the Business Diplomat (BD) can fulfil most of the gaps left by the PR, however if one looks for a more well-structured and defined department, functions or even for competencies, there is no reliable answer on how business diplomacy is executed. The present study is set to identify whether BD adds values to the traditional PR function, so that one can delineate a more stable and reliable framework on how and by whom business diplomacy is performed. To that end, data from a sample of participants was collected regarding their daily activities, position and company characteristics. Through an analysis of the factorial structure of PR and BD functions, both separately and joined, research findings show that BD adds value to the traditional PR function especially when considering the joint solution which presents 3 factors (influence, communication and intelligence), showing that it is technically stronger than the separate solutions.

Key-words: stakeholders' management; business diplomacy; public relations; business diplomat

JEL Classification: M10, M14

Resumo

Num mundo empresarial cada vez mais diversificado e globalizado, onde se tem desenvolvido uma miríade de novos *stakeholders*, as empresas começaram a emergir como atores influentes que conseguem exercer atividades comerciais, económicas e diplomáticas. De forma a gerir todas estas novas complexas interações, o Relações Públicas (RP) foi visto como um *link* importante para lidar com estes assuntos, contudo as funções do RP já não são suficientes para atender todos os objetivos que este novo ambiente exige. O aparecimento do Diplomata Empresarial (BD) pode preencher a maioria das lacunas do RP, contudo se se procurar por um departamento bem estruturado e definido, funções ou até mesmo competências, não há uma resposta fiel sobre a forma como esta diplomacia é executada. O presente estudo está definido para identificar se a função de BD acrescenta valor à função tradicional de RP, para que se consiga delinear uma estrutura mais estável e segura de como e por quem é que a diplomacia empresarial é praticada. Para esse fim, foram recolhidos dados de uma amostra de participantes acerca das suas atividades diárias, posição e características das suas empresas. Através de uma análise fatorial da estrutura das funções de PR e BD, tanto separadamente como em conjunto, os resultados da pesquisa mostram que a função de BD acrescenta valor à função tradicional de PR, particularmente quando considerando a solução conjunta que apresenta 3 fatores (influência, comunicação e inteligência), demonstrando que é tecnicamente mais forte do que as soluções separadas.

Palavras-chave: gestão de stakeholders; diplomacia empresarial; relações públicas, diplomata empresarial

Classificação JEL: M10, M1

Acknowledgements

Above all, I would like to thank my supervisor Professor Pedro Falcão for his wise advice, constant availability and positive attitude during the elaboration of this work. I want to express my deepest gratitude for his involvement, availability, valuable input. and constant assistance, I could not have asked for a better supervisor.

I also would like to thank my always supporting partner Tomás, and my parents for their encouragement and optimism. To my friends Marta, Miguel, and Olímpia for their feedback, support, and guidance.

I want to express my gratitude to Professor Nelson Ramalho for helping with the statistical analysis.

Finally, I would like to thank all the interview respondents whose participation was vital to the completion of this study.

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List of Abbreviations

PR	Public Relations
BD	Business Diplomacy / Business Diplomat
CSR	Corporate Social Responsibility
CIPR	Chartered Institute of Public Relations
CPRE	Comission on Public Relations
AMEC	Association for Measurement and Evaluation of Communication
NGO	Non-governmental organization
CPA	Corporate Political Activity
CPS	Corporate Political Strategy
MNC	Multinational Corporation
MSD	Multistakeholder Diplomacy
CEO	Chief Executive Officer

1. Introduction

The business world is currently witnessing some major changes in its international dynamics. Changes in the system, in power and in players. The emergence of Business Diplomacy (BD) has constituted a means to study business practices of corporations, with the aim of trying to help firms overcome the costs and risks that come along with the engagement in both home and foreign markets.

Aligned with that, companies have to increasingly be attentive to the relation with the adjacent environment in which they operate, concerning market and non-market actors, and overall stakeholders. Consequently, the figure of Public Relations (PR) has become part of the answer to bridging the gap between corporations and key stakeholders.

The need to write about a subject such as business diplomacy is imperative in today's business world. Although conducting a study on an emerging concept, it is always a bittersweet challenge - on the one hand, we are exploring a new and exciting theme; on the other, we pose the risk of being jeopardized by the lack of literature. Nevertheless, we must keep the challenges aside and delineate the current frontier of knowledge on this question.

This study is of high scientific and practical relevance, especially because the literature about business diplomacy is still short. And if we take into account the specialized study on business diplomacy practices and competencies, the shortage is even higher. From a practical view, this study could provide managers with empirical evidence in order to make use of this new concept.

Additionally, the general dilettantish approach towards business diplomacy presents the hazard of misunderstanding and misinterpreting the notion concerning its purposes. Therefore it is vital to study this new phenomenon. Consequently, this research study has as its goal to try to close the existent gap on the competencies and line of action of the business diplomat (BD) figure.

1.1 Problem statement and research question

Traditional PR functions are no longer enough to achieve all goals in connecting the corporation with stakeholders and the society at large. The emergence of a Business Diplomat as a new concept brings novelty into the duties of PR alike functions, also requiring additional skills that are not part of the traditional PR role. Considering all of the above, the following research question was reached: ***what are the new competencies necessary to fulfil the new role corporations play in the overall environment?***

Therefore, this study is set to identify the new competencies of a BD and understand if they add value to the PR function. Once this study is inserted in an emerging phenomenon area, the lack of a large literature and studies will have to be taken into account. However, taking that into consideration, an intensive and focalized study will be conducted.

2. Literature Review

2.1. Stakeholder Management

Modern organizations prevail through the use of communication in a way to express and recognize both needs and desires. More and more organizations need a solid communicational structure in order to manage its interactions and transactions with the myriad of stakeholders in their environment. This fact leads us to realize that in the end, human relationships are gradually crucial.

In a post-Enron world, organizations moved to what Mintzberg (1992) has previously called "open organizational systems", which basically represents the movement from a shareholder approach of the firm to a stakeholder view of the firm (Ordeix & Duarte, 2009). This new reality represents the balance between shareholder needs and stakeholder requirements (Agudo-Valiente et al, 2015), represents the change from having a constricted mission of producing a certain product with the crucial goal of satisfying clients' requests to incorporating larger missions such as that of managing stakeholder expectations (Ordeix & Duarte, 2009) .

In sum, nowadays corporations are not able to solely rely on market dimensions (the best product or selling price) in order to succeed, consequently, there is a need to incorporate nonmarket dimensions in their global strategy, in order to reach all the numerous players that comprise the framework in which they operate (Monteiro, 2013). Additionally, this makes more and more sense in this era where it is well known the impact that communication revolution has brought to the relationship among stakeholders themselves, which has allowed for a bigger perusal of company activities.

If we search for a base, we will find that the stakeholder theory preconizes "the relationship between a business and the groups and individuals who can affect or are affected by it…" (Parmar et al, 2010). Which means that stakeholders see themselves influencing and having been influenced by an organization's behavior (Smudde, 2011). Thus, it is crucial that managers should apply a Stakeholder View of the Firm, since stakeholders are gradually not only seen as a means to achieve explicit aims in the organizations but also as worthwhile by themselves. They should inclusively be seen as elements of a system, whose participation helps to solve system-wide problems (Eskerod et al, 2015). Moreover, we should also not forget that value creation for stakeholders "is the key driver of a firm's long-term survival and is its key responsibility" (Freeman & Velamuri, 2006).

To maintain those relationships with the stakeholders, create good and solid communication channels is a key element. Nevertheless, finding professionals who excel in handling these organizational demands also poses a challenge. Though the variables to recognise an excellent communication department/professional have been empirically identified, explicit comepetencies which can be used to describe the professional who conducts excellent communication are not as plain (Fuller *et al*, 2018). Therefore, it is the responsibility of organizations to manage those constraints and to conduct an informative program where stakeholders are informed about the order of business, meaning whether time is good or bad, prospects are positive or not, along with alike declarations, always obeying and standing by ethical principles. If we search for a chain of processes, Smudde (2011) distinguishes three dimensions of stakeholder management, namely, create stakeholders, maintain relationships with them, and improve those relationships.

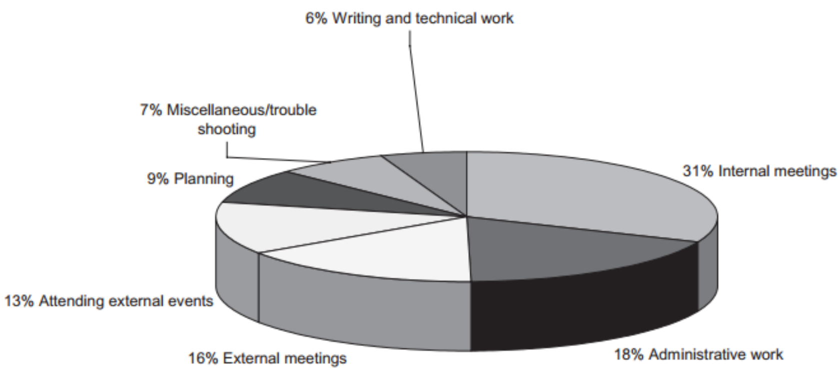
However, as these dimensions are dealt with simultaneously every day, we can say that stakeholder relations “is a holistic, inherently rhetorical activity” (Smudde, 2011).

Assessing acuteness, Gao and Zhang (2006) differentiate between four levels of stakeholder engagement: the passive level (where stakeholders are merely given information), the listening level (in this case stakeholders are consulted), the two-way process level (the stakeholders have the right to engage in dialogue with the company) and finally, the proactive level (management is mostly driven by stakeholders recommendations).

In sum, the business world has been acknowledging that to attain "licence to operate" in today's society, it needs to pay attention to the legitimate interests and expectations of all stakeholders regarding all aspects of the business, since the establishment of general policies to simply case-by-case decision making (Donaldson & Preston, 1995). This leads us to reflect if companies have the proper means to answer to these new needs…

2.1.1. Corporate links with stakeholders

When we think about corporate communication, probably one of the first positions that come into our minds is the Public Relations manager. Traditionally, this role profile was based on meeting with and counselling senior management (internal meetings), administrative work, gathering with clients (external meetings), planning public relations agenda and spotting public relations problems (DeSanto & Moss, 2004) (See Graph 1). All mainly based on a one-way information distribution and asymmetric models (Van Ruler, 2015).



Graph I- Allocation of UK senior PR practitioner time (DeSanto & Moss, 2004)

However, looking at the most known and general theory on the communication profession, the Excellence Theory, it explains that for organizations to be fruitful, they must act in ways that solve the problems and simultaneously please the aims of both the stakeholders and the management (Grunig, 1992). Thus, while preconizing that PR should help organizations link up with the environment, the theory entails a two-way communication approach. Meaning that simply broadcasting information is no longer enough to conduct an effective communication strategy, collaboration is the new way. Collaboration represents the new tool for stakeholder management, either between the company and its customers or even among multiple employees (Felix *et al*, 2016).

Therefore, if someone asked for a description of the PR professional, it could be said that it embodies the special interests of businesses and added clients (Mogensen, 2017) and that, consequently, its main day-to-day concerns are to manage stakeholders (Smudde, 2011). It is simultaneously involved in inviting individuals and groups to become stakeholders and maintaining the already established stakeholder's relationships while reporting all the concerning developments to business unit managers.

In line with that, management skills, media relations, use of information technology, planning, and evaluation of programmes, research, advances communication skills and business literacy (Sha, 2011) are listed as the main PR competencies. Particularly general media relations was described as being the main function of 21% of PR practitioners (Gorkana, 2011).

Hence, PR officials dealing with stakeholder’s management are strategically vital to organizational success, due to the fact that they are immersed in the operations of the business, and that is seen as a valuable resource to management (Freeman, 2010). Furthermore, it can also be added that PR’s are the main creators and managers of the so-called intangible resources (trust, legitimacy, management credibility, reputation and so on) which are used by organizations for competitive advantage (Dodd, 2016).

Besides the PR area, there are others that can also be closely associated with stakeholder management. Corporate social responsibility (CSR) is one of them once many of their practices can play an important role in building relationships, raising trust, cultivating public opinion and influencing the image of a corporation’s home country (White, 2015), crucial features when dealing with stakeholders.

Others are marketing and communication, as there has been an increasing interest in expanding marketing theory and practice along stakeholder theory premises. As this case is more outwardly focused on the marketing area, it appears to be in a solid place to deal with the problems linked with regulating and communicating with external stakeholders (Parmar *et al*, 2010). In addition, this area also has the advantage of being a newfangled sector, as it shows, for instance, the increased advances that have been made regarding the use of social media as a stakeholder management instrument, mainly through the online interaction with the several different stakeholders such as employees, clients, suppliers or even government agents (Fenix *et al*, 2015).

2.1.2. The limitation of traditional corporate links: why it does not suffice

Within a new business environment, it is crucial to find a reliable and efficient way of communicating with all the stakeholders. Several corporate areas could be referred regarding this search for an efficient communication, but in this work, we are going to particularly focus on public relations.

Above, the profession of PR was described as one of the key areas of stakeholder management. Nevertheless, while the PR profession seems very important and relevant regarding the management of stakeholders, the truth is that it faces some challenges.

PR has a major legitimacy problem, particularly regarding the participation in top management decision making. While the value of PR is explicitly recognized by top management, it does not mean that these professionals have "a seat at the top table" in the organizations (DeSanto & Moss, 2004). Meaning that most of the times PR are not present when such decisions are taken and so they do not have the liberty to give that much input (DeSanto & Moss, 2004).

Additionally, besides facing serious legitimacy problems regarding their management, PR practitioners also lack recognition from their clients, mainly because nowadays they still think of PR professionals as untrustworthy (Merkelsen, 2011). This is not a new condition once the client distrust has been reckoned by the professionalization project of the PR professional which paradoxically raised even more public distrust. This could eventually lead to the loss of PR terrain to other theories, such as CSR or even corporate communication (Merkelsen, 2011).

Another controversy matter is the use of social media. The idea that PR is able to become 'part of the conversation' with the public seems to show that linguistic choices cover PR's true intention of tactically 'influencing the conversation'. It is more of an illusion perpetuated by the practitioners rather than a real transition to the genre of genuine two-way communication (Coombs & Holladay, 2014).

Moreover, besides all the progress that has been made on the modernization of PR practices, according to the European Communication Monitor the profession is still mostly executed through a one-way communication than a real two-way communication (Van Ruler, 2015). Meaning that PR practitioners are more concerned about investing in communication practices aiming at projecting the company's vision and simultaneously influencing stakeholders, rather than considering their perspectives in decision making (Van Ruler, 2015).

This can be confirmed by the latest "State of Profession Surveys" (conducted by the Chartered Institute of Public Relations- CIPR) which shows us the competencies and skills demanded to be a PR practitioner. While in 2015 the competencies were still focused on traditional PR skills, with some digital skills appearing, in 2017 the paradigm did not change, with the survey pointing that "traditional written communication" remains the highest rated requirement in hiring future PR's. Recently, the Commission on Public Relations Education (CPRE) also found that basic skill continue to be the most demanded by the PR industry (CPRE, 2018).

Altogether, we can confirm that with the new changes to the stakeholder environment and consequently to the communicative techniques and theories, PR practitioners are not completely keeping up with these new conditions, which means that another solution has to be taken regarding stakeholder's management.

2.2. The emergence of new stakeholders and the new role of corporations

The world has been witnessing the proliferation of non-state actors across the latest decades. With this expansion also came different concepts and realities, mainly a huge proliferation of new stakeholders, such as governments, Non-governmental organizations (NGOs), foreign local communities, institutions, pressure groups, trade associations, analysts, academia and alike. To respond to this new reality, corporations began to emerge as influential actors who could conduct diplomatic activities.

Increasingly, corporations had to adapt in order to manage complex interactions with the huge myriad of stakeholders. Nowadays, organizations spend more on public communication than ever before (Macnmara, 2018). In large part because a portion of those stakeholders are the governments that can grant or revoke licenses and permits; the regulators, judges and legislators who can shift the range of permitted actions or other terms of activities; and the communities and non-governmental institutions that can summon protests that obstruct supply chains, shift consumer willingness to pay or even that cause the governments, regulators, and legislators to step forward (Henisz, 2016). More and more the corporations' development and results are dependent on the way they relate to all these entities.

In order to be successful in this rapidly changing environment, businesses need to additionally not only take part in other areas outside the range of their core business (such as for instance, be a member of a public interest group), but also develop diplomatic know-how (meaning engaging in business diplomacy) (Saner *et al*., 2000; Muldoon, 2005; Ruël, 2013).

This has become a widespread practice, since nowadays it is really manageable to create new diplomatic spaces and actors. So easy that as Constantinou (2013) claimed: "new diplomatic actors can emerge overnight". Likewise, new types of diplomacy arise and they range from the mildest to the most promising ones. As examples. one may consider the several concepts referred to in different articles: paradiplomacy, celebrity diplomacy (Constatinouns *et al* 2016), public-sector diplomacy (preconized by Richard Edelman), private diplomacy (Westermann-Behaylo *et al*, 2015), public diplomacy (Macnamara, 2012; White, 2015; Mogensen, 2017) corporate public diplomacy (Mogensen, 2017), commercial diplomacy (Rüel, 2013; Mogensen; 2017), corporate diplomacy (Saner & Yiu, 2003; Ruël, 2013; Mirvis *et al*, 2014; Westermann-Behaylo *et al*, 2015; White, 2015; White & Kolerniscov, 2015) and, finally, business diplomacy (Saner & Yiu, 2003; Ruël, 2013; Suren, 2014; Meijerink, 2014; Ruël & Wolters, 2016).

There are several reasons that have been pointed out as the cause of this new reality. The main one is associated with the growth of international trade, in the millennium years of 1990-2010, during which this type of trade more than tripled

(Mogensen, 2017). Another reason that can be mentioned is the privatization of several government functions around the 1990s, coincident with the upsurge of globalization and multinationals that created a dependent relation between governments and corporations and NGOs (Westermann-Behaylo *et al*, 2015).

Thereafter, the rapid growth of international trade, allied with all these changes in the political world, created new forms of business, namely activities related to commercial, economic and corporate diplomacy. To be accepted in new countries, multinationals should guarantee acceptance from the public, and the best way to do it is to engage in a corporate public diplomacy approach (Mogensen, 2017). This new reality has reached such proportions that it has become easier for corporate individuals to deal with many of the world's issues rather than wait for politicians to act (Mogensen, 2017). As a matter of fact, there are regularly more business people in foreign countries than diplomats (White, 2015).

Hence it can also be said that this new expression of business is nothing but a means to survive in today's corporate framework. The competitive environment can be modified not only by new technologies and advancements but as well by a multitude of stakeholders that lay outside the economic value chain (Henisz, 2016). Those are the stakeholders who, in order to satisfy their demands and expectations, have increased the transparency and scrutiny in the corporate world.

On the whole, we are witnessing a reconfiguration of both the value of the business itself, which is becoming progressively more intangible, and the power within business-government-society that in turn is changing the institution of diplomacy (Muldoon, 2005).

2.2.1. The need for two-way communication channels

With the internationalization of business and the huge proliferation of stakeholders, it has become imperative to follow a two-way communication road. Additionally, it is also important to have in mind that, by prioritizing this type of communication, an organization "is likely to increase the trust that it is acting in the interests of others and thereby foster their willingness to act in the interest of the organization" (Heath & Bryant, 1992).

As displayed above, the Excellence Theory entails a two-way communication approach, which consequently has led practitioners to change from a view of influencing stakeholders into triggering conversations with stakeholders (Gray & Van der Wal, 2012).

In addition, digitalization (or what some authors call Web 2.0) has largely contributed to this change, once new communication means are now at the disposal of PR practitioners. Therefore, the fervor surrounding this growing environment for interactive two-way communication has been showing that in the age of Web 2.O, PR has upgraded to "PR 2.0", inclusively putting the "public back in public relations" (Solis & Breakenridge, 2009). Nevertheless, Web 2.0 has been fundamental to reshape both the "public sphere and public communication processes" not only in public relations but also in marketing, advertising, and journalism (Macnmara, 2010).

However, regardless of this idea of Web 2.0 as interactive, investigation inside organizations (including observation) uncover that social media are mostly used for disseminating the messages of organizations. Meaning that whereas there are signs of change, "a one-way transmission approach remains common in major corporations" (Macnamara, 2016).

Once again PR practices still lack upgrades and need to go through even more changes to keep pace with technological, cultural and social shifts. Such reality, associated with all the other enumerated problems enclosing PR, makes us realize that probably a new approach has to be designed to engage in this new two-way communication approach.

The possibility of the reconfiguration of the PR scope could also lie in the introduction of a more corporate and organizational diplomacy functions, with the application of several diplomatic principles to the role. Here is included the use of interpersonal communications, the incorporation of negotiation and diplomatic skills in PR education, and the adoption of patience and a long-term view in order to maintain ongoing dialogue and respect with other institutions (Macnamara, 2012). Nevertheless, this reconceptualization would comprise much more than a semantic change and a "window-dressing to make PR seem more socially palatable" (Macnamara, 2012).

Notwithstanding, PR and all the communication platforms are currently in a flux where they try to reinvent themselves considering a range of changes such as technological, cultural, social and political. These factors are blending to create a "disruptive change" (AMEC, 2017) where communication practitioners will have to obtain new knowledge, abilities, skills, competencies, and capabilities to carry out their roles in the future. In 2016, for instance, the Global Alliance Capabilities Framework Delphi study concluded that central capabilities for communication professionals at that time and for the future were: communicate effectively, be a trusted adviser, apply ethical standards, employ governance and so on (Macnamara, 2018b)

As new risks and uncertainties arise, public relations, communication or marketing perspectives try to reinvent themselves, however only possibly by embracing a more "diplomatic mindset", the organization will be capable of managing those ever-expanding risks (Kesteleyn et al, 2014). Surpassing public relations and business contacts, a professional with a diplomatic mindset would engage in matters of management for the interfaces between transnational companies and externals non-business actors, such as NGOs or institutions and also civil society groups regarding national levels (Gutu, 2017).

We we are living in an era of fast rate of change in technology, and forecasts point that many of the professions that exist today will not exist in 10 years. Therefore, we need to have the capacity for and commitment to continuous learning and adaptability (Macnamara, 2018b)

All in all, the debate is being taken on a multidisciplinary character, and the urge for the creation of this new role lies on the fact that progressively corporations need to deal with a new stakeholder reality while simultaneously entailing a two-way communication approach.

2.3. The Business Diplomat Proposal

2.3.1. What is Business Diplomacy

In an ever-increasing diverse and globalized business world, where a myriad of new stakeholders has emerged, and where organizations are engaging in commercial and related activities, not only in their home country but also in several new jurisdictions, more and more companies are turning to business/corporate diplomacy. Yet recent, this management tool has been seen as a key-activity to solve corporate problems and help managers to identify and manage potential risks (Gutu, 2017). Still, with so much to explore, it is also known the connection of business diplomacy with other business theories, such as stakeholder theory and agency theory, thus leaving room for new routes or investigation on the subject.

Taking an evolutionary perspective on what the term "corporate diplomacy" means, we can identify four stages of "corporate evolution" (preconized by Trice, Hasegawa and Kearns, 1995). The theory entails that companies have been moving progressively toward a more accountable and engaged position, meaning that if in the first stage the firm was uniquely capitalist, on the following that position gradually evolved to a more responsible role, culminating in the employment of corporate diplomacy (Table I).

Thus considering the steps, stage one characterizes companies that have serious labor disputes and conflicts; once those issues are overcome, in stage two, firms can properly handle and prosper the relations between labor and management. However, while still having some difficulties dealing with the community and stakeholders, companies have to move to stage three in order to share their destiny with their community. And finally, following the last move, the ultimate stage is for corporations to become global problem-solvers, helping to solve the imbalances that exist in the world.

	Labor-Management Frictions	Social Frictions	International Frictions
1. Capitalistic companies	X	X	X
2. Companies sharing destiny	O	X	X
3. Companies assuming local social responsibilities	O	O	X
4. Companies assuming global social responsibility	O	O	O

Table I- Corporation Evolution (Trice, Hasegawa and Kearns, 1995)

However, if we search into the business literature, we find that besides corporate diplomacy, there is another key concept concerning this matter. In the end, two main concepts are worth mentioning: one is "corporate diplomacy" (Saner & Yiu, 2003; Ruël, 2013; Mirvis *et al*, 2014; Westermann-Behaylo *et al*, 2015; White, 2015; White &

Kolesnicov, 2015) and the other is "business diplomacy" [1] (Saner & Yiu, 2003; Ruël, 2013; Suren, 2014; Meijerink, 2014; Ruël &Wolters, 2016) which can have different or overlapping definitions (White, 2015). Thus, cohesion on what exactly is corporate/business diplomacy is yet to emerge, mainly what it involves, its goals, its contexts, how it differs from other concepts as lobbying or corporate political activity, and how it is operationalized.

Consequently, in order to clarify the differences, let us analyze the plethora of concepts related to this new type of diplomacy (Figure 1). Regarding Corporate Political Activity (CPA), it represents a tactic where companies try to influence government policy making. They engage in political activities so that they can gain access to officials and consequently influence policymaking in their favor (Hillman et al, 2004). Similar to CPA is Corporate Political Strategy (CPS), whose aim is also to exert influence on policymakers in order to shape the business environment in their favor. Strategic Political Management is based on the strategy of maximizing economic returns from the political environment (Oliver and Holzinger, 2008).

In the end, the three concepts described above comprise the same processes and elements, so they can be faced as synonyms. While concerning Multinational Corporation (MNC)-Host Government Relations, this is a keyword that entails a huge range of literature regarding relationship building, however, it is simply the importance that companies should give to the host governments' relationships, once these are crucial for the firm's potential to expand internationally (Ruël *et al*, 2016). MNC Global Governance concerns to the social responsibility that companies have beyond the simply fulfilling of laws and regulations, meaning that more and more enterprises need to commit with their broader stakeholder obligation (Detomasi, 2007).

[1] In this thesis it is not going to be approach other variants such as Intra-firm Business Diplomacy, Inter-Firm Diplomacy, Home Country Government Diplomacy, preconized by several authors (such as Suren, 2014)

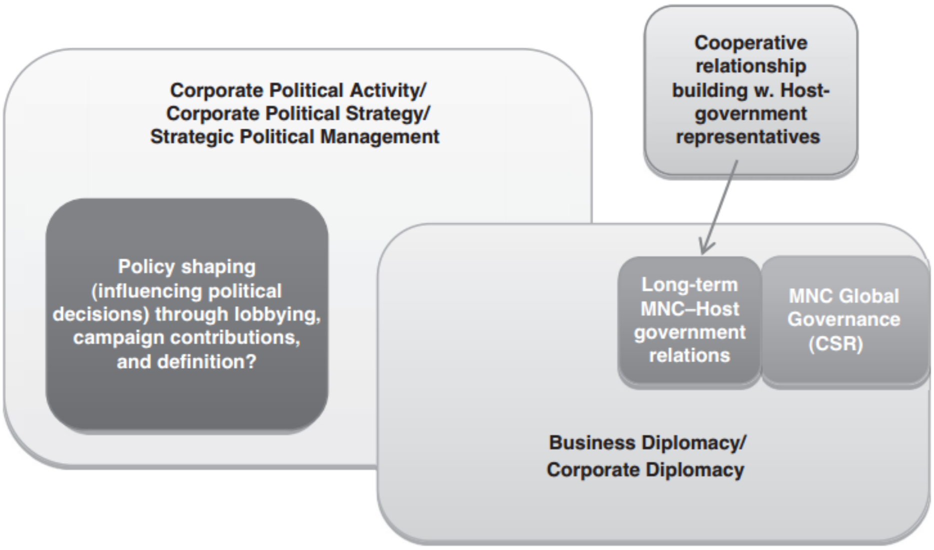


Figure I - Business diplomacy and its related concepts (Ruël *et al*, 2013)

Regarding corporate diplomacy and business diplomacy, since in large part of literature they act as synonyms, preconizing the same assumptions, all the other concepts are going to be ignored and only the last two referred adopted. Nevertheless, for this work we chose to adopt the following business diplomacy definition:

"*a management function that liaises between the strategic objectives of a company with the social and environmental demands put to it by the community within which it operates*" (p.37)

(Yiu & Saner, 2017)

Following this definition of BD, we could furhter describe it as a management function. It regards to the strategic matter of networks between an organization and its external non-business counterparts (including NGOs, international organizations and national and local governments) which have a percussion on its "reputational capital and license to operate" (Yiu & Saner, 2017). Thus, in general, it is used as a device for managing external pressures, or, in other words, it is used to ensure that the "business is done smoothly" (Steger, 2003).

Some studies have acknowledged organizations believe that the business diplomacy tool can effectively enable the creation of new and favourable business opportunities (Suren, 2014). As a matter of fact, the effects of business diplomacy on firm performance were already studied, and the general results pointed out were: “strengthening of corporate image, knowledge of corporate image, increased consciousness about CSR, reduced conflicts and risks and valuable market information” (Suren, 2014). Concerning specifically to the relation of the organizations with the local community, the benefits found were “access to valuable information, a good brand image, enhanced marketing possibilities, and reduced risk of conflict” (Suren, 2014).

To better understand the business diplomacy scope, we can take in consideration Hocking's multistakeholder diplomacy (MSD) framework that actually provides many corporate diplomacy central topics (Søndergaard, 2014). In its definition, MSD entails the crucial premise of stakeholder’s inclusiveness and partnership in the policy process, assuming to get together all of the major stakeholders in order to find a common decision on a specific matter. Within this meaning, it is also acknowledged that private actors are increasingly involved in diplomacy, and should play a significant role (Rana & Katrandjiev, 2006).

Thus, the topics discussed in this context, are also related to business diplomacy, and they are, to mention a few: "multiple spheres of authority, network creation, open network maintenance, complex flows of information, the clash of expectations between boundary-spanning stakeholders, and stake-givers versus stake-takers” (Søndergaard, 2014).

Eventually, companies are facing and (simultaneously) trying to manage the same challenges as the national diplomatic services face: huge growth of non-state actors, with a consequent increase of stakeholders, the repercussions of new technologies and social media, and the geopolitical risks. (Kesteleyn *et al*, 2014). Additionally, both have the aim of always trying to attain a consensus through win-win negotiations processes where both sections should be able to maximize their gains and minimize their losses.

Takng into consideration the way of managing these new pressures, we can also distinguish the intensity impregnated on the use of the business diplomacy tool. Meaning that on the one hand companies can use BD only to obtain the license to operate and deal with stakeholders, making a limited use of the tool. And on the other hand, corporations can use BD as a proactive tool on diplomatic efforts. These are termed views of corporate diplomacy that can be displayed on a continuum (Figure 2), where the layers of engagement and goals of the tool can vary (Westerman-Behaylo *et al*, 2015).

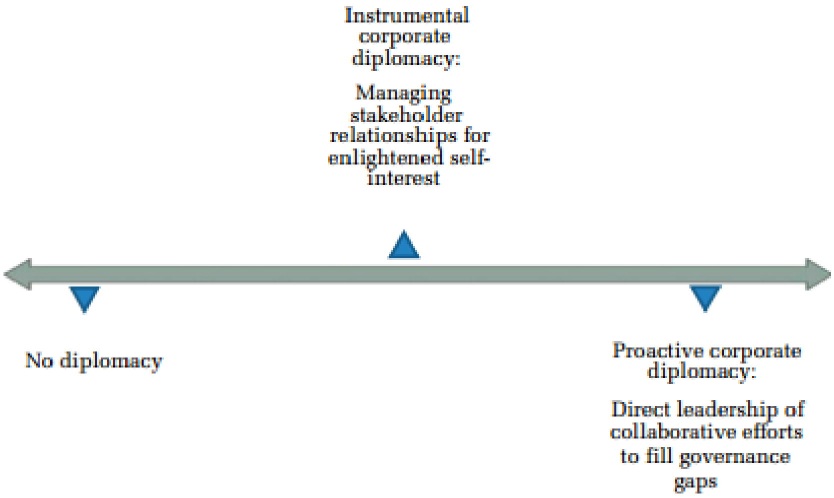


Figure II- Continuum of Corporate Diplomacy (Westerman-Behaylo *et al*, 2015)

Finally, to manage all of this, there is an urge for the creation of a new customized role, because as we saw the current positions are not ideal to deal with the increasing stakeholder complexity management allied with a diplomatic approach. Therefore, we propose the creation of a new function/role: the business diplomat role.

2.3.2. Business Diplomat Competencies and Functions

As we saw, an innovative and different position is required to attend the new stakeholder’s needs. However, what has emerged in the literature is yet too rudimentary, with the authors proclaiming the existence of a “business diplomat” but enumerating few or any competencies. Consequently, a reliable answer on how business diplomacy is expressed and by whom it is executed is lacking.

Nonetheless, we can already find in some works the description of the business diplomat as the individuals who are the “troubleshooters of multinational structures, as liaison persons in the various head offices, or as temporary managers for new ventures, who need the same skills as government diplomats" (Saner *et al*, 2000). And also, the ones who "manage relationships between global companies and multiple stakeholders, which might include NGOs, other business, and governments" (White, 2015).

Broadly, the business diplomat figure would be using business diplomacy as a tool to manage, meaning using tools of diplomacy such as negotiation, conflict management and alliance building to shape the external business environment aiming to support strategic objectives (Watkins, 2012). Therefore, some of the main activities of this practitioner would be to influence social and economic actors in order to generate and seize new business opportunities; to work with rule-making bodies whose resolutions affect business; to forestall possible conflicts with stakeholders and minimizing political risks and to utilize various international fora and media channels to protect corporate image and reputation (Saner *et al*, 2000).

Some authors argue that the business diplomat has to be seen as a distinct function that should ideally be part of the strategic planning function, and demands execution capacities in recognizing and implementing solutions to solve a business dilemma or specific context-related conflicts (Yiu & Saner, 2017). Therefore, "BD needs to be integrated into the corporate structure with *clear* functionalities" (Yiu & Saner, 2017).

Bearing this in mind, and collecting different outputs produced by the authors studying this new role, we can actually achieve a general list of competencies that a business diplomat should have.

Business Diplomat Competencies
▪ Political skills
▪ Role versatility and tolerance for ambiguity
▪ Mastering analytic tools
▪ Effective communication skills
▪ Active listening skills
▪ Diplomatic skills
▪ Business acumen

Table II- Business Diplomat Competencies (Source: own elaboration, adapted from Saner *et al*, 2000; Asquer, 2012; Mirvis *et al*, 2014; Søndergaard, 2014)

Political skills

The ability to master political negotiations and handling media. The BD should know how to safeguard the interests of his organization in negotiations with both government officials, NGOs and pressure groups. They also need to supervise interactions with the media and/or other communication channels (Saner *et al*, 2000).

Role versatility and tolerance for ambiguity

The capacity to control several levels of loyalties regarding not only the Chief Executive Officer (CEO), but also the different board members, their own staff, suppliers, customers, home country government, labor union representatives, and so forth. BD has to be like a boundary spanner, meaning he advocates, interpreters, mediates and negotiates in a great number of cultural settings (Saner *et al*, 2000).

Mastering analytic tools

The BD manager has to master several analytic tools, such as stakeholder analysis, mapping and scenario planning, or balanced scorecard, so that he/she could be able to anticipate the potential impact of investment in different projects. This is simply the application of well reputed strategic planning tools to stakeholder management (Saner *et al*, 2000).

Effective communication skills

The capacity for discerning shared meanings, creating trust and generating multiple channels of information (Søndergaard, 2014).

Active listening skills

The capability of listening, and then, persuading, analyzing complex situations and managing conflicts. The BD should apply these traits both to the internal and external relationships in order to attain superior performance in negotiations (Asquer, 2012).

Diplomatic skills

BD should have the skills that were also preconized to political diplomats by the Nicolson test[2]. And they are truthfulness, precision, patience, modesty, discernment, and good temperament (Mirvis *et al*, 2014).

Business acumen

The ability to understand and decide on a certain business situation with both eagerness and speed Know how to manage people and tasks, in different contexts, and the inevitable stress of conducting business in a multi-stakeholder framework. Apply this competence to the increasing fast-paced changes in the environment and tackle the moral, social and environmental impact of the organization (Mirvis *et al*, 2014).

Aligned with these competencies, some duties and activities regarding the BD arise, such as influencing and persuading others, shaping policies, shaping short and long-term strategic responses (Henisz, 2016), interacting with counterparts of different cultural and professional backgrounds and balancing the delicate tension of multiple interests and loyalties. Capacities shared with the traditional political diplomat (Saner *et al*, 2000).

As also scanning the business environment, interacting with multiple stakeholders and engaging in diplomatic missions (Wolters, 2012). Analyse political and non-commercial risks to their operations at both global and market-specific levels; identify the governmental and nongovernmental actors who shape those risks; develop multilevel, heterogeneous networks of information and influence; create collations among geopolitical stakeholders based on shared interests to put pressure on reluctant collaborators and marginalise "problem actors" and integrate those elements into a holistic, BD strategy to promote the firm's objectives and manage geopolitical risk (Riordan, 2014).

Also, the importance of the so-called soft skills should be reinforced, since to perform the business diplomat role, one needs to gather some crucial characteristics to deal with stakeholders. A very important one is the will to change and to adapt, as stakeholders are constantly evolving. Another one is asking for feedback, asking for others' opinions and, on the other hand, providing advice.

[2] "Nicolson Test" was an assessment conceived by Sir Harold George Nicolson, in the 20th century for selecting and developing diplomats (Mirvis *et al*, 2014)

2.3.3. Differences from traditional professions

Bearing the business diplomat proposal in mind, what can we consider to be the added value of this new profession to a company? In what way does it differ from other professions, especially Public Relations? Is it possible to introduce this new position in the corporate business world?

At first, taking in consideration the PR profession, we can right away identify a huge difference from the BD role, and that is the lack of a diplomatic mindset. While PR practitioners are directly involved with the short-term communication of an organization with regards to a broader public, a BD engages in a diplomatic mindset, meaning that it seeks above all to position geopolitical risk management within a cohesive and long-term strategic environment (Kesteleyn *et al*, 2014). And here geopolitical risks are understood as the ones derived from globalization, such as the risk of the firm's operations themselves, the reputation it has from the non-state actors' perspective, and so forth.

Thus, far beyond public relations responsibilities, organizations need their own diplomatic skills, so that they could be able to handle this environment in all its magnitudes (both national and international). Additionally, going beyond public relations, BD also distinguishes itself by having the responsibility of conducting matters on the management of interfaces between transnational companies and non-business external actors (Gutu, 2017).

Taking the role of a CSR manager, it can be said that he/she cares about the image and reputation of the firm, and applies "social, environmental, and ethical human rights" to business operations, meaning "citizenship responsibility" (Monteiro, 2013). Whereas, a BD fully recognizes that the main goal of an organization is to make a profit, and accordingly would care about advancing the business interests of the corporation at home and also abroad while safeguarding that the company's capacity to make profits is not destabilized by eventual risks.

Consequently, when diplomacy or tact have to be called for, both CSR and PR activities can be put in practice, but they are limited in as far as they do not form part of a holistic long-term BD strategy (Kesteleyn *et al*, 2014).

Supporting this interpretation, a BD possesses some unique characteristics that make him/her different from all others, as he/she is a creator of new business opportunities, helps generating social capital and accumulates contact and social influence (Monteiro, 2013). He/She also quickly adapts to the reality of changes in the environment and develops a combination of resilient strategies that reinforces and extends "the rent-generating potential of the organization" (Henisz, 2016).

Nevertheless, in the end, it is not about how different a Business Diplomat profession is from the other well-known careers, it is about recognizing that business diplomacy is mostly put in practice through several complex activities. Activities that may be performed by other several numbers of professions, thus making business diplomacy an interdisciplinary phenomenon. Hence, an effective business diplomat has to master a varied range of competencies that could overlay with those commonly attributed to negotiators, diplomats and public relations practitioners (Kesteleyn *et al*, 2014).

2.3.4. Challenges in BD management

Regardless of all the information displayed above, the truth is that business diplomacy has received little attention at an academic level, at least until the beginning of the century, when Saner *et al* (2000) initiated the intensive study of the subject. Being a matter that is yet largely unexplored, it is difficult to provide defined and well-established concepts, competencies or methods of management.

Additionally, when assessing the case studies in the literature, almost none of the companies analyzed applies an explicit and well-structured business diplomacy policy. There are no written formal guidelines on how to implement and withstand relationships with government agents and non-governmental stakeholders (Wolters, 2012). Furthermore, managers who supposedly carry business diplomacy activities, sustain that inside the organization they reported mainly to government affairs area (about 75%), whereas others indicated they also reported to the public relations department, the legal division and others (Meijerink, 2014).

Thus, it can be seen that the responsibilities and duties of the business diplomat role are carried out over several activities, throughout various departments and professions, being consequently a rarely well-defined function (Asquer, 2012). Additionally, even if there are some practitioners responsible for such matters, they are often reduced to fire alarms, since they lack the capacity to drive change within either operations, marketing or other core functions (Henisz, 2016). This proves that corporations barely acknowledge this new role of business diplomat, which does not help in the introduction of this new profession in the business world.

As a consequence, some researchers point to the expansion of the existing jobs to include corporate diplomacy. Some articles have examined the possibility of identifying existing business diplomats, by political diplomats, or on the other hand, expanding the role of international public relations and corporate social responsibility managers to include corporate diplomacy (White, 2015).

Nevertheless, as explained above, the solution is not to incorporate principles of corporate diplomacy into the existing professions, it is, on the contrary, to take from each position what matters the most for the practice of business diplomacy, and put it all together in one big basket in order to create the business diplomat role. To this type of research, most of the times challenging, we call transdisciplinarity which includes association and even possibly collision between different theoretical frameworks, paradigms and research methods (Macnamara, 2018a). Nevertheless, much can be learned from this type of approach that is very useful to synthesize knowledge from various fields.

As we have seen, business diplomacy is highly important in today's business world, because while operating in a landscape of a complex web of stakeholders and networks (Monteiro, 2013), companies need the business diplomacy tool in order to manage all this density. Therefore, bearing in mind that the positive impact of business diplomacy in organizations is already validated by other studies (such as Suren, 2014) it is now time to validate our business diplomat proposal.

3. Methodology

3.1.Participants

Data was gathered from 114 respondents. From these, 10 were ruled out for issuing unusable data. Hence, that left us with 104 participants whose professions varied from PR consultant to CEO.

3.2. Procedure

In this section, the data collection method and added procedures are described. Consequently, some theoretical appointments have to be made regarding the approach that best serves the demand of this work.

Since the research topic, competencies of business diplomats, is relatively new, this study can be considered an exploratory research. Thereafter, the systematic combining approach presents itself as the most suitable to conduct this type of investigation. This method gives the researcher the opportunity to reorient the study, allowing the possibility of rewriting the subject-matter and consequently reshaping the focus of the work (Dubois and Gadde, 2002).

The main contributions of systematic combining are the permanent osmosis between the empirical and the theoretical sides, and the freedom to follow a track that is not strict and rigid with a series of closed steps, but open and flexible that allows to go back and forth. Consequently, this approach has the main purpose of theory development, and has been found particularly crucial in this study due to the lack of previous similar researches.

Bearing this in mind, we decided that the best method to validate our proposal was through an empirical analysis, specifically a questionnaire[3], with closed questions, mainly based on the work developed by Saner & Yiu (2005).

[3] Check Annex 1

Hence, our questions and scales regarding company information and the business diplomacy scope were retrieved from the questionnaire mentioned above, just as follows.

3.3. Measures

Company Information

In order to characterize each respondent's organization, a set of questions was included concerning size (How many people are employed by your company?, How many employees work in the country where your headquarters is located?, How many employees work in countries other than where headquarters is located?, Number of countries in which your company operates). The questions related to company information were all presented using a numerical scale.

Business Diplomacy Management

1. Please rate how important each of the following external counterparts is to your company.
2. Is your company a member of any special public interest group dealing with issues such as child labor, nature conservation, etc?
3. Does your company have managers or experts with the function of dealing with external counterparts or external pressures overall?
4. Into which organization do these managers or experts report?

The questions about assessing the importance of external institutions, competencies or activities were presented on a 5-point **Likert scale** (0=not important at all, 4=very important). In the meantime, we also extracted from the work Betlem (2012), the following question: "In which sector does your company operate?".

Nevertheless, some of the items were built by us. It is the example of the following questions regarding the company:

1. What are your company Total Revenues (in million €)?
2. How old is your company?
3. How is your degree of competition online?
4. What is your department and job title?

And also the PR and business diplomacy questions. These demanded a more extensive research on the literature, as exemplified by the questions below:

1. How frequently do you perform the following activities?
2. Understanding Business Diplomacy as "*a management function that liaises between the strategic objectives of a company with the social and environmental demands put to it by the community within which it operates*" (Yiu & Saner, 2017)... This function is performed by…
3. According to the definition above of Business Diplomacy, which of the following competencies do you consider a Business Diplomat should possess?

The first question was built by exploring the works of Saner *et al* (2000); Asquer (2012); Wolters (2012); Riordan (2014) and DeSanto & Moss (2004), and it enclosed both examples of activities of a public relations and a business diplomat. It was given priority to the pioneers works both on BD and PR activities, once on one side the BD is a recent and under-explored field, and on the other side, although PR crossed a lot of stages, in the end, the traditional activities are still the ones more practiced these days.

Hence, on public relations activities, "Diagnosing public relations problems", "Meeting with and advising senior management", "Planning public relations programmes" items were obtained from DeSanto & Moss (2004); "Solve problems and issues that may arise with other organizations", "Helping establish and maintain open channels of communication and cooperation between the organization and the public", "Gather and provide information on public opinion" were extracted from Asquer (2012); and "Having the responsibility for official institutional communications with other organizations" item was attained from the work of L'Etang (2009).

Regarding business diplomat activities "Influencing economic and social actors to seize new business" and "Forestalling potential conflicts with stakeholders and minimizing political risks" were gathered from Saner *et al* (2000); "Affecting the making of rules" was inferred from Asquer (2012); "Scanning the business environment", "Interacting with multiple stakeholders", "Engaging in diplomatic missions" were extracted from Wolters (2012), and finally, "Analyse political and non-commercial risks to operations at both global and market-specific levels and identify who shape those risks" item was obtained from Riordan (2014).

The last question was elaborated by merging items from Saner *et al* (2000), Asquer (2012), Mirvis (2014) and Henisz (2016). "Having a multicultural mindset", "Mastering political negotiations", "Handling media (including social media)", "Tolerance for ambiguity" and "Knowledge of international relations and diplomacy" were derived from Saner *et al* (2000). "Capacity of shaping policies" and "Capacity of influencing others" were gathered from Henisz (2016); "International business acumen" and "Diplomatic skills (precision, patience, modesty, and discernment)" were acquired from Mirvis (2014), and finally, "Listening skills" item was obtained from Asquer (2012).

The main aim of engaging in a survey was to measure whether the data collected matched the theoretical assumptions created upon the literature review. Therefore, three main goals were proposed. Firstly, to determine if companies engage in business diplomacy practices. Secondly, to unravel which department or person performs the type of activities that we attributed to the BD. And, finally, to understand if PR practitioners' possess and exercise the competencies and the activities also attributed to the BD, or if they lack them.

The questionnaire was first subjected to a pilot test, between the 18th and 19th of April, where feedback was collected in order to make small improvements. Later it was administered to the participants through an online platform (Google Forms), and the contacts were made mainly over LinkedIn. The criteria used for the choice of contributors was the performance of functions related to public relations, marketing, investor relations, and communication areas. The survey was conducted during the time span of April 20 – May 31, 2018, and the subsequent data analysis was completed in July 2018. To analyze the data, a descriptive analysis, as well as another series of tests on the PR/BD function particularly, will be conducted.

Regarding the difficulties expected during the study, many can be pointed out. First of all, since this study is concerning an emerging phenomenon area, the lack of a large literature and studies was expected and sometimes made it difficult to constitute a general and rich argument regarding some sub-topics. Secondly, due to this same reason, finding professionals to answer our questionnaire was also challenging. And thirdly, the elaboration of the questionnaire without any previous similar models also posed a challenge.

4. Results

Following the theoretical research, the data gathered from the empirical analysis allows us now to reach some interesting conclusions. Therefore, using SPSS 22 to run the statistical analysis, a full descriptive analysis of the results was conducted, as well as another series of statistical tests.

4.1. Descriptive Analysis

Accordingly, regarding the answers about the importance of stakeholders (Table III), “Home Country Governmental Organizations” was the variable with the highest mean (μ = 3,289) and lowest standard deviations (σ =, 95675), while all the others presented a similar mean and deviation.

	N	Min	Max	Mean	Std. Dev.
International_Regional_Intergovernmental_Organizations	85	,00	4,00	2,6471	1,26025
International_Regional_Non_governmental_Organizations	85	,00	4,00	2,0941	1,23079
National_Non_governmental_Organizations	84	,00	4,00	2,7262	1,05683
Home_Country_Governmental_Organizations	83	,00	4,00	3,2892	,95675
Home_Country_Non_governmental_Organizations	84	,00	4,00	2,1786	1,30024
Valid N (listwise)	81				

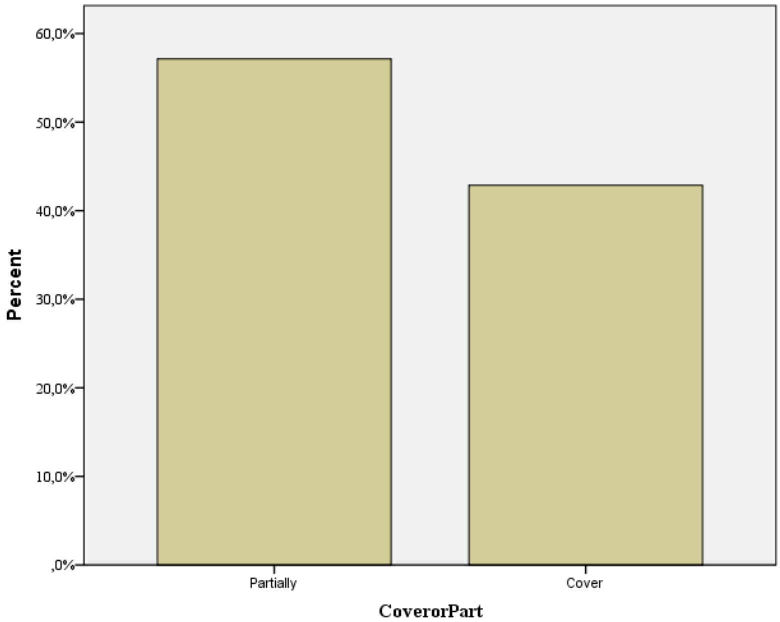
Table III - Descriptives for Stakeholders Importance (N= 81)

Concerning the frequency of the activities performed by the respondents, Table IV display with the highest mean (μ = 3,1731) the activity “Interacting with multiple stakeholders”. In the meantime, “Engaging in diplomatic missions” presents the lowest mean (μ =1,3750), and simultaneously the highest standard deviation (σ = 1,27856).

	N	Min	Max	Mean	Std. Dev
Influencing	104	,00	4,00	2,2019	1,16068
Diagnosing	104	,00	4,00	2,7308	,99738
Forestalling	104	,00	4,00	2,1538	1,18869
Solving	104	,00	4,00	2,2500	1,11259
Affecting	104	,00	4,00	1,9327	1,09955
Planning	104	,00	4,00	2,7788	1,07898
Scaning	104	,00	4,00	2,8462	1,02179
Having	104	,00	4,00	2,7788	1,13169
Interacting	104	,00	4,00	3,1731	,94963
Helping	104	,00	4,00	3,0385	1,04206
Engaging	104	,00	4,00	1,3750	1,27856
Meeting	104	,00	4,00	2,7115	1,12062
Analyse	104	,00	4,00	2,0481	1,21783
Gather	104	,00	4,00	2,4712	1,14023
Develop	104	,00	4,00	2,4038	1,16185
Valid N (listwise)	104				

Table IV- Descriptives for Frequency of Activities Performed (*N*= 104)

As for the questions about who deals with the external counterparts and pressures, 73% of the respondents answered positively about having in their companies an expert/manager who deals with such matters; subsequently, only 42,86% of them cover the whole function, while 51,14% cover partially (Graph II).



Graph II- Experts cover or not the function (N=77)

Regarding which department the identified managers' report to, Table V shows us that the "Public Relations" department obtained the highest score (μ =, 6163), and Table

VI presents the most common possessed professions held by those same managers, being "Public Relations Consultant" the most chosen one (μ =, 5882), followed closely by "Executive" (μ =, 5059).

	N	Min	Max	Mean	Std. Dev
Public_Relations	86	,00	1,00	,6163	,48914
Government_Affairs	86	,00	1,00	,2442	,43212
Legal_Division	86	,00	1,00	,3837	,48914
Other	86	,00	1,00	,1279	,33595
Valid N (listwise)	86				

Table V- Descriptives for departments to which managers report (*N*= 86)

	N	Min	Max	Mean	Std. Dev
Public_Relations_Consultant	84	,00	1,00	,5952	,49379
Diplomat	84	,00	1,00	,0238	,15337
Lobbyist	84	,00	1,00	,1548	,36385
Advertising_Consultant	84	,00	1,00	,1905	,39504
Lawyer	84	,00	1,00	,2619	,44231
Executive	84	,00	1,00	,5119	,50286
Senior_Government_Official	84	,00	1,00	,0595	,23802
Other	84	,00	1,00	,0595	,23802
Valid N (listwise)	84				

Table VI- Descriptives for most possessed professions (N= 84)

Accordingly, and as another confirmatory mean, on the question of which department deals with crisis situations (such as consumer boycott or industrial sabotage), it was once more verified that the Public Relations department ranked first (μ = ,7059), followed by the Legal Division (μ = ,5686) (check Table VII).

	N	Min	Max	Mean	Std. Dev
Public_Relations	102	,00	1,00	,7059	,45790
Legal_Division	102	,00	1,00	,5686	,49771
Government_Affairs	102	,00	1,00	,1667	,37452
Other	102	,00	1,00	,0784	,27018
Valid N (listwise)	102				

Table VII- Descriptives for which departments deal with crisis situations (N= 102)

Following this matter, one last question regarding the participation of the company in any public interest group was conducted. About 82% of the respondents answered "no", while

17% answered positively. From those who answered yes the answers ranged from "Nature Conservation", "Acreditar" "WWF", "Unicef", to "Greenwill".

Table VIII and IX presents us both the results about who performs the BD function and also the Business Diplomat competencies. As the mean shows, the majority answered that the function described as Business Diplomacy is performed by "Employees from different departments" (μ =,4904), followed by "A team from the same department" option (μ =,2904).

Having "Diplomatic skills" was the item which received more votes (μ =, 7692), followed by "Having a Multicultural Mindset" (μ =, 7404). On the other hand, the option of possessing "International Business Acumen" was the least chosen (μ =, 1346).

	N	Min	Max	Mean	Std. Dev
Nobody	104	,00	1,00	,0865	,28252
Single_employee	104	,00	1,00	,1250	,33232
A_team_from_same_department	104	,00	1,00	,2404	,42939
Employees_from_different_departments	104	,00	1,00	,4904	,50233
External_company	104	,00	1,00	,0577	,23429
Valid N (listwise)	104				

Table VIII- Descriptives for Business Diplomacy Function (*N*= 104)

	N	Min	Max	Mean	Std. Dev
Influencing_econimica_and_social_actors_to_seize_new_business	104	,00	4,00	2,2019	1,16068
Diagnosing_public_relations_problems	104	,00	4,00	2,7308	,99738
Forestalling_potential_conflicts_with_stakeholders	104	,00	4,00	2,1538	1,18869
Solve_problems_and_issues_with_other_organizations	104	,00	4,00	2,2500	1,11259
Affecting_the_making_of_rules	104	,00	4,00	1,9327	1,09955
Planning_public_relations_problems	104	,00	4,00	2,7788	1,07898
Scaning_the_business_environment	104	,00	4,00	2,8462	1,02179
Having_the_responsibility_for_institutional_communications	104	,00	4,00	2,7788	1,13169
Interacting_with_multiple_stakeholders	104	,00	4,00	3,1731	,94963
Helping_establish_and_maintain_open_communication_channels	104	,00	4,00	3,0385	1,04206
Engaging_in_diplomatic_missions	104	,00	4,00	1,3750	1,27856
Meeting_with_and_advising_senior_management	104	,00	4,00	2,7115	1,12062
Analyse_risks_to_operations	104	,00	4,00	2,0481	1,21783
Gather_and_provide_information_on_public_opinion	104	,00	4,00	2,4712	1,14023
Develop_multilevel_heterogeneous_networks_of_information	104	,00	4,00	2,4038	1,16185
Valid N (listwise)	104				

Table IX- Descriptives for Business Diplomat Competencies (N= 104)

In relation to the company information part, it can also be retrieved some descriptive data. To start, it was clear that there were a large majority of respondents both from small and large companies. In the question regarding total revenues, the 0-5 Million per year option was the most chosen (μ =, 2981); however, this option was followed, surprisingly for the >1000 Million per year item (μ =, 1923), as it shows Table X.

	N	Min	Max	Mean	Std. Dev
Revenues0_5	104	,00	1,00	,2981	,45963
Revenues6_10	104	,00	1,00	,0673	,25177
Revenues11_15	104	,00	1,00	,0577	,23429
Revenues15_30	104	,00	1,00	,0769	,26776
Revenues31_50	104	,00	1,00	,0673	,25177
Revenues51_100	104	,00	1,00	,0673	,25177
Revenues101_500	104	,00	1,00	,0962	,29623
Revenues501_1000	104	,00	1,00	,0769	,26776
Revenues1000	104	,00	1,00	,1923	,39602
Valid N (listwise)	104				

Table X- Descriptives for Company Total Revenues (*N*= 104)

Concerning the number of employees, the smallest option, 1-100 people was the one which received the highest score (μ =, 4231), followed again by the biggest alternative >5000 (μ =, *2500*). The same happened in relation to employees working in countries other than where headquarters is located, as it confirms Table XI and XII.

	N	Min	Max	Mean	Std. Dev
Employed1_100	104	,00	1,00	,4231	,49644
Employed101_500	104	,00	1,00	,1538	,36255
Employed501_1000	104	,00	1,00	,0481	,21496
Employed1001_5000	104	,00	1,00	,1250	,33232
Employed5000	104	,00	1,00	,2500	,43511
Valid N (listwise)	104				

Table XI- Descriptives for Total Number of Employees (N= 104)

	N	Min	Max	Mean	Std. Dev
Out_of_headquarters_employees1_100	104	,00	1,00	,5769	,49644
Out_of_headquarters_employees101_500	104	,00	1,00	,0865	,28252
Out_of_headquarters_employees501_1000	104	,00	1,00	,0769	,26776
Out_of_headquarters_employees1001_5000	104	,00	1,00	,0865	,28252
Out_of_headquarters_employees5000	104	,00	1,00	,1731	,38015
Valid N (listwise)	104				

Table XII- Descriptives for Number of Employees Overseas (*N*= 104)

About the number of countries where the business operates, 1-5 countries item got the highest mean (μ =, 5481); > 30 years old was the variable with the higher mean (μ =, *4519*) regarding the age of the company, this can be seen in Table XIII and XIV.

	N	Min	Max	Mean	Std. Dev
Countries1_5	104	,00	1,00	,5481	,50009
Countries6_10	104	,00	1,00	,0962	,29623
Countries11_15	104	,00	1,00	,0577	,23429
Countries16_30	104	,00	1,00	,0865	,28252
Countries30	104	,00	1,00	,2115	,41038
Valid N (listwise)	104				

Table XIII- Descriptives for Number of Countries (N= 104)

	N	Min	Max	Mean	Std. Dev
Years0_5	104	,00	1,00	,1346	,34297
Years6_10	104	,00	1,00	,1346	,34297
Years11_15	104	,00	1,00	,1058	,30903
Years16_30	104	,00	1,00	,1731	,38015
Years30	104	,00	1,00	,4519	,50009
Valid N (listwise)	104				

Table XIV- Descriptives for Company's Age (*N*= 104)

Tables XV and XVI show that for the sector of activity, most respondents were prevenient from the "Services" (μ =, 4327), and "Technology" (μ =, 2404) sectors and the degree of online competition was considered for the majority to be medium (μ =, 3365).

	N	Min	Max	Mean	Std. Dev
Basic_Materials	104	,00	1,00	,0288	,16818
Conglomerates	104	,00	1,00	,0192	,13800
Consumer_Goods	104	,00	1,00	,1250	,33232
Financial	104	,00	1,00	,1635	,37158
Health_Care	104	,00	1,00	,1442	,35302
Industrial_Goods	104	,00	1,00	,0769	,26776
Services	104	,00	1,00	,4327	,49785
Technology	104	,00	1,00	,2404	,42939
Utilities	104	,00	1,00	,1058	,30903
Other	104	,00	1,00	,2019	,40338
Valid N (listwise)	104				

Table XV- Descriptives for Sector of Activity (*N*= 104)

	N	Min	Max	Mean	Std. Dev
VeryLow	104	,00	1,00	,0481	,21496
Low	104	,00	1,00	,1154	,32103
Medium	104	,00	1,00	,3365	,47481
High	104	,00	1,00	,2788	,45060
VeryHigh	104	,00	1,00	,2212	,41703
Valid N (listwise)	104				

Table XVI- Descriptives for Online Competition (*N*= 104)

Finally, regarding the job title of the inquired, most of the answers fall on the Marketing area (μ =,3077), followed closely by Public Relations and General Management which had the same mean (μ =, 2692) (check Table XVII).

	N	Min	Max	Mean	Std. Dev
General_Management	97	,00	1,00	,2887	,45549
Marketing	97	,00	1,00	,3299	,47262
Public_Relations	97	,00	1,00	,2887	,45549
Public_Affairs	97	,00	1,00	,0206	,14284
Investor_Relations	97	,00	1,00	,0206	,14284
Other	97	,00	1,00	,0515	,22226
Valid N (listwise)	97				

Table XVII- Descriptives for Job Title (N= 97)

4.2. Profiling PR/BD functions

Keeping in mind that the purpose of this study is to explore whether BD adds value to traditional PR function we reasoned that by asking professionals in the field about how frequently each and every activity/responsibility linked with PR and BD is required for a top performance would offer an answer to our research question.

Namely, the factorial structure of each concept (PR and BD) taken separately and both concepts into the same fused factor structure, would allow us to contrast the informative value on how respondents think about both dimensions. Therefore, we expect to find a valid factorial solution for each plus a valid for the joined items. As a requirement we expect PR to be positively correlated with BD. Otherwise, they could not logically integrate the same construct. Therefore, we hypothesize that PR will positively correlate with BD (H1).

To test this hypothesis we need first to test the factorial validity of each scale. So, H1a states that "there is a valid and reliable factorial solution for PR scale". H1b states that "there is a valid and reliable factorial solution for BD scale". H1c states that "PR scale will positively correlate with BD scale".

Once this occurs (if at all) we can proceed to the second line of reasoning, i.e. that a joined solution PR-BD is technically more strong (higher explained variance, better average loadings, more precision in factor structure) than both factorial solution taken separately (H2). In case H1 is not supported, implicitly H2 is also rejected.

$H_{1:}$ PR will positively correlate with BD
$H_{1a:}$ There is a valid and reliable factorial solution for PR scale
$H_{1b:}$ There is a valid and reliable factorial solution for BD scale
$H_{1c:}$ PR scale will positively correlate with BD scale
$H_{2:}$ PR-BD joined solution is technically more strong

To test the factorial structure of a PR scale it were comprised 7 items and the factorial analysis revealed a single factor solution (KMO=.817, Bartlett's X^2 test=287.868, 21, p<.001, R^2=52.6%) that is internally consistent (Cronbach alpha=.844) but failed to match all quality requirements (namely due to low commonalities of some items, Table XVIII).

Table XVIII- Commonalities (PR)

	Initial	Extraction
PR_Diagnosing PR problems	1,000	,457
PR_Solving problems	1,000	,280
PR_Planning PR programmes	1,000	,584
PR_Institutional communications	1,000	,667
PR_Open communic channels	1,000	,626
PR_Meeting senior management	1,000	,394
PR_Gather information in public opinion	1,000	,672

Extraction method: Principal Component Analysis

Therefore, we conducted the analysis sequentially removing these items, from the lowest up. The resulting valid single factor solution (KMO=.799, Bartlett's X^2 test=188.422, 6, p<.001, Table XIX) comprehends only items with communalities above .500 (Table XX) and explains 70.2% (Table XXI). The removed items were: diagnosing PR problems, solving problems and issues that may arise with other organizations and meeting and advise senior management.

Table XIX- KMO and Bartlett's Test (PR)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,799
Bartlett's Test of Sphericity	Approx. Chi-Square	188,422
	df	6
	Sig.	,000

Table 1 Final Commonalities (PR)

	Initial	Extraction
PR_Planning PR programmes	1,000	,586
PR_Institutional communications	1,000	,763
PR_Open communic channels	1,000	,751
PR_Gather information in public opinion	1,000	,707

Extraction method: Principal Component Analysis

Table XXI- Total Variance Explained (PR)

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	2,806	70,159	70,159	2,806	70,159	70,159
2	,543	13,576	83,736			
3	,393	9,818	93,553			
4	,258	6,447	100,000			

Extraction method: Principal Component Analysis

The factorial loadings are all above .700 (Table XXII). This scale has also high reliability (Table XXIII).

Table XXII- Component Matrix (PR)

	Component 1
PR_Institutional communications	,874
PR_Open communic channels	,867
PR_Gather information in public opinion	,841
PR_Planning PR programmes	,765

Extraction method: Principal Component Analysis
a. 1 extracted components

Table XXIII- Reliability (PR)

Cronbach's alpha	N of items
,857	4

To conclude, H1a ("there is a valid and reliable factorial solution for PR scale") is supported by this finding.

Secondly, to test the factorial structure of a BD scale it were comprised 8 items and the factorial analysis also revealed a single factor solution (KMO=.872, Bartlett's X^2 test=308.695, 28, p<.001; R^2=51.4%) that is internally consistent (Cronbach alpha=.864) but also failed to match all quality requirements (namely due to low commonalities of some items, Table XXIV).

Table XXIV- Commonalities (BD)

	Initial	Extraction
Influencing actors	1,000	,473
Forestalling conflicts	1,000	,638
Affecting rule making	1,000	,530
Scanning environment	1,000	,340
Interacting with stakeholders	1,000	,383
Engaging diplomatic missions	1,000	,622
Analyse risks	1,000	,638
Networking	1,000	,484

Extraction method: Principal Component Analysis

Table XXV- KMO and Bartlett's Test (BD)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,872
Bartlett's Test of Sphericity	Approx. Chi-Square	308,695
	df	28
	Sig.	,000

Table XXVI- Total Variance Explained (BD)

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4,108	51,352	51,352	4,108	51,352	51,352
2	,876	10,944	62,296			
3	,685	8,568	70,864			
4	,604	7,549	78,413			
5	,560	6,998	85,411			
6	,505	6,311	91,722			
7	,385	4,806	96,529			
8	,278	3,471	100,000			

Extraction method: Principal Component Analysis

Repeating the same procedure, we conducted the analysis sequentially removing these items, from the lowest up. The resulting valid single factor solution (KMO=.837, Bartlett's X^2 test=199,604, 10, p<.001, Table XXVIII) comprehends only items with communalities above .500 (Table XXVII) and explains 62,3% (Table XXIX). The removed items were: scanning environment, interacting with stakeholders, networking.

Table XXVII- Final Commonalities (BD)

	Initial	Extraction
Influencing actors	1,000	,530
Forestalling conflicts	1,000	,655
Affecting rule making	1,000	,596
Engaging diplomatic missions	1,000	,681
Analyse risks	1,000	,654

Extraction method: Principal Component Analysis

Table XXVIII- KMO and Bartlett's Test (BD)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,837
Bartlett's Test of Sphericity	Approx. Chi-Square	199,604
	df	10
	Sig.	,000

Table XXIX- Total Variance Explained (BD)

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	3,115	62,307	62,307	3,115	62,307	62,307
2	,613	12,260	74,567			
3	,532	10,644	85,211			
4	,411	8,212	93,423			
5	,329	6,577	100,000			

Extraction method: Principal Component Analysis

The factorial loadings are all above .700 (Table XXX). This scale has also high reliability (Table XXXI).

Table XXX- Component Matrix (BD)

	Component 1
Engaging diplomatic missions	,825
Forestalling conflicts	,809
Analyse risks	,809
Affecting rule making	,772
Influencing actors	,728

Extraction method: Principal Component Analysis

a.1 extracted components.

Table XXI- Reliability (BD)

Cronbach's alpha	N of items
,848	5

In conclusion, H1b ("there is a valid and reliable factorial solution for BD scale") is supported by this finding.

Finally, to test H1c, we proceed with a Pearson correlation test between both variables PR and BD to find that both show a positive and significant correlation ($r=.610$, $p<.01$). The scale is 0=never and 4=very frequently.

Table XXXII- Descriptive Statistics

	N	Min	Max	Mean	Std. Dev.
PRsingle	104	,00	4,00	2,7668	,91923
BDsingle	104	,20	4,00	1,9423	,93919
N válido (listwise)	104				

Table XXXIII- Correlations for PRsingle and BDsingle

		PRsingle	BDsingle
PRsingle	Pearson Correlation	1	,610**
	Sig. (2-tailed)		,000
	N	104	104
BDsingle	Pearson Correlation	,610**	1
	Sig. (2-tailed)	,000	
	N	104	104

**. significant at 0,01

These findings support H1c ("PR scale will positively correlate with BD scale”). Thus, overall H1 is fully supported, PR is positively correlated with BD.

As the ensuing factorial solution shows a richer and facially valid structure of factors, thus, we can assume that integrating both dimensions into a single function offers a more precise and rich view of the roles it comprehends as stated. Therefore, we decided to test the factorial analysis mixing PR and BD items.

Frequently reported activities were measured with 15 items taken from the literature review which were subjected to an exploratory factor analysis. This analysis showed a valid 3 factor solution (KMO=.874, Bartlett's X2 test=820.406, 105, p<.001, Table XXXIV) after the removal of some items. The solution explains 65.7% variance (Table XXXV) after rotation (varimax).

Table XXXIV- KMO and Bartlett’s Test (PR-BD)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,874
Bartlett’s Test of Sphericity	Approx. Chi-Square	820,406
	df	105
	Sig.	,000

Table XXXV- Total Variance Explained (PR-BD)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	5,607	46,728	46,728	5,607	46,728	46,728	2,930	24,418	24,418
2	1,271	10,595	57,323	1,271	10,595	57,323	2,798	23,317	47,735
3	1,002	8,346	65,669	1,002	8,346	65,669	2,152	17,935	65,669
4	,719	5,994	71,663						
5	,698	5,818	77,480						
6	,627	5,226	82,706						
7	,521	4,339	87,046						
8	,423	3,527	90,573						
9	,356	2,970	93,543						
10	,320	2,671	96,214						
11	,247	2,059	98,273						
12	,207	1,727	100,000						

Extraction method: Principal Component Analysis

The solution allows us to extract three interpretable factors, namely: F1-Influence (5 items, e.g. “Affecting the making of rules”), F2-Communication (4 items, e.g. “Helping establish and maintaining open channels of communication and cooperation between the organization and the public”), and F3-Intelligence (3 items, e.g. “Diagnosing PR problems”). All factors are also reliable (Cronbach’s alpha= .833, .855, and .728 respectively).

Table XXXVI- Rotated components matrix (PR-BD)

	Component		
	1	2	3
Affecting rule making	,814	,142	,145
PR_Solving problems	,798	,158	,011
Engaging diplomatic missions	,687	,269	,293
Analyzing risks	,640	,299	,342
Influencing actors	,601	,242	,250
Open communic channels	,188	,868	,172

PR_Institutional communications	,261	,834	,171
Interacting with stakeholders	,171	,688	,298
PR_Gather information in public opinion	,334	,670	,263
PR_Diagnosing PR problems	,202	,161	,798
Scaning environment	,099	,266	,763
PR_Meeting senior management	,305	,252	,657
Cronbach's alpha	.833	.855	.728

Extraction method: Principal Component Analysis
Rotation method: Varimax with Kaiser normalization
a. Rotation converged in 5 interactions.

The removed items were: forestalling potential conflicts with stakeholders, planning PR programmes, and develop multilevel, heterogeneous networks. We computed the indices for each factor and the averages are:

Table XXXVII- Descriptive Statistics

	N	Min	Max	Mean	Std. Dev.
PR1_influence	104	,00	4,00	1,9615	,91081
PR2_Communic	104	,00	4,00	2,8654	,89220
PR3_Intelligence	104	,00	4,00	2,7628	,84337
N válido (listwise)	104				

H2 states four criteria that cumulatively allow us to conclude about the comparative advantage of joining PR and BD into the same factorial structure. These are more explanative power (more variance), higher comprehensiveness (more items included), higher precision (more specific factors), and higher reliability (higher average Cronbach alphas).

Criteria 1: Higher explanative power

The PR single solution explained 70.2%, the BD 62.3% and the joined 65.7%. The average for the first two is 66.25% which is slightly above the joint solution.

Criteria 2: Higher comprehensiveness (inclusiveness)

Judging by the number of items, as well as the logical inference that the best possible solution is the one that includes the most items that are extracted from theory, the PR single comprehends only 4 items, BD comprehends 5 items, and the joined solution comprehends 12 items. Therefore, the joined solution is clearly more comprehensive than the separate ones.

Criteria 3: Higher precision

Both separate factorial solutions for PR and BD are single factor. However, the joint solution presents 3 factors. Therefore we can conclude that this joined factorial structure is more than the mere sum of the single PR and BD items. We thus conclude that it is more informative (more specific) from the point of view of the roles that PR/BD has to perform.

Criteria 4: Higher reliability

The average reliability for each single solution PR and BD is .853 while from the joined solution is .805. This offers apparently better reliability to the first if one does not take into consideration that Cronbach's alpha is accepted as good from .700 up but disavowing values above .850 due to exceeding juxtaposition. So, a factor with alphas of .90 or so magnitude is basically the same if using a single item or 20 items (Nunnally).

Criteria 5: High correlation stability

We reason that having at hand two single factors (one for PR and another one for BD) it would make sense to find high correlations between these and those emerging from a joint factorial solution PR-BD if indeed PR and BD are dimensions composing the same job role. Therefore we conducted the correlation analysis (Table XXXVIII).

Table XXXVIII- Correlation matrix between PRsingle, BDsingle, and PR-BD

	PRsingle	BDsingle	PR1_influence	PR2_Communic	PR3_Intelligence
PRsingle	1				
BDsingle	,610**	1			
PR1_influence	,600**	,969**	1		
PR2_Communic	,955**	,614**	,595**	1	
PR3_Intelligence	,601**	,615**	,551**	,580**	1

**. significant at 0,01

From the emerging correlations magnitudes, we can distinguish two factors that were very much kept in the joint factorial solution (PR1_Influence=BDSingle, and PR2_Communication = PRSingle, and PR). The third factor (PR3_Intelligence) has approximately equivalent correlations with both, thus suggesting it is another dimension that gathers features from both concepts and therefore encourages taking these as composing the same function.

Thus, it can be concluded that separate solutions offer a less theoretic and empirically supported option than the joint solution.

5. Discussion

As mentioned earlier, we have proposed to achieve three main goals with this investigation. The first was to determine if companies engage in business diplomacy practices, and regarding this premise, we can extract conclusions from some of the questions made on the survey.

Regarding the question about ranking stakeholders, participants rated differently the importance of stakeholders according to its nature. Namely, home country governmental organizations are taken as more important than the remaining, and both international NGOs together with home country NGOs are seen as the least important (check Table III). Nevertheless, the answers would always depend a lot on the type of company represented, since the most international would probably equally value both home country and regional/international organizations

Answers to the question "*How frequently do you perform the following activities?*" (see Table IV) reveal that both activities correspondent to a PR and a BD were highly selected. Respondents did not know which items concern to the two different professions, so in that way they did not feel inclined to answer only to PR or BD activities, they answered what they really thought are their daily activities.

The least selected option was "engaging in diplomatic missions", which makes sense once the phrase itself reminds a more political and diplomatic sphere. However, it is very probable that some of the respondents engage in diplomatic missions, but do not recognize it with that specific name.

Overall, we can conclude that companies engage in business diplomatic activities, once the means showed by the descriptive analysis confirm that the activities regarding a BD professional were very much selected. This is in accordance with what was displayed in the majority of the literature, companies exercise BD practices but they are not aware of it: "the responsibilities and duties of the business diplomat role are carried out over several activities, throughout various departments and professions" (Asquer, 2012).

Concerning the question "*Understanding Business Diplomacy as* "*a management function that liaises between the strategic objectives of a company with the social and environmental demands put to it by the community within which it operates*" *(Yiu & Saner, 2017). This function is performed by…*" (See Table VIII) answers demonstrate that most of the respondents recognize the existence of business diplomacy inside their companies. As the mean shows, the majority answered that the function described is performed by "employees from different departments", followed by "a team" option.

Once again, the results are in accordance with what was acknowledged during the literature research. The activities of a BD are dispersed and spread through several employees and departments, which as already pointed out, undermines the overall efficiency of the processes.

The second goal was to unravel which department or person performs the type of activities that we attributed to the BD. To unfold this second point, we look at three questions. The first is "*Into which organization do these managers or experts report?*" (see Table V) whose answers indicate that (as expected) the majority of the professionals who deal with external counterparts and pressures are PR professionals.

However, it is also interesting to state that both "Governmental Affairs" and "Legal Division" options also received a high rate of response, which once again confirms the randomness of the BD activities and competencies. This discovery also ties in with what was exposed in the literature: managers who are in charge of conducting business diplomacy activities "sustain that inside the organization they reported mainly to government affairs area (about 75%), whereas others indicated they also reported to the public relations department, the legal division and others" (Meijerink, 2014).

Following the question above, answers to the interrogation "*What professional positions do they hold?"* (see Table VI) follow the same pattern, with the "PR" profession being the most chosen. "Executive" ranks second, which is interesting once it allows us to confirm that CEO's and the top executives are the ones who also use to conduct business diplomacy. Finally, responses to "*Which department or organization has primary responsibility for managing crisis situations affecting your company?*" came only to strengthen the already validated conclusion that is the department of PR that most deals with crisis situations.

The third, and final goal was to understand if PR practitioners' possess and exercise the competencies and the activities also attributed to the BD, or if they lack them. To assess this we look again to the answers to the question "*How frequently do you perform the following activities?"* (see Table IV).

Once again, answers validate that both activities correspondent to PR and BD were highly selected. This means that PR and alike professionals exercise BD activities, thus confirming the existence of these type of activities inside the companies. Assessing the frequency of several BD and PR activities, we reached the conclusion that PR's execute BD activities which consequently lead us to assume that they possess their competencies.

Furthermore, the results from the correlation analysis also confirm that the BD can add value to the traditional PR function, highlighting that separate solutions offer a less theoretic and empirically supported option than the joint solution. Thus, the conclusion is that companies should take these as composing the same function.

Other interesting conclusions can be taken from the responses to the survey, mainly concerning the BD competencies question ("(…) *which of the following competencies do you consider a Business Diplomat should possess?*”). The obvious option of choosing the “diplomatic skills” was in fact confirmed as the most chosen one. Followed by “having a multicultural mindset", these two items show us that the most important characteristics that a BD should possess are in fact related to soft skills and communication skills. Know how to actively listen and handling media were also highly ranked, showing once more that being a BD is a versatile and challenging task.

In relation to the questions on company information, it is also interesting to see that the type of companies that answered the survey varied a lot., especially regarding size. This does not mean that the investigation is biased, on the contrary, as it was found on the literature, it does not really matter the size of the company, what it matters is the sector where it operates and the scope of their activities. If there is a need to practice and conduct business diplomacy most of the small companies even without the proper means to do it have to step up and do what they need to improve.

In that way, by looking at Tables X-XIV we can conclude that there was a fair share of young companies contemplated as well as a lot of mature and well-established one. This is proven by looking at both the company's age and company revenues. Enterprises with revenues between 0 and 5 Million € and revenues >1000 had the higher means, as also companies between 0-5 years and companies with more than 30 years (see Tables X and XIV).

Further interesting aspects to assess were also the sector of activity of the companies (Table XV). Most of the answers came from the “Services” sector, followed by the “Technology” sector. These results are surprising since it was expected that the sectors referred to in the literature (such as oil companies, financial companies) would rank higher. Nevertheless, the scale used in this question probably was a little confusing for the respondents as many of them ended up choosing the “other” option to refer that their sector of activity was for instance “energy” when that category would have fit in one of the offered options, the “utilities” option.

Thus, there were some setbacks but in the end, the results from that question were surprising anyhow, which make us think what is leading so many services and technology companies to practice BD activities… Maybe their magnitude, public support, and impact are justifiable reasons for ranking first, however further explanations are demanded.

Another one was the answers to the job title question (Table XVII), since a huge number of responses from professionals in the Marketing area was verified. This situation goes along with what was referred to in the literature review regarding the fact that this area is in a strong position to deal with the issues associated with external stakeholders. Can this be an indication that the marketing area can also constitute a viable option to the institution of the business diplomat role?

Nevertheless, we should not forget that these results were also the outcome of a random selection of participants, meaning that even if many marketing practitioners answered practicing PR/BD functions, on the answers regarding the responsibility for managing external pressures, they ended up for choosing the PR, which always ranked first.

Regarding the profiling of PR and BD functions, the most interesting conclusion that we reached was that if we combine both functions 3 main factors arise: influence, communication and intelligence. This prove us that a joint solution is simultaneously more informative, precise and reliable.

Overall, the most revealing conclusions that we can withdraw from the questionnaire is that there is a clear intersection between the PR function and the proposed concept of BD. Nevertheless, dealing with external pressures overall is delegated not only to one person but to several professionals spread around different departments. This can be seen by the partiality of the function, by the assignment of the BD function to employees from different departments, and also by the wide range of professionals who answered to our survey (which varied between PR's to Marketeers or even CEO's).

Another inference is that in the end, about 82% of the inquiries believe in the new business environment of multiple stakeholder's management, implying a reconfiguration of power within the business, government, and society, thus it is possible to say that there is a general agreement on this new business reality.

All in all, it can be concluded that the conduction of the questionnaire helped a lot in achieving the main goals of the investigation. Almost all the results were in accordance with what was explored in the theoretical part which leads us to assume that more and more the business diplomacy and business diplomat matters are gaining steadiness.

6. Final Remarks

6.1. Conclusion

Nowadays the continuously changing stakeholder environment is undeniable. It has become a central focus of firms, and a constant matter to which companies should follow and adapt. To summarize, we could point a handful of already mentioned factors that are currently affecting the management of the stakeholder’s sphere.

One of them is the move from a shareholder approach to a stakeholder view of the firm. There are still companies going through this major change. And how should companies deal with it? By assessing stakeholder’s expectations and engaging with the maximum they possibly can, especially with the more relevant ones.

Another one is the increasing number of stakeholders per se. And the solution lays in the engagement with all these new stakeholders and the constant spread of information to them. The increasing dependent relations between governments’ corporations and NGOs bring new players to the table. And how should companies react to this? By engaging in business diplomacy practices, so that they can be aware of the correct conduct to follow beside these new actors.

In the end, we found that the key-word to handle stakeholder management is proactivity. Managing stakeholder's expectations is now essential to companies, and following a proactive stakeholder engagement seems like the best approach to do it. This means paying attention to all stakeholders regarding all aspects of the business. To be prepared for dealing with such a workload, companies need one person properly qualified to deal with such affairs.

Underlying this matter was also the question of how to deal with all these new stakeholders issues, and many options arise regarding who would be the best fit for such responsibilities. Traditionally, the Public Relations profession is the one that deals with such stakeholders matters, however, as exposed, it has become outdated. Being the privileged profession in dealing with stakeholders, PR's are way behind on all the matters that involve decision-making and scrutiny of the business environment. Thus, and taking into account the business diplomacy concept, the creation of a new position was suggested, the business diplomat profession.

This position was already discussed by some authors, however, we proposed to improve the concept, the Thereafter we reached the conclusion that a business diplomat professional should possess political skills, role versatility, and tolerance for ambiguity should be a professional who knows how to master analytic tools, who has effective communication, active competencies, and functions. listening, and diplomatic skills, and, finally, business acumen.

Hence, the purpose of this research was to clarify and validate the concept of a business diplomat role as an extension of the current PR role concept, by building a bridge between the two professions underlying this study, the Public Relations and the Business Diplomacy, in order to evaluate how a business diplomat could be valuable for companies.

To attain such purpose, we engaged in a questionnaire from where we retrieved a lot of useful and valuable information. With that information we conducted a statistical analysis which led us to some relevant findings. We started from the premise that “stand-alone” Public Relations and Business Diplomacy had dimensions that could potentially integrate the same function, thus the factors of an isolated analysis of both functions should correlate positively with the factors of a joint solution of the new business diplomat role, which they did. Consequently,that led us to correlate both isolated analysis with them.

The results presented a strong correlation of the PR element with one factor (the dimension of communication), the BD element with other factor (the dimension of influence), but the joint solution allowed us to extract a third factor (Intelligence). This suggest that there is another dimension that gathers features from both concepts and therefore encourages taking these three as composing the same new combined function.

With all the conclusions reached in this investigation, we can properly affirm that the business diplomat role must become a reality, integrated into the PR profession or solo. Following the proactive stakeholder engagement approach, companies should also implement the business diplomat concept, which carries with it a proactive and predictive character, fundamental to deal with the current business environment.

6.2. Research Limitations

This investigation provides an analysis of the concept of business diplomat intended to overcome its current feebleness within the academic literature as well as the professional circles. Evidently, given the exploratory and qualitative scope of the study, both the literature review and the quantitative research were subject to several limitations.

Firstly, the majority of the literature review is based on literature that has been written in English, a condition that may narrow the overall perspective of this study. Additionally, the lack of literature itself and reliable authors was also a limitation.

Secondly, at the technical level this study sample may be taken as relatively small. However one may consider that each participant was a representative of a company and this means it is a sample set at the organizational level. Likewise, the data analysis techniques used are compatible with the size of the sample

Also when characterizing professional activities, quantitative studies that rely on scales such as the one this questionnaire used may not entirely grasp the complexity of the functions. This means, we acknowledge that a possible limitation of this study lies in not exhausting all PR and BD functions. Notwithstanding, we trust the most central ones are represented in the list.

Finally, finding professionals to answer our questionnaire was also a setback, mainly because it took a lot of time and persistence. Thus, the low response rate was obviously a problem in this investigation, especially due to the possibility of bias of the survey results. There were several explanations for this low response rate.

One of them is related to the fact that in this investigation the respondents were targeted accordingly with their organizational classification or activities since this study was envisioned to uncover how the professionals perceived their activities. On the other hand, some respondents simply rejected the participation in the questionnaire either because they were working for governments and alike institutions (believing that their answers would crook the final outcome) or purely because according to their organization policy they were not allowed to answer to external surveys.

In sum, most of the limitations to the current study advocate potentially fruitful paths for future research, and we hope that this investigation may be used as a model to identify potential business diplomats and conceptualizing new practical approaches of transition in the field.

6.3. Future Research Work

The literature review has shown that both the concepts of business diplomacy and business diplomat are relatively under-explored topics. Additionally, in the investigations we found, the majority of them have focused on the importance of business diplomacy, while there is hardly any research on how and by whom it is or should be executed. Therefore, this work presents itself as being of high practical relevance for managers, since the figure of the business diplomat, and all the activities that entail, has been found to exist but spread among several professions, which undermine the overall efficiency of the processes and the company.

Hence, as recommendations for future research, we recommend to tackle the underlying limitations of this paper. A diary study with a focus on activities (or tasks) perform daily could offer a more precise and detailed view of what exactly PR and BD professionals do in their daily life. Also, the process of how to bring together PR professionals to the Business Diplomacy paradigm could be further studied.

Additionaly, research on the adaptations to the organizational structure to incorporate the new Business Diplomat role, as well the organizational politics of becoming a business diplomat may be promising research venues.

Consider geographic and demographic variables that were not analyzed in this investigation but might impact the theoretical and practical viewpoints of the respondents, is also a key element to consider in upcoming researches.

Another interesting path for the future is to enlarge the range of theories considered, since it has been shown that both agency theory and networking theory, among others, were several times rooted in the general background. Alongside, more consideration should be paid to how companies endorse their business diplomacy function, since those newly acquired understandings can then lead to the delineation of a strategy of implementation of the business diplomat figure in organizations.

Also, in order to produce a more valid and significant investigation, it is recommended that future research involves a larger sample size. In general, more quantitative research on both concepts is necessary. Finally, there is undoubtedly a need in the future for corroboratory and conceptual work, in order to make the figure/function of the business diplomat, its application, and activities, unambiguous.

As researchers, we were also conscious that while extracting conclusions we had to be cautious about what inferences could be drawn from what is considered to be a recent topic, nevertheless what the study offers is a rich collection of shreds of evidence that discloses some valuable insights. By clarifying the meaning of business diplomat, the outcome of this investigation helps prevent the risk that this term is applied in a vague and common sense, with the possible consequence of losing any relevance and usefulness as an element of management realms. Additionally, we believe that the exploratory research stated in this thesis might point the way onward in growing a more clear understanding of the nature of the business diplomat figure.

Nevertheless, once more, further investigation is needed to answer empirically to the (scarce) descriptive propositions found in scholarly literature, as in think-tank reports and policy papers. This work can serve as a springboard for that future investigation.

All in all, this research had as its main goals opening new lines of research, showing that the business diplomat concept constitutes a promising tool for not only handling upcoming incidents but also deal with stakeholders more efficiently and insipiring and stimulating new researchers into to the business diplomacy matter.

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8. Annexes

8.1. Survey

From Public Relations to Business Diplomat: New Competencies

This is a short questionnaire about how companies manage relationships with external stakeholders (other than customers and suppliers). Your survey responses will be strictly confidential and data from this research will be used to complement a thesis on Business Administration entitled “From Public Relations to Business Diplomat: New Competencies”.

Your participation in this study is completely voluntary. Completion of this survey will take approximately 5-10 minutes.

Thank you very much for your time and support. Please start with the survey now by clicking on the Next button below.

*Obrigatório

Dealing with external counterparts (excluding customers and suppliers)

1. Nowadays we are witnessing a reconfiguration of power within business-government- society, aligned with a huge proliferation of non-state actors as new stakeholders. Does your company review itself in the new business environment of multiple stakeholder’s management? *

   Marcar apenas uma oval.

- ◯ Ye
- ◯ s

  No

2. If you answered yes, using the scale below, please rate how important each of the following external counterparts are to your company.
   Marcar apenas uma oval por linha.

	Not at all important	Of little importance	Somewhat important	Important	Very important
International/Regional Intergovernmental Organizations eg. United Nations, World Intellectual Property Organization (WIPO), Council of Europe, European Free Trade Association (EFTA)					
International/Regional Non-governmental Organizations eg. Greenpeace, World Wildlife Fund (WWF), Caritas Europa, European Social Network (ESN), ILGA Europe					
National Non-governmental Organizations eg. Trade Unions, Consumer Groups etc					
Home Country Governmental Organizations eg. Regulatory entities, Ministries, Banco de Portugal					
Home Country Non-Governmental Organizations eg. Cruz Vermelha, Associação Portuguesa de Apoio à Vítima (APAV), Cáritas, Banco Alimentar Contra a Fome					

3. How frequent do you perform the following activities? *
   Marcar apenas uma oval por linha.

	Never	Rarely	Sometimes	Frequently	Very frequently
Influencing economic and social actors to seize new business					
Diagnosing public relations problems					
Forestalling potential conflicts with stakeholders and minimizing political risks					
Solving problems and issues that may arise with other organizations					
Affecting the making of rules					
Planning public relations programmes					
Scanning the business environment					
Having the responsibility for official institutional communications with other organizations					
Interacting with multiple stakeholders					
Helping establish and maintaining open channels of communication and cooperation between the organization and the public					
Engaging in diplomatic missions					
Meeting with and advising senior management					
Analyse political and non-commercial risks to operations at both global and market specific levels and identify who shape those risks					
Gather and provide information on public opinion					
Develop multilevel, heterogeneous networks of information and influence					

4. Is your company a member of any special public interest group dealing with issues such as child labour, nature conservation, etc? *
   Marcar apenas uma oval.

   Yes

   No

5. If you answered yes, which ones?

____

____

____

____

____

6. Does your company have managers or experts with the function of dealing with external counterparts (excluding customers and suppliers) or external pressures overall? *

   Marcar apenas uma oval.

   - ( ) Yes
   - ( ) No

7. If you answered yes, do these managers or experts….

   Marcar apenas uma oval.

   - ( ) Cover the whole function
   - ( ) Partially cover the function

8. Into which department do these managers or experts report? Please check all that apply.

   Marcar tudo o que for aplicável.

   - [ ] Public Relations
   - [ ] Government Affairs
   - [ ] Legal Division
   - [ ] Outra: _______________________________

9. What professional positions do they hold? Please check all that apply.

   Marcar tudo o que for aplicável.

   - [ ] Public relations consultant
   - [ ] Diplomat
   - [ ] Lobbyist
   - [ ] Advertising consultant
   - [ ] Lawyer
   - [ ] Executive
   - [ ] Senior government official
   - [ ] Outra: _______________________________

10. Which departments or organizations have primary responsibility for managing crisis situations affecting your company (e.g. consumer boycott of company products, damaging publicity campaign against the company's reputation, suspension of company operations, hostage taking of staff, industrial sabotage…)? Please check all that apply. *

    Marcar tudo o que for aplicável.

    - [ ] Public relations
    - [ ] Legal division
    - [ ] Government affairs
    - [ ] Outra: ____________

11. Understanding Business Diplomacy as "a management function that liaises between the strategic objectives of a company with the social and environmental demands put to it by the community within which it operates" (Yiu & Saner, 2017). This function is performed by… *

    Marcar apenas uma oval.

    - ( ) Nobody
    - ( ) A single employee
    - ( ) A team from the same department
    - ( ) Employees from different departments
    - ( ) An external company

12. According with the definition above of Business Diplomacy, which of the following competencies do you consider a Business Diplomat should possess? Please choose maximum of 5. *

    Marcar tudo o que for aplicável.

    - [ ] Having a multicultural mind-set
    - [ ] Mastering political negotiations
    - [ ] Handling media (including social media)
    - [ ] Capacity of shaping policies
    - [ ] Listening skills
    - [ ] Tolerance for ambiguity
    - [ ] International business acumen
    - [ ] Knowledge of international relations and diplomacy
    - [ ] Capacity of influencing others
    - [ ] Diplomatic skills (precision, patience, modesty, discernment)
    - [ ] Outra: ____________

Company Information

13. What are your company Total Revenues (in million €)? *
Marcar apenas uma oval.

- 0-5
- 6-10
- 11-15
- 15-30
- 31-50
- 51-100
- 101-500
- 501-1000
- >1000

14. How many people are employed by your company? *
Marcar apenas uma oval.

- 1-100
- 101-500
- 501-1000
- 1001-5000
- >5000

15. How many employees work in the country where your headquarters is located? *
Marcar apenas uma oval.

- 1-100
- 101-500
- 501-1000
- 1001-5000
- >5000

16. How many employees work in countries other than where headquarters is located? *
Marcar apenas uma oval.

- 0-100
- 101-500
- 501-1000
- 1001-5000
- >5000

17. Number of countries in which your company operates: *
Marcar apenas uma oval.

- ( ) 1-5
- ( ) 6-10
- ( ) 11-15
- ( ) 16-30
- ( ) >30

18. In which sector(s) does your company operates? Please check all that apply. *
Marcar tudo o que for aplicável.

- [ ] Basic materials
- [ ] Conglomerates
- [ ] Consumer goods
- [ ] Financial
- [ ] Health care
- [ ] Industrial goods
- [ ] Services
- [ ] Technology
- [ ] Utilities
- [ ] Outra: ____________________

19. How old is your company (years)? *
Marcar apenas uma oval.

- ( ) 0-5
- ( ) 6-10
- ( ) 11-15
- ( ) 16-30
- ( ) >30

20. What is the degree of competition online to your business? *
Marcar apenas uma oval.

- ( ) Very Low
- ( ) Low
- ( ) Medium
- ( ) High
- ( ) Very High

21. What is your department and job title (e.g. Manager, Marketing Director, CEO)?

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