

Explaining commercial diplomacy effectiveness

An empirical examination as a starting point towards an holistic framework of commercial diplomacy effectiveness

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Summary

In this report a study on commercial diplomacy is presented. Commercial diplomacy has been used by many countries to increase international trade and enhance economic growth and welfare. Commercial diplomacy includes the use of export promotion programs and aims to support firms that (wish to) do business abroad. Due to globalization and economic problems, nowadays many countries try to reorganize and increase the effectiveness of their commercial diplomacy. This study intends to expand the body of knowledge of commercial diplomacy by proposing and empirically examining a framework that includes the determinants of commercial diplomacy effectiveness. The scope of this study in which determinants are located is limited to the commercial diplomat, the foreign post, the firm that makes use of commercial diplomacy, and the host country. The following central research question serves as the basis of this study:

To what extent do commercial diplomat characteristics, foreign post characteristics, client firm characteristics, and host country characteristics explain differences in effectiveness of commercial diplomacy?

A research model is proposed to reflect the relationships between the commercial diplomat, foreign post, client firm, host country, and commercial diplomacy effectiveness. Commercial diplomacy effectiveness is conceptualized into the quality of commercial diplomacy and relevance of commercial diplomacy. The hypothesized relationships are examined by means of statistical analyses of quantitative data. This data is collected via a questionnaire. The questionnaire is filled out by 110 commercial diplomats of Dutch foreign posts across the globe. Qualitative data, by means of semi-structured interviews, are also collected to illustrate and clarify the findings from the statistical analyses.

The results indicate that commercial diplomat's experience at a foreign post and in a host country have a positive influence on the quality of commercial diplomacy. There is no evidence that whether a commercial diplomat has business affinity, i.e. in the form of experience or education, does play a role. Commercial diplomats that act as business promoters do demonstrate higher levels of empathy than commercial diplomats that act as civil servants or generalists. But they do not necessarily boost the quality of commercial diplomacy. Second the foreign post's resources (i.e. employees, budget, business network, and communication facilities) positively influence the quality of commercial diplomacy. Business network is relatively important. Third the extent to which a client firm is prepared (to go abroad) positively influence the quality of commercial diplomacy. A better prepared client firm increases the quality of commercial diplomacy. At last the host country's cognitive environment for foreign firms (e.g. information availability in the host country for foreign firms) negatively influences the relevance of commercial diplomacy. This suggests that a less favourable cognitive environment leads to an increase in the relevance of commercial diplomacy in that host country setting.

Most of the findings reinforce and extend current knowledge. However this study did not support that business knowledge and business experience are supposedly key factors (Hogan, Keesing, & Singer, 1991; Kostecki & Naray, 2007; Naray, 2008). It may be that these factors do positively contribute to commercial diplomacy, but not directly boost commercial diplomacy effectiveness. Moreover results are indicative that a foreign post's business network directly boosts commercial diplomacy effectiveness while its employees, budget, and communication facilities are important resources that indirectly influence commercial diplomacy effectiveness. They serve as a basis on which commercial diplomacy can benefit from a business network. Moreover the host country's regulatory environment and normative environment did not affect the relevance of commercial diplomacy as expected

(Busenitz, Gómez, & Spencer, 2000; Kostecki & Naray, 2007; Kostova & Rott, 2002). The results of this study can be generalized across countries. But since the focus lies only on Dutch commercial diplomacy, retesting and extending this framework for other countries as well is recommended for future research. Future researchers could also focus on the relative importance of commercial diplomacy as well as the true contribution of business promoters to commercial diplomacy effectiveness.

Some implications for practitioners are proposed. Foreign posts should focus on optimizing the business network. Second the client firm should play an important role in commercial diplomacy. Foreign posts could either introduce fees or selection criteria for firms before they can make use of commercial diplomacy. In doing so client firms would be more serious and increase their state of preparedness and boosting the effectiveness of commercial diplomacy.

Samenvatting

Deze verslaglegging presenteert een onderzoek over commerciële diplomatie. Commerciële diplomatie wordt gebruikt door landen om de internationale handel, de economische groei, en het welzijn te verbeteren. Commerciële diplomatie omvat het gebruik van exportbevordering programma's en ondersteuning van is bedrijven die zaken (willen) doen in het buitenland. Door globalisering en de economische problemen proberen veel landen commerciële diplomatie te reorganiseren en zo de effectiviteit diplomatie te vergroten. Dit onderzoek is bedoeld om de kennis van commerciële diplomatie uit te breiden door een kader van de determinanten van effectiviteit van commerciële diplomatie op te stellen en empirisch te testen. Het gebied van dit onderzoek, in welke determinanten worden gelokaliseerd, is beperkt tot de commerciële diplomaat, de buitenlandse posten, het bedrijf dat gebruik maakt van commerciële diplomatie, en het gastland. De volgende centrale onderzoeksvraag dient als basis voor dit onderzoek:

In welke mate verklaren kenmerken van de commerciële diplomaat, buitenlandse post, bedrijf dat gebruik maakt van commerciële diplomatie, en het gastland verschillen in effectiviteit van commerciële diplomatie?

Een onderzoeksmodel is opgesteld om de relaties tussen de commerciële diplomaat, de buitenlandse posten, het bedrijf, het gastland, en de effectiviteit van commerciële diplomatie weer te geven. Effectiviteit van commerciële diplomatie is onderverdeeld in de kwaliteit van de diensten die worden aangeboden aan de bedrijven en de relevantie van deze diensten. De relaties worden onderzocht door middel van statistische analyse van kwantitatieve gegevens. Deze gegevens zijn verzameld via een vragenlijst. De vragenlijst is ingevuld door 110 commerciële diplomaten die werken op Nederlandse buitenlandse posten. Kwalitatieve gegevens in de vorm van semigestructureerde interviews zijn ook verzameld om te reflecteren op de bevindingen uit de statistische analyse.

De resultaten geven aan dat ervaring van een commerciële diplomaat op een buitenlandse post en in het gastland een positieve invloed heeft op de kwaliteit van commerciële diplomatie. Er is geen bewijs dat al dan niet de commerciële diplomaat zakelijke affiniteit heeft, in de vorm van ervaring of opleiding, een rol speelt. Commerciële diplomaten die acteren als bedrijfspromotors vertonen meer empathie dan commerciële diplomatie die acteren als ambtenaren of generalisten. Maar zij verhogen niet per se de kwaliteit van commerciële diplomatie. Ten tweede hebben de middelen (d.w.z. medewerkers, budget, zakelijk netwerk en communicatiefaciliteiten) van de buitenlandse post een positief effect op de kwaliteit van commerciële diplomatie. Met name het zakelijk netwerk is relatief belangrijk. Ten derde de mate waarin bedrijven voorbereid zijn om in het buitenland zaken te doen beïnvloedt de kwaliteit van commerciële diplomatie positief. Een beter voorbereid bedrijf verhoogt de kwaliteit van commerciële diplomatie. Tenslotte heeft de cognitieve omgeving in het gastland voor buitenlandse bedrijven (bijv. informatievoorziening in het gastland voor buitenlandse bedrijven) een negatieve invloed op de relevantie van commerciële diplomatie. Dit suggereert dat een minder gunstige cognitieve omgeving leidt tot een verhoging in de relevantie van commerciële diplomatie in dat gastland.

De meeste bevindingen versterken en breiden de huidige kennis uit. Maar dit onderzoek bevestigt niet dat zakelijke ervaring en zakelijke opleiding vermoedelijk sleutelfactoren zijn (Hogan et al., 1991; Kostecki & Naray, 2007; Naray, 2008). Het kan zijn dat deze factoren een positieve bijdrage leveren aan commerciële diplomatie, maar niet direct de effectiviteit van commerciële diplomatie verhogen. Verder zijn de resultaten een aanwijzing dat het zakelijk netwerk van een buitenlandse post direct de effectiviteit van commerciële diplomatie kan verhogen, terwijl de medewerkers, budget en communicatiefaciliteiten belangrijke middelen zijn die een indirecte invloed hebben op de effectiviteit

van commerciële diplomatie. Deze dienen als basis waarop commerciële diplomatie kan profiteren van het zakelijke netwerk. Verder hebben de regulatieve en normatieve omgeving van het gastland geen invloed op de relevantie van commerciële diplomatie, waar dit wel was verwacht (Busenitz et al., 2000; Kostecki & Naray, 2007; Kostova & Rott, 2002). De bevindingen van dit onderzoek kunnen worden gegeneraliseerd over andere landen. Maar omdat de focus ligt op Nederlandse commerciële diplomatie, is het hertesten en uitbreiden van het onderzoeksmodel voor andere landen aanbevolen voor toekomstig onderzoek. Toekomstige onderzoekers kunnen zich ook focussen op de relatieve belangrijkheid van commerciële diplomatie evenals de daadwerkelijke bijdrage van bedrijfspromotors aan de effectiviteit van commerciële diplomatie

Verder bestaan er een aantal implicaties voor de praktijk. Ten eerste zullen buitenlandse posten zich moeten richten op het optimaliseren van het bedrijfsnetwerk. Verder moet het bedrijf een belangrijkere rol gaan spelen in commerciële diplomatie. Om de effectiviteit te vergroten, kunnen een aantal mechanismen helpen. Zowel betalingen als selectiecriteria kunnen worden geïntroduceerd voordat bedrijven gebruik kunnen maken van commerciële diplomatie. Hierbij zullen de bedrijven serieuzer zijn en beter voorbereid en stimuleren zijn daardoor de effectiviteit van commerciële diplomatie.

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1 Introduction

Commercial diplomacy in an increasingly globalizing environment.

1.1 Background

Nowadays many of us see that we are increasingly exposed to foreign influences. We read news from across borders, we meet people from outside our country, many of the goods we buy come from international firms. Globalization is persistent. Firms do not only need to compete on a regional or national level but on an international level. Many firms need to internationalize to survive. Very often government actors with diplomatic status intend to assist specific firms in their aim for internationalization. They encourage domestic firms to internationalize by means of diplomacy. They also support firms that already operate international ventures. This practice is known as commercial diplomacy.

While globalization has only begun in the early nineteenth century (O'Rourke & Williamson, 2002), commercial diplomacy has been practiced since ancient times. Mesopotamian reportedly employed trade as an aspect of international relations (Edens, 1992). Other examples are the Maya (Sidrys, 1976) and Romans (Brogan, 1936). The construction of trade policies between the USA and Russia in 1780 and 1783 (Griffiths, 1970), trade between England and the German Hanse supported by diplomacy (Lloyd, 1991), and Dutch representation in 1655 by means of a trade embassy in China to improve trades (Rahusen-de Bruyn Kops, 2002) are other examples of commercial diplomacy.

Commercial diplomacy has been used to increase trade between countries. It is seen as a significant factor in globalization (Kostecki & Naray, 2007). Nowadays commercial diplomacy seems to be a critical element in increasing countries' international trade, economic growth, and ultimately wealth. There are many anecdotes that confirm the value of commercial diplomacy in today's world. Contracts worth millions or even billions of dollars are within reach for firms because commercial diplomats *opened doors* that were initially closed. Nevertheless some critics also exist. Governments that conduct commercial diplomacy tilt the commercial playing field by reducing market freedom (Albright, 1998).

Currently many governments face major cuts, for it seems that this will affect commercial diplomacy. The Dutch government for instance aims to close, reduce, and reinforce embassies and consulates, which play a major role in commercial diplomacy (Kabinet sluit negen ambassades en consulaat, ANP, 2011; Hoedeman & Koelé, 2011). They aim to be more flexible and attend their focus on economic diplomacy and international trade promotion (i.e. commercial diplomacy; Buitenlandse markten, Nederlandse kansen, Directoraat-generaal & Betrekkings, 2011; Rosenthal, 2011; VVD-CDA, 2010). There are even plans to educate Dutch diplomats for commercial diplomacy specifically (Koch, 2011). Other countries also (plan to) reorganize their arrangements with respect to commercial diplomacy. The United Kingdom for instance declares that the promotion of national economic interests abroad has the priority. They further think "countries as France and Germany do this more effectively" (Rookies abroad: government's foreign missteps, The Economist, 2011a). These reorganizations are initiated to increase effectiveness of commercial diplomacy. However this instantly raises some questions. Is this the way to increase effectiveness? Or are there other ways, and what do we have to take into account when making commercial diplomacy more effective?

Only recently researchers started to explore the field of commercial diplomacy (Kostecki & Naray, 2007). Some of the studies investigated the extent to which commercial diplomacy is effective and how its performance can be increased (e.g. Rose, 2007; Yakop & Bergeijk, 2009). However many of

these studies performed an ex post facto evaluation and measured effectiveness on a macro-economic level. The studies revealed that commercial diplomacy has a positive effect on international trade and economic growth. Although these results are very interesting there is no detailed picture of the determinants of commercial diplomacy effectiveness. The scientific relevance of this study is to contribute to the field of commercial diplomacy by proposing a framework of commercial diplomacy effectiveness and its determinants, and by doing so filling the gap in the current literature. The practical relevance of this study is that it can support governments in optimizing commercial diplomacy. The proposed framework increases the understanding of commercial diplomacy and makes it possible for governments to consider its effects when making policy.

1.2 Research objective and research question

The aforementioned introduction to commercial diplomacy described its context. It seems that the knowledge on effective commercial diplomacy is somewhat limited. This is the starting point to pose a research objective and a central research question as the foundation of this empirical study. In contrast to other studies on effectiveness of commercial diplomacy (e.g. Rose, 2007; Yakop & Bergeijk, 2009), this study intends to find determinants of commercial diplomacy effectiveness. This study can be seen as a starting point towards an holistic framework of commercial diplomacy effectiveness. The scope of this study in which we seek for determinants is limited to four areas and/or actors: the commercial diplomat (e.g. government actors that conduct commercial diplomacy), the foreign post (e.g. an embassy through which commercial diplomacy is conducted), the client firm (i.e. the firm that [wishes] to do business in abroad and makes use of commercial diplomacy), and the host country (i.e. the country in which the foreign post is located and the firm intends to do business). While this study is inspired upon literature specifically on commercial diplomacy, overarching concepts and theories are used to fill gaps in the existing literature and to further indentify determinants. This study solely focuses on commercial diplomacy conducted by a home country's foreign post (e.g. embassy, consulate, or technical and scientific attaché) in a host country by means of services offered to firms. The central research question that is posed on the basis of the aforementioned introduction is the following:

To what extent do commercial diplomat characteristics, foreign post characteristics, client firm characteristics, and host country characteristics explain differences in effectiveness of commercial diplomacy?

On the basis of the central research question we distinguish a number of sub-questions:

1. What types of services of commercial diplomacy can be distinguished at a foreign post?
2. What is commercial diplomacy effectiveness and how can it be measured?
3. What foreign post characteristics, host country characteristics, and client firm characteristics may determine effectiveness of commercial diplomacy, and how can they be measured?
4. How do these foreign post characteristics, host country characteristics, and client firm characteristics relate to commercial diplomacy effectiveness?

1.3 Research strategy

This study follows a deductive approach. The starting point is a thorough systematic literature review to define commercial diplomacy and its effectiveness, and to identify factors that may relate to commercial diplomacy effectiveness. We theoretically assess whether or not the effectiveness of commercial diplomacy can be explained by institutional, resource-based view, and service client participation theories. The complete literature review is concluded by propose a research model and hypotheses. The research model and hypotheses displays and state the causal relationships that are empirically tested in this study.

We follow our conceptual discussion with an empirical test of the determinants of commercial diplomacy effectiveness. The empirical part is conducted in terms of a cross-sectional survey. Quantitative data is collected by employing a questionnaire in order to obtain sufficient knowledge for answering the central research question and achieving the research objective. The data is collected from commercial diplomats that work for Dutch foreign posts who (co)produce commercial diplomacy services. In addition to quantitative data, we collect qualitative data by means of semi-structured interviews. These interviews can illustrate and provide a more detailed or alternative explanation for the results that are found by analyzing the quantitative data. The purpose of the qualitative approach is thus to use "limited qualitative data to illustrate the results of a larger, quantitative project" (Knafl & Howard, 1984). Therefore we can classify this research strategy as mixed method. We make use of both quantitative and qualitative data collection techniques. Quantitative data has the priority over the qualitative data since it enables to draw conclusions on the hypothesized relationships by statistical inference. The quantitative data is collected prior to the qualitative data. Figure 1 depicts the full research strategy as a process.

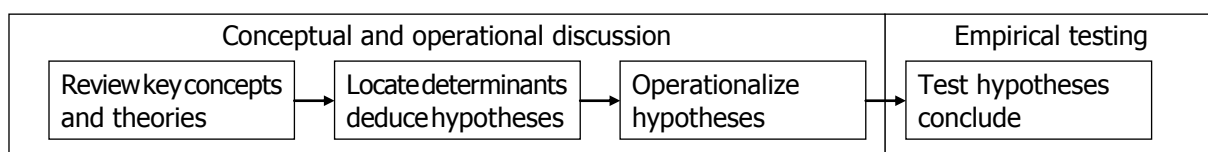


Figure 1. Research strategy as a process.

Consistent with the aforementioned description the remainder of this paper is organized as follows. In chapter 2 we present a systematic literature review that initially elaborates on effective commercial diplomacy, and then aims to identify potential determinants and proposes a set of hypotheses. The third chapter is used to describe the methodology, specifically data collection, samples, and variable operationalization. In chapter 4 the hypotheses are tested. In chapter 5 we aim to conclude this study and aim to discuss most important findings, we also elaborate on the scientific and practical implications of this study.

2 Literature review

Commercial diplomacy effectiveness in relation to foreign post's (human) resources, client firms, and the host country's institutional environment.

2.1 Introduction

This chapter intends to summarize, criticize, and integrate literature on concepts related to the central research question and serves as a basis to compose a research model that integrates the determinants of commercial diplomacy effectiveness. The literature review is conducted systematically. Keywords and parameters are derived from the selected concepts. Academic databases are used to select documents, back and forward referencing is employed to locate other relevant documents. Accordingly keywords and parameters are reassessed repeatedly in the process. A concept matrix aligned the concepts with the respective documents (Webster & Watson, 2002).

To increase the likelihood of a complete and relevant literature review, the literature review is not confined to one set of journals and/or disciplines (Webster & Watson, 2002). The literature review builds on existing knowledge of commercial diplomacy. Additionally it enlarges the scope by integrating widely accepted theories and concepts, since many studies often make use of a wide range of literature (including that of other disciplines) in order to effectively research a topic (Saunders, Lewis, & Thornhill, 2009). These theories and concepts relate to the four different actors that appeared in the central research question: the commercial diplomat, the foreign post, the client firm, and the host country.

Commercial diplomacy and effectiveness are the starting point of the literature review. In order to answer the central research question, of which commercial diplomacy effectiveness is a major element, the literature review elucidates on this subject first. There after we expand the scope and include other theories and concepts, of which the first is (human) resource-based view of the firm. This theory relates to the commercial diplomat and the foreign post and can provide explanations for the effect of both the commercial diplomat and the foreign post on commercial diplomacy effectiveness. Second client participation theory provides an explanation for the importance of the client firm in the process of commercial diplomacy. Then institutional theory is used to explain the relationship between the host country and commercial diplomacy effectiveness.

2.2 Commercial diplomacy

2.2.1 Defining commercial diplomacy

Commercial diplomacy is often confused with economic diplomacy (Mercier, 2007). Saner & Yiu (2003) mention that economic diplomacy is concerned with economic policy issues. Yakop & Bergeijk (2009) define economic diplomacy as the use of international political tools to obtain economic objectives. Economic diplomacy seems to be concerned with economic policies, trade agreements and an economic objective. Many researchers recognize other types of diplomacy that have an economic objective. Okano-Heijmans (2010) recognize commercial diplomacy, trade diplomacy, financial diplomacy, incentives and sanctions as strands of economic diplomacy. In this perspective commercial diplomacy would be part of economic diplomacy. This contradicts with the perspective of Saner & Yiu who see commercial and economic diplomacy as complementary on an equal level. Moreover Potter (2004) argues that commercial and economic diplomacy cannot be seen separately, as both aim at exploiting opportunities created via diplomacy. This is reinforced by the current case that many commercial diplomats have been given a dual role (Saner & Yiu, 2003). The aforementioned suggests one should be careful in defining something commercial diplomacy, since there are many other forms of diplomacy related to the economy.

A more precise picture of commercial diplomacy is given by Mercier. He defines it as "the application of tools of diplomacy to help bring out specific commercial gains through promoting exports, attracting inward investment, and preserving outward investment opportunities, and encouraging the benefits of technological transfer" (2007, p. 3). This definition suggests that specific one-on-one business support for firms is a core element of commercial diplomacy. Others acknowledge that export promotion, inward investment, and outward investment managed through one-on-one business support is part of commercial diplomacy (Berridge & James, 2001; Kostecki & Naray, 2007; Naray, 2008; Potter, 2004; Saner & Yiu, 2003). Lee (2004b, p. 51) argues that "it is the work of a network of public and private actors who manage commercial relations using diplomatic channels and processes". This definition also suggests that private actors use diplomacy for commercial purposes. However Saner & Yiu (2003) make a specific distinction between public and private actors. Commercial diplomacy conducted by private actors is called corporate or business diplomacy. Consequently diplomacy initiated by private actors cannot be considered commercial diplomacy (Saner & Yiu, 2003). Thus despite private actors becoming increasingly more active in the diplomatic sector, the aforementioned definition of Lee does not completely reflect commercial diplomacy because it also recognizes private actors as executors of commercial diplomacy. A definition by Naray (2008, p. 2) in his review paper seems more appropriate. He considers commercial diplomacy as "an activity conducted by public actors with diplomatic status in view of business promotion between a home and a host country. It aims at encouraging business development through a series of business promotion and facilitation activities". It seems that this definition focuses on public actors performing business promotion and facilitation activities. These activities are commonly employed with many services performed by members of foreign diplomatic missions, its staff, and other related agencies (Kostecki & Naray, 2007). In this paper we follow the definition of Naray since it focuses on public actors (i.e. commercial diplomats) commissioned by foreign diplomatic missions (i.e. foreign posts) and sees the activities of commercial diplomacy as the main driver and visible element of commercial diplomacy. This definition particularly states that public actors (i.e. commercial diplomats) with diplomatic status conduct commercial diplomacy. However we argue that commercial diplomats do not necessarily have to have a diplomatic status since those that lack diplomatic status also often perform activities of commercial diplomacy. Therefore this study focuses on those commercial diplomats that are recognized as official diplomats and perform tasks that correspond to commercial diplomacy. It also includes those who do not necessarily have a diplomatic status, as long as they perform business promotion and facilitation activities of commercial diplomacy. In the words of Naray (2008, p. 2), we focus on the "ambassador and the lower level of specialized [...] envoy".

2.2.2 Rationale of commercial diplomacy

There are several reasons why commercial diplomacy is consistently used by governments. Naray (2008) gives an overview of the rationale of commercial diplomacy. The need to access reliable and neutral information for firms seems an important reason. He also considers support for new firms with regard to their credibility and image in foreign markets, partner search, conflict handling, support by home country delegations, and strategic concerns as important reasons. To draw the importance of commercial diplomacy, Lederman, Olarreaga, & Payton (2009) estimate that agencies that conduct commercial diplomacy have a significant impact on national exports. They also argue that effective agencies help to elude trade barriers abroad or asymmetric information. Moreover Rose (2007) finds that exports seem to rise between six and ten per cent for opening a consulate in a country that did not have a consulate before. These findings, in addition to the rationales of Naray, validate the use of commercial diplomacy. But commercial diplomacy supposedly also has some shortcomings. Potter (2004) for instance questions the adequacy of commercial diplomacy in the phenomenon of globalization. More specific critics are revealed by Ten Haaf (2010, p. 18), interviewing client firms reveal interesting critics. It is mentioned that diplomats "do not understand business concerns", commercial attaches are "bureaucratic and ineffective", and it is even noted that commercial

diplomacy is not needed in free market economies. Okano-Heijmans (2010) state that those in support of free markets do not appreciate commercial diplomacy since it includes government intervention. This criticism in particular feeds the discussion of government intervention. Some might think government intervention, like commercial diplomacy, to be legitimate, while others designate it as undesirable protectionism. However realists indicate that government intervention (e.g. commercial diplomacy) is a necessary evil in order to increase the economic power of a country.

2.2.3 Services of commercial diplomacy

Previous section made clear that commercial diplomacy is conducted by public actors that perform (often one-on-one) business promotion and facilitation activities (and/or services) to firms that (wish to) do business abroad. It seems that commercial diplomacy per se is not easily observable, or even visible. Commercial diplomacy becomes observable in terms of the business promotion and facilities activities that are initiated by public actors and *consumed* by firms in the form of services. Therefore the term commercial diplomacy automatically includes the services that belong to it since they are essentially the same concept.

These activities and/or services (Table 10 in Appendix A) have been identified by Naray (2008). Naray classifies six general types of activities: intelligence, referral, communication, advocacy, coordination, and logistics. He relates these activities to a specific area such as markets and goods, intellectual property rights, or foreign direct investment. Others distinguish the following activities: country image building, export support services, marketing, and market research and publications (Lederman, Olarreaga, & Payton, 2007). While Naray (2008) focuses on activities in order to support specific firms, the latter classification also includes activities to serve a greater objective (e.g. country image building). Furthermore in their value chain of commercial diplomacy, Kostecki & Naray (2007) define support activities as input for primary activities and the ultimate objective to occur. They distinguish intelligence, networking and public relations, contract negotiations, and problem solving as activities of commercial diplomacy.

Furthermore Kotabe & Czinkota (1992) distinguish export service programs and market development programs as types of activities of commercial diplomacy. The former programs focuses on export counselling and export advice, while the latter aims to analyse and identify opportunities in foreign markets. Potter (2004) acknowledges this and adds the distinction of broader-in and broader-out activities. Broader-in activities are executed by domestic actors and aim at making firms ready to do business across borders. Broader-out activities are executed by actors at foreign posts and focus on market development. It seems that a foreign post can deliver most value executing these kind of market development activities, such as delivering intelligence, establishing contacts, organizing trade fairs, or assisting firms in the host country. Making firms ready to do business in a foreign country can more easily be done by domestic actors. Lee (2004a) separates the broader-out activities into three main categories. She recognizes gathering and dissemination of market information, development and introduction of government relations, and promotion of home country products and services by means of trade fairs, lobbying, and organizing seminars.

Some authors identify intelligence type of activities as the main activity of commercial diplomacy (Kostecki & Naray, 2007; Yakop & Bergeijk, 2009). Due to technological development (e.g. the Internet) this activity is changing. Instead of using intelligence gathered by foreign posts, it is now possible to search through online databases from within a home country and compose a detailed picture of the host country. Accordingly this necessitates a change in the role of the diplomat from supplying information to providing tailor-made advice (Kostecki & Naray, 2007). It seems firms no longer need intelligence, since this is also available through the Internet, but require case-specific advice from foreign posts.

None of the aforementioned classifications are exhaustive and cover all types of services. With the use of Table 11 (Appendix B) we propose our own systematic and exhaustive classification: (1) intelligence, and (2) assistance with fairs, trade missions, and networking are also consistently mentioned as services of commercial diplomacy. Third problem solving and assistance with trade disputes, and at last partner search and negotiation are considered as important services.

2.3 Objectives

Through a series of business promotion and facilitation activities governments encourage firms to develop their operations internationally. Okano-Heijmans (2010) interestingly notes that private and semi-public actors play a big role in this process, while the government only has a facilitating role. It seems that private actors (e.g. firms) initiate and set up foreign ventures while government actors support these firms. By doing so governments intend to increase imports, exports, international trade, and economic growth. Ultimately commercial diplomacy aims to establish a prosperity enhancing effect in the home country (Okano-Heijmans, 2010). Some researchers have actually measured some of the intended outcomes of commercial diplomacy (Rose, 2007; Yakop & Bergeijk, 2009). Instead of measuring one of the ultimate outcomes (e.g. economic growth or prosperity), they measured a more direct outcome: exports. Their conclusion suggests that commercial diplomacy is indeed effective in reaching some of the objectives. The following paragraph elaborates on this.

2.4 Effectiveness

In general effectiveness is “the degree to which something is successful in producing a desired result” (Simpson, Weiner, & Press, 1989). The preceding section denoted the objectives of commercial diplomacy. This section assesses the degree to which these objectives are accomplished. Some authors estimated the extent to which commercial diplomacy accomplished its export objectives. Rose (2007) and Yakop & Bergeijk (2009) both used the gravity model to estimate effectiveness of commercial diplomacy. Rose identified a significant effect of the presence of embassies and consulates on international trade. Yakop & Bergeijk replicated this study and support his findings. They further suggest that commercial diplomacy is more meaningful when it concerns establishing presence in developing countries, rather than developed countries. Moreover Lederman et al. (2007) estimate that for every \$1 spend on commercial diplomacy, there is an additional \$100 of exports in Eastern Europe and Asia, \$70 in Latin America, \$35 in Sub-Saharan Africa, \$5 in OECD-countries, and -\$53 in the Middle East and North Africa. Another study reveals that the profitability of firms who made use of commercial diplomacy increased, but these firms failed to increase sales (Gençtürk & Kotabe, 2001). At last some authors found that firms that used state export promotion programs enjoyed greater export success (Wilkinson & Brouthers, 2006).

The above suggests that commercial diplomacy is effective in boosting national exports and international trade. While these studies make some suggestions with respect to the most effective form of commercial diplomacy, it is not very clear what makes commercial diplomacy effective. For instance Lederman et al. (2007) and Yakop & Bergeijk (2009) mention that privatization of agencies, the client firm, and whether commercial diplomacy is executed in a developed or developing country have an impact on effective commercial diplomacy. Nevertheless little attention has been given to construct an extensive framework on commercial diplomacy effectiveness. Moreover effectiveness on a less indirect level (as in Rose, Yakop & Bergeijk, and Lederman et al.) neglects an important aspect of commercial diplomacy, since it is conducted on a one-on-one basis and is thus specific. The overarching objectives, increasing imports, exports, and international trades do not take into account the effectiveness of commercial diplomacy for the specific firms that make use of it.

Kostecki & Naray (2007) composed a framework of value added commercial diplomacy that could be used as a starting point for conceptualizing effectiveness. In their framework they include the activity profile and performance as part of value added commercial diplomacy. In line with Kostecki & Naray

effectiveness would be defined in terms of value delivered. Since value cannot be expressed in monetary terms (i.e. services are free of charge and it would be difficult to directly relate commercial diplomacy to monetary beneficiaries for specific firms) it seems that the most relevant activities (i.e. activity profile) offered at the right quality (i.e. performance) would be major elements of effectiveness of commercial diplomacy.

We see service relevance and service quality as a precondition to reach the more indirect objectives of commercial diplomacy such as increasing international trade and economic growth. Hogan et al. (1991) on their way cite a commercial diplomat who argues that relevance and quality of commercial diplomacy are indeed important. They acknowledge that relevance and quality are key success factors of commercial diplomacy. Keesing & Singer (1991) acknowledges the importance of service relevance as a key success factor. Hogan et al. further mention that the relevance of commercial diplomacy varies greatly across countries. They recognize that the relevance of the services not only differs across countries, but also per type of client firm. "Strong and big companies' requirements are precise", while weak and small companies "need their resources and strategies assessed". They need intimate support over a long period. Kostecki & Naray further indicate that a good activity profile should include those activities that are relevant for a firm that does business in a specific country. Including intelligence type activities in countries in which firms can easily access information seems to be somewhat irrelevant. Kostecki & Naray further include service quality as an important factor into their framework. The argument that the relevance of commercial diplomacy and the quality of commercial diplomacy are prerequisites of commercial diplomacy effectiveness can best be illustrated with an example. If a firm is poorly supported with the (mis)use of commercial diplomacy (e.g. due to lack of [adequate] intelligence) this affects the firm's foreign venture. This could lead to the firm failing to successfully operate abroad and thereby not increasing international trade and economic growth.

In line with the previous conceptualization we can define service relevance as services that are "important and applicable in a given context" (Simpson et al., 1989). We also included service quality to be an important element of commercial diplomacy effectiveness. Service quality used to be defined as "the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance" (Parasuraman, Zeithaml, & Berry, 1988, p. 16). From this definition a measurement of service quality was introduced (i.e. SERVQUAL) that measures service quality along five dimensions: reliability, responsiveness, assurance, empathy, and tangibles.

Figure 2 depicts the objectives of commercial diplomacy as the basis on which effectiveness can be assessed: Prosperity as the ultimate objective, while increasing import, export, and international trade is a more direct goal. Authors as Rose, and Yakop & Bergeijk have observed effectiveness on this level. The most direct level of objective is that commercial diplomacy should be value added for client firms specifically (as in Kostecki & Naray). As was made clear previously, this study focuses on most direct level of objective of the commercial diplomacy services. Having conceptualized effectiveness of commercial diplomacy as value added, we included service relevance and service quality as important elements. We continue our quest to measure both service relevance and service quality of commercial diplomacy in chapter 3.

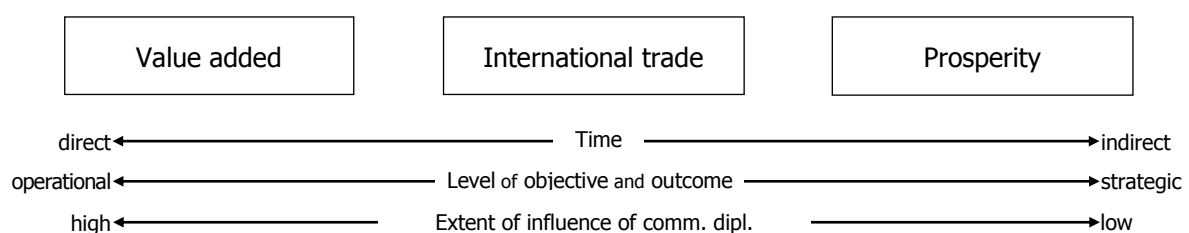


Figure 2. Objectives as the basis of commercial diplomacy effectiveness.

2.5 Determinants of commercial diplomacy effectiveness

The model of Kostecki & Naray (2007) introduces numerous determinants. They introduce characteristics of the home and host country, commercial diplomat, client firm, and global business environment as determinants of commercial diplomacy performance. They continue by suggesting that commercial diplomacy performance depends for instance on skills and motivation of the staff, and on the quality of the relationship between the commercial diplomat and the client firm. Lederman et al. (2007) acknowledge the importance of the client firm for commercial diplomacy.

Keesing & Singer (1991) add that foreign posts are often not able to cope with different foreign countries and thereby acknowledge the importance of the host country. Yakop and Bergeijk (2009) acknowledge this argument. They note that the emergence of new economies with different institutions and cultural backgrounds has an impact on the rules of international trade and investment and on commercial diplomacy. Lederman et al. (2007) also acknowledges the importance of the host countries. They suggest that whether commercial diplomacy is conducted in a developed or developing country has an impact on effective commercial diplomacy.

Additionally Lederman et al. (2007) and Yakop & Bergeijk (2009) also suggest that the privatization of agencies that conduct commercial diplomacy has an impact on commercial diplomacy. Hogan et al. (1991, p. 46) particularly make clear that poor positioning, inadequate human resources, lack of sustained intervention, weak design and process, and bad advice and advisers are considered to be key elements of numerous failures of foreign posts in developing countries. They also note that the main resources of foreign posts are their human resources.

The aforementioned reveals many potential determinants of commercial diplomacy effectiveness. The most important groups of factors that seem to matter are characteristics of the commercial diplomat, the foreign post's resources, the client firm, host country, and home country. The home country environment is not included since this study focuses on only one country's commercial diplomacy. Therefore including it would be irrelevant since it is not comparable to other countries' arrangements.

2.5.1 The commercial diplomat and foreign post's resources

Many have studied key success factors, organizational aspects, and successful commercial diplomacy. However most of these studies do not provide a generally accepted explanation of how resources influence effectiveness of commercial diplomacy. Resource-based view of the firm can provide useful insights. Resource-based view fundamentally relates resources as important antecedents to products and services, and ultimately a firm's performance and hence effectiveness (Priem & Butler, 2001). A basic assumption of resource-based view is that if a firm's resources are both rare and valuable (contribute to firm efficiency or effectiveness), it can produce competitive advantage (Barney, 1991). Caves (1980; as cited in Priem & Butler, 2001, p. 32) defined a resources as "those assets which are tied semi-permanently to the firm". Barney (1991, p. 101) includes "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness". Barney classified resources into categories: physical capital, human, and organizational capital resources.

Resources and effectiveness. Resource-based view is not fully applicable to the case of commercial diplomacy since an ultimate goal is not per se sustained competitive advantage. It is key for public organizations to identify and build strategic capacities to produce the greatest public value for key stakeholders (Bryson, Ackermann, & Eden, 2007). Foreign posts' legal existence depends on serving a public purpose. A foreign post aims to satisfy the stakeholders of commercial diplomacy. From this perspective it seems that resource-based view can still provide a useful explanation in support of (human) resources and their influence on commercial diplomacy effectiveness. We can argue that a foreign post has indeed rare and valuable resources since a foreign post is often

embedded in the host country. A client firm can make use of these rare and valuable resources, by which the client firm can better implement strategies that enables them to successfully operate their foreign venture, be efficient and effective, and to create a sustained competitive advantage for themselves in the host country. Better foreign post's resources thereby also increase the quality of commercial diplomacy. A firm that goes abroad would thus make use of a foreign post's resources in order to enhance its effectiveness to successfully operate. However the assumption of resources being *sticky* does not apply to this case. Instead of semi-temporarily attaching resources to the firm, the firm benefits from these resources only temporarily. A firm uses them only for a short period of time in order to strengthen themselves and become isomorphic, where after the firm can manage operations abroad themselves (i.e. without taking benefit from a foreign post's resources). While this reasoning has a theoretical foundation by means of the resource-based view of the firm, others also follow similar patterns in our reasoning. Wilkinson & Brouthers (2006) and Gençtürk & Kotabe (2001) argue that commercial diplomacy services of foreign posts can complement to the internal resources of firms, thereby enabling firms to become effective in the host country.

Additionally we can illustrate the aforementioned with an example by Kostecki & Naray (2007). They note that in some countries firms often visit a foreign post when they wish to start a foreign venture. But firms do not always visit a foreign post before starting a foreign venture. This might be due to the firm's expectations, perceptions of the role of the state, or cultural considerations (Kostecki & Naray, 2007). Our argument fits with this example. Firms may for instance expect that the foreign post's resources are not beneficial for them, in terms of temporarily enhancing their assets, capabilities, organizational process, firm attributes, information, and knowledge. On the other hand some firms do visit foreign posts since they might expect a benefit from the foreign post's resources. The resources of a foreign post can increase the likelihood of succeeding abroad. Better foreign post's resources increase the quality of commercial diplomacy since it can be value added for client firms, thereby it is an influential element of commercial diplomacy effectiveness.

Types of resources. We identified a possible explanation for the relationship between (human) resources and commercial diplomacy effectiveness. Now literature specifically on commercial diplomacy can provide useful insights on which resources are an important element in this relationship. First organizational arrangements have been discussed by numerous authors (e.g. Lee & Hudson, 2004; Naray, 2008; Potter, 2004). Potter notes that Canada has introduced one central trade promotion agency to integrate all trade promotion functions of various departments. Lee & Hudson note that increasing formal links with businesses is part of UK's program to increase effectiveness. Strikingly Gil et al. (2007) estimated that regional agencies have a bigger positive impact on national exports than national embassies. This suggests that centralizing a country's arrangements of commercial diplomacy would not be as effective as expected. We suppose that the extent of centralization is important in increase commercial diplomacy effectiveness. It is even argued that the choice between central, regional, and local level arrangements is one of the most important ones that lead to variations between countries' commercial diplomacy (Mercier, 2007). Next to centralization, a debate on private versus public actors seems to be important. Lee & Hudson (2004) and Sherman & Eliasson (2003, 2006), as well as Lederman et al. (2010) propose that privatization is an important trend in commercial diplomacy. Lederman et al. continue the argument by noting that a combination of private and public funding is most associated with higher national exports. Ozdem & Struett (2009) acknowledge that organizational arrangements are a significant element in commercial diplomacy effectiveness. Additionally they distinguish two approaches for organizing the ministry that manages commercial diplomacy: a unified ministries approach, or having two separate ministries. These approaches affect how commercial diplomacy is arranged. Naray (2008) acknowledges these findings and arguments, and nicely summarizes it. He notes that criteria such as independence of agencies, decentralization, position in the structure, responsible ministry are the most important organizational arrangements.

More specifically Hogan et al. (1991) propose a number of key success factors of commercial diplomacy. Among others these factors are autonomy, sufficient finance to maintain a high-calibre organization, and of course staff, which needs to be experienced and trained for the job. Keessing & Singer (1991) partly acknowledge and argue that autonomy, confidence, overseas representation, staff, and sufficient finance are key success factors. Hogan et al. (1991, p. 51) even consider staff as “probably the most important success factor for effective commercial diplomacy”. They also consider long-term training programs to be one of the most important factors that create good staff: “A training program for young export promotion executives [...] should combine academic study, practical on-the-job training, and overseas experience” (Hogan et al., 1991, p. 52). A possible explanation for training being so important is that business support is no job for traditional diplomats. Marketing, market knowledge, and commercial and financial techniques seem to be more important for a commercial diplomat (Carron de la Carrière, 1998 as cited in; Naray, 2008).

Furthermore Kostecki & Naray (2007) classify commercial diplomats either as business promoter, civil servant, or as generalists. A business promoter is business-orientated. They tend to have a solid technical know-how and an entrepreneurial approach. It is argued that the most successful diplomats are those that act like a business promoter (Naray, 2008). Hogan et al. (1991) also mention that diplomats used to act as civil servant in the early days. They note that this was a self-defeating expedient as it brought practices of government bureaucracy to foreign posts. The most successful diplomats were those who had a business background, with five years of experience in senior management (Kostecki & Naray, 2007). Naray also concludes that business knowledge in international marketing, and business experience seem to be the two critical aspects that can make a commercial diplomat effective. Many of the commercial diplomats today have some background in economics, but very limited first-hand business experience, they seem to be learning on the spot (Naray, 2008).

The aforementioned review uncovers potential resources of foreign posts and characteristics of commercial diplomats that may positively influence commercial diplomacy effectiveness. Following the aforementioned review and practical considerations the most important characteristics of commercial diplomat are their experience (in private firms, in the host country, and at a foreign post), education (subject, and level), and their role (business promoter, civil servant, or generalist). The most important resources of the foreign post are the (number of) employees, budget, business network, and communication facilities. A full picture of the selected resources and their classification is shown in Appendix C.

2.5.2 Client firm

In the introduction of this paragraph we revealed that the client firm might be an important element in commercial diplomacy effectiveness. Indeed “clients of service organizations have important roles to perform in creating services” (Mills & Morris, 1986, p. 726). Clients have to acquire knowledge and skills to participate effectively in the service creation process. So-called commercial friendships between the client and provider involve affection, intimacy, social support, loyalty, and reciprocal gift giving. Also do characteristics as service providers’ friendliness seem to contribute to commercial friendships (Price & Arnould, 1999). Bitner et al. (1997) note the required level of participation changes per type of service. In the case of commercial diplomacy input of the client firm is required (i.e. Bitner et al. indicate this requires a moderate level of participation). However at times co-creation is also necessary (e.g. client firm needs to participate during trade missions or contract negotiations). Co-creation characterizes a high level of client participation during the service process and is seen in consultancy-like environments. Bitner et al. argue when a client participates less than necessary, it will affect the quality of the service outcome. Based on others (e.g. Bettencourt, 1997; Bitner et al., 1997; Mills & Morris, 1986), we can therefore argue that the client firm can be seen as contributor to the quality of commercial diplomacy.

Some experts in the field have suggested that the client firms often do not positively contribute and participate in the service process. Kostecki & Naray (2007) furthermore state that most services of commercial diplomacy are intended for SMEs since larger firms or MNEs often are not in need of such services. SMEs are much more in need of the services due to financial and informational limitations. Hogan et al. (1991) however argue that larger firms do need such services. The requirements of their request tend to be much more precise and detailed than requests of SMEs. Larger firms often need market information, while SMEs often need long term extensive assistance. Kostecki & Naray add that SMEs tend to be less based on relationships, while larger firms have more interest in public relationships involving the host country's government. This reveals that it is important for foreign posts to recognize that client firms are not a homogenous group. They have different needs (Hogan et al., 1991).

Based on the aforementioned review we argued that a client firm's input is important in the service process of commercial diplomacy. However it is often the case that client firms do not positively participate in the process, they tend to be somewhat unprepared and their requests may be unspecific or unrealistic. Therefore this study focuses on the extent to which client firms are prepared to go abroad. Preparedness is defined as "a state of readiness" (Simpson et al., 1989).

2.5.3 Host country's institutional profile

The environment in which commercial diplomacy is conducted is most often the host country (although it is conducted by a home country's government). Through the institutional environment the outcomes of commercial diplomacy can be better understood. According to North (1990, p. 97) institutions are "the humanly devised constraints that shape human interaction". Scott (2008) writes that the institutional environment is comprised of relatively stable rules, social norms, and cognitive structures. However many authors find it difficult in finding a universal definition (Parto, 2003). One of the basic principles of the institutional perspective is that organizations within the same institutional environment employ similar practices (Kostova & Rott, 2002). Identical institutional environments will produce and require similar organizational behaviour. A firm that enters a foreign country (i.e. another institutional environment) will experience pressure to adopt local practices and become isomorphic (Kostova & Rott, 2002). Despite definitional issues it is striking that the institutions can be forced into typologies. Institutions may be classified as formal versus informal institutions (e.g. Hodgson, 2006; North, 1990). In addition institutions are sometimes classified as intangible versus tangible. However Scott (2008) introduced three interrelated pillars reflecting the regulatory, cognitive, and normative dimensions.

The regulatory dimension reflects "the existing laws and rules in a particular national environment that promote certain types of behaviours and restrict others" (Kostova, 1999, p. 314). The cognitive dimension reflects "widely shared social knowledge and cognitive categories used by the people in a given country that influence the way a particular phenomenon is categorized and interpreted" (Kostova & Rott, 2002, p. 217). Busenitz et al. (2000, p. 995) adopt a simpler definition. They define the cognitive dimension as "knowledge and skills possessed by the people in a country". The normative dimension reflects "the values, beliefs, norms, and assumptions about human nature and human behaviour held by the individuals in a given country" (Kostova & Rott, 2002, p. 217). This is an extension of her former definition: "Social norms, values and beliefs, and assumptions that are socially shared and are carried by individuals" (Kostova, 1999, p. 314). These three dimensions all reflect different parts of a country's institutional environment, they may lead to different types of behaviour and needs. An institutional environment may exert pressures on a firm to adapt to an environment. As a result a firm may adapt their operations to become isomorphic with partner firms, consumers, and other parties in the foreign country (Kostova, 1999). Firms may find it difficult to adapt to the local institutional environment and do business in the host country. However Kostova also recognizes that being foreign in a particular host country, firms are buffered from host country's institutional

pressures and are not necessarily expected to become completely isomorphic. Kostova also describes ways in which the host country's institutional environment will affect a foreign firm entering this environment. Basically due to employees or partners that cooperate or work for the foreign firm, the firm is affected and able to operate successful in the host country. Additionally some have found significant differences between the institutional profile of developed countries and that of developing countries. In particular institutional profiles of developed countries often are more favourable than institutional profiles on developing countries (e.g. Busenitz et al., 2000).

In line with the this argument we suggest that cross country differences in the relevance of commercial diplomacy rely, at least partly, on the set of institutions that guide and constrain foreign firms in the host country and that a country's institutional profile can serve "as a viable alternative for exploring broad country differences" (Busenitz et al., 2000, p. 1000). Foreign firms that enter countries that have unfavourable or negative institutional environments may find it more difficult adapt and to successfully operate in the host country than foreign firms that enter countries that have favourable or positive institutional environment. Firms that operate in these unfavourable institutional environments may therefore have an increased need for commercial diplomacy so that commercial diplomacy can offer them guidance in the host country. The second part of the explanation of Kostova (1999) can also be applied to the case of commercial diplomacy. Kostova argues that employees or partners that cooperate with the foreign firm can help the firm to become more isomorphic and successful. Commercial diplomats that work at foreign posts are stationed in the host country for a long period. They get to know the country and its institutional environment. A foreign firm can benefit from these commercial diplomats (and thus from commercial diplomacy) by requesting support. Via the commercial diplomat elements of the institutional environment enter and affect the firm. In doing so the firm may better understand the environment and can adapt and become more isomorphic in the host country. The bottom line is that a less favourable host country's institutional environment, i.e. regulatory, cognitive, and normative environment, leads to an increase in relevance of commercial diplomacy, since it is then beneficial for foreign firms to make use of commercial diplomacy while it enhances their foreign venture's performance.

2.6 Research model

This literature review is concluded by synthesizing a research model and a set of hypotheses. The research model in Figure 3 displays the relationships between the determinants and either the relevance or quality of commercial diplomacy.

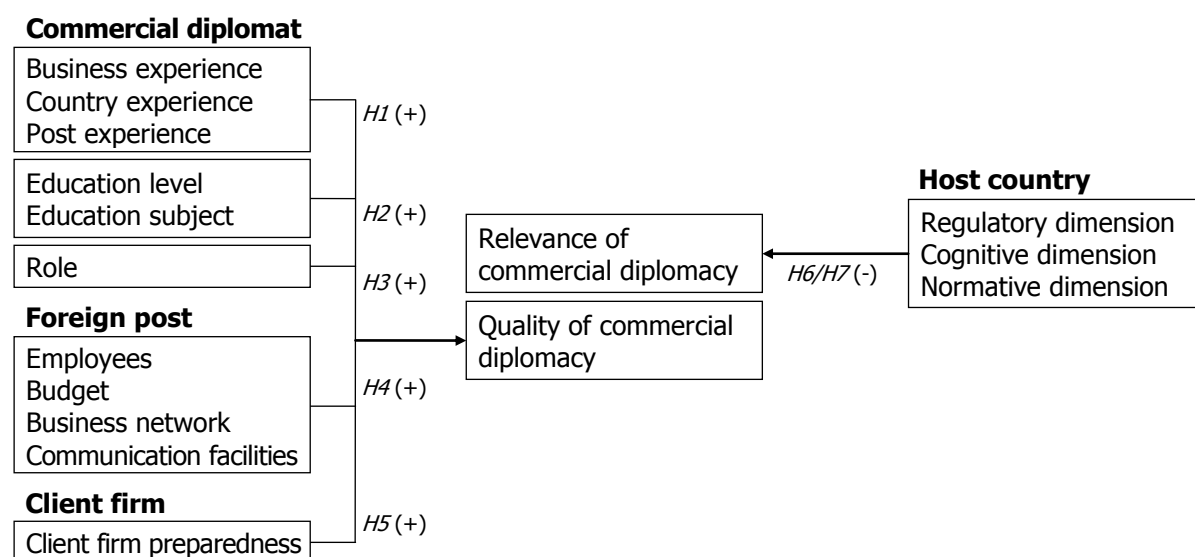


Figure 3. Research model.

The determinants in the research model are classified into four groups: commercial diplomat (1), foreign post (2), client firm (3), and host country (4). Based upon the literature review and theories such as resource-based view of the firm, service client participation, and institutional theory we propose a set of hypotheses. First we applied resource-based view of the firm to assert that resources of a foreign post (including human resources) positively influence the quality of commercial diplomacy. We included employees, budget, business network, and communication facilities as resources of a foreign post. Additionally variables that reflect the employees (i.e. the commercial diplomat) are also included: business experience, country experience, post experience, education level, education subject, and role.

Second following the service client participation theory, we asserted that the extent to which a client firm is prepared to go abroad positively influences the quality of commercial diplomacy. The variable that reflects to extent to which the client firm is prepared to go abroad is named client firm preparedness.

In line with institutional theory and the concept of the institutional profile we asserted that the host country's institutional profile is negatively related to the relevance of commercial diplomacy. A less favourable institutional profile for foreign firms leads to an increase of relevance of commercial diplomacy in that host country. The institutional profile consists of the regulatory dimension, cognitive dimension, and normative dimension.

These hypothesized relationships are displayed in Figure 3. The aforementioned description is summarized into seven hypotheses. These hypotheses are proposed on the basis of the literature review and serves as a basis on which the empirical part of this study is executed. Table 1 displays all hypotheses.

Table 1 Hypotheses based on the literature review

Area	No.	Hypothesis
Commercial diplomat	1	An increase in years of business, country, and post experience of the commercial diplomat increases quality of commercial diplomacy.
	2a	An increase in level of education of the commercial diplomat increases in quality of foreign post's commercial diplomacy.
	2b	Commercial diplomats with business as subject of their education demonstrate a greater quality of commercial diplomacy than commercial diplomats with other subjects of education.
	3	Commercial diplomats that act as business promoters demonstrate a greater quality of commercial diplomacy than commercial diplomats that are civil servants and/or generalists.
Foreign post	4	An increase in sufficiency of the foreign post's resources (i.e. number of employees, budget, business network, and communication facilities) increase the quality of commercial diplomacy.
Client firm	5	An increase in preparedness of client firms increases quality of commercial diplomacy.
Host country	6	A less favourable host country's regulatory, cognitive, and normative environment for foreign firms increases the relevance of commercial diplomacy.
	7	The host country's regulatory, cognitive, and normative environment for foreign firms is more favourable for foreign firms in developed countries than in developing countries.

3 Methodology

Operationalizing and measuring in order to capture the research model.

3.1 Introduction

The research model and the corresponding hypotheses outlined in the previous chapter are tested in this study. While we select the appropriate research design and methods in the following paragraphs, the fundamental principles shape the research design and methods. Therefore we first elaborate on the applicable research philosophies, paradigms, and approaches. The latter paragraphs describe the practical considerations and present the design of this study, including how and which data to collect, sampling techniques and sample selection, measurement and instrumentation, and data processing and analysis.

3.2 Fundamental principles

The assumptions of a research philosophy underpin the research design and methods of the study. Therefore it is important to elaborate on the research philosophy (Saunders et al., 2009). We focus on causal research, in chapter 2 we reduced the phenomena of commercial diplomacy effectiveness into manageable and observable elements. Additionally we consider multiple views and perspectives on commercial diplomacy effectiveness, provided by the two types of research methods and multiple units of observation. This enables us to give an elaborate answer on the central research question. According to Saunders et al. reducing phenomena into observable elements characterizes a positivism philosophy. The latter, the use of multiple views and perspectives, characterizes pragmatism. Saunders et al. (2009) argue that the research philosophy shapes the data collection techniques that are most often used. Positivism often makes use large sample to collect quantitative data. Pragmatism is often characterized by mixed or multiple method design.

The way phenomena are examined and from which particular understandings of these phenomena can be gained are called paradigms (Saunders et al., 2009). Elaborating on these paradigms helps to clarify assumptions of this study. Following the typology of Burrell & Morgan (1982; as cited in Saunders et al., 2009) our study can be classified along the conceptual dimensions of regulation (i.e. to explain within a current framework) and objectivist. A paradigm described as this is named a functionalist paradigm. A functionalist paradigm is adopted within this study since we are concerned with a rational explanation and to propose a framework based on the current structure and practice of commercial diplomacy.

At last the approach of this research is deductive. We apply concepts and theory from which we deduce hypotheses. Thereafter we propose a research design and empirically test the hypotheses. We ultimately aim to examine and explain the hypothesized relationships. Therefore this study pursues an explanatory purpose (Saunders et al., 2009).

3.3 Data collection

Most of the literature on commercial diplomacy employs qualitative research techniques to explore the field. Almost none of the literature focuses on validating and examining the findings. This study builds on previous research and intends to validate relationships. Saunders et al. (2009, p. 144) note that a survey method increases comparability between (groups of) cases and can be readily be used for examining "relationships between variables", "explain how factors are related", and to produce a model of the relationships found. Moreover Babbie (2010, p. 254) notes: "Survey research is probably the best method available to the social researcher who is interested in "collecting original data for [...] a population too large to observe directly". While there are over 20.000 diplomats, and we aim to

examine relationships between variables, we apply a survey strategy to collect quantitative data in order to answer the central research question. Due to feasibility reasons, this study can further be classified as cross-sectional.

In addition to the collection of quantitative data, qualitative data is collected. Most studies using both quantitative and qualitative approaches first use qualitative techniques to identify areas of interest. Instead we use the quantitative approach first since it already builds on literature that made use of qualitative data. We apply a qualitative approach afterwards to illustrate the quantitative findings and to redirect future research and practice. The use of two independent sources of data and data collection methods within this study is called triangulation. It can help to ensure that what is found is actually true (Saunders et al., 2009). Using Saunders' et al. justification of the use of two data collection methods also brings up complementarity or aid interpretation to use two or more research strategies to fill gaps and help explain relationships. Knafl & Howard (1984) classify such use of qualitative data as an illustrative approach, to use "limited qualitative data to illustrate the results of a larger, quantitative project". Greene, Caracelli, & Graham (1989, p. 259) also propose the term complementarity: "[...] seeks elaboration, enhancement, illustration, clarification of the results from one method with the results of another". Bryman (2006, p. 106) adds that this is one of the major justifications of using both quantitative and qualitative methods. He also notes that illustration refers to as "putting *meat on the bones* of *dry* quantitative findings". Moreover while both quantitative and qualitative research methods have their own strengths and weaknesses, Bryman (2006, p. 106) mentions combining them "allows the research to offset their weaknesses to draw on the strengths of both".

The quantitative data is used to examine the hypothesized relationships hypothesized. The qualitative data is used to illustrate the results and to provide further explanation. The quantitative data has the priority over the qualitative data and they are collected sequentially (Bryman, 2006), meaning that first quantitative data is collected where after the qualitative data is collected. Saunders et al. mention that employing both quantitative and qualitative collection techniques and analysis is classified as a mixed-method research. We now proceed to describing how both quantitative and qualitative data is collected.

3.3.1 Questionnaires

While survey strategies can be used for either descriptive or explanatory research (Babbie, 2010; Saunders et al., 2009), we opt a survey strategy with a questionnaire to examine the relationships between variables (i.e. explanatory research). As Saunders et al. note, questionnaires enable one to examine and explain relationships between variables, in particular cause-and-effect relationships. While our unit of analysis is commercial diplomacy, our unit of observation (i.e. the respondents) are commercial diplomats working for Dutch foreign posts that carry out the activities and services of commercial diplomacy.

The questionnaire is electronically administered using email since this is most convenient manner (i.e. cost efficient and less time consuming). However a drawback of Internet-mediated questionnaires is that it is never certain that the right person completes the questionnaire, hence affecting reliability of the responses. By addressing to personal email addresses this issue can be dealt with effectively, since respondents usually read and answer their own email. A cover letter is personally addressed to the respondent's personal email address in order to increase the response rate. Additionally first and second reminders are send to the respondents (Appendix E). The completed questionnaires are confidential and the respondents remain anonymous. The questionnaire was tested and reviewed by experts in order to increase user-friendliness. While the questionnaire aims to collect data with which we can examine the relationships between variables proposed in chapter 2, the questions in the questionnaire need to be defined precisely prior to data collection (Saunders et al., 2009). The fifth

paragraph of this chapter elaborates on this. This paragraph operationalizes the variables in order to integrate them into the questionnaire.

In addition to the issues that are mentioned above (i.e. the right person to complete the questionnaire and response rate), some other issues can occur. Internal validity, content validity, criterion-related validity, construct validity, and reliability are discussed wherever they are relevant and may feed growing concerns. At last we should make clear that we have included an open-ended question in the questionnaire. This question is a general question about commercial diplomacy effectiveness. Instead of producing quantitative data, this question produces qualitative data.

3.3.2 Semi-structured interviews

Due to the drawbacks of survey research semi-structured interviews are integrated into the research design. Explanatory studies often make use of semi-structured interviews to understand the relationships between variables (Saunders et al., 2009). Bryman (2006) acknowledges this and mentions that it can be used to explain the relationships found or to illustrate quantitative findings. The purpose of our qualitative data is to both illustrate and provide alternative explanations for the findings.

The semi-structured interviews are set up to reflect on the results of the quantitative data. As a result they take place after the quantitative data is collected and analyzed. The semi-structured interviews are conducted face-to-face, since this allows for a more in-depth discussion on the quantitative findings and it increases the chance that the most relevant and useful information is received from the interviewee (Babbie, 2010; Saunders et al., 2009). Each interview includes several questions that are deduced from the research model and hypotheses. Questions about improvements and the future of commercial diplomacy are also included (Appendix F for the invitation letter, interview protocol, and questions). A list of indicative questions is sent to the participant prior to the interview. The participant can prepare for the interview and provide the researcher with the most relevant information. There is room to deviate from the questions if other interesting subjects are discussed. Interview transcripts are written directly afterwards. The interviewees remain completely anonymous.

Semi-structured interviews are usually prone to several issues. Since there is a lack of standardization reliability may feed growing concerns (Saunders et al., 2009). We generate detailed interview transcripts to counteract on this issue. Moreover the semi-structured interviews are not intended to generate reliability. It is intended to generate as many different perspectives. As Saunders et al. (p. 327) also note, semi-structured interview do not necessarily have to be reliable because they “reflect reality at the time they were collected, in a situation which may be subject to change”. In addition interviewer and interviewee bias might be an issue. Increasing the level of knowledge of the interviewer might decrease the chance of interviewer bias to occur.

3.4 Sampling techniques and sample selection

This study focuses on commercial diplomats’ perception of commercial diplomacy. Since 20.000 commercial diplomats work across the globe, a sample is selected with the use of a convenience non-probability sampling technique. The respondents work for economic and trade departments of Dutch foreign posts and perform the activities of commercial diplomacy. Consequently some respondents may have a diplomatic status and some not, but they all perform (parts of) activities of commercial diplomacy (this is in line with our definition in chapter 2). Invitations to participate in this study are sent to personal email addresses of the commercial diplomats. Since not all personal email addresses are available to us, we also apply snowball sampling techniques. Respondents are asked to forward the invitation to others eligible to fill out the questionnaire. Saunders et al. (2009) note that snowball techniques create samples in which cases will have desired characteristics. Additionally we send the invitation to the general email addresses of the economic and trade departments of the foreign posts.

The required sample size is somewhat ambiguous. However it is clear that sufficient statistical power should be the goal. Numerous factors (including sample size) contribute to statistical power. Therefore a large sample is beneficial for this study. Accordingly our aim is to select a sample size that is sufficiently large, and that can still conveniently be selected. Email addresses of 86 economic and trade departments of Dutch foreign posts are available. Additionally 184 personal email addresses of the commercial diplomats were obtained. A total of 270 invitations to participate in this study are send by email. Snowball sampling techniques causes the invitations to be forwarded to others that are eligible to participate in this study.

In total 140 respondents commenced filling out the questionnaire, while 110 respondents actually completed the questionnaire. Over 65 Dutch foreign posts are represented in the sample. A total of 62 males completed the questionnaire, against 77 females. The mean age of the respondents is 40 years. Figure 4 reveals the nationalities of all respondents who commenced filling out the questionnaire. It shows that 52.9% of the diplomats who work for a Dutch foreign post have the Dutch nationality, while the Indian and Chinese nationalities are also significantly represented. Furthermore calculating a response rate seems to be ambiguous since snowball sampling techniques are used and no definite number is available on how many commercial diplomats received an invitation. Calculating a response rate with a total of 270 invitations and 110 completed questionnaires equals to a response rate of 40.74%. While Internet-mediated questionnaires usually have a response rate of 11% our response rate seems rather high (Saunders et al., 2009).

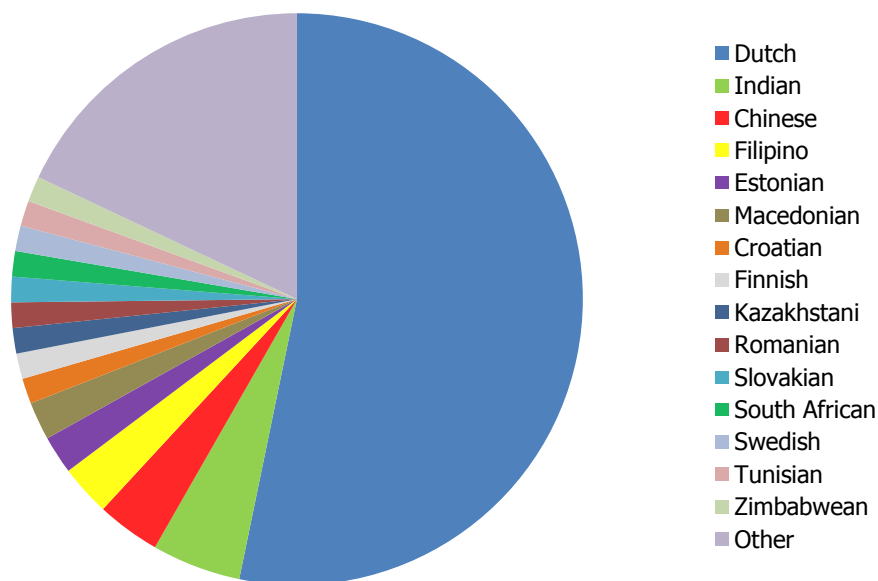


Figure 4. Nationalities of the commercial diplomats (N = 140) working for Dutch foreign posts.

While the unit of analysis in this study is commercial diplomacy, the aforementioned makes clear that the unit of observation are commercial diplomats of Dutch foreign posts. The commercial diplomats are asked about their perception of commercial diplomacy. Generalizing results from this sample could raise the attention to external validity. An effect found in this sample might not hold for other samples, since other countries' foreign posts and commercial diplomats might be attributed with different characteristics than Dutch foreign posts and commercial diplomats. As many as respondents have been selected to compensate for this issue and many of the respondents are non-Dutch, which also contribute to a higher generalizability. However we should be cautious in making claims of representativeness.

While this sample is selected to fill out the questionnaire, another sample is selected to participate in the semi-structured interviews. This sample is relatively small, a large sample size is not necessary since its purpose is to illustrate the quantitative data of the questionnaires (Knafl & Howard, 1984). Respondents of the interviews work on a more strategic level and can provide different perspectives on commercial diplomacy. Instead of interviewing respondents at foreign posts, choosing respondents working on strategic levels may shed another light on the relationships investigated. A total of five semi-structured interviews with five different respondents were conducted. The respondents all work at different areas of commercial diplomacy (i.e. Embassy of the Kingdom of the Netherlands, Ministry of Foreign Affairs, Ministry of Economy, Innovation, and Agriculture, Network of International Entrepreneurship, and Netherlands Institute of International Relations Clingendael). The fact that the findings are based on only five semi-structured interviews suggests that the sample is unlikely enhance generalizability. Therefore claims of representativeness would be impossible to sustain.

3.5 Measurement

In chapter 2 we proposed the research model. We proposed numerous variables as determinants of commercial diplomacy effectiveness. Chapter 2 devoted attention to conceptualizing and defining the variables. This paragraph intends to make the variables operational, measureable, and integrates them into the questionnaire. We describe how the dependent (i.e. service relevance and service relevance) and independent variables (i.e. commercial diplomat's experience, education, and role, foreign post's resources, client firm preparedness, and host country's institutional profile) are made operational and appear in the questionnaire. Appendix G provides a detailed scheme of the full operationalization. We now proceed by elaborating on the operationalization process.

3.5.1 Service quality

In chapter 2 we concluded that service quality is one of the dependent variables. We identified service quality as one of the conditional variables of commercial diplomacy effectiveness. One of the most persisting models for measuring service quality is SERVQUAL. SERVQUAL makes use of a gap analysis. It compares customers' expectations and the actual service quality perceived. While SERVQUAL is widely accepted some authors questioned the need to measure these expectations (e.g. Cronin & Taylor, 1994; Parasuraman, Zeithaml, & Berry, 1994). There is compelling evidence that quality is directly influenced by only perceptions of performance, instead of expectations minus perceptions (Cronin & Taylor, 1994). Cronin & Taylor also bring to bear other studies that support the use of direct performance-based measures of service quality over gap measures as used in SERVQUAL. They note that current literature specifically support SERVPERF as the appropriate exemplar of service quality operationalization. Landrum et al. (2007) also put forward Magal's instrument for service quality. Their analysis showed that both Magal's instrument and SERVPERF are valid instruments of service quality. However Magal's instrument proves to have a better predictive validity. Then again it reduces the ability to create a detailed picture of service quality since it is only appropriate to assess overall service quality. Therefore SERVPERF leaves room to analyze specific determinants in a relationship. Thus SERVPERF essentially measures performance and can be used to explain differences in service quality at different foreign posts. However some critics also arise. It is for instance suggested that service quality is defined differently across industries (Cronin & Taylor, 1992). Therefore some dimensions are less relevant for service quality than other dimensions. Because we do not aim to assess the level of service quality, nor do we want to investigate how we should define and operationalize service quality specifically for commercial diplomacy, it does not really affect our study. Thus instead of developing an industry specific tool to measure service quality for commercial diplomacy only, we wield the SERVPERF tool to measure service quality. In addition while Kostecki & Naray (2007) introduce performance as one of the elements of value added commercial diplomacy, SERVPERF can readily be used to capture quality of the commercial diplomacy.

The SERVPERF construct consists of five dimensions: responsiveness, assurance, tangibles, empathy, and reliability. Consistent with the original SERVPERF model, we use these five dimensions of service quality. Each of the dimensions consists of three to five items (a total of 21 items). These items are divergent but reflect all of the dimensions. "This foreign post provides service as promised", or "staff at this foreign post provide individual attention to client firms" are two examples of items that appear in the questionnaire. Consistent with the operationalization of SERVPERF (e.g. Cronin & Taylor, 1994; Fogarty, Catts, & Forlin, 2000; Landrum et al., 2007), we use a 7-point Likert scale to measure the commercial diplomat's perception of the 21 items of service quality. The categories of the 7-point scale are strongly disagree (1), disagree (2), disagree somewhat (3), neutral (4), agree somewhat (5), agree (6), strongly agree (7), and a category to indicate that the respondent does not know what to fill in: unknown (0).

Although Van Aken et al. (2009) acknowledge using published scales is beneficial for reliability, we perform factor analysis and reliability analysis. While the dimensions of service quality are theoretically exhaustive, factor analysis reveals items of the empathy and responsiveness dimension are not mutually exclusive. Moreover there are minor issues with the third item of the tangibles dimension (i.e. "staff at this foreign post look and behave neat and professional"), this item seems to measure external aspects of employees, while the other items are about the external aspects of the foreign post itself. We consider these issues as minor, and since SERVPERF is widely tested before, we do not adjust the construct for analysis. In addition we calculated Cronbach's Alpha to assess scale reliability. The reliability, assurance, tangibles, empathy, and responsiveness subscales consisted of 5 ($\alpha = .84$), 4 ($\alpha = .77$), 5 ($\alpha = .71$), 4 ($\alpha = .81$), and 3 ($\alpha = .84$) items respectively. The overall service quality Likert scale is found to be highly reliable (21 items; $\alpha = .91$).

3.5.2 Service relevance

Service relevance is included in this study as the second dependent variable. Since using multiple items for measuring a variable enhances reliability (Babbie, 2010; Van Aken et al., 2009), service relevance is composed of four items and based on the definition given in chapter 2. Whereas this measure intends to provide information about the relevance of commercial diplomacy in total, another measure is included. This measure requires providing detail about the relevance for each type of service separately (i.e. intelligence, assistance with fairs, trade missions, and networking, problem-solving and assistance with trade disputes, and partner search and negotiation).

Consistent with service quality, for both measures of service relevance 7-point Likert scales are used. The categories of the 7-point scale are strongly disagree (1), disagree (2), disagree somewhat (3), neutral (4), agree somewhat (5), agree (6), strongly agree (7), and unknown (0). The service relevance Likert scale is also found to be highly reliable (4 items; $\alpha = .85$).

3.5.3 Commercial diplomat

The research model in chapter 2 included variables that reflect the commercial diplomat (i.e. area one of the research model in Figure 3). years of business experience of the employee, years of country experience of the employee, and years of foreign post experience of the employee are all measured in years; level of education of the employee, subject of education of the employee, and type of role of the employee are either nominal or ordinal measures. Moreover variables such as age, gender, nationality, and linguistic skills are included as they can provide valuable descriptive information.

3.5.4 Foreign post's resources

Area two of the research model included variables that reflect the most important resources of a foreign post: sufficiency of number of employees, sufficiency of budget, sufficiency of business network, and sufficiency of communication facilities. While most of the variables of the commercial

diplomat are absolute, these are relative. The respondent should indicate, on a 7-point Likert scale, to what extent they perceive the resources to be sufficient in order to do their job effectively.

Since we include four different types of resources (i.e. employees, budget, business network, and communication facilities) we can use the variables separately. However we can also use them as an overall measure of how sufficient a foreign post's resources are. This overall measure is a construct with four items. Reliability analysis indicated that this measure is reliable ($\alpha = .75$).

3.5.5 Client firm preparedness

Area four reflects the client firm preparedness as an important concept in the service process. Client firm preparedness is composed of four items measured on a 7-point Likert scale. An example of an item that appears in the questionnaire is "the client firm is prepared to go abroad", and "the client firm already conducted prior research before requesting support".

Again the categories of the 7-point scale are strongly disagree (1), disagree (2), disagree somewhat (3), neutral (4), agree somewhat (5), agree (6), strongly agree (7), and unknown (0). The client firm preparedness scale is found to be reliable (4 items; $\alpha = .79$).

3.5.6 Host country's institutional profile for foreign firms

Based on Scott (2008) Kostova (Kostova & Rott, 2002) introduced the concept of an institutional profile to explain how a country's government policies, widely shared social knowledge, and value systems affect business activity. Kostova emphasized that an institutional profile should not be generalized across a domain or broad set of issues, since the cognitive and normative dimensions are domain specific (Busenitz et al., 2000). Therefore based on the work of Kostova, many others operationalized the concept of institutional profile for different domains. For instance Kostova's (1999) domain was quality management, Busenitz et al. studied a domain related to entrepreneurship, while Descotes et al. (2007) focused on exporting SMEs. This study draws on the application of Descotes' et al. of institutional profile to identify the institutions that may relate to service relevance.

To increase reliability the construct of institutional profile is based upon others' work (e.g. Busenitz et al., 2000; Descotes et al., 2007; Kostova & Rott, 2002). The construct is composed of three dimensions: regulatory, cognitive, and normative dimension. Descotes et al. have operationalized institutional profile for exporting firms. While Kostova noted an institutional profile should not be generalized across a specific domain, based on Descotes et al., we propose our own operationalization of the institutional profile. A total of 17 items measure the institutional profile on a 7-point Likert scale, as suggested by others (Descotes et al., 2007). Higher values for the three dimensions indicate an institutional profile more favourable, or positive for foreign firms. An example of an item of the regulatory dimension, appears in the questionnaire: "This country's government pays much attention to the respect of the rules with regards to business with foreign firms". Other examples of items are "for foreign firms it is easy to find reliable information about this country", for the cognitive dimension, and "foreign firms and goods are greatly admired in this country", for the normative dimension. All 17 items together measure the host country's institutional profile.

Subsequently we also perform factor analysis for this construct. Major issues did not arise for the three dimensions and the overall host country's institutional profile. We also assess scale reliability. Cronbach's Alpha reveals that the Likert scale is highly reliable (17 items; $\alpha = .81$). The regulatory dimension subscale consists of 8 items ($\alpha = .89$), the cognitive dimension subscale of 5 items ($\alpha = .90$), and the normative dimension subscale of 4 items ($\alpha = .48$). Here the main issue concerns the normative dimension. First item two has a negative effect on the scale reliability, while it also does not bear to bear the desired results. Therefore we exclude item two from the Likert scale. Second a problem arises with the expressions of some items. Items three, four, and state a negative outcome,

while all other items state a positive outcome. Therefore we reversed the values of the three items. Still scale reliability for Cronbach's Alpha is not particularly high. An explanation could be the variety of the items. Items contain statements about foreign firms and goods, governmental influence, and corruption are asked to the respondents, while the regulatory and cognitive dimensions contain items that are much more alike. As a result answers are much more diverse too, lowering scale reliability. However the scale still measures what was intended, therefore we include the four-item normative Likert scale into the analysis.

Additionally some have found that institutional profiles of developed countries are more positive than that of developing countries (e.g. Busenitz et al., 2000). There may be indications that type of country, through its institutional profile, may also have an impact on the relevance of commercial diplomacy. Therefore we include a control variable: type of country, which indicates whether a host country is a developed country or a developing country. The classification of the World Bank is followed (World Bank, 2011b).

3.5.7 Remarks

The previous paragraphs showed how we made the variables measureable, and how they appear in the questionnaire. Appendix G gives a complete overview of the operationalization. Many argue repeating a measurement can increase reliability (e.g. Saunders et al., 2009; Shadish, Cook, & Campbell, 2002; Van Aken et al., 2009). However the above measurements were not tested and retested due to time constraints. Instead, while Van Aken et al. (2009) acknowledge using published scales is beneficial for reliability, the most comprehensive constructs such as service quality and institutional profile already existed and were widely used and tested before by others. Moreover other measures were constructed in close consultation with experts. Factor analysis and reliability analysis were also used to assess reliability of the constructs. These practicalities enhance reliability of this study. However a problem regarding construct validity may arise. The questionnaire may be prone to mono-method bias since often more than one operational representation of a construct is used. These operational representations, or items, are presented in a similar way increasing the risk of respondents getting biased.

3.6 Data processing and analysis

Quantitative data is collected through Internet-mediated questionnaires. The respondents fill out the questionnaire. The answers on the questions are transferred into numerical values and stored online. Then the data is exported to SPSS in order to perform statistical analyses for the purpose of causal inference.

Qualitative data is collected through both the open-ended question in the questionnaire and through semi-structured interviews. Qualitative data is analyzed using ATLAS.ti, interview transcripts and open questions in the questionnaire are first coded and categorized into deductive categories. These categories are deduced from the research model in the previous chapter. There after the qualitative results can conveniently be used to illustrate the results from the statistical analyses of the quantitative data.

3.6.1 Analysis of the quantitative data

The statistical analyses of the quantitative data are performed in SPSS. Exploratory data analysis is first conducted to produce means of medians, means, and standard deviations. Likert scales often are treated as interval measurement levels, since some authors mention 7-point or 10-point Likert scales can be treated as interval measurement levels. After exploratory data analysis, statistical tests for causal inferences are used, known as statistical significance testing (Saunders et al., 2009, p. 452). In addition the relationships to be identified would be controlled for both developing and developed countries.

Probability levels (Type I error rates), by which we decide results being significant or not, are usually set at $\alpha = .05$ in social studies (Shadish et al., 2002). I see no reason for deviating from this rate. However we also recognize highly significant results at $p < .01$, while we could flag $.05 > p < .10$ only moderately significant. Thus if (no) significant results are found at certain probability levels, we also test for other probability levels (i.e. $p < .01$, $p < .05$, or $p < .10$). A potential issue could be caused by low statistical power. There might always be a change of making invalid inferences about the existence and size of covariation between two variables. Therefore we should be cautious in making use of the different probability levels. Probability levels are mostly tested based on one-sided tests, since we are interested in single directional relationships. Moreover cases are deleted pairwise since this would benefit sample size.

We first assess the existence and strength of the hypothesized relationships by means of bivariate correlation analysis (De Veaux, Velleman, & Bock, 2007). The bivariate correlation analysis is performed for independent and dependent variables. We first examine the relationships between variables that reflect the commercial diplomat (i.e. experience, education, and role) and service quality separately. Then we examine the relationships between foreign post's resources (i.e. employees, budget, business network, and communication facilities) and service quality separately, and the relationship between client firm preparedness and service quality. At last we test the relationship between the host country's institutional profile and service relevance.

Multiple regression analyse is performed sequentially to test whether the results found with bivariate correlation analysis hold. In other words bivariate correlation analysis examines the hypothesized relationships separately, or one-by-one. Multiple regression analysis includes the variables into one model to test whether the results initially found hold. Furthermore the multiple regression analysis indicates the variance explained of the dependent variables by the independent variable (De Veaux et al., 2007). Since we hypothesized that service quality is influenced by multiple variables it is useful to see how separate relationships affect others.

3.6.2 Analysis of qualitative data

First the interviews are transcribed whenever the interview is completed, since it is beneficial for reliable results (Saunders et al., 2009). Data is categorized according to the deductive categories that were proposed in chapter 2. These categories include service quality, service relevance, experience, education, role, resources (and specific resources: employees, budget, business network, and communication facilities), client firm preparedness, and host country's institutional profile. We do not perform statistical analysis with the categorized qualitative data since the data is not numerical and the sample size is low (Wengraf, 2001). Moreover our aim is only to triangulate, illustrate, and clarify the findings from the statistical analyses of the quantitative data. The most relevant and interesting quotes are reported to elucidate on the quantitative findings.

4 Analysis and results

Analyzing the effect of the determinants on commercial diplomacy effectiveness.

4.1 Introduction

In this chapter we first describe service quality, i.e. quality of commercial diplomacy, and service relevance, i.e. relevance of commercial diplomacy. Then we examine the hypothesized relationships separately with bivariate analysis. Sequentially we perform multivariate regression analysis to see if the initial results hold when we include all variables into a regression model. Consistent with the research model we distinguish four regression models: the commercial diplomat (1), foreign post (2), client firm (3), and host country (4). The qualitative data from the open-ended question in the questionnaire and the semi-structured interviews are analyzed sequentially. The results are used to illustrate the findings from the quantitative data.

4.2 Commercial diplomacy effectiveness

In chapter 2 we conceptualized commercial diplomacy effectiveness into the quality of commercial diplomacy and the relevance of commercial diplomacy. We asserted that these are the main elements and serve as the basis of commercial diplomacy effectiveness. The next two sections describe these two dependent variables.

4.2.1 Quality of commercial diplomacy

In chapter 3 we made clear that the quality of commercial diplomacy is measured with the SERVPERF model. This construct includes five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. Each dimension contains three to five items. These items were presented to the respondents via a questionnaire. The respondents had to assess the items on a scale of 1 to 7. A total of 112 respondents answered the questions with regards to service quality. In the following analysis we aggregate the scores of the five dimensions into one score (i.e. *overall* service quality). If necessary, or if interesting results appear, we report the values of the individual dimensions separately.

On average the commercial diplomats rated service quality $M = 5.96$ on a scale of 1 to 7. Four of the commercial diplomats rated service quality a 7, while the lowest overall score is 4.01. The averages for the separate dimensions of service quality somewhat deviate from the average of the *overall* service quality. The tangibles dimension has an average rating of $M = 5.54$. The highest rating ($M = 6.17$) belongs to responsiveness. Appendix H presents the histogram of service quality. This histogram follows the normal distribution.

Previous chapter revealed some evidence that the dimensions do not always reflect true service quality in some industries. We perform a regression analysis to see whether the dimensions explain service quality. Table 15 in Appendix J displays that the responsiveness, reliability, and assurance dimensions significantly explain to our direct measure of service quality. These dimensions explain for 52% ($R^2 = .52$) of the variety in service quality. The tangibles and empathy dimensions do not significantly relate to service quality. Since we do not aim is to compose a measure that reflects service quality specifically for commercial diplomacy we use the SERVPERF construct (including and aggregating its five dimensions) in the following statistical analyses.

4.2.2 Relevance of commercial diplomacy

Consistent with service quality service relevance is measured on a scale of 1 to 7. The variable is composed of four items that together measure the relevance of commercial diplomacy in a certain setting. A total of 112 respondents completed the questions with regard to service relevance. On

average the commercial diplomats rated service quality as a $M = 5.88$ out of 7. Appendix H presents the histogram of this variable. Besides the dependent variables we also included independent variables. Descriptive statistics are interspersed throughout the following paragraph, in which we examine the hypothesized relationships. Table 2 gives an overview of both independent and dependent variables. This table includes the sample size (N), mean (M), standard deviation, minimum, maximum, scale reliability by means of Cronbach's Alpha (α ; which was discussed in paragraph 3.5), and the number of items of the Likert scales (if applicable).

Table 2 Exploratory analysis of the variables included in the analysis

Variable		N	Mean	Sd.	Min	Max	Scale reliability	No. of items
Dependent variables	SP Reliability	113	5.85	0.72	3.40	7	0.838	5
	SP Assurance	113	6.12	0.62	4.25	7	0.772	4
	SP Tangibles	113	5.54	0.92	2.67	7	0.708	5
	SP Empathy	112	6.13	0.64	4.00	7	0.811	4
	SP Responsiveness	112	6.17	0.69	3.33	7	0.844	3
	Service quality	112	5.96	0.56	4.01	7	0.915	21
	Service relevance	112	5.88	0.78	3.25	7	0.854	4
	Relevance intelligence	108	6.01	1.02	2	7		
	Relevance fairs/trade missions	111	6.05	0.90	2	7		
	Relevance problem solving	108	5.94	1.03	3	7		
	Relevance partner search	112	6.26	0.84	2	7		
Independent variables	Experience business	133	4.72	6.36	0	33		
	Experience country	133	19.02	17.25	0	56		
	Experience post	133	7.80	7.86	0	38		
	Education level	134	3	1	1	5		
	Education subject	132	2*					
	Role	134	1*					
	RE Employees	125	4.72	1.68	1	7		
	RE Budget	120	4.02	1.65	1	7		
	RE Business network	123	5.10	1.370	1	7		
	RE Communication	125	5.06	1.526	1	7		
	Resources	125	4.7333	1.16969	2	6.75	0.751	4
	Client firm preparedness	110	4.64	0.91	1.25	6.50	0.792	4
	IP Regulatory	110	4.5756	1.24584	1.62	6.88	0.898	8
	IP Cognitive	110	4.1395	1.27708	1.00	6.40	0.901	5
	IP Normative	110	3.7356	0.99878	1.00	7.00	0.480	4
	Institutional profile	110	4.1502	0.97886	1.25	6.69	0.813	17

*. Instead of means, modes are used.

4.3 Examining relationships

In this section we examine the hypothesized relationships. We test the hypothesized relationships separately with the use of correlation coefficients. The first section of this paragraph includes variables of the commercial diplomat, in the second section we only analyze variables of the foreign post, while the third includes variables of the client firm. The last section only includes variables of the host country. When comprehensive SPSS tables and other statistical outcomes are not relevant in main text they are presented in Appendix J. The assumptions for statistical inference, i.e. bivariate analysis, are fulfilled. The sample size is sufficient and no serious issues with respect to the normal distribution occur. This is acknowledged by the results of the Shapiro-Wilk test. Variables with lower measurement levels are treated accordingly. In section 4.4.1 we investigate assumptions for regression analysis.

4.3.1 The effect of the commercial diplomat on service quality

Experience. On average the commercial diplomats have $M = 4.72$ years of experience in private firms and businesses, while they have worked $M = 7.80$ years at foreign posts. Strikingly commercial diplomats have lived $M = 19.02$ years in the host country in which the foreign post is located and they

currently work. While the average is relatively low some of the commercial diplomats have over 33 years of business experience. To examine the relationship between the experience of the commercial diplomat and service quality, we first compute Pearson's correlation coefficients. Table 3 displays Pearson's correlation coefficients (r), the p -value (p), and sample size (N) for business experience, country experience, and post experience. Two of the variables are significant: country experience ($r(111) = .17, p = .04$) and post experience ($r(111) = .29, p < .01$) both correlate with service quality. Business experience does not significantly correlate with service quality ($r(111) = .00, p = .49$). Business experience does significantly correlate with the assurance dimension, $r(111) = .18, p = .04$ (Table 16 in Appendix J). The results support hypothesis 1 partly, which stated a relation between the commercial diplomat's experience and the quality of commercial diplomacy. Results indicate that an increase in experience in the host country and at a foreign post leads to a greater service quality. We found no evidence in support of the relationship between business experience and service quality.

Table 3 Pearson's correlation coefficients between types of experience and service quality

Variable	Correlation coefficient	P-value	N
Business experience	.002	.490	113
Country experience	.169	.037*	113
Post experience	.289	.001**	113

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Education. Most of the commercial diplomats have a master degree ($N = 88$), while many also have a bachelor degree ($N = 33$). Very few have a lower or higher degree. Moreover most of the commercial diplomats have an economic education ($N = 44$). Business education also appears frequently ($N = 37$). Commercial diplomats further have law ($N = 7$), politics ($N = 14$), and technical studies ($N = 10$). The relationship between the education level and service quality is examined by calculating Kendall's tau-b since the independent variable has a lower measurement level. The variable is not significant (Table 17 in Appendix J). Education level does not correlate with service quality ($r(111) = .01, p = .43$). The second relationship between education subject and service quality is examined by performing a t-test. We test whether commercial diplomats with business education demonstrate a greater quality of commercial diplomacy than commercial diplomats with other types of education (e.g. law, politics, economics, or education). The results indicate that there is no significant effect for education subject, $t(112) = -.27, p = .49$ (Table 18 in Appendix J). On average commercial diplomats with business education do demonstrate greater service quality than commercial diplomats with other types of education, however this is not significant. These results are not enough evidence to support hypothesis 2. This hypothesis stated that both level and subject of education had a positive effect on the quality of commercial diplomacy.

Role. Most of the commercial diplomats describe themselves as business promoters ($N = 76$). Generalists and less frequently appear ($N = 58$). We examine whether business promoters demonstrate greater service quality than civil servants and generalists by performing a t-test. There is no significant effect for role (i.e. business promoter versus civil servants and generalists), $t(69) = -.28, p = .39$. However we do find a significant effect for role, $t(68) = -1.44, p = .08$, with business promoters demonstrating higher values of empathy than civil servants and generalists. Hypothesis 3 can only be partly supported. We found no effect of the commercial diplomat's role on service quality. However we did find an effect of the role on the empathy dimension of service quality, with business promoters demonstrating more empathy than civil servants and generalists.

4.3.2 The effect of the foreign post's resources on service quality

Previous section included variables that reflect characteristics of the commercial diplomat. In this section we focus on variables that reflect the resources of the foreign post. On average the

commercial diplomats think that the business network of a foreign post is most sufficient ($M = 5.10$, on a scale of 1 to 7). The communication facilities are also sufficiently available ($M = 5.06$) whereas the number of employees is only barely sufficient ($M = 4.72$). The budget of the foreign post is most criticised. Commercial diplomats think this is the least sufficiently available resource ($M = 4.02$). Almost 44.2% of the commercial diplomats think the budget is not sufficient, while 28% of the commercial diplomats mention that the number of employees is not sufficient as well. We examine the relationship between resources (i.e. employees, budget, business network, and communication facilities) and service quality by computing Pearson's correlation coefficient. Table 4 displays the correlation coefficients between the resources and service quality. While there are significant correlations between all of the variables, the largest correlation is found between the *overall* resources and service quality, $r(111) = .38, p < .01$. Number of employees ($r = .28$), budget ($r = .23$), and communication facilities ($r = .33$) correlate significantly with service quality at $p < .01$. Of the individual resources, business network correlates most strongly with service quality ($r(111) = .35, p < .01$). The results support hypothesis 4, which stated a positive relationship between all resources and the quality of commercial diplomacy. This indicates that all resources (i.e. employees, budget, business network, and communication facilities) have a positive impact on the quality of commercial diplomacy.

Table 4 Pearson's correlation coefficients between types of resources with service quality

Variable	Correlation coefficient	P-value	N
RE Employees	.278*	.001	113
RE Budget	.228*	.008	113
RE Network	.345*	<.001	113
RE Communication	.326*	<.001	113
Resources	.383*	<.001	113

*. Correlation is significant at the 0.01 level (1-tailed).

Replicating the analysis for the individual dimensions of service quality gives some interesting results (Table 16 in Appendix J). Neither employees, budget, business network, communication facilities, nor the *overall* resources do significantly correlate with the assurance dimension. Moreover budget significantly correlates with service quality ($r = .23$), but not with the assurance, empathy and responsiveness dimension. It does correlate with the tangibles dimension ($r = .29$).

4.3.3 The effect of client firm preparedness on service quality

This section focuses on the extent to which a client firm is prepared to go abroad. Commercial diplomats think that the client firms are only moderately prepared ($M = 4.64$, on a scale of 1 to 7). Almost 21% of the commercial diplomats think that client firms are not enough prepared. The factor that mostly causes the unpreparedness of a client firm is that they do not sufficiently conduct research prior to contacting a foreign post ($M = 4.00$). In contrast the requests of client firms are often easy to be executed by the commercial diplomats ($M = 5.04$).

We hypothesized that an increase in client firm preparedness leads the quality of commercial diplomacy to increase. Instead of aggregating all the dimensions of service quality, we do not include the tangibles dimension into service quality since client firm preparedness should not relate to the tangibles dimension. Therefore we compute Pearson's correlation coefficient for examining the relationship between client firm preparedness and an aggregate of the four dimensions service quality. Table 16 in Appendix J displays the correlation coefficients. Client firm preparedness does significantly correlate with service quality, $r(108) = .35, p < .01$. It does also significantly correlate with the responsiveness ($r = .31$), empathy ($r = .18$), and reliability dimensions ($r = .36$). The results support hypothesis 5, which stated a positive relation between client firm preparedness and the quality of commercial diplomacy.

4.3.4 The effect of the host country's institutional profile on service relevance

This section includes variables of the institutional profile and service relevance. On average the institutional profile is seen as somewhat favourable by the commercial diplomats ($M = 4.15$, on a scale of 1 to 7). In particular the normative dimension is the most unfavourable dimension ($M = 3.73$), which is a score that is considered as insufficient or unfavourable. The regulatory dimension ($M = 4.58$) and cognitive dimension ($M = 4.14$) are somewhat favourable. It might be that the normative dimension the environment with which foreign firms have problems. We hypothesized a negative relationship between the host country's regulatory, cognitive, and normative dimensions for foreign firms and the relevance of commercial diplomacy. We examine this relationship by calculating Pearson's correlation coefficients. Table 5 displays the correlation coefficients. One of the variables is significant: the cognitive dimension correlates with service relevance ($r(108) = -.16$, $p = .05$). The regulatory dimension ($r = -.04$), the normative dimension ($r = .01$), and the *overall* institutional profile ($r = -.08$) do not significantly correlate with service relevance. These results partly support hypothesis 6. The results indicate that a less favourable host country's cognitive environment leads to an increase in relevance of commercial diplomacy. The regulatory and normative environment do not relate to the relevance of commercial diplomacy.

Table 5 Pearson's correlation coefficients between institutional profile and service relevance

Variable	Correlation coefficient	P-value	N
IP Regulatory	-.035	.358	110
IP Cognitive	-.156*	.052	110
IP Normative	.011	.454	110
Institutional profile	-.079	.206	110

*. Correlation is significant at the 0.10 level (1-tailed).

Hypothesis 7 asserted that the host country's institutional profile for foreign firms is more favourable for foreign firms in developed countries than in developing countries. A t-test is performed to test this hypothesis. Table 21 in Appendix J displays the results. There is a significant effect for type of country, $t(109) = 4.208$, $p < .01$, with developed countries demonstrating more favourable institutional profiles for foreign firms than developing countries. This also holds for the individual dimensions: regulatory dimension ($p < .01$), cognitive dimension ($p = .02$), normative dimension ($p < .01$). This may be an indication to control for type of country for the relationship between the host country's institutional profile and service relevance.

We split the sample into developed and developing countries and examine the relationship between the institutional profile and service relevance again. Strikingly for the subsample of developed countries we find much stronger correlations (Table 22 in Appendix J). Again the cognitive dimension significantly correlates with service relevance ($r(31) = -.47$, $p < .01$), but much stronger now. A negative significant correlation is also found between the *overall* institutional profile and service relevance ($r(31) = -.34$, $p = .03$). Both regulatory dimension ($r = -.27$) and normative dimension ($r = -.10$) do not significantly correlate with service relevance. For the subsample of developing countries we do not find any significant correlations. These results partly support hypothesis 6 and 7. Hypothesis 6 is fully supported, while hypothesis 7 is partly supported. We found support for the relationship between the cognitive dimension and service relevance. Additionally we can support the relationship between the *overall* institutional profile and service quality only for developed countries.

The variable service relevance is used as an indicator for the overall relevance of commercial diplomacy in a certain host country setting. We also included variables to reflect the relevance of the specific types of services, i.e. intelligence, assistance with fairs, trade missions, and networking, problem solving and assistance with trade disputes, and partner search and negotiations. Partner search and negotiations are most relevant in absolute terms, $M = 6.26$. Problem solving and

assistance with trade disputes is the least relevant type of service, $M = 5.94$. Both intelligence and assistance with fairs, trade missions, and networking are in between ($M = 6.01$ and $M = 6.05$).

Table 24 in Appendix J displays the correlation coefficients between the institutional profile and specific types of services. Two of the types of services are significant. The *overall* institutional profile correlates with assistance with fairs, trade missions, and networking ($r = .22$), and the problem solving and assistance with trade disputes ($r = -.24$) services. Both intelligence and partner search and negotiation services do not significantly correlate with the institutional profile. Additionally the regulatory dimension ($r = .23$) and the normative dimension ($r = .25$) significantly correlate with the assistance with fairs, trade missions, and networking services. The regulatory dimension ($r = -.25$) and normative dimension ($r = -.23$) do significantly correlate with the problem solving and assistance with trade disputes services. More detailed insights into hypothesis 7 appear. It seems that the relevance of partner search and negotiation services is not affected by a host country's institutional profile. However partner search and negotiation services are most relevant in absolute terms. The relevance of intelligence services is also not affected by a host country's institutional profile. Furthermore the relevance of both assistance with fairs, trade missions, and networking and problem solving and assistance with trade disputes are related to a host country's institutional profile (respectively by the regulatory and normative dimensions, and the regulatory and cognitive dimensions). Strikingly the relevance of assistance with fairs, trade missions, and networking services is positively related with the institutional profile. We hypothesized a negative relationship. Splitting the sample for type of country does not yield strikingly different results.

We also perform a t-test to test for differences in relevance of the services between developed and developing countries. Table 27 in Appendix J displays the results. There is a significant effect for type of country, $t(108) = -2.084$, $p = .01$, with problem solving and assistance with trade disputes to be more relevant in developing countries ($M = 6.09$) than in developed countries ($M = 5.61$). It seems foreign firms in developing countries are more often in need of problem solving services than firms in developed countries. For the other types of services we found no effect.

4.3.5 Other interesting results

Indications existed that local hired staff (i.e. employees with non-Dutch nationalities in this case) demonstrate greater quality of commercial diplomacy compared to expatriates, who often have Dutch nationalities and are transferred to the host country. Some practitioners suggest that the local employees often do know more about the host country than Dutch commercial diplomats (i.e. they know the markets, language, culture, and businesses). Some client firms may even prefer local hired staff to accompany them on trade missions in the host country. Considering our data we can see that non-Dutch commercial diplomats ($M = 6.09$) also rate higher quality of commercial diplomacy than Dutch commercial diplomats ($M = 5.85$). They also demonstrate higher scores on all separate dimensions of service quality. Therefore we hypothesize that local hired commercial diplomacy (non-Dutch) yield a greater quality of commercial diplomacy than Dutch commercial diplomats. A t-test is performed to test this hypothesis, Table 28 in Appendix J displays the outcomes. There is indeed a significant effect for nationality, $t(110) = -2.301$, $p < .01$, with non-Dutch commercial diplomats (local hired) demonstrating greater service quality than Dutch commercial diplomats.

There are also significant correlations between the host country's institutional profile and client firm preparedness ($r = .27$), indicating that client firms are better prepared in countries with favourable institutional environments. Furthermore service relevance correlates strongly with service quality ($r(110) = .347$ $p = .01$). This would suggest that service relevance reflects or affects service quality, or vice versa. Either way it seems both are intertwined.

4.4 Testing the final model

Previous analysis aimed to examine the hypothesized relationships separately. This section aims to see whether the results hold when including the variables into a regression model. Before proceeding to such statistical inference we need to investigate whether the assumptions are fulfilled. This is done in section 4.4.1. In section 4.4.2 and 4.4.3 four regression models are tested. Model 1, 2, and 3 take service quality as dependent variable, the last model takes service relevance as dependent variable. Model 1 includes the independent variables of the commercial diplomat. Model 2 includes the variables of the commercial diplomats and adds the variables of the foreign post. Model 3 includes both variables of the commercial diplomat and the foreign post and adds the client firm preparedness variable. These three models are tested and described in the first section, which is called service quality. The last model (4) only includes the host country's institutional profile, including the regulatory, cognitive, and normative dimension. This model is tested in the second section, named service relevance. A stepwise regression method is used since it is designed to find the most parsimonious set of variables that are most effective in predicting the dependent variables (i.e. service quality and service relevance).

4.4.1 Assumptions

Before proceeding to such statistical inference we need to investigate whether the assumptions are fulfilled. A sample size of 110 can be considered as sufficient (Saunders et al., 2009). No serious issues with respect to the normal distribution (nor skewness and extreme outliers) occur (Appendix I). Residual analysis is performed to check the linearity assumption and equal variance assumption before proceeding to regression analysis (De Veaux et al., 2007). The linear regression residuals are normally distributed. They also have a constant variance. The scatter plot of the regression standardized predicted value shows that the points are randomly distributed around zero. This does not indicate the presence of heteroskedasticity. Checking for multicollinearity, which is defined as "high correlations among the latent exogenous constructs" (Grewal, Cote, & Baumgartner, 2004), gave no serious issues either. While there are significant correlations between several of the independent variables, the largest correlation, $r = .59$ (between business network and communication facilities, as seen in Table 16 in Appendix J) does not raise any concerns with respect to multicollinearity (Anderson, Sweeney, & Williams, 2009). The variance inflation factor and tolerance factor did not raise any concerns either. We assume that the data complies with the assumptions for statistical inference. A more comprehensive investigation of the conditions can be found in Appendix H.

4.4.2 Service quality

Model 1. Table 6 displays the regression models. The first model examines the impact of the variables of the commercial diplomat (i.e. business experience, country experience, post experience, level of education, subject of education, and role) on the quality of commercial diplomacy. One of the aforementioned variables is significant. Post experience, with a standardized coefficient of $.02$ ($t(105) = 3.18$, $p < .01$), is positively related to service quality. This model is statistically significant at $p < .01$ ($F(105) = 10.127$) and has an explained variance of $R^2 = .08$. This model explains about 8% of the variety in service quality. While country experience related to service quality in the initial analysis in paragraph 4.3, this relationship diminished in the regression model. De Veaux et al. (2007, p. 793) mention that finding simple, one-on-one relationships between variables and sequentially failing to significantly include them into a regression model does not mean that the initial relationships do not exist. It does simply mean that the independent variables (country experience) "contribute nothing to modelling [service quality] after allowing for all the other independent variables (De Veaux et al., 2007, p. 793). Additionally independent variables business experience, country experience, level and subject of education, and role are not significant in any of the models. Considering this we can partly support hypothesis 1. Country experience and post experience do positively relate to the quality of

commercial diplomacy. Additionally post experience does explain some of the variety in the quality of commercial diplomacy, while country experience does not give much additional information.

Model 2. Model 2 includes the variables of the commercial diplomat of model 1 and adds the variables of the foreign post (i.e. employees, budget, business network, and communication facilities). The hypothesis asserted a positive relationship between these variables and service quality. Results show that one variable is significant. Business network is positively related to the quality of commercial diplomacy, with a standardized coefficient of .13 ($t(104) = 3.688, p < .01$). This model explains a significant proportion of variance in service quality ($R^2 = .19, F(104) = 12.303, p < .01$). The change in R^2 is significant .103 ($p < .01$). It seems business network improves the model. Therefore we can support hypothesis 4 partly, which stated that foreign post's resources are positively related to the quality of commercial diplomacy. However the other variables, i.e. employees, budget, and communication facilities, are not significant in any of the models. Again this does not imply that the relationships do not exist since initial results were in support of a relationship. These variables simply contribute nothing to modelling service quality after allowing for the other variables.

A closer look into the dimensions of service quality reveals some interesting results (Table 33 in Appendix J). Communication facilities explain the reliability dimension relevance ($b = .17, t(104) = -4.129, p < .01$), as do number of employees and budget. Budget and communication facilities also significantly predict the tangibles dimension (respectively $b = .12, t(104) = 2.335, p < .01$ and $b = .11, t(104) = 2.047, p < .01$). Consistently the responsiveness and empathy dimension are predicted by the business network of the foreign post.

Model 3. Model 3 includes both variables of the commercial diplomat and the variables of the foreign post and adds the variable of client firm preparedness. We hypothesized that client firm preparedness is positively related to the quality of commercial diplomacy. Results reveal that client firm preparedness significantly relates service quality, $b = .16, t(103) = 2.819, p < .01$. Moreover client firm preparedness explains relatively big proportion of variance in service quality, $R^2 = .11, F(103) = 11.153, p < .01$. The R^2 change is significant (R^2 change = .06, $p < .01$). This indicates that client firm preparedness improves the fit of the model. Hypothesis 5, which assert that client firm preparedness is positively related with service quality, can be supported. Moreover the regression analysis reveals that client firm preparedness is specifically significant with the responsiveness ($b = .21$) and the reliability dimension ($b = .02$).

Table 6 Service quality regression models

This table displays the results of the regression analysis all models with service quality as dependent variable. Model 1 includes the variables of the commercial diplomat. Model 2 also includes these variables and adds the variables of the foreign post. Model 3 includes both variables of the commercial diplomat and the foreign post, and adds the variable of the client firm. Variables that are insignificant are excluded from the models and are thus not displayed in the table. These variables are business experience, country experience, education level, employees, budget, and communication facilities.

Dependent variable	Service quality (1)			Service quality (2)			Service quality (3)		
	B	SE	t-value	B	SE	t-value	B	SE	t-value
Constant	5.798	.071	81.601*	5.242	.194	27.070*	4.598	.269	17.095*
Post experience	.020	.006	3.182*	.018	.006	2.988*	.018	.006	2.975*
RE Business network				.131	.036	3.688*	.097	.037	2.640*
Client firm preparedness							.155	.055	2.819*
N	113			113			113		
R ²	.084			.187			.245		
F	10.127*			12.303*			11.153*		
R ² change				.103			.058		
F change				13.221*			7.947*		

*. Coefficient is significant at the 0.01 level (1-tailed).

The results indicate that client firm preparedness, sufficiency of the business network of a foreign post, and the years of experience of a commercial diplomat are key determinants of the quality of commercial diplomacy. Other variables such as country experience, employees, budget, and communication facilities are insignificant in the models. These variables do not give much additional information after allowing for e.g. post experience and business network.

4.4.3 Service relevance

The final model includes the variables of the host country (i.e. regulatory, cognitive, and normative dimension) and takes service relevance as dependent variable. The regulatory, cognitive, and normative dimensions are not significant. Consistent with previous paragraph we control for type of country. With split the sample into two subsamples: developed countries and developing countries. Subsequently we test the regression model again, we calculate the least square regression line. The cognitive dimension is significant. The cognitive environment is negatively related with the relevance of commercial diplomacy ($B = .29, p < .01$) for the subsample of developed countries. The regulatory and normative dimensions are not significant in this model. This model, including only the cognitive dimension, explains a significant proportion of variance in the relevance of commercial diplomacy ($R^2 = .22$) in developed countries. The regulatory, cognitive, and normative dimensions are not significant for the subsample of developing countries. Therefore we can partly support hypothesis 7, which asserted a negative relationship between the regulatory, cognitive, and normative dimensions host the host country and the relevance of commercial diplomacy. While the cognitive dimension does not contribute to modelling service relevance for the total sample, previous paragraph showed results in support of this relationship.

Table 7 Service relevance regression model

This table displays the results of the regression analysis of the service relevance model for the subsample of developed countries. This model includes variables of the host country. Variables that are insignificant are excluded from the model and are thus not displayed in the table. These variables are regulatory dimension and normative dimension.

Dependent variable	Service relevance		
	B	SE	t-value
Constant	7.204	.465	15.495*
Cognitive dimension	-.288	.097	-2.974*
N	110		
R ²	.222		
F	8.843*		

*, Coefficient is significant at the 0.01 level (1-tailed).

At last we construct a scatter plot including the least square regression line for both developed and developing countries. While we did not find a significant relationship for the subsample of the developing countries, the graph still provides useful information. Figure 8 in Appendix J clearly shows service relevance is almost not influenced by the host country institutional profile. Instead for the subsample of developed countries, this relationship seems to be more legit.

4.5 Participant's reactions

In this section we introduce the qualitative data provided by the open-ended question in the questionnaire and the semi-structured interviews. We use this data to illustrate and clarify the findings from statistical analyses. Instead of interspersing the qualitative data throughout the statistical analyses, we report the qualitative findings separately. Instead when we report the qualitative results, we refer to the quantitative results. First the findings from the open-ended question are reported, there after findings from the semi-structured interviews are described.

4.5.1 Open-ended question

Many respondents ($N = 57$) answered to the open-ended question in the questionnaire. Over 55 respondents added their comments with regards to commercial diplomacy. These comments are deductively grouped, important quotes by respondents were grouped into categories that arose from

the research model that we constructed in chapter 2. A comprehensive table of all relevant quotes can be found in Appendix K.

Earlier in this chapter we determined that client firm preparedness is one of the key determinants of the quality of commercial diplomacy. This is acknowledged by most the responses to the open-ended question. Most responses ($N = 17$) are about the client firm and tend to draw conclusions that client firms are often unprepared: "most companies are very unprepared", "my experience is that they are very poorly prepared", "clients asking trade questions tend to be badly informed about doing business abroad". Other responses attempt to provide improvements and advice. They mention that a firm needs to be specific when exploring market opportunities. But above all it is mentioned that firms' expectations of the commercial diplomacy service are too high. One respondent even mentions that "some Dutch companies want us to do their business for them, which we cannot do". Another respondent notes that client firms' expectations are often unreasonable or unrealistic. Others state that the introduction of payments or fees for the services would be conducive for the quality of the commercial diplomacy. Furthermore it becomes clear that Dutch companies mostly require market intelligence type of services, while the statistical analyses revealed that partner search and negotiations services are most relevant. Moreover suggestions of standardization of some services are done. On general many of the responses do link client firm preparedness directly to service quality.

Furthermore we found that business networks have a great positive impact on the quality of commercial diplomacy. Accordingly the responses indicate that a business network is a key success factor for commercial diplomacy. One respondent mentions "personal contact with the Dutch companies and the Ecuador network is of high importance", while others note that "all depends on good personal relations", and "time for networking should be a priority". However it is also mentioned that setting up and maintain a reliable network takes some time, but it is there "to get things done in the interest of Dutch firms".

The other resources (i.e. employees, budget, and communication facilities) were not significant in the regression analysis. But significant correlation coefficients were found between the variables and the quality of commercial diplomacy. Responses also acknowledge these relationships. Particularly communication (facilities) is (are) considered to be important. One respondent notes that "effective business support services ask for effective business support communication tools", while others emphasize the importance of good communication facilities in countries that have significant time difference with the home country. In addition human resources are considered to be an important element in commercial diplomacy effectiveness. Specifically one respondent mentions their need for "expatriate staff with the right economic expertise and interest". Contrary to expatriate staff, another respondent denotes the usefulness of local staff, as also was concluded previously in this chapter.

Table 8 Participant responses with respect to business networks of foreign posts

Participant responses
Key success factor is networking.
I believe that a personal contact with the Dutch companies and the Ecuador network is of high importance.
Network and contacts of the embassy play a big and crucial role for the success of the business.
All depends on good personal relations and finding the right local partner in Saudi Arabia.
Needs time to set-up and maintain reliable network to "get things done in the interest of Dutch firms.
Key success factor is networking and personal contact.
Time for networking should be a priority.
Getting up to date information for firms largely depend on informal access and networking.

The statistical analyses did find a significant relationship between a commercial diplomat's post and country experience and service relevance. We did not find significant effects for business experience, education, and role of the commercial diplomat. However one respondent does mention that "effective

business support could be increased with more sector experts". This indicates that either commercial diplomats with experience in certain business areas or countries, or a certain education, do yield greater service quality.

Furthermore we did find a significant relationship between the cognitive dimension and service relevance, indicating a more unfriendly cognitive dimension would increase relevance of commercial diplomacy. Many respondents also follow this reasoning. One respondent mentions that he or she now works in a host country. He or she notes that its economy is supposed to be "open", but that it is not so in practice. The respondent continues by reasoning that "an economic function in the embassy is therefore important", indicating that more difficult or less friendly host country would lead to more justified reasons for offering commercial diplomacy in that host country. Others also follow the same reasoning: "Lack of reliable information [which indeed is represented by the cognitive dimension] makes it difficult to obtain proper information for Dutch companies", which makes commercial diplomacy more relevant. The other side of the coin is also opted. A respondent declares that a small post in a relatively easy country in the European Union could offer less support to firms.

At last some interesting quotes are made by the respondents. For instance it is said that firms often do not always fully utilize the possibility of researching via the Internet. If firms do not research online, this possibly results in firms requesting support who could have succeeded without this support. Moreover while we did not include home country factors, some respondents do stress its importance. They mention that commercial diplomacy effectiveness is also influenced by the importance that Dutch ministries attach to the host country in question. In addition another respondent notes the Dutch government also provides support instruments in the home country. Many argue that there is a lot more room for improvement with regards to collaboration between home country government and the foreign post, and between foreign posts in different countries. They could "organize combined trade missions, conduct market research, and [...]". Others also stress the importance of collaboration between embassies, they note that there is some room for improvement in this area. Other strategic issues also arise. Standardization of services could be an improvement. Reoccurring questions should be responded in a standardized manner according to respondents. Internet could play a role in this.

Most of the respondents' reactions reinforce and illustrate the findings. Most of them mention that client firms are often unprepared and that this affects the quality of commercial diplomacy. Responses also indicate that the business network is indeed a key success factor. However the communication facilities are also considered to be important. Many recognize the role of the host country on the relevance of commercial diplomacy. Contrary to the findings, it was also suggested that business experience and education do indeed affect the quality of commercial diplomacy.

4.5.2 Semi-structured interview

A total of five semi-structured interviews are conducted. The interviewees are chosen from different fields that are in touch with commercial diplomacy: Embassy of the Kingdom of the Netherlands, Ministry of Foreign Affairs, Ministry of Economy, Innovation, and Agriculture, Network of International Entrepreneurship, and Netherlands Institute of International Relations Clingendael. The interviewees who work for the aforementioned organizations, all see commercial diplomacy from a different perspective: government, politics, academic, and business perspective. Relevant quotes in the transcripts are deductively grouped. As in the previous section these deductive categories originated in chapter 2. Again a comprehensive table of all relevant quotes can be found in Appendix K.

The quantitative results revealed client firm preparedness as one of the major determinants of service quality. This was acknowledged by the responses in the previous section. The interviews reveal that a

"good question from the company is very important". Furthermore while client firm preparedness is often considered low, all questions are answered by the foreign posts.

We concluded that a business network has a great impact on service quality. The responses on the open-ended questions illustrated this. The same holds for the semi-structured interviews. However it is somewhat nuanced by the following response: "I think that this differs across countries. I can imagine that a business network is much more important in China. In Denmark this is not the case [...] culture plays a major role".

In addition we found differences between local hired and expatriate commercial diplomats. It is mentioned that local employees are often more useful for instance in visits to host countries, since they know the country and speak the language. In addition expatriates are mostly used to open doors and put pressure on host country governments. Local staff often can guide the true diplomats in the country, since these usually are generalists and rotate countries every four years. Thus both types are useful in different circumstances. Furthermore an interviewee suggests that social skills also seem to be very important: "somebody [...] can do his or her job very well, he or she still needs to be motivated and willing to do his or her job properly".

Moreover statistical analyses revealed a negative relationship between the cognitive dimension of the host country and service relevance. The interviews did not reveal other interesting results. Some examples were brought to bear. Questions about trade disputes almost did not arise in Denmark, resulting in a decreased relevance of commercial diplomacy. While we included quality of regulations into the regulatory dimension, another interviewee suggests that complexity and changeability of the regulations might be a more important determinant of relevance of commercial diplomacy.

At last some interesting responses are made by some of the interviewees. Internet seems to be widely discussed. First an interviewee concludes that Internet mainly causes a decrease in relevance of commercial diplomacy. Internet could take over some of the tasks of commercial diplomacy. One interviewee puts forward that standardized information should be placed on the Internet. Firms should use the Internet to find useful information. Furthermore foreign posts should then focus on issues that arise. Examples are that a country closes its borders. Commercial diplomacy should focus on these issues instead of answering specific questions of firms. Another suggests that services with regard to information and intelligence are not that important, neither is the identification of market opportunities. He continues by stating that if commercial diplomats focus on these aspects, "they should have become entrepreneur", instead of a commercial diplomat. Moreover it is stated that the government does not know anything about these market changes, they are not good at that. At last payment for commercial diplomacy is discussed. While most of the interviewees think this is the future and will boost its quality, an alternative is also suggested. Instead of selecting client firm by letting them pay (i.e. firms that are less prepared and serious, are less likely to request support since it costs money), in collaboration with firms, governments should select an industry and associate this with a public interest. Commercial diplomacy should focus on this industry, in particular on the big firms in the industry. When these bigger firms establish their operations abroad, smaller firms will find their way themselves. This strategic selection was put forward as an alternative for payment for commercial diplomacy and has a positive effect on commercial diplomacy effectiveness.

This section confirmed most of the findings, and some interesting reactions provide useful insights. Business network is considered to be important. Although a business network may be more important in certain settings. The interviewees also do acknowledge the importance of local hired commercial diplomats. But most of them do mention that both local and expatriate commercial diplomats have their strengths and thus are useful in certain situations. Another suggests that instead of the presence or quality, the complexity or changeability of the regulatory environment are much more important.

4.6 Chapter overview

We now give an overview of the most important findings (Table 9). We found significant relationships between a commercial diplomat's country experience and the quality of commercial diplomacy ($r = 0.17$) and a commercial diplomat's post experience and the quality of commercial diplomacy ($r = 0.29$). Regression model 1 examined the impact of the variables of the commercial diplomat on the quality of commercial diplomacy. Only one of the variables was significant: post experience ($p < .01$). Both country and business experience were not significant in any of the models. The qualitative data further suggested that social skills and business affinity are important and very useful.

Second we found significant relationships between foreign post's resources and the quality of commercial diplomacy: employees ($r = .28$), budget ($r = .29$), business network ($r = .35$), and communication facilities ($r = .33$) all related to service quality. After allowing for all variables in the multiple regression model, only business network is significant. Employees, budget, and communication facilities still relate to the quality of commercial diplomacy but simply do not contribute to modelling service quality after allowing for the other variables. Qualitative data acknowledges the importance of business networks. Some suggested that commercial diplomacy "all depends on good personal relations". But it takes great effort to set up such a network.

Third we found that client firm preparedness was positively related to service quality ($r = .35$). Model 3 includes all aforementioned variables and significantly added client firm preparedness. Additionally R^2 change was significant (R^2 change = .06, $p < .01$). This indicated that including client firm preparedness improved the model. Qualitative data indicated that client firms are unprepared.

At last we found that the host country's cognitive environment is negatively related to the relevance of commercial diplomacy. In the multiple regression model the cognitive environment also predicted service relevance. This relationship strengthens for the subsample of developed countries. In line with our findings the respondents have suggested that foreign posts in "easy" countries are less relevant.

Table 9 Findings per hypothesis

No.	Hypothesis	Evidence
1	An increase in years of business, country, and post experience of the commercial diplomat increases quality of commercial diplomacy.	Supported for country and post experience. Not supported for business experience.
2a	An increase in level of education of the commercial diplomat increases in quality of foreign post's commercial diplomacy.	Not supported.
2b	Commercial diplomats with business as subject of their education demonstrate a greater quality of commercial diplomacy than commercial diplomats with other subjects of education.	Not supported.
3	Commercial diplomats that act as business promoters demonstrate a greater quality of commercial diplomacy than commercial diplomats that are civil servants and/or generalists.	Not supported. But business promoters show more empathy than civil servants and/or generalists.
4	An increase in sufficiency of the foreign post's resources (i.e. number of employees, budget, business network, and communication facilities) increase the quality of commercial diplomacy.	Supported.
5	An increase in preparedness of client firms increases quality of commercial diplomacy.	Supported.
6	A less favourable host country's regulatory, cognitive, and normative environment for foreign firms increases the relevance of commercial diplomacy.	Supported for the cognitive environment. Not supported for the regulatory and normative environment.
7	The host country's regulatory, cognitive, and normative environment for foreign firms is more favourable for foreign firms in developed countries than in developing countries.	Supported.

5 Conclusion and discussion

The determinants of commercial diplomacy effectiveness and reflection on current literature and practice.

5.1 Introduction

In this study we attempt to explain effectiveness of commercial diplomacy. Based on the analysis performed in the previous chapter we now intend to formulate an answer on the central research question. Additionally we reflect on current literature, address the limitations of this study, and urge future research. The practical implications are discussed. We propose improvements or issues for the practical environment of commercial diplomacy.

5.2 Conclusion

At the start of this report we mentioned that this study aimed to locate determinants of commercial diplomacy effectiveness and thereby contribute to the current body of knowledge on commercial diplomacy. On the basis of this objective we formulated the following central research question:

To what extent do commercial diplomat characteristics, foreign post characteristics, client firm characteristics, and host country characteristics explain differences in effectiveness of commercial diplomacy?

The second chapter proposed a research model that displayed the hypothesized relationships between the determinants and commercial diplomacy effectiveness. We conceptualized commercial diplomacy effectiveness into the quality of commercial diplomacy and the relevance of commercial diplomacy, or service quality and service relevance. These concepts (i.e. commercial diplomacy and services) are essentially the same since commercial diplomacy becomes visible and observable in terms of services. We distinguished four types of services: intelligence, assistance with fairs, trade missions, and networking, problem solving and assistance with trade disputes, and partner search and negotiation. The research model served as a basis to empirically test the hypothesized relationships. We sent out questionnaires to commercial diplomats. A total of 110 commercial diplomats of Dutch foreign posts filled out a complete questionnaire. Sequentially semi-structured interviews were conducted.

While we analyzed the quantitative and qualitative data in the previous chapter we now proceed to drawing conclusions and discussing the findings. The following subparagraphs separately formulate an answer on the central research question. First we conclude the extent to which characteristics of the commercial diplomat have an impact on the quality of commercial diplomacy. Then we proceed to the variables of the foreign post, and the client firm. At last we draw conclusion on the relationship between the host country's institutional profile and relevance of commercial diplomacy.

5.2.1 The effect of the commercial diplomat on service quality

Variables related to the commercial diplomat include business, country, and post experience, level and subject of education, and role. We first hypothesized that years of business, country, and post experience of the commercial diplomat positively relates to the quality of commercial diplomacy. We did not find evidence in support of a relationship between a commercial diplomat's business experience and the quality of commercial diplomacy. A commercial diplomat's country and post experience is positively related to the quality of commercial diplomacy. However the results of the multiple regression analysis differed since the meaning of a coefficient depends on all the other variables in the model. In this model country experience did not positively explain the quality of commercial diplomacy while post experience did. This does not mean that the initial relationship

between country experience and service quality does not exist. Country experience simply does not give much additional information next to post experience. We conclude that an increase in years of experience of a commercial diplomat at a foreign post does lead to an increase in the quality of commercial diplomacy. Moreover an increase in years of experience in the host country also leads to greater quality of commercial diplomacy, while an increase in years of experience in private firms and businesses does not lead to a greater quality of commercial diplomacy.

The next set of hypotheses asserted that the level of education and subject of education (i.e. business versus other types of education) did positively influence the quality of commercial diplomacy. We did not find evidence in support of these hypotheses. Commercial diplomats with a higher level of education do not necessarily demonstrate greater quality of commercial diplomacy than commercial diplomats with lower levels of education. This also applies for subject of education of the commercial diplomat: commercial diplomats with business education do not demonstrate a greater quality than commercial diplomats with other types of education, e.g. law or communication.

With respect to the commercial diplomat's role it was stated that business promoters demonstrate greater quality of commercial diplomacy than civil servants and generalists. Following the statistical analyses we conclude that the commercial diplomat's role does not relate to the quality of commercial diplomacy. However results indicated that business promoters are attributed with more empathy than civil servants and generalists. Business promoters do not necessarily demonstrate a greater quality of commercial diplomacy than civil servants and generalists. However they do demonstrate more empathy than civil servants and generalists.

While we did not assert that local hired commercial diplomats demonstrate greater quality of commercial diplomacy than expatriate commercial diplomats, the results did indicate that this is the case. Indeed local hired commercial diplomats do demonstrate a greater quality of commercial diplomacy than commercial diplomats that were sent to the foreign post. Qualitative results indicate that local hired commercial diplomats indeed have some advantages over expatriate commercial diplomats, e.g. knowledge of the markets, language, and culture.

5.2.2 The effect of the foreign post on service quality

Initially we asserted that the most important foreign post's characteristics that influence the quality of commercial diplomacy may be its resources. Hypothesis 5 asserted a positive relationship between a foreign post's resources (i.e. employees, budget, business network, and communication facilities) and the quality of commercial diplomacy.

We conclude that a foreign post's employees, budget, business network, and communication facilities do indeed positively influence the quality of commercial diplomacy. However when we allowed for all variables in the regression model the results differed. Only foreign post's business network influenced commercial diplomacy quality. Employees, budget, and communication facilities did not explain the quality of commercial diplomacy; these variables simply do not give additional information next to a foreign post's business network. The initial relationships still exist. We can conclude that an increase in sufficiency of a foreign post's business network does lead to greater quality of commercial diplomacy. Additionally there are relationships between the employees, budget, communication facilities and the quality of commercial diplomacy.

Qualitative results acknowledge the importance of a business network, because commercial diplomacy heavily depends on good personal relations. But results also stress the difficulty of setting up a reliable and sufficient business network. Additionally sufficient communication facilities are considered to be important nevertheless, especially in host countries that are geographically distant from the home country.

5.2.3 The effect of the client firm on service quality

We hypothesized that the extent to which a client firm is prepared to do business abroad positively influences the quality of the commercial diplomacy. We found evidence in support of this hypothesis. Client firm preparedness is one of the key determinants of the quality of commercial diplomacy. The extent to which a client firm is prepared to go abroad (e.g. has done prior research or had specific and realistic requests) has a positive impact on the quality of commercial diplomacy. The better the client firm is prepared the greater the quality of commercial diplomacy is. According to qualitative data commercial diplomats think most client firms are often unprepared.

5.2.4 The effect of the host country on service relevance

The last set of hypotheses asserted that the host country's regulatory, cognitive, and normative environments (i.e. institutional environment) for foreign firms negatively influenced the relevance of commercial diplomacy for foreign firms in the host country setting.

We did find some evidence in support of this hypothesis. Neither the regulatory or normative environment of the host country negatively influences the relevance of commercial diplomacy. We did find a negative relationship between the host country's cognitive environment for foreign firms and the relevance of commercial diplomacy. This implies that a more unfavourable cognitive environment (e.g. information availability) for foreign firms leads to an increase in relevance of commercial diplomacy for foreign firms in that host setting. Additionally we controlled for type of country. For developed countries we found that the cognitive environment now even more strongly influenced the relevance of commercial diplomacy. There was no significant evidence in support of the relationship between both the regulatory and normative dimension and the relevance of commercial diplomacy. All relationships diminished for the subsample of developing countries. The negative relationship between a host country's cognitive environment for foreign firms and the relevance of commercial diplomacy thus holds for the total sample and strengthens for the subsample of developed countries while it diminishes in the subsample of developing countries.

Qualitative data indeed acknowledged our findings. Commercial diplomats have suggested that foreign posts in located in host countries with more favourable institutional, i.e. cognitive, environments can offer less support. It is less relevant to offer commercial diplomacy services in those countries such as small countries in the European Union.

5.2.5 Reflection on the research model

Figure 5 displays the framework that was proposed in chapter 2 and incorporates the supported relationships. Our findings reinforce and extend previous work. But some results contradict with existing literature. The following paragraph elaborates on this.

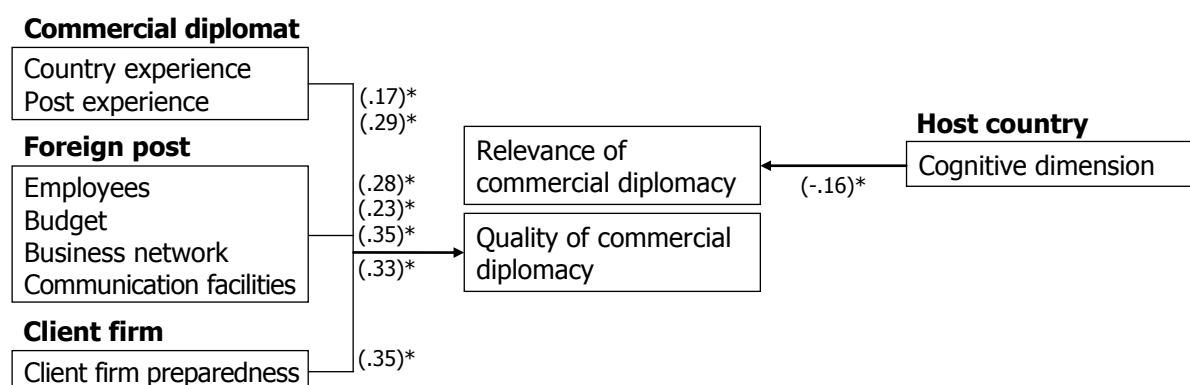


Figure 5. The findings incorporated into the research model. Insignificant relationships are excluded.

5.3 Discussion

We now proceed to discussing the findings. First the theoretical implications are discussed. The findings are compared to other literature and elaborated on. If necessary alternative explanations are proposed for the relationships found. Then the practical implications are discussed. We locate the main issues and propose improvements for the practice of commercial diplomacy. Additionally the limitations of this study are pointed out to assess the strength of the findings and we urge future research.

5.3.1 Theoretical implications

In chapter 2 we suggested that commercial diplomacy effectiveness depends largely on some of the characteristics of commercial diplomats, resources of foreign posts, preparedness of client firms, and institutional environments of host countries. The resource-based view of the firm provided theoretical principles to relate both the commercial diplomat and the foreign post to quality of commercial diplomacy. Client participation theory provided the knowledge to relate the client firm to service quality, while institutional theory supported the relationship between the host country and relevance of commercial diplomacy.

With respect to the former we found that an increase in commercial diplomats' foreign post experience and host country experience leads to a greater quality of commercial diplomacy. We did not find compelling evidence that business experience and education of the commercial diplomat relates to the quality of commercial diplomacy. While business promoters did not demonstrate greater quality, they were attributed with more empathy than civil servants and generalists. We also found that local hired commercial diplomats demonstrated a greater quality of commercial diplomacy. With regard to the second we found that a foreign post's business network is a major determinant of the quality of commercial diplomacy. Evidence was also found that the client firm preparedness is a key determinant of the quality of commercial diplomacy. With respect to the latter, results indicated that the host country's cognitive environment negatively relates to the relevance of commercial diplomacy. It seems that these conclusions reinforce and extend previous work. However some results contradict with existing literature. It seems that our findings nuance some conclusions of previous studies.

The commercial diplomat. We did not find evidence in support of a relationship between a commercial diplomat's business experience and/or business education and the quality of commercial diplomacy. In the literature Naray (2008), Kostecki & Naray (2007), and Hogan et al. (1991) conclude that business knowledge and business experience are critical aspects of a successful and effective commercial diplomat. While these authors assert that business knowledge and business experience are very important to commercial diplomacy, we might inform against this since we did not find that business education nor business experience positively influence the quality of commercial diplomacy. However experts that were interviewed did still suggest that both business education and business experience are indeed important. This may confirm the importance of a commercial diplomat's business affinity (by means of business experience and education) for commercial diplomacy. However business affinity may not directly boost the quality or the effectiveness of commercial diplomacy. Client firms might be more pleased with a commercial diplomat that has affinity with businesses, they might feel more empathized with and understood. But this does not necessarily implicate an increased commercial diplomacy effectiveness. We can even argue that commercial diplomats with business affinity have similar abilities and knowledge as the client firm. Therefore the commercial diplomat cannot be value added for the client firm. In contrast a commercial diplomat that has different knowledge and abilities (e.g. country experience) can be value added for the firm and thereby increasing commercial diplomacy effectiveness. Thus client firms may preferably receive support from commercial diplomats that have business affinity, but this does not necessarily mean that this directly generates an increased commercial diplomacy effectiveness. Business experience and

business education can indeed positively contribute to commercial diplomacy, but it may be a bit more nuanced than suggesting that it directly boosts the quality or effectiveness of commercial diplomacy.

The positive relationship between the commercial diplomat's post experience and the quality of commercial diplomacy conforms to theory. Initial results also observed a relationship between the commercial diplomat's country experience and the quality of commercial diplomacy. This relationship faded when we allowed for other variables, e.g. post experience. Thus country experience did not give much additional information next to post experience. Since commercial diplomats often work for a foreign post while simultaneously working in a host country, these variables might overlap and indeed give not much additional information. Nevertheless these findings do make clear that a commercial diplomat can use his or her experience that was gained while working at a foreign post and/or in a host country to directly increase the quality of commercial diplomacy.

The finding that business promoters demonstrate more empathy than civil servants and generalists partly conforms to existing literature. The most *successful* diplomats are those that act like a business promoter (Kostecki & Naray, 2007; Naray, 2008; Visser, 2011). While a *successful* commercial diplomat does not necessarily enhance commercial diplomacy effectiveness or quality, we can assume that empathy is a positive aspect and can be attributed to a successful commercial diplomat. Visser notes that business promoters generally are proactive and rely on their practical business skills. He continues by arguing that the psychological component is crucial. Business promoters are often less involved in politics than civil servants and generalists and can therefore almost solely focus on commercial diplomacy, particularly in the client firm's interest. It seems that business promoters can therefore empathize with the client firms as well. These arguments seem to fit with our finding that business promoters demonstrate more empathy than civil servants and generalists. But business promoters do not necessarily directly increase the quality or effectiveness of commercial diplomacy. Civil servants and generalists may also have their own strengths that can be used in favour of commercial diplomacy. It is hard to argue which type of commercial diplomat enhances commercial diplomacy effectiveness most. It is even hard to argue which type of commercial diplomat is most successful. This depends of the meaning of successful. But our findings indicate that it may be more nuanced than Naray (2008) and Kostecki & Naray (2007) mention, business promoters are not necessarily the most successful commercial diplomats since they do not directly demonstrate a greater quality of commercial diplomacy and therefore not enhance its effectiveness.

We also concluded that local hired commercial diplomats demonstrate a greater quality of commercial diplomacy than expatriate commercial diplomats. Local hired commercial diplomats are often more familiar with the host country than expatriate commercial diplomats. The local hired commercial diplomats often know more of the host country's languages, markets, cultures, people, and businesses. They can be useful for client firms that are unfamiliar with the host country. However we should not dismiss the usefulness of expatriate commercial diplomats. They often put pressure on government bodies and are much more able to *open doors*, possibly since they often have more political power than local hired commercial diplomats, who are often part of the staff of the true diplomats.

The foreign post. The positive relationship between a foreign post's business network and the quality of commercial diplomacy is in alignment with previous work. Results also observed relationships between the other foreign post's resources (i.e. employees, budget, and communication facilities) and quality of commercial diplomacy, but these relationships faded after allowing for all variables. While little research has been done on determinants or elements of commercial diplomacy effectiveness, almost all of them suggest that resources are indeed key success factors of commercial diplomacy (Hogan et al., 1991; Keesing & Singer, 1991; Kostecki & Naray, 2007; Lee & Hudson, 2004; Naray, 2008; Potter, 2004). Additionally Kotabe & Czinkota (1992) and Wilkinson & Brouthers (2006)

imply that foreign post's resources indeed increase the client firm's informational and experiential knowledge. This implies that our application of the resource-based view of the firm rather fits. Foreign post's resources do not aim to produce a sustainable competitive advantage by attaching rare and valuable resources. But it does seem that the resources enhance commercial diplomacy effectiveness by enabling firms to temporarily make use of the resources in order to enhance their competitiveness and successfully operate abroad.

We suggest that in particular a foreign post's business network is important and can be temporarily used by client firms. The importance of the other resources diminished after allowing for all types of resources. Employees, budget, and communication facilities did not give much additional information next to business network. This indicates that the variables themselves might mutually relate. We can argue that the foreign post's budget relates to employees and communication facilities, while communication facilities relate to business network. This does not necessarily mean that these resources are less important for commercial diplomacy effectiveness. It might just be that these resources are preconditions for commercial diplomacy in order to sufficiently manage other resources such as a business network. A business network cannot be sufficient without the sufficient presence of employees, budget, or communication facilities. This is indicative of an *inus* condition, "an insufficient but non-redundant part of an unnecessary but sufficient condition" (Shadish et al., 2002). Therefore we argue that all resources are thus important but not all may directly influence the quality or the effectiveness of commercial diplomacy. Other findings suggested that assurance is not influenced by any of the resources. This implies that investing in the resources does not always enhance elements of commercial diplomacy. This also is seen in the fact that budget does not relate with the assurance, empathy, and responsiveness dimension.

The client firm. The finding that client firm preparedness and the quality of commercial diplomacy relate is in alignment with existing literature. Many recognize the importance of clients in the service process (Bettencourt, 1997; Mills, Chase, & Margulies, 1983; Mills & Morris, 1986). Some even specifically mention the importance of client firms in commercial diplomacy (e.g. Hogan et al., 1991). In line with this, we assert that client firms have an important role to fulfil in commercial diplomacy. We argue that the extent to which a client firm is prepared directly influences the quality and thus effectiveness of commercial diplomacy. The input of the client firm in commercial diplomacy reflects the quality of the output of commercial diplomacy.

This result indicates that our application of client participation theory fits to the case of commercial diplomacy. Clients indeed are able to affect the quality of services. A client that is sufficiently prepared and participates sufficiently in the service process enhances the service itself. The preparedness in order to participate in the service process are then key conditions for commercial diplomacy to be effective. Service output that is based on faulty or missing information and unrealistic or unspecific requests cannot lead to an enhanced effectiveness of commercial diplomacy.

The host country. Findings with respect to the relationship between a host country's institutional profile and the relevance of commercial diplomacy partly conform to current theory. We found that a host country's cognitive environment negatively influences the relevance of commercial diplomacy: the less favourable a host country's cognitive environment for foreign firms is, the more relevant commercial diplomacy is in that setting. This is in line with institutional theory and in accordance to empirical findings in other domains (Busenitz et al., 2000; KostECKI & Naray, 2007; Kostova & Rott, 2002). Therefore our application of institutional theory and the institutional profile has been partly useful. The host country's institutional environment gives some insights in the relevance of commercial diplomacy, especially its cognitive environment. However it seems that relevance of commercial diplomacy does not completely rely on a host country's institutional environment since the regulatory and normative environment could not explain the relevance of commercial diplomacy.

Furthermore the relationship between the host country's cognitive environment and the relevance of commercial diplomacy is even stronger in developed countries. This might be due to a greater variety of institutional profiles in developed countries than in developing countries. Developed countries include Western European countries, as well as the USA, Canada, and Australia. These institutional profiles are often similar. However it also includes countries in Eastern Europe and Asia, which have very different institutional profiles and the relevance of commercial diplomacy varies these countries. Due to this variety significant results are more easily found. In contrast developing countries are much more alike, these countries have institutional profiles that are much more similar.

At last we failed to support the relationship between the host country's regulatory and normative environment and the relevance of commercial diplomacy. We measured the presence and/or quality of regulations for foreign firms. However qualitative findings claimed that instead of the presence and/or quality, the complexity and/or changeability of the regulatory environment would be much more important for the relevance of commercial diplomacy. A more complex and volatile regulatory environment could be much harder for a foreign firm to operate in. Hence commercial diplomacy may be much more relevant in such an environment. We argue that the regulatory environment indeed does affect the relevance of commercial diplomacy. However it does not significantly rely on the presence and/or quality of those regulations, but it may rely on the complexity and changeability of the regulatory environment.

5.3.2 Practical implications

Our results have some managerial implications. First we aim to stress the (un)importance of commercial diplomacy in practice. Commercial diplomacy aims at encouraging business development through a series of business promotion and facilitation activities (Kostecki & Naray, 2007). Some studies indicated the importance of commercial diplomacy. It increases international trade and economic growth (Rose, 2007; Yakop & Bergeijk, 2009). However there may also be a seam side of commercial diplomacy. Some quotes that appeared in the interviews suggested that commercial diplomacy is overestimated and somewhat obsolete. Some experts reveal that commercial diplomacy should focus much more on managing agreements instead of giving specific support to firms that (plan to) do business abroad. They argue that government bodies should resolve problems when e.g. borders are closed or import taxes are raised. Although some of these examples could be subject to commercial diplomacy they certainly are part of economic diplomacy. Because economic diplomacy focuses on creating and managing policies and agreements, these experts essentially argue that economic diplomacy has the priority over commercial diplomacy. Of course this argument is subject to some definitional issues and maybe there is not even a need to differentiate between economic and commercial diplomacy. However we should be careful in prioritizing commercial diplomacy. Other instruments (such as economic diplomacy) might be more effective and important than commercial diplomacy. Especially in times when governments cannot spend money on such programs recklessly, it is indeed a must to know which instruments are most effective.

Since others do stress the importance of commercial diplomacy (Rose, 2007; Wilkinson & Brouters, 2006; Yakop & Bergeijk, 2009) some important notes with regards to practitioners should be made. First government bodies should consider prioritizing business networks of foreign posts. Business networks yield increased commercial diplomacy effectiveness. Moreover business networks may only work when a foreign post is present in the host country. Managing business networks cannot easily be done from within the home country. Moreover the literature points to the importance of identifying potential partners and the facilitation of doing business with them is one of the key ingredients of successful commercial diplomacy (Thomas & Wilkinson, 2005). Via an established business network in the host country the partner search services in particular can be executed more effectively.

Second many agree that commercial diplomacy can effectively support firms who want to go abroad, or who are already abroad (Kostecki & Naray, 2007; Naray, 2008; Rose, 2007; Wilkinson & Brouthers, 2006; Yakop & Bergeijk, 2009). However our findings suggest that these firms also play an active role in making commercial diplomacy effective. It was also suggested that many of these client firms are often unprepared, which is detrimental to commercial diplomacy effectiveness. Instruments that increase the preparedness of clients firms should boost commercial diplomacy effectiveness. Examples of instruments that may succeed are the introduction of fees or a selection method. Some firms make use of commercial diplomacy services since it is free of charge. Often their request is unrealistic or not specific at all, but they just contact foreign posts since it is free of charge. Setting a minimum fee for commercial diplomacy services would make firms think twice. The likelihood that they will be better prepared is much greater. A second instrument would be called strategic selection. Instead of charging a minimum fee a foreign post could screen client firms' requests on a set of criteria before answering their request. Firms that prove to be unprepared (e.g. not serious, not specific, not ready to go abroad) are then filtered out and are not entitled to make use of the commercial diplomacy services. While this should boost commercial diplomacy effectiveness, some disadvantages exist. First commercial diplomacy is funded (in the end) by firms (and others) of a country. Charging firms to make use of it, is then somewhat ambiguous. The same holds for strategic selection. Additionally strategic selection and screening would implicate that staff of foreign posts screens all requests before proceeding to answering to the request. This would increase the workload. Instead of manually screening the requests this could be done automatically by standardizing processes, the selection criteria should be made transparent and thereby forcing the client firm to comply with it.

Third Naray (2008), Kostecki & Naray (2007), Hogan, Keesing, & Singer (1991), and others have made clear that to have business affinity is very important for a commercial diplomat. It is key to have business education, business experience, and to act like a business promoter. While it might be that this is indeed positive, it does not directly contribute to a greater quality and thus effectiveness of commercial diplomacy. Therefore we make clear that government bodies should not solely focus on hiring commercial diplomats that have significant business affinity. Commercial diplomats that have no business affinity might have other strengths that can improve commercial diplomacy as well, e.g. knowledge or abilities that are acquired from his or her living or work in a host country.

5.4 Limitations

This study has several limitations that affect the strength of our findings. First the sample was selection from only a single country's commercial diplomacy: the Netherlands. This might have implications to the generalizability of the results. However we are confident that the results hold for at least Western European countries since their arrangements with regards to commercial diplomacy are often alike. Replication of this study could elucidate on this.

Second we conceptualized commercial diplomacy effectiveness into service quality and service relevance in order to apply it on an operational level. However the relationship between both service quality and service relevance is somewhat ambiguous and vague. The two concepts may be intertwined. Service relevance may be part of service quality or vice versa. Determinants that relate to service quality may also relate to service relevance and vice versa. Due to time constraints and lack of theoretical foundation these potential relationships were out of the scope of this study. Moreover the SERVPERF model, with which we measured service quality, is subject to some critics. It was suggested that service quality should be made operational differently across industries (Cronin & Taylor, 1994). SERVPERF may not fully reflect or capture the quality of commercial diplomacy services.

Third a response rate of almost 41% is above expectation. Questionnaires through email and Internet-mediated questionnaires normally achieve response rates of 11% (Saunders et al., 2009).

However the response rate seems ambiguous since we used convenience and snowball sampling techniques. Due to this we are unsure about how many respondents were actually invited to participate since respondents could have forwarded the invitation to others that were eligible to filling out the questionnaire. Additionally missing values could be a minor issue, since some respondents did not fully completed the questionnaire. These issues may exist and raise some concerns. Therefore we should be cautious since non-response bias may be present (Babbie, 2010; Saunders et al., 2009).

Fourth our unit of analysis is commercial diplomacy. The unit of observation were commercial diplomats that work for Dutch foreign posts across the globe. We asked the commercial diplomats to fill out a questionnaire. They answered to questions about their experience, their education, what they thought of their post's resources, quality and relevance of the services they delivered, and what they thought about client firms. The questionnaire included self-assessment questions and respondents' perceptions. The respondents judged how they thought about commercial diplomacy. This self-assessment is somewhat limited since it is subjective. The responses may be biased. Due to this we draw our attention to the lack of a relationship between a commercial diplomat's business experience and business education and the quality of commercial diplomacy. It is plausible that the respondents with significant business experience and/or business education were more critical in assessing the quality of commercial diplomacy than those who had less business experience and/or education. This could explain why we did not found positive relationships between the commercial diplomat's business experience and business education and the quality of commercial diplomacy.

At last the sample size varied across the variables. Our sample size had a minimum of $N = 110$ respondents. We also split the sample into developed and developing countries. For some analyses this led to a sample size of $N = 33$. In the bivariate analysis, in which we calculated correlation coefficients, many of the examined relationships were significant. Allowing for all variables in the multiple regression model recurrently led to insignificant relationships that were initially significant. We argued that this could be due to relationships between independent variables. However low statistical power may also explain this issue. A relatively low sample size could have led to low statistical power. Lowered statistical power could have led to erroneously failing to reject the null hypotheses, it could have led to Type II Error (Saunders et al., 2009). In particular the coefficients of country experience, employees, budget, and communication facilities were insignificant in the regression model while initial results were indicative of significant relationships with service quality. Therefore it is hoped that researchers could replicate (parts of) this study in order to clarify this issue.

5.5 Future research

The aforementioned paragraphs did already propose some suggestions for future research. This study should be seen as a starting point for an holistic framework of commercial diplomacy effectiveness. Therefore we urge researchers to extend and retest our framework. Some determinants were not included in this study due to time constraints. These alternative determinants may be important. We propose the following additional determinants: home country factors, the commercial diplomat's social skills, client firm characteristics, and host country factors such as complexity and changeability of the regulatory environment, or economic factors such as GDP. Naray (2008) classified different home country arrangements that can influence commercial diplomacy. He proposed several criteria such as independence of trade promotion agencies (e.g. foreign posts), decentralization, positioning, and the responsible ministry that affects the role of commercial diplomacy. Decentralization is also described by Mercier (2007). Gil et al. (2007) distinguished central, regional, and local arrangements. These criteria and/or typologies can be included when examining the effect of home country arrangements on commercial diplomacy effectiveness. The commercial diplomat's social skills can also be examined. No literature yet is available that incorporates or even suggests the importance of social skills for successful commercial diplomats. Up till now only characteristics such as experience, education, or role are suggested. Furthermore client firm characteristics might also influence the way commercial

diplomacy is arranged. The size of a client firm does matter (Hogan et al., 1991), while the industry might also be an important attribute of the client firm to include in the framework. Client firms with different sizes and industries have different need and thus relevance of commercial diplomacy varies across firms with different sizes and in different industries. Furthermore instead of examining the presence or quality of a host country's regulatory environment, researchers could focus on the complexity and changeability of such an environment.

Second testing the proposed framework in another setting should elucidate on the generalizability of our findings. Although we are confident that most of the results would hold for other countries' commercial diplomacy as well, capturing other countries' commercial diplomacy could position other researchers to judge the generalizability of our findings. Additionally instead of taking commercial diplomats as unit of observation researchers could apply another perspective. Since our study included a self-assessment of the commercial diplomats, taking the perspective of the client firms could shed another light on commercial diplomacy effectiveness. Client firms could be taken as unit of observation to see whether our findings hold.

Third many have focused their attention on the role of the commercial diplomat (Kostecki & Naray, 2007; Naray, 2008; Visser, 2011). Researchers have mainly focused on characterizing and describing the three roles. These studies have also stressed that business promoters are the most successful commercial diplomats. We are uncertain about what a successful commercial diplomat is and what its outcomes are. We found that business promoters do not necessarily contribute more to effective commercial diplomacy than civil servants and generalists do. We did attribute empathy to business promoters which is in line with previous studies. However future studies could elaborate on the outcomes instead of characterizing and describing the three different roles. Sequentially researchers could examine whether business promoters are truly more successful than civil servants and generalists. Instead of using the term successful, research should then be clear about the specific outcomes (e.g. effectiveness) of business promoters, civil servants, and generalists and their true contribution to commercial diplomacy.

Fourth Rose (2007) and Yakop & Bergeijk (2009) both estimated the effectiveness of commercial diplomacy on a macro-economic level. It also has been measured in terms of export success for firms specifically (Wilkinson & Brouthers, 2006). We observed effectiveness on a lower level and conceptualized commercial diplomacy effectiveness into service quality and service relevance which both are value added for client firms and serve as a basis for effective commercial diplomacy. While this is satisfactory for this study future researchers should address their focus on measuring commercial diplomacy effectiveness on a lower operational level. Future research should point out those elements (on a lower operational level) that are prerequisite for effective commercial diplomacy. Sequentially measures for these elements can be constructed for commercial diplomacy specifically. While we readily used SERVPERF to observe the quality of commercial diplomacy, some critics urged researchers to construct measures for specific domains or industries.

Furthermore this study presented evidence for country differences related to the relevance of commercial diplomacy. Some experts have suggested that commercial diplomacy is more relevant in developing countries than in developed countries (e.g. Yakop & Bergeijk, 2009). Experts have suggested that commercial diplomacy is somewhat obsolete in countries in the European Union. Instead commercial diplomacy should focus on the developing countries where it can be particularly useful for foreign firms. Future research could focus on the differences and on how commercial diplomacy should be arranged in developed countries and in developing countries.

At last we stressed the relative (un)importance of commercial diplomacy as an instrument to gain economic growth. We raised the question whether commercial diplomacy is the most effective

instrument in doing so. We urge researchers to investigate the importance of commercial diplomacy compared to other instruments such as economic diplomacy. The results could answer to a public interest, since governments cannot spend money on these programs without considering its effect on the economy. Sequentially many governments rethink their economic and commercial diplomacy. Many have introduced fees to make use of commercial diplomacy. While experts think this boost's commercial diplomacy effectiveness future researchers could investigate the effect of payments for commercial diplomacy on the effectiveness. They should then focus mainly on the effect on the client firm. Client firms may have increased expectations of commercial diplomacy, may be more serious, better prepared, give more feedback, and participate more in the commercial diplomacy service process. Sequentially researchers could investigate the effect of payments or fees on commercial diplomats. It is interesting to see whether they can cope with higher expectancy levels. At last future research could examine whether these potential changes, e.g. payments and fees, actually lead to enhanced commercial diplomacy effectiveness.

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Appendix A

Table 10 Activity and area matrix (Naray, 2008)

Activity \ Area	Area	Promotion of trade in goods and services	Protection of intellectual property rights	Cooperation in science and technology	Promotion of made-in and corporate image	Promotion of foreign direct investment
	Activity					
Intelligence		Gathering export marketing data	Supervision of violation of IPR	Monitoring research achievements	Image studies	Identifying potential investors
Communication		Tourism promotion conference	Presentations during awareness campaigns	Preparation of press article on scientific achievement	Contribution to made-in promotion events	Briefings for potential investors
Referral		Introducing potential exporters	Search for reliable lawyers	Facilitation of contacts between HT labs	PR for large contracts where national image counts	Approaching CEOs with investment proposals
Advocacy		Support of firms in dispute settlement procedures	Pressures for improved protection of home country's IPR	PR in favour of joint scientific projects	Defence of national companies singled out by host country authorities	Protection of home country investors in the host country
Coordination		Organization of prospect meetings	Coordination of legal action	Introducing parties to initiate R&D joint ventures	Coordination of made-in campaigns	Organizing minister's participation in private investor's forum
Logistics		Embassy's secretariat is servicing a trade promotion conference	Training material for awareness campaigns is printed and distributed	Ambassador hosts a conference on promotion of scientific cooperation	Translation of the campaigns material is done by unit staff	Members of an investment promotion mission use office facilities at the embassy

Appendix B

Table 11 Classification of activities

Activity \ Author	Intelligence	Assistance with fairs, trade missions, and networking	Problem-solving and assistance with trade disputes	Partner search and negotiation		
Naray (2008)	Intelligence	Communication	Referral	Advocacy	Coordination	Logistics
Lederman et al. (2009)	Country image building	Export support services	Marketing	Market research and publications		
Kostecki & Naray (2007)	Intelligence	Networking and public relations	Contract negotiations	Problem-solving		
Kostecki & Naray (2007)	Partner search	Market information search	Investment facilitation	Trade fairs	Contract negotiation	Problem-solving and trade disputes
Lee (2004a)	Gathering and dissemination of market information	Development and introduction of government relations	Promotion of home country products and services			
Kotabe & Czinkota (1992)	Export service programs	Market development programs				

Appendix C

Table 12 Classification of resources

Physical capital resources	Budget	Business network	Communication facilities	
Human capital resources	Experience	Education	Employees	Role
Organizational capital resources				

Appendix D

Table 13 Summary of the methodology

Type of research						
Exploratory		Descriptive			Explanatory	
Research approach						
Deductive				Inductive		
Qualitative				Quantitative		
Research strategy						
Experiment	Ethnography	Action research	Case study	Archival research	Survey	Grounded theory
Time dimension						
Cross-sectional				Longitudinal		
Sample selection						
Non-probability convenience sampling				Probability sampling		
Data type						
Primary data				Secondary data		
Data collection method						
Observation	Interviews	Semi-structured interviews		Documentary	Questionnaire	
Data analysis						
Within-case analysis				Cross-case analysis		

Appendix E

Cover letter

Dear reader or Mr. or Mrs. [!tussenvoegsel!] [!achternaam!],

Globalization is creating a global competitive field. International business and entrepreneurship are crucially important for Dutch economic prosperity and stability. Economic and commercial diplomacy services, meaning government initiated support for Dutch businesses abroad or for attracting foreign direct investment in the Netherlands, contribute to economic prosperity and stability.

This questionnaire is part of a research project conducted by the University of Twente. The research project aims to increase our knowledge of effective government initiated diplomatic support for international firms. All of the economic departments of Dutch foreign posts have been invited to participate and have received this questionnaire.

We would be very grateful if you could complete the online questionnaire before the 27th of May. By clicking on the link below you will be redirected to the questionnaire. It is not necessary to divulge any confidential information and **no reference will be made to any particular respondent**. This questionnaire should preferably be filled out by employees and heads of economic departments of foreign posts. We would be very grateful if you could **forward this questionnaire to other employees** of the economic department.

We would be happy to send you a summary of the results of our research project. Your cooperation will contribute to the growing body of knowledge on effective governmental support.

Link to the questionnaire: <http://lh Zuidema-utwente-edu.survey.netq.nl/nq.cfm?q=e7ab0b64-74d0-444f-927a-594ae347d24c>

Yours faithfully,

The research team:

Dr. Huub Ruël – University of Twente

Lennart Zuidema – University of Twente

Reminder

Dear reader or Mr. or Mrs. [!tussenvoegsel!] [!achternaam!],

In the past few weeks you should have received an e-mail regarding a research project on effective government initiated diplomatic support for international firms. This e-mail was sent to all Dutch foreign posts. The e-mail invited you to fill out a questionnaire. The management of the Communication department of the Ministry of Foreign Affairs is aware of, and approves this initiative.

If you have already submitted a completed questionnaire, we would like to thank you for your reply. If not, please do so as soon as possible (deadline: 3th of June). Many of you already started filling out the questionnaire. However, some of you did not fully completed the questionnaire. It is important that you submit a completed questionnaire to make this research project successful.

You can complete the questionnaire by clicking on the link below. Respondents of this questionnaire remain anonymous. This questionnaire should preferably be filled out by the employees and the head of the economic and trade department of this foreign post. We would be very grateful if you could **forward this questionnaire to other employees of the economic and trade department.**

Your cooperation will contribute to the growing body of knowledge on effective governmental support. If you have any questions regarding this research project, please contact us by e-mail.

Link to the questionnaire: <http://lh Zuidema-utwente-edu.survey.netq.nl/nq.cfm?q=e7ab0b64-74d0-444f-927a-594ae347d24c>

Yours faithfully,

The research team

Dr. Huub Ruël – University of Twente

Lennart Zuidema – University of Twente: l.h.zuidema@student.utwente.nl

Second reminder

Dear reader or Mr. or Mrs. [!tussenvoegsel!] [!achternaam!],

About two weeks ago you received an e-mail regarding a questionnaire about diplomatic support for foreign companies (wishing to go) abroad. The questionnaire is part of a research project initiated and conducted by the University of Twente. The management of the Communication Department of the Ministry of Foreign Affairs is aware of, and approves this initiative.

If you have already filled out the questionnaire, we are very grateful for your participation and we apologize for cross posting. Please disregard this e-mail in that case.

If you have *not* yet participated in this research project, we once again kindly ask you to completely fill out the questionnaire. By receiving responses from everyone who is selected, we can assure that the results will be representative. The questionnaire should preferably be filled out by both staff and heads of economic departments. We would be grateful if others at the department could also complete the questionnaire.

Since confidentiality is important to us, we assure you that your response will be anonymous. Results of the questionnaire will not be related to any specific respondent or post.

You can complete the questionnaire by clicking on the link below. Please do not hesitate to contact us by e-mail in case you have any questions regarding this research project.

Link to the questionnaire: <http://lh Zuidema-utwente-edu.survey.netq.nl/nq.cfm?q=e7ab0b64-74d0-444f-927a-594ae347d24c>

Yours faithfully,

The research team

Dr. Huub Ruël – University of Twente

Lennart Zuidema – University of Twente: l.h.zuidema@student.utwente.nl

Questionnaire¹

This questionnaire aims to investigate effective government support for Dutch firms abroad or intending to go abroad. Please be aware that the questionnaire deals with services offered by foreign posts (embassies, consulates, NBSOs, and TWAs). In particular, those services to support Dutch firms wishing to do business in a foreign country (e.g. market scans, assistance with trade disputes, or partner search). The firms requesting support from a foreign post are called client firms in this questionnaire.

The questionnaire takes about 5 to 10 minutes to complete. Most of the questions offer multiple response options. Please tick the appropriate box or complete the answer. There is no right or wrong answer. Please choose the answer which represents your opinion. Respondents of this questionnaire will remain anonymous.

We would like to thank you in advance for filling out this questionnaire.

Section 1: Demographic information

Please answer the following questions about yourself and the foreign post you currently work for.

1. What is your age? _____ years
2. What is your gender?
☐ Male
☐ Female
3. What is your nationality? _____
4. In which country is this foreign post you work for located? _____
5. Which languages can you communicate effectively in? _____
6. How long have you worked in a private firm? _____ years
7. How long have you lived in [!country!] so far? _____ years
8. How long have you worked in a foreign post (e.g. embassy)? _____ years
9. What is your highest completed level of education?
☐ Secondary school, high school, or associate degree
☐ Bachelor degree
☐ Master degree
☐ Doctoral degree
☐ Other (please fill in): _____
10. What is the subject of your main education (e.g. technical, economic, or business)? _____
11. How many hours of business training (commercial, business, or economic) do you receive per year? _____ hours
12. How would you describe your style of working on business support tasks?
☐ As a business promoter
☐ As a civil servant
☐ As a generalist

¹ Note that the questionnaire is administered via the Internet. The online questionnaire visually differs from the questionnaire depicted here. Moreover the matrix questions only show strongly disagree, strongly agree, and unknown as visible labels. The actual questionnaire also shows the labels in between (disagree [2], somewhat disagree [3], neutral [4], somewhat agree [5], agree [6]).

Section 2: Resources of the foreign post in [!country!]

Please answer the following questions about the resources of the foreign post in [!country!] you currently work for.

13. Please indicate the extent to which you agree with each of the following statements. Rate your assessment on the 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

	strongly disagree				strongly agree			unknown
	1	2	3	4	5	6	7	0
a. There are enough employees to meet the demand of business support.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Size of the budget is sufficient to meet the demand of business support.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Business network is sufficient to meet the demand of business support.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Communication facilities are sufficient to meet the demand of business support.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 3: Services offered by the foreign post in [!country!]

Please answer the following questions about the services your foreign post offers. Please be aware that the questions are about the specific services in order to support Dutch firms wanting to do business in [!country!]. Examples of services are market scans, assistance with trade disputes, or partner search.

14. Please indicate the extent to which you agree with each of the following statements. Rate your assessment on the 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

	strongly disagree				strongly agree			unknown
	1	2	3	4	5	6	7	0
a. This foreign post provides services as promised.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Staff at this foreign post can handle the client firms' problems.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Staff at this foreign post performs the right service the first time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Staff at this foreign post provide services at the promised time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Client firms are informed about when services will be performed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Staff at this foreign post are courteous.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Staff at this foreign post instil confidence in client firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Client firms feel secure in their transactions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Staff at this foreign post have the knowledge to answer the client firms' questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. This foreign post has modern equipment and facilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. This foreign post looks appealing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Staff at this foreign post look neat and behave professional.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. On- and offline documentation of this foreign post is appealing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. This foreign post provides convenient hours of operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Staff at this foreign post provide individual attention to client firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Staff at this foreign post have the client firms' best interests at heart.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Staff at this foreign post deal with client firms in a caring fashion.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r. Staff at this foreign post understand the needs of client firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s. Staff at this foreign post provide prompt service to client firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t. Staff at this foreign post are willing to help client firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
u. Staff at this foreign post are ready to respond to requests.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Please indicate your overall assessment of the services offered to support firms on a scale of 1 to 7 (**1 = extremely poor, 2 = poor, 3 = somewhat poor, 4 = sufficient or neutral, 5 = somewhat good, 6 = good, and 7 = extremely good**).

16. Please indicate the extent to which you agree with each of the following statements. Rate your assessment on the 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

	strongly disagree				strongly agree				unknown
	1	2	3	4	5	6	7	0	
a. Offered services are relevant for Dutch firms that want to do business in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. The solution the services provide can be used to resolve problems or compensate for shortcomings in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. This service is very useful in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. The solution this service offers is relevant for firms that want to do business in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

17. Please indicate the extent to which you agree with each of the following statements. Rate your assessment on the 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

	strongly disagree				strongly agree			unknown
	1	2	3	4	5	6	7	0
a.	Services related to intelligence (e.g. market scans) are relevant for firms that want to do business in [!country!].							
b.	Services related to assistance with fairs and trade missions are relevant for firms that want to do business in [!country!].							
c.	Services related to problem solving and trade disputes are relevant for firms that want to do business in [!country!].							
d.	Services related to partner search are relevant for firms that want to do business in [!country!].							

18. Please indicate your overall assessment of the relevance of the services in [!country!], on a scale of 1 to 7, with 1 as *extremely irrelevant* and 7 as *extremely relevant*. _____

Section 4: Doing business in [!country!]

We want to know more about [!country!], and how easy or difficult it is for Dutch firms to do business in [!country!]. Please answer the following questions about [!country!].

19. Think of the country you currently work in. The following statements apply to this host country. Please indicate the extent to which you agree with each of the following statements on a 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

		strongly disagree				strongly agree			unknown
		1	2	3	4	5	6	7	0
a.	The government of [!country!] assists foreign (also: Dutch) firms in doing business in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The government of [!country!] sets and communicates clear rules to enter [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The government of [!country!] pays great attention to the respect of the rules with regard to foreign firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	The government of [!country!] sanctions foreign firms not respecting the rules in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.	Contracts with foreign firms are secure and respected in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f.	The intellectual property of foreign firms is secure and respected in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g.	A (commercial) court makes independent and unbiased decisions with regard to claims with foreign firms in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h.	For foreign firms stability and freedom are created in [!country!] due to its friendly legal environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i.	For foreign firms it is easy to find reliable information in and about [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j.	Procedures regarding entering [!country!] are clear and easy to find.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k.	In [!country!] potential partners can be easily located by foreign firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Information about procedures for the development of new businesses in [!country!] is available for foreign firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m.	Information about firms and quality of goods is widely available for foreign firms throughout [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

n.	Foreign firms and goods are greatly admired in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o.	Government officials are highly appreciated at business events in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p.	Government of [!country!] has an a extensive informal influence over local business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q.	In [!country!] many companies are state-owned.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r.	Corruption is widespread in [!country!].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Please indicate your overall assessment of the friendliness for Dutch firms of the environment of [!country!], on a scale of 1 to 7, with 1 as *extremely unfriendly* and 7 as *extremely friendly*. _____

Section 5: Client firms

Please answer the following questions about the client firms. Client firms are the Dutch firms who request support from a foreign post.

21. Please indicate the extent to which you agree with each of the following statements. Rate your assessment on the 1–7 scale, with 1 as *strongly disagree* and 7 as *strongly agree*. If you do not know how to rate your assessment, please select unknown.

	strongly disagree				strongly agree				unknown
	1	2	3	4	5	6	7	0	
a.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 6: Final comments

22. Do you have any comments to add with regard to effective business support services offered by your foreign post? _____

23. Would you like to receive a summary of the results of this research project?

- ☐ No
- ☐ Yes (please enter email address): _____

We appreciate you donating your valuable time and effort, and we would like to thank you for completing the questionnaire.

Appendix F

Invitation (in Dutch)

Geachte heer/mevrouw [naam],

Voor een onderzoek aan de Universiteit Twente wil ik graag met u een afspraak maken voor een interview. Het onderzoek betreft de effectiviteit van commerciële diplomatie, ofwel de diplomatieke hulp voor bedrijven in het buitenland.

Onlangs heb ik vanuit de Universiteit Twente een vragenlijst naar de Nederlandse posten verstuurd. Velen hebben de vragenlijst ingevuld. Uit de verzamelde data zijn een aantal interessante bevindingen geconstateerd. Deze bevindingen hebben vooral te maken met factoren die invloed hebben op de relevantie en kwaliteit van commerciële diplomatie.

Graag zou ik met u een afspraak willen maken om de resultaten van het onderzoek te bespreken. Uw visie op de resultaten kan mij een meer gedetailleerd beeld verschaffen en komt ten goede aan het onderzoek. Uiteindelijk kan dit onderzoek bijdragen aan de effectiviteit van commerciële diplomatie.

De afspraak dient bij voorkeur op 1, 4, 7, 8, 11, 14, of 15 juli plaats te vinden. Als vanzelfsprekend blijft de door uw verstrekte informatie volledig anoniem. Alvast bedankt voor uw medewerking.

Met vriendelijke groet,

Lennart Zuidema
Universiteit Twente

Before the interview

Increase knowledge on commercial diplomacy
Look for information about the interviewee
Schedule and plan the journey to the interviewee's location

Starting the interview

Thank the interviewee
Record the interview
Provide the interviewee with the brief description of the study and preliminary results
Explain the meaning of this interview

Questions in the interview

Note that the questions differ somewhat per interviewee; translated into English:

1. Can you tell me something about your work? How much time do you spend to supporting and guiding Dutch firm how want to do business in a foreign country? Do firms make a lot of use of the commercial diplomacy services? And how important do they think it is?
2. When do you think an embassy or consulate is effective in their commercial diplomacy?
3. How effective are the foreign posts in performing commercial diplomacy?
4. Which factors influence the effectiveness of commercial diplomacy? Are there any specific factors?
5. To what extent do you (or the government bodies) take into account the factors that influence effectiveness? When making policy, do you (or government bodies) take into account the factors influencing effectiveness?

6. To what extent do the government bodies adjust policy because firms or researchers wish that?
7. How do you see commercial diplomacy in the future? Is there room for improvement? How about the Internet or fees and payments?

Ending the interview

Thank the interviewee

After the interview

Write down important notes

Write transcript of the interview

Analyze the transcript

Appendix G

Table 14 Operationalization of all variables included in this study

Construct and/or variable	Dimension	Item/indicator	As in the questionnaire	Type, attributes, and level
Institutional profile: The humanly devised constraints that shape interaction (North, 1990).	Regulatory institutions: Existing laws and rules in a particular national environment, which promote certain types of behavior and restrict others (Kostova, 1999).	This country's government assist foreign firms in doing business in this country.	Think of the country you currently work in. The following statements apply to this host country. Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		This country's government sets and communicates clear rules to the entry of foreign firms in the country.		
		This country's government pays much attention to the respect of the rules with regards to business with foreign firms.		
		This country's government sanctions foreign firms not respecting the rules in the country.		
		Contracts with foreign firms are secure and respected in this country.		
		Intellectual property of foreign firms are secure and respected in this country.		
		A (commercial) court makes independent and unbiased decisions with regard to claims arising out of transactions of trade and commerce with foreign firms in this country.		
		Stability and freedom for foreign firms is created in this country due to its friendly legal environment.		
	Cognitive institutions: Knowledge and skills possessed by the people in a country (Busenitz et al., 2001).	For foreign firms it is easy to find reliable information about this country.	Think of the country you currently work in. The following statements apply to this host country. Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Procedures regarding entering this country are clear and are easy to find.		
		In this country potential partners can be easily be located by foreign firms.		
		Information about procedures on development of new businesses in the country is available for foreign firms.		
		Information about firms and quality of goods is widely available for foreign firms throughout this country.		
	Normative institutions: Social norms, values, and beliefs and assumptions that are socially shared and are carried by individuals (Kostova, 1997).	Foreign firms and goods are greatly admired in this country.	Think of the country you currently work in. The following statements apply to this host country. Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Government officials are highly appreciated at business occasions in this country.		
		The government has a high informal influence over local business.		
		In this country many companies are state-owned.		
		Corruption is widely accepted in this country.		
Preparedness of client firm: A State of readiness (Oxford English Dictionary, 2011).	As in left column.	The request of the client firm can easily be executed.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		The request of the client firm is clearly defined.		
		The client firm is prepared to go abroad.		
		The client firm already conducted prior research before requesting support.		

Resources: A stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively (Oxford English Dictionary, 2011).	Employees: Persons employed for wages or salary, especially at non-executive level (Oxford English Dictionary, 2011).	There are enough employees to meet the demand of business support.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = very insufficient, 2 = insufficient, 3 = somewhat insufficient, 4 = neutral, 5 = somewhat sufficient, 6 = sufficient, 7 = very sufficient 0 = unknown). Ordinal measurement level.
	Budget: Amount of money needed or available for a purpose (Oxford English Dictionary, 2011).	Size of the budget is sufficient to meet the demand of business support.		
	Network: Group of people who exchange information and contacts for professional or social purposes (Oxford English Dictionary, 2011).	Business network is sufficient to meet the demand of business support.		
	Communication facilities: Piece of equipment provided for sending or receiving information.	Communication facilities are sufficient to meet the demand of business support.		
Experience of employee: Knowledge or skill acquired by a period of practical experience of something, especially that gained in a particular profession (Oxford English Dictionary, 2011).	Business experience	Number of years that the employee has worked in a private firm.	How many years have you worked in a private firm?	Natural logarithm. Ratio measurement level.
	Host country experience	Number of years that the employee has worked in the host country.	How many years have you lived in this country?	Natural logarithm. Ratio measurement level.
	Commercial diplomatic experience	Number of years that the employee has worked at a foreign post.	How many years have you worked at a foreign post (e.g. embassy)?	Natural logarithm. Ratio measurement level.
Education of employee: Process of receiving systematic instruction, especially at a school or university (Oxford English Dictionary, 2011).	Level of education	Highest completed level of education of employee	What is your highest completed level of education?	Multiple choice (1 = secondary school, high school, or Associate degree, 2 = Bachelor degree, 3 = Master degree, 4 = Doctoral or Professional degree, and 0 = other). Ordinal measurement level.
	Type of education	Subject area of the main completed education	What is the topic or subject of your main completed education?	Open. Nominal measurement level.
Training of employee: The action of teaching a person a particular skill or type of behavior (Oxford English Dictionary, 2011).	Amount of training	Hours of training per year of the employee	How many hours of business training do you receive per year?	Natural logarithm. Ratio measurement level.
Commercial diplomatic style of employee:	Approach: Deal with (a situation or problem) in a certain way).	Approach of the job	How do you approach the tasks belonging to your job?	Multiple choice (1 = focus on business issues, 2 = focus on international relations, and 3 = focus on diplomatic and political perspective). Nominal measurement level.
	Goal: An aim or desired result (Oxford English Dictionary, 2011).	Goal of the job	What is your goal of the tasks belonging to your job?	Multiple choice (1 = client firm satisfaction, 2 = Ministry of Trade satisfaction, 3 = Ministry of Foreign Affairs satisfaction). Nominal measurement level.

Quality: How well the service level delivered matches customer expectations.	Reliability of the service: Ability to perform the promised service dependably and accurately (Landrum et al., 2007).	This foreign post provides service as promised.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Staff at this foreign post can handle client firms' problems.		
		Staff at this foreign perform the right service the first time.		
		Staff at this foreign post provide service at the promised time.		
		Client firms are informed about when services will be performed.		
	Assurance of the employees: Knowledge and courtesy of employees and their ability to inspire trust and confidence (Landrum et al., 2007).	Staff at this foreign post are courteous.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Staff at this foreign post instill confidence in client firms.		
		Client firms feel secure in their transactions.		
		Staff at this foreign post have the knowledge to answer client firms' questions.		
	Tangibles of the service: Physical representation of the service (Landrum et al., 2007).	This foreign post has modern equipment and facilities.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		This foreign post looks appealing.		
		Staff at this foreign post look and behave neat and professional.		
		On- and offline documentation of this foreign post are appealing.		
	Empathy of employee: Caring individualized attention provided to clients (Landrum et al., 2007).	This foreign post provides convenient hours of operation.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Staff at this foreign post provide individual attention to client firms.		
		Staff at this foreign post have the client firms' best interests at heart.		
		Staff at this foreign post deal with client firms in a caring fashion.		
	Responsiveness of employees: Willingness to help client firms and to provide prompt services (Landrum et al., 2007).	Staff at this foreign post understand the needs of client firms	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Staff at this foreign post provide prompt service to client firms		
Relevance: Important and applicable in a given context.	Relevance of the service: Importance and applicability of the service in the host country.	Staff at this foreign post are willing to help client firms	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Staff at this foreign post are ready to respond to requests.		
		Overall assessment of the services offered to support firms.		
		Overall assessment of quality.		
	Relevance of the service: Importance and applicability of the service in the host country.	Offered services are relevant for firms that want to do business in this country.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = extremely poor, 2 = poor, 3 = insufficient, 4 = neutral, 5 = sufficient, 6 = good, and 7 = extremely good). Ordinal measurement level.
		The solution the services provides can be used to resolve problems or compensate for shortcomings in this country.		
		This service is very useful in this country.		
		The solution this service offers is relevant for firms that want to do business in this country.		

	Overall assessment of relevance.	Overall assessment of the relevance of all services in this country.	Please indicate your overall assessment of the relevance of all services in this country.	1-7 Likert scale (1 = extremely irrelevant, 2 = irrelevant, 3 = somewhat irrelevant, 4 = neutral, 5 = somewhat relevant, 6 = relevant, and 7 = extremely relevant). Ordinal measurement level.
	Relevance per type of service.	Services related to intelligence (e.g. market scans) are relevant for firms that want to do business in this country.	Please indicate the extent to which you agree with each of the following statements: [statements in the left column].	1-7 Likert scale (1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, 7 = strongly agree, and 0 = unknown). Ordinal measurement level.
		Services related to assistance with fairs and trade missions are relevant for firms that want to do business in this country.		
		Services related to problem solving and trade disputes are relevant for firms that want to do business in this country.		
		Services related to partner search are relevant for firms that want to do business in this country.		
Age	Age	Age of the respondent	What is your age?	Natural logarithm. Ratio measurement level.
Gender	Gender	Gender of the respondent	What is your gender?	Multiple choice (1 = male, 2 = female). Nominal measurement level.
Nationality	Nationality	Nationality of the respondent	What is your nationality?	Open. Nominal measurement level.
Foreign post location	Foreign post location	Location of the foreign post	In which country is this foreign post located?	Open. Nominal measurement level.
Linguistic skills	Languages	Languages the respondent can speak	With which languages can you communicate effectively?	Open. Nominal measurement level.

Appendix H

Before proceeding to statistical inference the data has to comply to numerous assumptions. Thorough analysis did not reveal any disturbing issues. However some minor issues are found. First all variables are checked for normality. Histograms and Q-Q plots are constructed and most of the variables are normal distributed. No extreme outliers are found, skewness also appears not to be an issue. Appendix B shows the two dependent variables in a histogram, although service quality is slightly skewed to the left, it seems to fit the normality assumption nicely. However the variables business experience, country experience, and post experience are not completely normally distributed. Instead they are slightly skewed to the right. However these issues do not seem to become a cause for concern.

Both linearity and equal variance assumptions are also checked before proceeding to regression analysis. By performing residual analysis we can check for these assumptions. Linear regression residuals should be normally distributed and they should have a constant variance (De Veaux et al., 2007). Residual analysis is conducted. The normal P-P plot of the standardized residuals and of all regression models show a straight line. The scatterplot of the regression standardized predicted value shows that the points are randomly distributed around zero. We can safely assume the assumptions are fulfilled. There are no concerns that indicate the presence of heteroskedasticity. Transformation of variables is not necessary.

In addition we need to check for multicollinearity when performing regression analysis. Multicollinearity is defined as "high correlations among the latent exogenous constructs" (Grewal et al., 2004). It leads to inaccurate estimates of coefficients, standard errors, and therefore can cause Type II error. A correlation matrix of independent variables can help to detect multicollinearity. Saunders et al. (2009) mention a correlation of $r = .90$ and above between independent variables indicates multicollinearity. Others mention a cut-off of $r = .70$ (Anderson et al., 2009). The largest correlation found between two independent variables is $r = 0.59$. This correlation is found between business network and communication facilities (as seen in table 13 in appendix C). This does not raise any concerns with respect to multicollinearity. Moreover another method to check for multicollinearity is to use both variance inflation factors and tolerance statistics. These are considered more advanced indicators of multicollinearity. The tolerance should be > 0.1 , while the variance inflation factors should be < 10 , to indicate of a lack of multicollinearity (Saunders et al., 2009). The variance inflation factors of each regression model are between 1.161 and 2.200, while the lowest tolerance found was 0.461. We can assume multicollinearity is not a serious issue. We assume the conditions with respect to statistical and causal inference are checked.

Appendix I

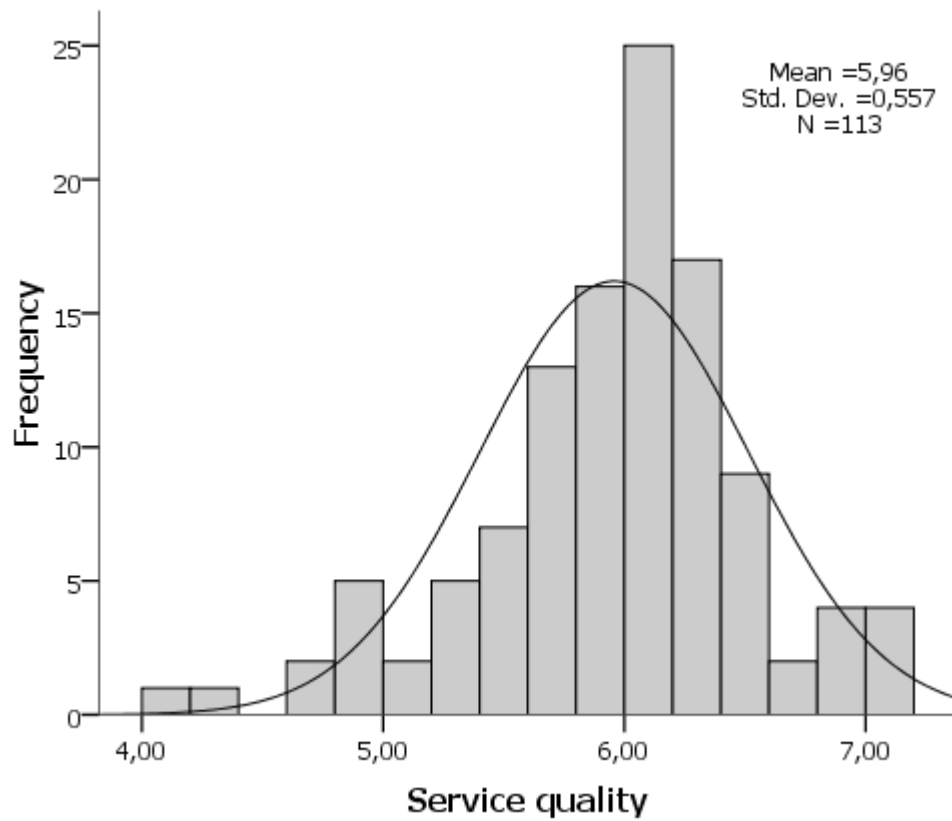


Figure 6. Histogram of dependent variable service quality.

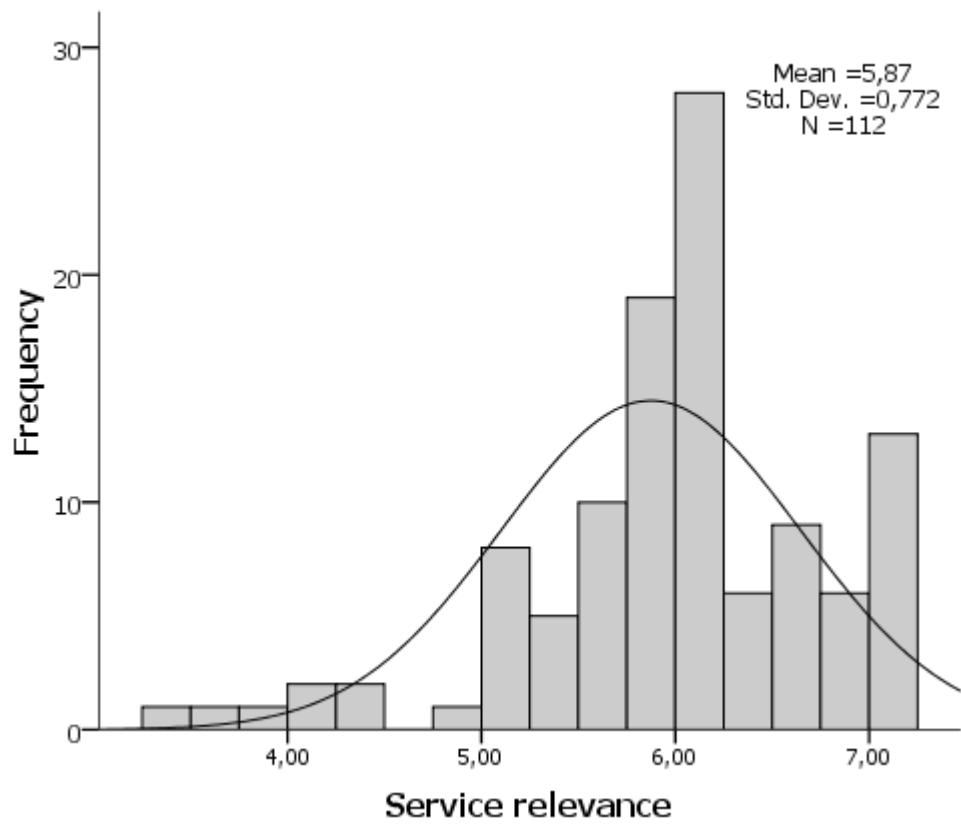


Figure 7. Histogram of dependent variable service quality.

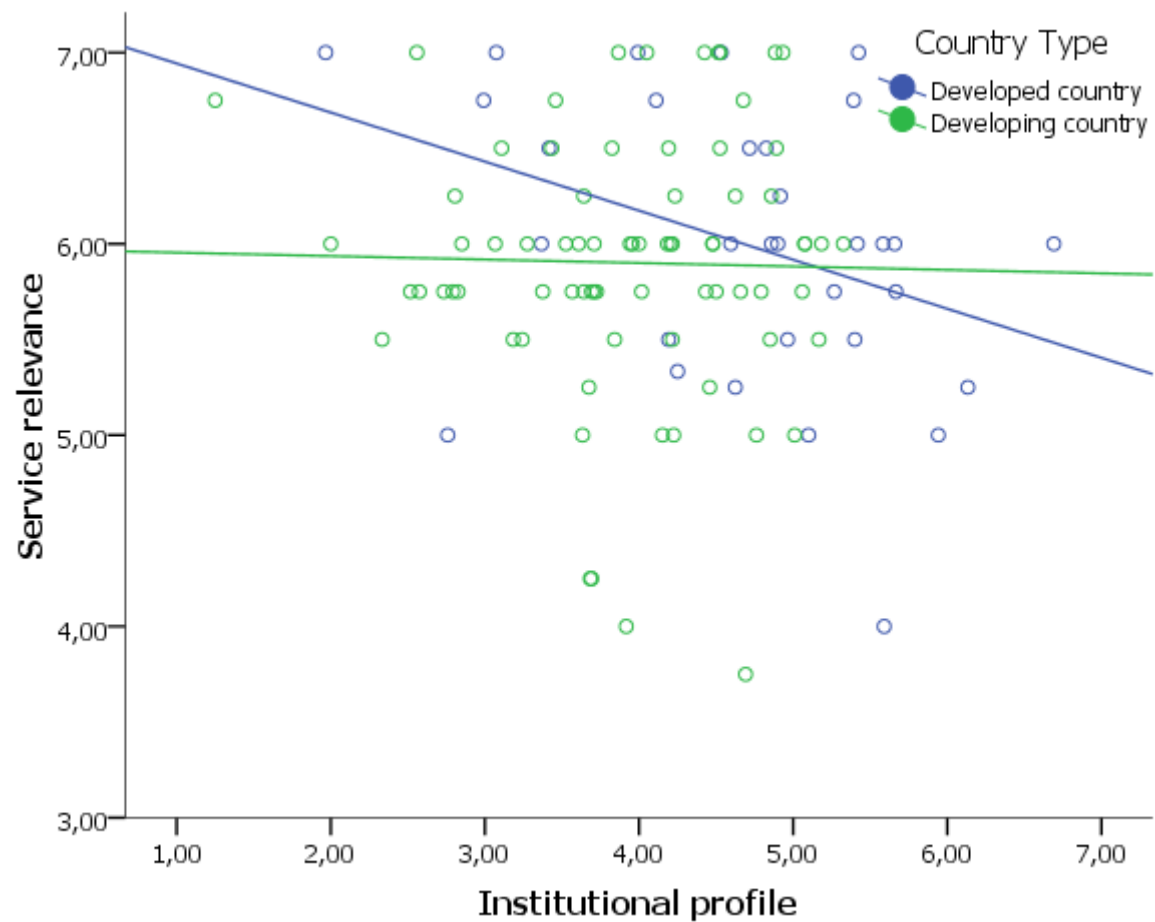


Figure 8. Scatter plot of the relationship between institutional profile and service relevance split for developed and developing countries.

Appendix J

Table 15 Results of linear multiple regression analysis of dimensions of SERVPERF and the direct measure of service quality

Dependent variable	Direct measure service quality		
	B	SE	t-value
Constant	1.238	.452	2.740**
Responsiveness	.347	.081	4.265**
Reliability	.231	.076	3.057**
Assurance	.183	.080	2.288*
R ²	.520		
F	39.017*		
N	113		

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Table 16 Pearson's correlation coefficients of all independent variables and dependent variables

Variable (N = 113)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 SP Reliability	1	.482**	.367**	.516**	.641**	.755**	-.115	.054	.253**	.276**	.175*	.349**	.382**	.381**	.313**
2 SP Assurance		1	.452**	.585**	.523**	.757**	.175*	.077	.079	.047	.103	.153	.106	.134	.141
3 SP Tangibles			1	.408**	.417**	.730**	.028	.244**	.218*	.286**	.287**	.239**	.323**	.374**	.256**
4 SP Empathy				1	.733**	.806**	.013	.050	.238**	.081	.115	.230**	.165*	.186*	.180*
5 SP Responsiveness					1	.832**	-.076	.166*	.315**	.297**	.122	.353**	.261**	.334**	.358**
6 SERVPERF						1	.002	.169*	.289**	.278**	.228**	.345**	.326**	.383**	.347**
7 Experience business							1	.172*	.130	-.244**	-.244**	-.239**	-.092	-.276**	-.044
8 Experience country								1	.243*	.121	-.186*	-.108	.038	-.041	.077
9 Experience post									1	.121	-.070	.086	.080	.072	.050
10 RE Employees										1	.534**	.496**	.321**	.791**	.425**
11 RE Budget											1	.345**	.276**	.729**	.308**
12 RE Network												1	.598**	.786**	.327**
13 RE Communication													1	.712**	.310**
14 Resources														1	.448**
15 Client firm															1

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Table 17 Kendall's tau-b correlation coefficients of the independent variable education level and service quality

Variable (N = 113)	1	2	3	4	5	6	7
1 SP Reliability	1	.355**	.315**	.383**	0.420**	0.544**	-.005
2 SP Assurance		1	.358**	.424**	0.413**	0.568**	-.029
3 SP Tangibles			1	.237**	.353**	.564**	-.020
4 SP Empathy				1	.609**	.588**	.063
5 SP Responsiveness					1	.685**	.023
6 SERVPERF						1	.013
7 Education level							1

** . Correlation is significant at the 0.01 level (1-tailed).

Table 18 Independent samples t-test for business education versus other types on service quality

Variable (<i>N</i> = 113)	N		Mean		Std. deviation		Significance (1-tailed)
	Business	Other	Business	Other	Business	Other	
SP Reliability	27	86	5.79	5.85	.938	.649	.303
SP Assurance	27	86	6.20	6.09	.709	.587	.205
SP Tangibles	27	86	5.65	5.50	.921	.922	.227
SP Empathy	27	85	6.13	6.13	.761	.601	.491
SP Responsiveness	27	85	6.14	6.17	.800	.663	.401
SERVPERF	27	86	5.98	5.95	.643	.531	.395

Table 19 Independent samples t-test for business promoters versus civil servants and generalists on service quality

Variable (<i>N</i> = 113)	N		Mean		Std. deviation		Significance (1-tailed)
	Business promoter	Other	Business promoter	Other	Business promoter	Other	
SP Reliability	70	43	5.86	5.85	.763	.666	.473
SP Assurance	70	43	6.12	6.11	.674	.518	.470
SP Tangibles	70	43	5.51	5.58	.960	.860	.333
SP Empathy	69	43	6.20	6.02	.660	.596	.076*
SP Responsiveness	69	43	6.19	6.13	.741	.618	.345
SERVPERF	70	43	5.97	5.94	.608	.447	.391

*, Correlation is significant at the 0.10 level (1-tailed).

Table 20 Pearson's correlation coefficient between institutional profile and service relevance

Variable (<i>N</i> = 110)	1	2	3	4	5
1 Service relevance	1	-.035	-.156*	.011	-.079
2 IP Regulatory		1	.666**	.540**	.898**
3 IP Cognitive			1	.384**	.848**
4 IP Normative				1	.736**
5 Institutional profile					1

**, Correlation is significant at the 0.01 level (1-tailed).

*, Correlation is significant at the 0.10 level (1-tailed).

Table 21 Independent samples t-test for institutional profile of developed and developing countries

Variable (<i>N</i> = 110)	N		Mean		Std. deviation		Significance (1-tailed)
	Developed	Developing	Developed	Developing	Developed	Developing	
Service relevance	33	77	5.88	5.87	.867	.731	.473
IP Regulatory	33	77	5.30	4.26	1.137	1.164	.000037**
IP Cognitive	33	77	4.60	3.94	1.421	1.166	.023*
IP Normative	33	77	4.23	3.52	1.153	.849	.003**
Institutional profile	33	77	4.71	3.91	1.052	.846	.000053**

**, Correlation is significant at the 0.01 level (1-tailed).

*, Correlation is significant at the 0.05 level (1-tailed).

Table 22 Pearson's correlation coefficients of the institutional profile and service relevance for developed countries

Variable (<i>N</i> = 33)	1	2	3	4	5
1 Service relevance	1	-.265	-.471**	-.096	-.343*
2 IP Regulatory		1	.714**	.595**	.899**
3 IP Cognitive			1	.442**	.869**
4 IP Normative				1	.779**
5 Institutional profile					1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Table 23 Pearson's correlation coefficients for the institutional profile and service relevance for developing countries

Variable (N = 77)	1	2	3	4	5
1 Service relevance	1	.058	.020	.071	.059
2 IP Regulatory		1	.610**	.419**	.880**
3 IP Cognitive			1	.260*	.827**
4 IP Normative				1	.647**
5 Institutional profile					1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Table 24 Pearson's correlation coefficients between institutional profile and relevance of specific services

Variable (N = 110)	1	2	3	4	5	6	7	8
1 IP Regulatory	1	.666**	.540**	0.898**	.052	.230**	-.245**	-.024
2 IP Cognitive		1	.384**	0.848**	-.071	.083	-.234**	.013
3 IP Normative			1	.736**	.031	.251**	-.103	.032
4 Institutional profile				1	.002	.219*	-.240**	.006
5 Relevance intelligence					1	.455**	.313**	.451**
6 Relevance fairs and missions						1	.164*	.129
7 Relevance problem solving							1	.370**
8 Relevance partner search								1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Table 25 Pearson's correlation coefficients between institutional profile and specific services for developed countries only

Variable (N = 33)	1	2	3	4	5	6	7	8
1 IP Regulatory	1	.714**	.595**	.899**	-.217	-.131	-.408*	-.164
2 IP Cognitive		1	.442**	.869**	-.460**	-.450**	-.392*	-.489**
3 IP Normative			1	.779**	-.060	.094	.136	-.076
4 Institutional profile				1	-.305*	-.215	-.370*	-.307*
5 Relevance intelligence					1	.530**	.352*	.583**
6 Relevance fairs and missions						1	.232	.218
7 Relevance problem solving							1	.362*
8 Relevance partner search								1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Table 26 Pearson's correlation coefficients between institutional profile and specific services for developing countries only

Variable (N = 77)	1	2	3	4	5	6	7	8
1 IP Regulatory	1	.610**	-.419**	.880**	.123	.336**	-.078	-.048
2 IP Cognitive		1	.260*	.827**	-.067	.281**	-.073	.148
3 IP Normative			1	.647**	-.055	.320**	.017	.023
4 Institutional profile				1	.106	.391**	-.064	.054
5 Relevance intelligence					1	.434**	.321*	.423**
6 Relevance fairs and missions						1	.169	.102
7 Relevance problem solving							1	.456**
8 Relevance partner search								1

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Table 27 Independent samples t-test for relevance of specific services between developed and developing countries

Variable (N = 110)	N		Mean		Std. deviation		Significance (1-tailed)
	Developed	Developing	Developed	Developing	Developed	Developing	
Relevance intelligence	34	74	6.03	6.00	.904	1.073	.445
Relevance fairs/missions	35	76	6.11	6.01	.758	.959	.292
Relevance problem solving	33	75	5.61	6.09	1.197	.918	.021*
Relevance partner search	35	77	6.40	6.19	.604	.918	.115

*. Correlation is significant at the 0.01 level (1-tailed).

Table 28 Independent samples t-test between Dutch and non-Dutch nationalities on service quality

Variable (N = 113)	N		Mean		Std. deviation		Significance (1-tailed)
	Dutch	Non-Dutch	Dutch	Non-Dutch	Dutch	Non-Dutch	
SP Reliability	65	48	5.77	5.96	.710	.738	.082*
SP Assurance	65	48	6.05	6.21	.624	.600	.079*
SP Tangibles	65	48	5.35	5.78	.946	.833	.007***
SP Empathy	65	48	6.08	6.19	.656	.617	.175
SP Responsiveness	65	48	6.03	6.34	.723	.617	.010**
SERFPERF	65	48	5.85	6.09	.540	.553	.009***

***. Correlation is significant at the 0.01 level (1-tailed).

**. Correlation is significant at the 0.05 level (1-tailed).

*. Correlation is significant at the 0.10 level (1-tailed).

Table 29 Independent samples t-test for resources between developed and developing countries

Variable (N = 125)	N		Mean		Std. deviation		Significance (1-tailed)
	Developed	Developing	Developed	Developing	Developed	Developing	
RE Employees	39	86	4.64	4.76	1.739	1.659	.363
RE Budget	38	82	4.26	3.90	1.781	1.584	.134
RE Network	39	84	5.21	5.05	1.361	1.379	.278
RE Communication	39	86	5.15	5.01	1.514	1.538	.316
Resources	39	86	4.82	4.69	1.233	1.145	.279

Table 30 Results of the multiple regression analysis of commercial diplomat's variables and service quality

Dependent variable (N = 113)	Service quality		
	B	SE	t-value
Constant	5.798	.071	81.601*
Experience post	.020	.006	3.182*
R ²	.084		
F	10.127*		

*. Correlation is significant at the 0.01 level (1-tailed).

Table 31 Results of the multiple regression analysis of foreign post's variables and service quality

Dependent variable (N = 113)	Service quality		
	B	SE	t-value
Constant	5.242	.194	27.070*
Business network	.140	.037	3.822*
R ²	.119		
F	14.606*		

*. Correlation is significant at the 0.01 level (1-tailed).

Table 32 Results of the multiple regression analysis of client firm preparedness and service quality

Dependent variable (N = 113)	Service quality		
	B	SE	t-value
Constant	4.978	.260	19.154*
Client firm preparedness	.211	.055	3.839*
R ²	.120		
F	14.740*		

*. Correlation is significant at the 0.01 level (1-tailed).

Table 33 Results of the multiple regression analysis of independent variables and dimensions of service quality

Dependent variable** (N = 113)	SP Reliability			SP Tangibles			SP Empathy			SP Responsiveness		
	B	SE	t	B	SE	t	B	SE	t	B	SE	t
Constant	4.934	.225	21.368*	3.218	.437	7.373*	5.486	.233	23.590*	5.121	.237	21.599*
Experience country				.014	.005	2.980*						
Experience post	.021	.008	2.530*				.018	.008	2.351*	.025	.008	3.266*
RE Budget				.122	.052	2.335*				.166	0.44	3.739*
RE Network							.099	.044	2.262*			
RE Communication	.173	.042	4.129*	.113	.055	2.047*						
Client firm	.019	.005	2.185**							.214	.094	2.284*
R ²	0.196			.263			.101			.206		
F	12.647*			9.092*			5.822*			13.474*		

*. Correlation is significant at the 0.01 level (1-tailed).

**. The assurance dimension is excluded from the table since it did not produce a significant regression model.

Appendix K

Table 34 Categorization of responses to the open-ended question in the questionnaire

Deductive categories	Participant responses
Service quality	<p>Clearly define service level for different types of questions, limit service level for questions with low success rate, limit service level for questions from private citizens questions rather than companies.</p> <p>Clients' expectations sometimes unreasonable or unrealistic.</p> <p>For some services the introduction of paid for services is possible and conducive to the quality of the clients requests and to the quality of our services,</p> <p>Added value of any embassies to companies: neutrality, confidential, continuous (always there), access to foreign government, and power (government).</p> <p>For some services the introduction of paid for services is possible and conducive to the quality of the clients requests and to the quality of our services.</p>
Service relevance	<p>Clients rarely providing feedback on usefulness of rendered services.</p> <p>Although the Slovenian economy is open on paper, it is not so in practice. Having an economic function in the embassy is therefore important.</p> <p>Offering to the point information, tend to ask myself: 'Would this information serve useful to me, could I use it effectively to achieve my goal?'</p> <p>The business support provided by this embassy is limited because of limited interest of Dutch firms.</p> <p>When it comes to successful market entry, locating the right partner is crucial, and doing that on your own without local knowledge is usually not successful. Business support services are in demand.</p> <p>Small post in relatively easy country in EU could offer less support, but more factual information.</p> <p>Most inquiries from Dutch companies would require market intelligence support.</p>
Effectiveness	<p>Effective business support services ask for effective business support communication tools.</p> <p>Effective business support could be increased with either more sector experts or with charging for the services.</p>
Education and experience	<p>We have a (mainly human) resource problem: a lack of expatriate staff with the right economic expertise and interest.</p> <p>Effective business support could be increased with more sector experts.</p>
Role	<p>Actively looking for opportunities in Ecuador for Dutch companies.</p> <p>More local staff with a business oriented approach.</p>
Communication	<p>Effective business support services ask for effective business support communication tools.</p> <p>Effective communication with country officers (LNV, EZ, BZ, and EVD) is open for improvement.</p> <p>Communicate such opportunities through different channels (EZ, EVD, embassy website, newsletter, Facebook, and direct contact).</p> <p>Given the time difference and the distance of 32+ hours flying there is a need for optimal communication tools to serve Dutch firms. These are not available.</p>
Employees	<p>The size of the embassy staff is very important.</p> <p>We need more capacity.</p> <p>We have a (mainly human) resource problem: a lack of expatriate staff with the right economic expertise and interest.</p> <p>More capacity in order to fulfil the set ambitions of economic diplomacy and to improve the services towards Dutch companies.</p>
Network	<p>Key success factor is networking.</p> <p>I believe that a personal contact with the Dutch companies and the Ecuador network is of high importance.</p> <p>Network and contacts of the embassy play a big and crucial role for the success of the business.</p> <p>All depends on good personal relations and finding the right local partner in Saudi Arabia</p> <p>Needs time to set-up and maintain reliable network to 'get things done in the interest of Dutch firms'.</p> <p>Key success factor is networking and personal contact.</p> <p>Time for networking should be a priority.</p> <p>Getting up to date information for firms largely depend on informal access and networking.</p>

Client firm preparedness	<p>Most companies are very unprepared when asking for business support.</p> <p>I think that answers to some questions differ a lot depending on the type of client.</p> <p>Focus efforts on industries in which the Netherlands are competitive, where there's a clear demand on the Chinese side, and a clear willingness on the Dutch side to invest in Chinese market entry.</p> <p>Clearly define service level for different types of questions, limit service level for questions with low success rate, limit service level for questions from private citizens questions rather than companies.</p> <p>Standardize service for re-occurring questions by drafting hand-outs.</p> <p>Only truly committed companies will find those partners.</p> <p>We tend to focus our attention to companies that are willing to 'go for the long haul'.</p> <p>Dutch companies must be willing to travel to India and spend on marketing their product or service. Currently, very few Dutch companies are willing to do this. Clearly, Dutch companies need to get out of Europe, look upon marketing as an investment and not as a cost and be willing to spend money to get results.</p> <p>But some Dutch companies want us to do their business for them, which we cannot do.</p> <p>Dutch companies not always fully utilize the possibility of own research online.</p> <p>My experience is that they are very poorly prepared.</p> <p>Clients asking trade questions tend to be badly informed about doing business abroad. Market scan clients in contrary are quite well informed.</p> <p>Self-research in target country, be specific when exploring market opportunities; stay in contact with post, not expect all needs to be met in just one contact; have English websites for company's homepages; be proactively prompt in email exchanges with Singaporean companies; be realistic that post will refer, at some point of helping them, to professional firms for certain services e.g. specific market entry plans and proposals; meaning, for a consulting fee they will get rightful professional help.</p> <p>For some services the introduction of paid for services is possible and conducive to the quality of the clients requests and to the quality of our services.</p>
Institutional profile	<p>Although the Slovenian economy is open on paper, it is not so in practice. Having an economic function in the Embassy is therefore important.</p> <p>Complicated institutional structure of Bosnia and Herzegovina and lack of statistics and other reliable information make difficult to obtain proper information for foreign companies.</p> <p>It's really hard to enter in the Spanish market if you cannot count on the help and support of the Dutch General Consulate.</p> <p>Limited interest of Dutch firms. This is due to different facts: Benin is relatively unknown, its market potential is limited, and French language consists an additional handicap.</p> <p>Research online in more transparent trade partner countries is possible to a larger extent than in less transparent countries and economies.</p> <p>Small post in relatively easy country in EU could offer less support, but more factual information.</p> <p>The Czech language for clients is quite a barrier in finding their way.</p>
Internet	Dutch companies not always fully utilize the possibility of own research online.
Home country	<p>Effectiveness is also influenced by the importance the Dutch ministry of economy (EL&I) attaches to the country in question and the ensuing mandate for the embassy to act, the trade promotion schemes that are available (or not).</p> <p>The Dutch government also provides business support instruments (e.g. subsidies via programs such as PSI, ORIO, PUM, CPA, and 2explore).</p>
Collaboration	<p>There is a lot of room to work more together. We could for example organize combined trade missions, conduct market research, develop promotion material together and later on combine action en services provision to companies.</p> <p>Insufficient coordination between policies and instruments.</p> <p>We should work more together between embassies.</p> <p>Do not receive enough and coherent support from all the ministries in the Netherlands.</p>
Standardization	<p>Standardize service for re-occurring questions by drafting hand-outs.</p> <p>Lack of standardization of services offered in various posts.</p>
Payment	<p>For some services the introduction of paid for services is possible and conducive to the quality of the clients requests and to the quality of our services.</p> <p>Recommended to have clients pay for the business support services foreign posts deliver.</p> <p>Effective Business support could be increased with charging for the services.</p>
Proactive and reactive	<p>Looking for opportunities.</p> <p>We are also actively looking for opportunities in Ecuador for Dutch (proactive).</p> <p>Not only in a passive way (requests from entrepreneurs), but also in a more active way</p>

(elaborating market studies, creating business network, active lobby towards government officials).
Identify business opportunities on a timely matter.

Table 35 Categorization of responses of the interviewees that participated in the semi-structured interviews

Deductive categories	Participant responses
Service quality	<p>Part of this problem is that we almost do not get any feedback from the companies. We are not sure if the service is as the companies expect.</p> <p>I hear that for instance the quality of the service differ significantly across foreign posts.</p> <p>That it is free of charge, does have its negative influence on quality.</p>
Service relevance	<p>The questions normally are about potential partners, laws, information about suppliers and customers.</p> <p>Currently there is a decrease in the number of requests and questions we receive. There might be multiple causes, but I think the Internet is a major cause of this.</p> <p>Relevance can be subdivided into type and scale.</p> <p>Commercial diplomacy is often overestimated, the companies find their way in foreign countries themselves.</p> <p>Especially within the EU commercial diplomacy is not a necessity. The rules and agreements are there to make international trade more easy, instead commercial diplomacy is used to manage the rules and agreements.</p> <p>An example is the cognitive dimension, the information the companies want can be found via the Internet, the issues that arise for companies are much more important to deal with. Thus relevance of the Especially within the EU commercial diplomacy is not a necessity. The rules and agreements are there to make international trade more easy, instead commercial diplomacy is used to manage the rules and agreements problem solving services is much higher.</p> <p>The outliers, instead of the predicted, that is where the foreign post scan be value added. Examples are that countries suddenly close borders, like in Russia, or that Germany violates the rules and agreements, or that something else does occur that was not the agreement.</p> <p>In more complex regulatory environments commercial diplomacy can be more useful.</p> <p>Services with regard to information are not that important, neither is the identification of chances for firms. Then they should have become entrepreneur, then they should not work at a government. We also do not know anything about the chances, the costs structure etc. We need to do where we good at, problem solving, so that companies can do business over there, we do not need to take that over.</p>
Effectiveness	<p>Embassies can be more useful if they operate outside the expected area.</p> <p>I think that there has to be some public interest. The embassy must not only help specific companies, but also help and support a public interest and goal.</p> <p>If you support the big companies, smaller companies will find their way themselves.</p> <p>Of course you can let companies pay for commercial diplomacy services. However that is much more devious than use strategic selection, and it hasn't my preference. Of course you can select companies by letting them pay, but strategically select a sector and its big companies will have a positive influence on effectiveness.</p> <p>Ministry of Economy probably opt a economical form of effectiveness. For instance number of contracts signed, and amount of money earned. However Ministry of Foreign Affairs think it is as relevant to achieve a public goal, something worth for the Dutch interest. For instance that companies can find you, the awareness, or help them, or that they register for a trade mission.</p> <p>I think they are effective when they resolve problems in the host country and with its government.</p> <p>We do not know how effective commercial diplomacy is. We know how satisfied firms are, but not what is generated.</p>
Education and experience	<p>Furthermore it is important to have enough knowledge, and staff must speak the language of the host country.</p> <p>The diplomat is often used to put pressure on a host country government. For instance companies think it is more useful to have a local employee, they often know more of the host country and the market, they speak the language and can help the companies well. The Dutch diplomat is less useful in these situations.</p> <p>Furthermore local staff are useful at the lower operational level. It is very useful that they can speak the language and know the country very well. The Dutch diplomats are useful at a higher strategic level. They have to open doors. Both are necessary and work very well together.</p> <p>Local employees are very important I think, especially in some countries that differ very much from the Netherlands. I think there too little invested in the local employees. While it should, then you could give them some more appreciation. Simultaneously the knowledge is kept secure</p>

	<p>at the long term.</p> <p>There used to be many specialists, who could operate very well in a certain countries. However the danger was that they could not defend the Dutch interest. Then more generalists were used, they could defend the Dutch interest in any country. Nowadays there much more balance.</p> <p>However social skills, next to education and experience, also seem to be very important. You can have somebody who is well educated and can do his or her job very well, but if there is a customers, he still needs to be motivated and willing to do his or her job properly.</p> <p>Knowledge is everything.</p>
Role	<p>I think that there is a difference between local and Dutch employees. Local employees often have local knowledge with which they can help the Dutch diplomat. Thus they can help the Diplomat who switches position every four years. Furthermore we mostly hire local employees know, since they are just much cheaper. They can be hired for the local wages.</p>
Communication	No quote.
Employees	No quote.
Network	<p>However I think that this differs across countries. I can image a business network is much more important in China. In Denmark this is not the case, everyone speaks English and is very open. I think culture plays a major role.</p>
Client firm preparedness	<p>A good question from the company is very important. Furthermore they have to prepare well. Basically we answer all questions. However if a question is too generic, we first ask the company to give some more information. Some questions are more specific, they firms mostly have prepared themselves better.</p> <p>Now it is different, companies have make their preferences public and proactively arrange things such as trade missions, this will help them since they know what they require.</p>
Institutional profile	<p>However I think that this differs across countries. I can image a business network is much more important in China. In Denmark this is not the case, everyone speaks English and is very open. I think culture plays a major role.</p> <p>We almost do not receive questions or requests about trade disputes in Denmark. That does usually not happen here.</p> <p>However I think that this differs across countries. I can image a business network is much more important in China. In Denmark this is not the case, everyone speaks English and is very open. I think culture plays a major role.</p> <p>I think the regulatory environment also has influence. However the research particularly opts presence and quality of regulations. I think complexity and changeability of the regulations also influence relevance. In more complex regulatory environments commercial diplomacy can be more relevant, such as patent rights. So instead of quality of regulation, complexity and changeability also determine relevance.</p> <p>The country is important, who have to find your way in the country. We used to have many generalists, who could work in different countries. Then we used more specialists, who worked in particular countries or industries. These have their pros and cons, now there more of a balance.</p>
Internet	<p>Currently I think there are less questions from firms. This can have multiple causes, but I think the Internet is a major cause.</p> <p>For now the Internet is important for information etc., posts have to provide information via Internet, however they do not need to focus on this, they need to focus on managing real issues such as closing borders.</p> <p>The dynamics are really important, they have to respond to the changes in the environment, such as the Internet.</p> <p>Internet can take over many tasks. What is left needs to work on this particular issues that arise. Others resources can work on the promotion of certain companies or industries.</p> <p>Furthermore Internet has to be used more. Now very often we do not have sufficient resources, at some places Internet is not even available. In addition social media are getting increasingly important.</p>
Home country	<p>Next to the expectations of companies, there are other parties involved. These parties need to be satisfied. These parties are the ministries, the chamber of deputies, and companies. Usually companies are not the top priority. If a question from the chamber of deputies asked, we first answer this before we answer questions from companies. Usually these tasks can be combined easily.</p>
Collaboration	<p>I have the feeling that the policy strategies of the government are initiated without consultation of the private firms. They are forgotten, what do the companies need and want. That is very important to take into account.</p> <p>In Japan I think the collaboration of public, private, and academic parties is very good. These collaboration strengthens the strategic vision, this way it can be determined which sectors are in the interest of the public. Then if you support the bigger companies in these industries, the</p>

smaller companies will eventually find their way.

Standardization	Nowadays we are busy integration, it has to be more efficient. AgencyNL for instance now made a toolkit for the embassies, the policies are tuned to the several ministries and other organizations. However in practice it does not always work out.
Payment	<p>Fees for commercial diplomacy will be introduced in the future. After this other organizations will also perform parts of the commercial diplomacy tasks.</p> <p>Of course you can let companies pay for commercial diplomacy services. However that is much more devious than use strategic selection, and it hasn't my preference. Of course you can select companies by letting them pay, but strategically select a sector and its big companies will have a positive influence on effectiveness.</p> <p>Payment for services is going to happen, at least for some types of services.</p>
Proactive and reactive	<p>The commercial diplomat needs to come into action when problems arise, defensively.</p> <p>Offensively and proactively he or she needs to arrange things before they become serious issues, or when there will be potential wins for firms.</p>
