From Botswana's engagement in nation branding to the USA's concern over anti-Americanism around the world, nation-states, large and small, are becoming increasingly aware of the importance of their image and reputation as an essential part of “the state's strategic equity” in global affairs (Van Ham, 2001). A nation's reputational capital is significant, both politically and economically. It affects the country's ability not only to pursue and achieve international political objectives but also to attract in-flow of foreign investment as well as tourism. It may also influence consumer perceptions and purchase decisions with regard to products from certain countries of origin. For instance, according to a 2005 GMI survey of European and Canadian consumers, American brands have suffered setbacks in part due to consumers’ antipathy towards US foreign policies (The Atlantic Monthly, April, 2005, p. 46). Japanese brands are bracing for an antagonistic climate of public opinion in the Chinese marketplace as a result of the tense political relations between the two countries. As Jeffrey E. Garten pointed out in his Business Week column (November 10, 2003, p. 4), anger abroad not only hurts bilateral relations, but also is bad for business.

The task of managing a favorable international opinion towards a nation-state has traditionally fallen under the concept and practice of public diplomacy, which represents efforts to promote a nation-state’s policies and ideals through government-sponsored programs – such as radio and TV broadcasts, films, books, magazines, cultural and educational exchanges – that aim to inform and influence foreign publics. In popular parlance, public diplomacy is the enterprise of “winning the hearts and minds.” However, with the advances in communication technology, the democratization of many nation-states, and the growing role of international commerce in the global body politic, a set of news players, such as multinational corporations and non-governmental organizations, have emerged as prominent non-state actors on the global stage. The authority and capacity of the state has eroded, and its power both at home and abroad has become diffused (Kennan, 1997). It is against this unfolding, dynamic backdrop that standard communication practices in public diplomacy are facing grave challenges. So, what does all this mean to the business community?

The purpose of this essay is to set the broader conceptual context for the exploration of the role of business in public diplomacy in this special issue of the Journal of Business Strategy. To that end, we review the development of the public diplomacy concept, and point out its current gaps in light of the profound transformation in the global society. We then discuss implications for business engagement in the formulation and execution of public diplomacy programs.

For this essay, the concept of public diplomacy and its linkage to contemporary communication practices has three basic premises. First, despite the intensifying economic and cultural globalization, nation-states remain one of the most significant organizing principles in international relations and transactions. The globalization movement has at the
same time unleashed a potent centrifugal force of national consciousness. It is therefore not only meaningful but also of vital importance to continue to examine the communication dynamics among nation-states, of which public diplomacy is a key component.

Second, although more open communication does not necessarily lead to understanding and agreement (Coser, 1984), we assume that communication ultimately plays a crucial role in shaping and sometimes even changing public perceptions and attitudes; and this also applies to relations between nation-states. Such communicative acts help to foster a climate of opinion, which in turn affects strategic choices and actions by states as well as corporations. Like any other communication activities, effective public diplomacy presupposes a measured understanding of the publics in other countries, and strategic deployment of communication tactics to achieve maximum impact.

Furthermore, as a form of international communication, public diplomacy is not an anachronism from the cold war (Dizard, 2004, p. 229). Despite the increasing worldwide information availability and access, nation-states still need to clearly convey and communicate with other peoples and societies their roles and policies in the new world order. At issue is not whether public diplomacy is necessary but rather how we can bring the practice to meet the contemporary challenges.

Several caveats are in order before we proceed with the discussion. We approach public diplomacy as fundamentally a communications process. As such, in any communications endeavor, we need to consider the basic elements of who communicates what, to whom, for what purpose, how, with what resources, and with what impact. In our examination of public diplomacy and its relevance to the business community, we follow a similar track, with a focus on the aspects of mission, audience, messenger, and channels of communication. Moreover, as human communication is invariably context-driven, this essay is only intended to provide a general framework to guide the discussion rather than to offer insights into specific communication solutions. Finally, although much of the literature we draw upon in this essay comes from the US context, it is our hope that the conceptual discussion and illustration will have broader relevance and significance. As emerging economic and political powers, China and India (including companies from these countries), for instance, are also in need to pursue public diplomacy among the world of nations.

This essay probably raises more questions than answering; nonetheless, it is an invitation for exploration. In the following sections, we begin by providing an overview of the development of public diplomacy. We then describe the key challenges facing the practice in contemporary society. Within that context, we examine the desirability of business engagement in public diplomacy, the value propositions global business may bring to the process, and potential opportunities for involvement.

The concept of public diplomacy

Historically, diplomacy – the conduct of relations between nations – was carried out strictly through official channels and “government-to-government” interactions. With the increasing exchange of information and migration of people on the global scale, the inter-governmental club model is giving way to the multi-actor model in international relations (Reinicke, 2003). Diplomatic communication has subsequently expanded to “government-to-people” contacts as well (Manheim, 1994). According to a standard definition, public diplomacy refers to “a government’s process of communicating with foreign publics in an attempt to
bring about understanding for its nation’s ideas and ideals, its institutions and culture, as well as its national goals and current policies” (Tuch, 1990, p. 3). The type of open diplomacy is in contrast to traditional diplomacy that is generally out of public sight and characterized by behind-the-scenes negotiation by government representatives (Gilboa, 2000).

We can readily observe that the contemporary concept of public diplomacy also includes citizen involvement and participation. As pointed out by Lee (1968) some time ago, public diplomacy is in fact “the era of people-to-people dialogues, the day of human communications” (p. x). Some draw distinctions between these two types of activities, with government-led communication as public diplomacy, and non-government entity-led efforts as citizen diplomacy. In this essay, we adopt a broader definition by the Center on Public Diplomacy at the University of Southern California (2005) – public diplomacy represents a country’s efforts, through official and private individuals and institutions, to communicate with publics in other countries and societies. Or, as Leonard (2002) has simply put it, it is a task of communicating with foreign publics.

The practice of public diplomacy is certainly not new. Although one may trace its roots to ancient times, as a systematic and organized effort, it emerged after the first world war and came of age during the cold war era. It was first referred to as “democratic diplomacy” (Fisher, 1972, p. 4). The term “public diplomacy” was coined in 1965 by Edmund Gullion of the Fletcher School of Law and Diplomacy at Tufts University in a government study of US international and cultural programs. Then as now, the driving forces behind the expansion of diplomatic communication were wider dissemination of communication technology and greater public participation in international affairs (Fisher, 1972, p. 4). Nation-states must effectively deal with, among other things, attitudes and opinions of the participating public, foreign as well as domestic.

Indeed, the essence of public diplomacy has not changed since its advent, but its goals, instruments, and players have become broadened over the years. Public diplomacy programs used to be regarded as a subset and an instrument of foreign policy, associated with government priorities in international politics. However, as Leonard (2002) has explained, public diplomacy needs a stronger emphasis on relationship building as well. Synthesizing the various articulations of the concept, we argue that public diplomacy is not a unitary concept but is multi-dimensional. It encompasses three main objectives:

1. Promoting nation-states’ goals and policies.

2. Communicating their values and ideals.

3. Developing common understanding and mutual trust among countries and peoples.

From the communications perspective, the first two dimensions are message-driven communication, i.e. nation-states engage in communicative acts to promote a specific agenda and to persuade an identified target audience. The third dimension, on the other hand, is not burdened with a message per se. Here, to communicate is simply to foster communal spirit, and develop trust and relationship through sharing and participation. In other words, one enters such communication situations to both persuade and is opened to be persuaded at the same time (Risse, 2000).

There is general agreement on the importance of all these three aspects, but the contention lies in the primacy of certain goal(s) and the relationship among them. We see an element of hierarchy among the three objectives in the form of a pyramid. The relationship and trust dimension forms the foundation for effective communication of a country’s values and policies to the publics in other countries. On the other hand, the promotion of a nation’s policies in the international arena is bolstered when there is an understanding and appreciation of that country’s culture and ideals. For example, the US has in recent years launched major initiatives to communicate to the publics in the Middle East about its policies and actions. Underlining its policy pronouncements is the promotion and projection of the American creed of freedom and democracy. Yet, the absence of trust towards the US among Arab publics in general has made such public diplomacy programs a constant uphill battle.
The conceptual distinction among the three dimensions of public diplomacy is surely not always clear-cut in practice. The goals are more often than not interlinked and intertwined. Still, the analytical categories of public diplomacy objectives merit our attention, because they entail differing engagement approaches that will be discussed in the latter part of this essay. We now move on to examining the challenges facing public diplomacy.

**New challenges**

As Nye (2004, p. 105) stated:

Promoting positive images of one’s country is not new, but the conditions for projecting soft power have been dramatically transformed in recent years.

In a 24/7 information environment, there is mounting competition for the global public’s attention on issues of common concern. Managing global public opinion and one’s national reputation is becoming ever more important and challenging as a result of the “paradox of plenty” (Nye, 2004, p. 107). Specifically, in public diplomacy, the challenges are at least fourfold.

First, because of political and economic re-alignment after the cold war and in the age of accelerating globalization, it is critical to re-define the relevant publics in individual nation-states and trans-nationally, and to better understand the nature and quality of their existing and aspired relationships with any concerned nations. For instance, during the cold war, much of American public diplomacy targeted elites in the former Soviet-bloc countries (Burnett, 1986). With more and more civic participation and public expression of opinions from around the world, such an orientation is no longer tenable. In other words, the scope of the audience for public diplomacy needs to reflect the changing make-up of global civic participation. Moreover, it is also critical that we achieve a more differentiated understanding of global public’s perceptions of and attitudes toward a particular country. For example, as noted in a special report on anti-Americanism by *The Economist* (February 19, 2005), “though anti-Americanism spans the globe, the phenomenon is not everywhere the same.”

The second challenge is also concerned with the audience of the public diplomacy enterprise. The growing communication transparency in the global arena entails delicate handling of communication to multiple audiences. At issue is how one aligns communication designed for the international audience with concerns of the domestic audience. The interests and agendas of these two publics can be widely divergent, as evidenced in the public opinion over the US war in Iraq between the American domestic opinion and the general international opinion. Furthermore, as we increasingly face problems that require global solutions, our domestic audience must see beyond their immediate environs and develop a better understanding of and appreciation for international cooperation.

The third issue that we need to grapple with is the erosion of messenger credibility in the public diplomacy process. As Nye (2004, p. 113) wrote, “postmodern publics are generally skeptical of authority, and governments are often mistrusted.” National governments have traditionally been the driving force behind communication with foreign publics. But the centrality and, more importantly, credibility of the government, as the primary communicator, no longer goes unchallenged, and in fact has been increasingly undermined. People tend to perceive communication by a foreign government as political propaganda. As a rudimentary rule in persuasion, source credibility is the foundation of any effective communication; and the lack thereof compels us to look for other entities and actors beyond government to take on or share the responsibilities.

Last but not least, the availability of a wide array of communication channels necessitates the need for not only re-examining the adequacy of traditional communication vehicles, for example, with a heavy emphasis on radio and television broadcasting, but also exploring more strategic choices and placement of communication in order to strengthen efficiency and effectiveness in public diplomacy. A host of new information technologies (e.g. mobile phones, video games, the internet) has become part of people’s everyday life in many parts of the world. Text-messaging is more prevalent in some developing countries than
developed countries, for instance. To what extent they are viable communication platforms and how they may be best leveraged are the new frontiers of public diplomacy work.

The challenges as outlined above are not meant to represent an exhaustive list. They merely serve as a thought starter for the exploration of the role of the business community in public diplomacy. The articles in this issue of the journal examine the implications in more detail. Here, we would like to discuss the desirability of business involvement in public diplomacy, explain the capabilities they may bring to the practice, and suggest some potential possibilities for their engagement.

Implications for global business

In their pursuit of commercial interests, corporations naturally shy away from engaging in discourses and activities deemed ostensibly "political" and do their utmost to maintain their neutral status. As they expand overseas, gaining the acceptance of foreign publics becomes their first order of business. From time to time, however, political relations between home and host countries upend brand equity and product quality in consumer brand perception and choice. Although it remains largely inconclusive, a series of research on consumers' nationalistic inclinations (e.g. Balabanis et al., 2001; Klien et al., 1998; Shimp and Sharma, 1987; Wang, 2005) and country-of-origin effects (e.g. Bilkey and Nes, 1982; Papadopoulos and Heslop, 1993; Samiee, 1994) has shed some light on the impact of international relations on consumer behavior. Examples abound of consumer resistance and boycott against brands as a result of the image and reputation of the countries-of-origin involved. But, one may pose the question: Are global corporations convinced that they also have a role to play in building relationship among nation-states through public diplomacy?

Imperatives for involvement

At this point in history, no matter how global or de-nationalized a company is, the reality remains that, in consumers’ minds, it is still generally associated with a specific country of origin. Thus, reducing and minimizing antagonism among nation-states in the international marketplace is certainly good for business, and participating in such efforts reflects corporations’ enlightened self-interest.

First, as companies venture abroad, it is essential for them to understand and effectively manage the “political ecology” of the host country market. Political ecology as used in this context means transactions representing exchanges based on social legitimacy and authority rather than those of goods and monetary resources (Hutt et al., 1986). Relations between countries and peoples are one source of such legitimacy and authority. The encounter of Japanese companies with increasingly strong anti-Japan sentiment among Chinese consumers typifies the importance of political ecology to brand presence.

This leads us to our next argument that such negative climates of public opinion about a certain country casts a shadow on the companies and brands from that country, as they compete against local companies as well as those from other countries. Consider a brand survey by Edelman Public Relations which revealed that American companies were given a “trust discount” in many European countries as a result of Bush administration’s foreign policies (The Enquirer, February 22, 2004, on-line edition). With the world becoming flat, the global marketplace is increasingly competitive. It is a mounting challenge to maintain one’s competitive advantage in a hostile public opinion environment. Therefore, although engaging in relationship building and enhancing understanding between peoples and

“We assume that communication ultimately plays a crucial role in shaping and sometimes even changing public perceptions and attitudes; and this also applies to relations between nation-states.”
societies does not generate revenue for businesses, it helps to reduce cost of doing business in the longer run by protecting brand equity through managing the brand's macro-environment.

Moreover, global business is a powerful economic and social institution. In the international arena, business and government enjoy a symbiotic relationship of some sort. This is nicely encapsulated in Garten’s (1997) comments on the role of American business in foreign policy. According to him, the call for collaboration between commerce and government was based on the two realities in the global marketplace:

The first is that the federal government’s ability to conduct foreign policy in a world preoccupied with economic stability and progress is dwindling, and Washington has neither the people nor the money to exert the influence it once could. The second is that even though business has the money, technology, and management that made today’s world spin, it needs Uncle Sam’s help more than ever, particularly in a world where governments are awarding big contracts abroad and companies are becoming ensnared in issues such as human rights, labor practices, environmental protection, and corruption (Garten, 1997, p. 68).

This is certainly not unique to American business. With companies partaking in the enterprise of communicating with foreign publics, it creates a win-win situation for both business and government. Ultimately, such involvement appeals to corporate altruistic concerns of being a positive social force by contributing to peace and development in the global society.

Corporate world-view and practice

As demonstrated in the case of the World Bank and its complex relationship with diplomacy, non-governmental actors’ involvement in international relations brings “new perspectives” and broadens “the range of possible actions” in addressing international problems and issues (Staples, 2002). In the case of public diplomacy, such engagement does not replace but rather supplements government’s work. Yet, in the process, it may transform the communication dynamics, as corporations bring with them a different set of ideas and practices. Specifically, multinational companies offer a global perspective, managerial philosophy, and talent and technical expertise.

The global world-view espoused by multinational companies is a healthy antidote to the more state-centric orientation represented by nation-states. Many of the contemporary challenges are global by nature and in scope. It is simply not enough to base policies, actions, and communication primarily on the narrower paradigm of national interest. Yet, governments are inherently local institutions. In this regard, through their experience and operation in multiple markets around the world, multinational corporations bring a much needed global outlook to managing international relations and public diplomacy.

Furthermore, global business best manifests professional management mindset and practice. As noted already, the challenges facing public diplomacy as a communications enterprise call for multi-level strategies and solutions. In a complex, variegated, and global information environment, such strategizing and implementation require the structure and process of world-class communication management embodied by successful global corporations.

In addition, business engagement entails the infusion of talent, technical expertise and other resources into the process of public diplomacy. As observed in a report by the US Government Accountability Office (2003, p. 14):

Private sector public relations and political campaigns use sophisticated strategies to integrate complex communication efforts, involving multiple players. Although [US Department of] State’s public diplomacy efforts extend beyond the activities of public relations firms, many of the strategic tools that such firms employ are relevant to State’s situation.

Potential engagement opportunities

Needless to say, global business cannot and should not be engaged in all aspects of public diplomacy work. Public diplomacy, as discussed earlier, has multiple goals of serving as an instrument of foreign policy, promoting cultural ideals, and building relationships. The question becomes in what aspect(s) of public diplomacy global business should select to
participate. Obviously, foreign policy-making and communication remains within the sovereign rule of the nation-state. Non-state actors can participate in policy debate and deliberation, but the ultimate decision maker is the national government. No nation-state allows the pursuit of different foreign policies by its various states, provinces, or prefectures; hence consistence in policy communication is paramount. In addition, involvement in policy communication "taints" the non-political status of a non-state actor. It is therefore highly unlikely for global business to take on or share the responsibility of communicating a nation's foreign policy to international publics.

The second goal of cultural promotion is much more attainable for the private sector. For instance, companies may sponsor events and support programs in another country to promote appreciation for American or French culture. On the other hand, global corporations need also be mindful of the types of programs they are supporting. Because of information transparency and global presence of these companies, they may find themselves in situations where they win the hearts and minds of one set of national audiences while upsetting and alienating another.

The area of building relationship through communication without a specific nation-state agenda is probably most viable for global business. Consider the example of PepsiCo's support of publishing and distributing the *World Citizens Guide* among American students under the auspices of Business for Diplomatic Action (Reinhard, 2004). Companies can support programs that provide the tools for relationship building, such as encouraging language learning both at home and abroad. Such involvement provides much needed resources and a global outlook without any risk of backfiring on corporate reputation. Companies are most likely to reap benefits from such participation that puts them in a positive light among consumer and publics.

With regard to the aspect of audience, conventional public diplomacy mainly target publics in other countries. But in contemporary public diplomacy practice, it is necessary to consider both internal and external audiences. As Reinhard (2004) noted in his testimony before the US House subcommittee, it is equally important to engage domestic public in international relations and communication. Because of their success both domestically and globally, multinational companies are probably more convincing than government in their home markets to bring the global perspective to their fellow citizens. Moreover, many multinational companies, through their brands, are well-liked and visible national representatives in foreign countries. Therefore, in external audience-driven programs, global business also enjoys the credibility factor with foreign publics that government aspires but ruefully lacks.

Aside from leading public diplomacy initiatives independent of the government, global business can also engage through partnerships with government and other non-government actors. As argued earlier, while government still is the driving force behind much of public diplomacy, the onus can no longer fall on the nation-state government alone. The British Foreign Policy Centre (2002, pp. 54-71) report suggested a few possible partners for public diplomacy, including non-government organizations, the diaspora community, political parties, and businesses. An example of private-public partnership is the Fortune/State Department Women Entrepreneurship Internship program that aims to facilitate the exchanges between women business leaders from around the world and senior executives in Fortune 500 companies.

Finally, as regards the mode of communication in public diplomacy, the private sector can provide a wealth of expertise and communication competence. The standard practice in
public diplomacy is characterized by mass media-driven communication supported by cultural and education exchange programs. In an information-rich but fragmented environment, such an old media approach is not sufficient, and audiences need to be reached from various contact points in order for them to register the information or message.

In particular, the role of the new media (e.g. the internet, mobile phones) in public diplomacy needs to be fully addressed. These new media vehicles make it possible and more efficient to conduct not only one-to-one and one-to-multiple audience communication, but also multiple-to-one and multiple-to-multiple communication. The private-sector is at the forefront of capitalizing on technological innovations for commercial interests. The efforts companies have made to figure out the best way to reach the technologically savvy, younger generation in the US and beyond are staggering. Multinational companies have accumulated broad and deep knowledge about consumer media habits and customer relationship management, which is not only relevant to public diplomacy work, but also can be shared and leveraged for improving its effectiveness.

Conclusion

In the post-cold war era, as the world is brought closer and closer together by technology and commerce, divisions along national and ethnic lines remain visible and prominent. Although communication is not a panacea for frictions and conflicts between nation-states, it is vital to our search for resolutions and progress. Public diplomacy is the business of enhancing communication between countries and peoples. Its impact reaches the political, economic, and social realms, and its practice can no longer be monopolized by the government alone.

This essay is intended to establish the conceptual framework for the exploring of the role of business in public diplomacy. Such an objective entails two tasks. One is to revisit the concept and practice of public diplomacy; the other is to discuss the linkage and relevance to the business community. We highlight that public diplomacy is not a unitary but a multi-dimensional concept and that it is important to differentiate among multiple goals; hence the argument for selective engagement by global business in the process. Such engagement is not only desirable but also feasible. Corporations should have the motivation to pursue it, because it is in line with their enlightened self-interest. In light of the challenges facing public diplomacy, the value propositions global business can bring to the process include a global world-view, managerial practice, and technical know-how and other resources. We also try to illustrate areas of public diplomacy that global business may play a part in. This is to be further explored and examined in the rest of this special issue.

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