



GÖTEBORGS UNIVERSITET

HANDELSHÖGSKOLAN

Swedish Commercial Diplomacy in China
A comparative case study of two Swedish organisations

Department of Business Administration

International Business

Bachelor thesis

Spring 2016

Authors: Linnea Lundblad 920723

& Jakob Obstfelder 931216

Tutor: Curt Nestor

Abstract

Background: Since the start of the new millennia, many Swedish firms have expanded their business to China. Adapting to a whole new business climate and culture, in a market where their brand and products are unknown is challenging. Some companies have made it on their own, while others have enlisted the services of intermediary organisations. Investigating their roles in companies' internationalisation process is therefore interesting.

Purpose: The purpose of this study is to investigate the roles performed by two Swedish intermediaries, Business Sweden and the Swedish Chamber of Commerce in Shanghai, as organisations engaging in Commercial Diplomacy in China. The thesis aims to fill the research gap by separating the roles of each organisation, based on the function the organisations fill for Swedish firms.

Implementation: A qualitative collection of data was used. Individual interviews were conducted with representatives from Business Sweden's Shanghai office and The Swedish Chamber of Commerce Shanghai office.

Result: The chosen intermediaries do not only facilitate trade promotion and lobbying, the two organisations provide market information and offer services/activities which are valuable in the internationalisation process, as well as provide network opportunities. The two organisations share similarities, but also differ in some areas such as organisational structure and funding. Due to great difficulty in defining which role the organisations play based on earlier research, we have developed a new framework. It focuses on the stage of a firm's internationalisation process in which the intermediaries' services are enlisted.

Contents

Abstract 2

Contents..... 3

Acknowledgements 5

Abbreviations 6

1. Introduction..... 7

 1.1. Background..... 7

 1.2. Problem discussion 8

 1.3. Purpose 10

 1.4. Research question 11

 1.5. Limitations..... 11

2. Conceptual framework 13

 2.1 Commercial Diplomacy..... 13

 2.2 Summary of the Conceptual Framework 26

3. Methodology 28

 3.1. Scientific approach 28

 3.2. Research method..... 28

 3.3. Research design 30

 3.4. Theoretical and Empirical data collection 31

 3.5. Validity and reliability..... 34

 3.6. Ethical implications 34

4. Empirical findings..... 36

 4.1. The Chinese market 36

 4.2. Swedish Presence in Chinese Trade Regions 37

 4.3. Swedish export and trade policies 38

 4.4. Comparative Case study 41

 4.4.1. Business Sweden 41

 4.4.2. The Chambers of Commerce in China 49

 4.4.3. Comparison of the two organisations 57

5. Analysis..... 60

 5.1 Analysis of the organisations compared to the conceptual framework 60

 5.2 Analysis of the organisations compared to the problem discussion 68

 5.3 Defining a role 70

6. Conclusions 74

 6.1. Main findings..... 74

6.2. Contributions and recommendations	76
6.3. Future research	76
7. References	78

Acknowledgements

We would like to give a great thank you to everyone who have helped us make this thesis possible. Firstly, we would like to thank fu Nestor, our tutor. Secondly we would like to thank Marianne Westerback, Office Manager at the Swedish Chamber of Commerce Shanghai and Anna Djup, Associate, Business Sweden Shanghai, for your participation in the interviews. You have both made vital contributions to the case section of this thesis, in which we research the role of Business Sweden and The Swedish Chamber of Commerce in China. We would also like to thank Helena Storsten, Anders Wall Scholarship Holder at the Swedish Chamber of Commerce Shanghai, for providing us with various respondents at the Chamber. Alexander Wong, Gothenburg School of Business, Economics and Law, for providing us with recommendations of whom to contact at Business Sweden. Finally, we would also like to thank Jeanette Andreasson, Västsvenska handelskammaren, for giving us the initial idea of investigating the Chambers of Commerce, which lead us to a wider spectrum of Commercial Diplomacy, a research area within international business, which we had very limited knowledge about beforehand.

Linnea Lundblad

Jakob Obstfelder

Abbreviations

ABS - Advanced Business Services

CRM system - Customer Relations Management system

GDP - Gross domestic product

FAR - Facilitation, Advisory and Representation (roles)

HQ - Headquarter

ICT - Information & Communication Technology

IB - International Business

IR - International Relations

M.Sc. - Master in Science university degree

NGO - Non-governmental organisation

PE - Political Economy

SMEs - Small and medium sized enterprises

TNC's - Transnational companies

US- United States of America

VP - Vice President

WTO - World Trade Organisation

Keywords: Trade promotion, Commercial Diplomacy, internationalisation, non-governmental organisations, semi-governmental organisations

1. Introduction

1.1. Background

International business flourishes in the globalised world we now live in. Many Swedish firms have thus seen opportunities to expand in new markets. The number of Swedish firms looking to internationalise to Asian markets has increased significantly over the last decade, especially to China (Svenska Dagbladet Näringsliv, 2012). The Chinese market is vastly different from the Swedish one in multiple aspects; population wise, constitutional wise, foreign trade policies wise and cultural aspect wise (Landguiden a, b, c, d). To aid in Swedish firms' establishment abroad, there are intermediaries which help these in the process. These intermediaries, both public and private actors, are sometimes referred to as engaging in Commercial Diplomacy (Lee, 2004). In the context of Swedish-Chinese trade, two such organisations are Business Sweden and the Swedish Chambers of Commerce in China, which will be the focus subjects of this thesis.

Sweden and China share a long history of trade. Furthermore, ever since China became members of the World Trade Organisation (WTO) in 2001, the trade volume largely increased (Business Sweden, 2016a; Embassy of Sweden Beijing, 2016a). The WTO entry meant that China was now subject to the WTO's rules on non-discriminatory measures and free trade agreements, an agreement that the European Union has entered with third world countries. China is currently Sweden's largest trading partner in Asia and more than 10 000 Swedish companies are currently trading with China. China was Sweden's tenth largest export market in both 2013 and 2014, and 3,6 per cent of all Swedish exports went to China. The Swedish export to China in 2014 amounted to around €4.3 billion. As of 2016, there were approximately 500 Swedish companies established in China. About 70 per cent of these entered the Chinese market after the new millennia (Business Sweden, 2016a; Svenska Dagbladet, 2012).

Most major export industries are found within the manufacturing sector and the most purchased goods in 2013 were machinery and equipment, medicinal products, pharmaceutical products, vehicles, organic chemicals, paper, iron and steel.

Recent trends point towards the direction of the service sales market, with life science, environmental technology, retail and vehicles being growing industries. Food, fashion, design and furniture are also increasingly demanded consumer products (Business Sweden, 2016a).

1.2. Problem discussion

Trade relations between Sweden and China are continuously growing, making it easier for Swedish companies to internationalise to the country. However, evidence suggest that there still exist difficulties for Swedish firms to establish their brand and products on their own on the Chinese market.

According to Business insider (2010) and TMF Group (2016) there are many reasons why. First and foremost, Swedish firms and international firms in general which have no previous relationship to China, lack proper market evaluation and access to local distribution networks. Consumer preferences are also very different and consumers exhibit different buying habits than in the European and American markets.

Secondly, firms often struggle with administration, bureaucracy, laws and regulatory requirements (obtaining the required license, permit or product approval). Products have to be approved by standards and conformity assessments before attaining the go-ahead to being sold in China. These rules provide the framework for the way in which products are to be designed, manufactured, sold, used and disposed of.

Third, China is also a country that lacks a strong rule of law, which exhibits an inconsistent application of regulations. This leads to lack in enforcement of intellectual property rights and thus counterfeiting is a large problem for foreign businesses in China (Business Insider, 2010; 2011a; TMF Group, 2016).

The Chinese government's low transparency of its government procedures and the problem with corruption also pose severe challenges to foreign firms. This includes aspects such as discrimination (not giving preference to domestic firms in project bidding, receiving incentives, being allowed the same scope of business as domestic firms and the ability to

open branches at the same pace). This unjust competition favouring Chinese firms in addition to increasing competition from other international firms, also poses a great challenge (Business Insider, 2010; 2011a; TMF Group, 2016).

A major issue for many firms is recruiting trained and professional labour. Due to the increase in recent years of firms looking to establish themselves in China, the competition for Swedish firms on the Chinese market has increased rapidly. Not only number-wise but the competition also increase from Chinese firms which have been forced to become more skilled in order to retain market shares. This goes hand in hand with competition for labour, with both an increase in the number of job providers as well as Chinese providers looking to retain market shares, the competition for high skilled labour has increased (Business Insider 2010; Svenska Dagbladet, 2012).

Lack of understanding cultural differences between Sweden and China is also great a challenge for Swedish firms. Cultural misunderstandings often arise from miscommunication. It is not only the fact that different languages are spoken in the two countries that leads to misunderstandings, but also the meaning behind the words that are spoken. In different countries, different words in different contexts mean different things and this is something that one who is looking to business in China must be aware of. Additionally, it is also widely known that business in China is largely made through “Guanxi”. Guanxi is a person’s personal network of family and friends and relies on trust and mutual obligation. In this sense, it is harder and more time consuming for a Swedish firm with no previous connections to China to gain an insider position in these networks on their own (Business Insider, 2011b). In order to develop such relationships, it is important to possess the patience to build them. Relations demand time and commitment and it is often necessary to spend time getting to know and cultivate relationships during tea sessions or dinner banquets with Chinese counterparts, government agencies and trade organisations (Business Insider, 2010; 2011; TMF Group, 2016).

To understand and overcome the challenges presented above, many Swedish firms have chosen to use intermediaries to help them establish their business in China. Two examples of Swedish organisations conducting Commercial Diplomacy on the Chinese market are The Swedish Chambers of Commerce in China and Business Sweden.

The Swedish Chambers of Commerce in China currently serves 300 member companies out of 500 established firms in China. Whereas Business Sweden has helped more than half of all Swedish companies currently established in China with their market entry.

The research field of Commercial Diplomacy is interesting because there is a global trend that more companies choose to internationalise in earlier stages of the company's development. They do it to reach larger markets with bigger customer bases, gain assets, to quicker enable economies of scale and reap benefits such as lower salaries or taxes. This rapid increase in multinational companies is made possible due to improvements in information transfer, communications and technological tools. Our world has become a global marketplace where physical borders have been lowered, enabling companies to import or export their products across thousands of borders at the same time. Commercial Diplomacy is therefore an interesting field to research since many companies still buy or subscribe to services from intermediaries to help them internationalise and integrate in new markets. Services that are costly to acquire, time consuming, information demanding, both legislation wise and knowledge wise of customs and customer expectations in foreign markets. It is certainly also a demanding work in building relations to achieve access to reliable production and distribution chains.

1.3. Purpose

Commercial Diplomacy is an interesting phenomenon that exists on a global level. This research study is a contribution to a greater understanding of the topic. The purpose of this study is to investigate the roles performed by two Swedish intermediaries, Business Sweden and The Swedish Chamber of Commerce in China, as organisations engaging in Commercial Diplomacy in China. The thesis aims to fill the research gap that exists in the Commercial Diplomacy field, by separating the two organisations roles from each other, based on the function the organisations fill for Swedish firms. Gaining a better understanding of Swedish Commercial Diplomacy in China and researching in which way(s) Swedish organisations utilise it, as well as understand their role in a network of governmental and non-governmental actors working with Commercial Diplomacy, could lead to a more effective internationalisation of Swedish firms in China.

The two organisations that are chosen as research subjects are interesting since it is one fully non-governmental organisation and one semi-governmental organisation. There is currently limited research of how such organisations affect international trade and internationalisation of Swedish firms abroad. It is interesting to research these organisations out of a Commercial Diplomacy perspective because this concept discusses what actors, what activities and what role the organisations play. Indefinitely, it is from such a perspective that one could determine any kind of effect of what the organisations do for international business in that market and can classify them to the role the organisations play to the internationalisation of Swedish firms. Research into the division of roles within Commercial Diplomacy could provide valuable insights to decision-makers in businesses and governments on how to build, support and enhance entrepreneurial activity abroad. Research on Commercial Diplomacy and how governmental, business and organisational Commercial Diplomacy is used to facilitate trade relations and trade promotion, is thus valuable to the international business field.

1.4. Research question

This reasoning leads to the following research questions which will serve to guide the research process and lastly contribute to the understanding of Commercial Diplomacy in non-governmental and semi-governmental organisations.

What role does semi-governmental and non-governmental organisations engaging in Commercial Diplomacy play in the internationalisation process of Swedish firms in China?

What separates the roles performed by the two intermediate organisations Business Sweden (Shanghai office) and The Swedish Chamber of Commerce in China (Shanghai office) from each other?

1.5. Limitations

Firstly, we made an active decision to limit our focus on the Chinese market. We also chose to focus on only one Chinese city, namely Shanghai. This decision was taken since the Shanghai area, Yangtze River Delta, is considered one of China's most important when it comes to business and trade. The thesis will therefore be limited in the way that it takes only one city area in one country into consideration.

Secondly, since we wanted to understand the two organisations role in a business environment, we limited our research to look at Commercial Diplomacy out of an international business perspective. This means excluding two other perspectives, namely political economy and international relations, on this topic area.

Third, due to time limitations, we chose to limit our focus to a “one way” perspective on Swedish Commercial Diplomacy and Swedish companies’ investment and export towards China. This means the thesis do not view Commercial Diplomacy out of a Chinese-Swedish Commercial Diplomacy perspective or Chinese companies’ interest in investing and exporting to Sweden.

Fourth, during the research we attempted to create a survey, which the member companies of the Swedish Chamber of Commerce in Shanghai were meant to answer. The survey was sent to 67 member companies. However, due to the few number of replies, we chose to exclude it from the analysis and thesis overall.

Lastly, also due to time limitations, we chose to limit our research to only two organisations, Business Sweden and The Swedish Chamber of Commerce in China. Several Swedish government institutions and non-governmental organisations will be mentioned in the empirical section of the thesis. They are mentioned because of their relevance in getting a full picture of for instance cooperation with or similarities to the two organisations. These other organisations or institutions will however not be extensively analysed in the analysis section. This limitation implies a limited sample of potential Swedish organisations which could have been studied. The results found in the thesis may therefor be specific to the organisations studied and not applicable to other similar Swedish organisations.

2. Conceptual framework

The conceptual framework and literature review will be the backbone of this thesis. It will set our frame of thought and review what has already been written within the Commercial Diplomacy research area. The concept of Commercial Diplomacy will be discussed out of different theories and models which various authors have conceptualised regarding what actors are involved, what activities they perform and what role they play from an international businesses perspective.

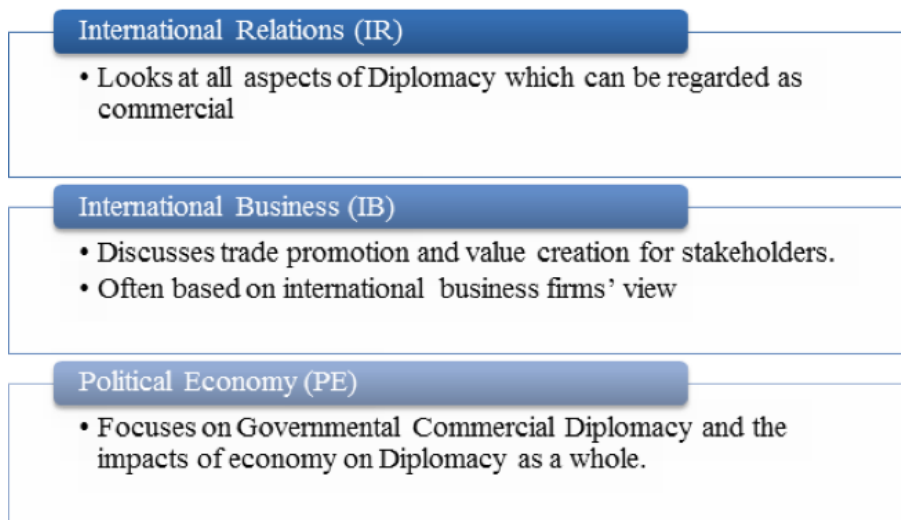
2.1 Commercial Diplomacy

Most of the literature within the Commercial Diplomacy research field has been written since the late 90s-mid-2000s. To gain an understanding of the amount of change that has occurred within the field, this thesis' conceptual framework includes both earlier and more recent references within the field with a focus on international business.

Most of the research within the Commercial Diplomacy field is conceptual, meaning that it consists of rules, assumptions and principles, creating a broad concept (Business dictionary, 2016). Majority of the research agree that Commercial Diplomacy includes both governmental and non-governmental actors. However, the activities these actors perform, what they should undertake and classification of the role played by Commercial Diplomacy in businesses' internationalisation process, remains subject of great debate. Earlier research has been made through case studies, surveys, a gravity model (in which established data has been used to analyse trade flows) and lastly, through meta-analyses (Reuvers, 2012).

Research into the Commercial Diplomacy field has been done from three angles, namely International relations, the political economy and international business (Reuvers, 2012). See compilation in figure 2.1.

Figure 2.1. Visual overview of the three Commercial Diplomacy perspectives.



Source: Compiled by Lundblad & Obstfelder based on Reuvers (2012), Lee & Hudson (2004), Naray (2011)

The International Relations perspective (IR) has been described by Reuvers (2012) as “the most visible in the literature” (page 17). This perspective looks at all aspects of Diplomacy which can be regarded as commercial. However, the International relations perspective has received a lot of criticism for not being able to grasp the meaning of the commercial elements of Diplomacy.

The Political Economy perspective (PE) has a double advantage according to Lee & Hudson (2004), this is due to it having an impact on both diplomatic studies as well as international political economy studies. The perspective of political economy focus on governmental Commercial Diplomacy and Diplomacy’s impacts on the economy.

Lastly, the International Business perspective (IB), which has been chosen for this thesis, discuss trade promotion and value creation for stakeholders, it is often based on international business firms’ view (Naray 2011).

Kotabe & Czinkota

The basic concept of Commercial Diplomacy was first discussed, however not named or defined, in 1992. It was in the context of large U.S. Manufacturers exporting their products abroad, finding that many desired government assistance (Kotabe & Czinkota 1992).

The authors distinguished between export service programs, focusing on export counselling and advice, and market development programs, which identify market opportunities.

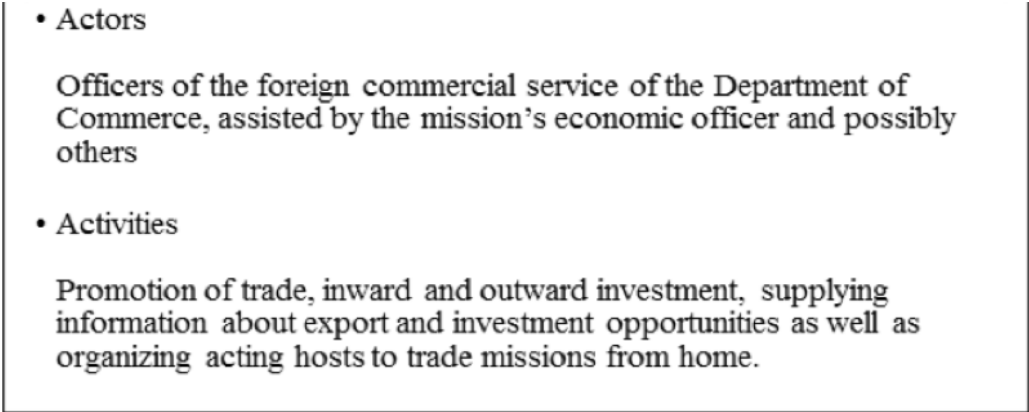
Herbst, Hibbert, Wilkinson & Brouthers

Herbst (1996), Hibbert (1998) and Wilkinson & Brouthers (2000) were among the first to try to distinguish what activities are involved in Commercial Diplomacy. Herbst (1996) researched the role of the foreign office and the Commercial Counsellors field of work. Hibbert (1998) Evaluated Government Export promotion and Wilkinson & Brouthers (2000) researched trade promotion and SMEs export performance. These authors focused on activities such as promotion and evaluation of exports as well as reporting back from host to home country.

Berridge & James

In Berridge & James (2001) A Dictionary of Diplomacy Commercial Diplomacy is defined for the first time as “The work of diplomatic missions in support of the home country’s business and finance sectors” (page 38). The authors were the first to distinguish between Commercial- and Economic Diplomacy. See compilation in figure 2.2.

Figure 2.2, Commercial Diplomacy overview



Source: *Compiled by Lundblad & Obstfelder based on Berridge & James (2001)*

Commercial Diplomacy includes promotion of trade, inward and outward investment, and supplying information about export and investment opportunities as well as organising and acting hosts to trade missions from home.

These activities are “undertaken largely by officers of the foreign commercial service of the Department of Commerce, assisted by the mission’s economic officer and possibly others” (Berridge & James, 2001, page 39).

Economic Diplomacy however is described as using rewards or sanctions to pursue foreign policy objectives. It is “concerned with economic policy questions, including the work of delegations to conferences sponsored bodies such as the WTO” (Berridge & James, 2001, page 81). Despite separating Economic- from Commercial Diplomatic missions, Economic Diplomacy also includes “monitoring and reporting on economic policies and developments in the receiving state and advising on how best to influence them” (page 81).

Saner & Yiu

Authors Saner & Yiu (2003) argue that private actors should preferably be excluded from the definition of Commercial Diplomacy, this is due to them claiming that when Commercial Diplomacy is conducted by private actors, it should be called corporate or business diplomacy. However, the authors do mention that actors of Commercial Diplomacy are either “civil servants and specially trained diplomats, or representatives of Chambers of commerce of trading associations seconded to national Embassies located in important foreign markets” (page 14).

The authors, like Berridge and James, also provided a comparison of Economic- and Commercial Diplomacy.

Commercial Diplomacy is described as diplomatic missions aiming for economic success (i.e. a value adding activity) and national development. This is achieved through supporting the home country’s business and finance sectors, supplying information about export and investment opportunities, organising and hosting trade missions from the home country and finally promote trade, inward and outward investment. Some Commercial Diplomats also advice and support domestic and foreign companies in investment decision in order to promote economic ties. See compilation in figure 2.3.

Figure 2.3. Commercial Diplomacy overview

<ul style="list-style-type: none">• Actors “Civil servants and specially trained diplomats, or representatives of Chambers of commerce of trading associations seconded to national Embassies located in important foreign markets”(page 14).• Activities Supporting the home country’s business and finance sectors, supplying information about export and investment opportunities, organising and hosting trade missions from the home country and to promote trade, inward and outward investment as well as advice and support domestic and foreign companies in investment decisions.

Source: Compiled by Lundblad & Obstfelder based on Saner & Yiu (2003)

Economic diplomacy on the other hand, concerns economic policy issues such as work of delegation at standard setting organisations (e.g. WTO), monitor and report a host country’s economic policies and provide advice on how the home government can influence. Economic diplomats use economic resources as reward or sanctions to influence their objectives

Potter

Potter (2004) defines Commercial Diplomacy as “the application of the tools of diplomacy to help bring about specific commercial gains through promoting exports, attracting inward investment and preserving outward investment opportunities, and encouraging the benefits of technological transfer” (page 55). Compared to Saner & Yiu’s separation of the two, Potter (2004) describes Commercial- and Economic Diplomacy as “irrevocably intertwined” (page 55). See compilation in figure 2.4.

Figure 2.4. Commercial Diplomacy overview

<ul style="list-style-type: none">• Actors Domestic actors (Broader-in activities) Actors at foreign posts (Broader-out activities) • Activities Preparing firms to do business across borders (Broader-in activities) Market development (Broader-out activities)

Source: Compiled by Lundblad & Obstfelder based on Potter (2004)

Potter argues Economic Diplomacy and the evolution of markets create international opportunities whereas Commercial Diplomacy aims to exploit comparative advantages and capitalise on these opportunities. Potter only mentions Governmental actors of developing and industrial countries and activities such as advocacy and nation-branding. Activities are separated in two, broader-in and broader-out activities. Broader-in activities aim at preparing firms to do business across borders, carried out by domestic actors. Broader-out activities focus on market development and are carried out by actors at foreign posts.

Lee

Lee (2004) does not mention Economic Diplomacy in her work. Instead she focuses solely on Commercial Diplomacy and describes it as “the work of a network of public and private actors who manage commercial relations using diplomatic channels and processes” (page 51). Lee’s definition is the first to include both private and public in a Commercial Diplomacy context. She used three categories to classify the different activities, “the gathering and disseminating of commercial information and market research”, “developing business and government contacts in host countries and introducing the home private sector to these contacts” and “promotion of [...] goods and new products in the host market through the organization of seminars, trade fairs, and direct lobbying” (page 51). A definition which suggests both private and public actors are involved in Commercial Diplomacy activities. See compilation in Figure 2.5.

Figure 2.5. Commercial Diplomacy overview

- **Actors**

A network of public and private actors.

- **Activities**

Manage commercial relations using diplomatic channels and processes, Gather and disseminate commercial information and market research, develop business and government contacts, promote goods and new products in the host market

Source: *Compiled by Lundblad & Obstfelder based on Lee (2004)*

Mercier

Lee's (2004) definition is supported by Mercier (2007). He summarises Commercial Diplomacy as "the work done by the Government to promote both exports and inward investment" (Mercier, 2007, page 3). However, He mentions that it not only includes Governments but that the private sector is increasingly involved in Commercial Diplomatic activities. Mercier recognises that private actors have become more important in the diplomatic sector, which is why he has chosen to use Lee (2004)'s definition in his research. He also recognises that Commercial Diplomacy is used to cover both policy-making and business- support activities.

Kostecki & Naray

In Kostecki and Naray's (2007) definition, actors who engage in Commercial Diplomacy activities include the head of state, prime ministers, ambassadors, ministers and members of the parliament, trade representatives, commercial attaches, and actors of government-sponsored organisations such as trade promotion and investment promotion organisations and agencies. The authors also mention Chambers of Commerce as actors engaging in Commercial Diplomacy. Additionally, the authors choose to separate Commercial Diplomacy into two areas, primary and supporting activities. Primary activities referred to trade and FDI, research and technology, tourism and business advocacy. While supporting activities referred to intelligence, networking and public relations, support for business negotiations, problem solving and contract negotiator of implementation.

The authors mention activity areas such as Partner Search, Market information search, investment facilitation, Trade fairs, contract negotiation, problem-solving and trade disputes. See compilation in figure 2.6.

Figure 2.6. Commercial Diplomacy overview

<ul style="list-style-type: none">• Actors The head of state, prime ministers, ambassadors, ministers and members of the parliament, trade representatives, commercial attaches and Actors of government-sponsored organisations such as trade promotion and investment promotion organisations and agencies as well as Chambers of Commerce• Activities Primary activities (trade and FDI, research and technology, tourism and business advocacy). Supporting activities (intelligence, networking and public relations, support for business negotiations, problem solving and contract negotiaton). Also mentions: Activity areas such as Partner Search, Market information search, Investment facilitation, Trade fairs and Trade disputes
--

Source: *Compiled by Lundblad & Obstfelder based on Kostecki & Naray (2007)*

Kostecki & Naray (2007) attempted to divide the roles played by governmental Commercial Diplomats by defining three types. The three types they were able to define are: Civil servant, Generalist and Business Promoter. A Civil servant is someone who exhibits behaviour typically seen among people working at a ministry of trade. Kostecki & Naray (2007) argue that these organisations are often very reactive in their behaviour and that they stay away from business deals, instead emphasising policy implementation. A Generalist is a regular diplomat that takes on business support operations in addition to his/her regular diplomatic duties. These are typically enlisted for their contacts rather than their expertise in business promotion. The Business Promoter is someone who looks to satisfy his/her customers by providing consultancy-like services in business promotion. According to Kostecki & Naray (2007) the Business Promoters are often located in the business centre of the host country.

Naray

Naray (2008) defines 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” (page 2). Naray (2008) mentions that members of foreign diplomatic missions along with their staff, and other related agencies performing these activities. Naray (2011) identifies five activity areas. Promotion of trade in goods and services, protection of intellectual property rights, cooperation in science and technology, promotion of made-in and corporate image, and promotion in science and technology. These five areas perform six types of activities. They are: Intelligence, communication, referral, advocacy, coordination and logistics. See compilation in figure 2.7.

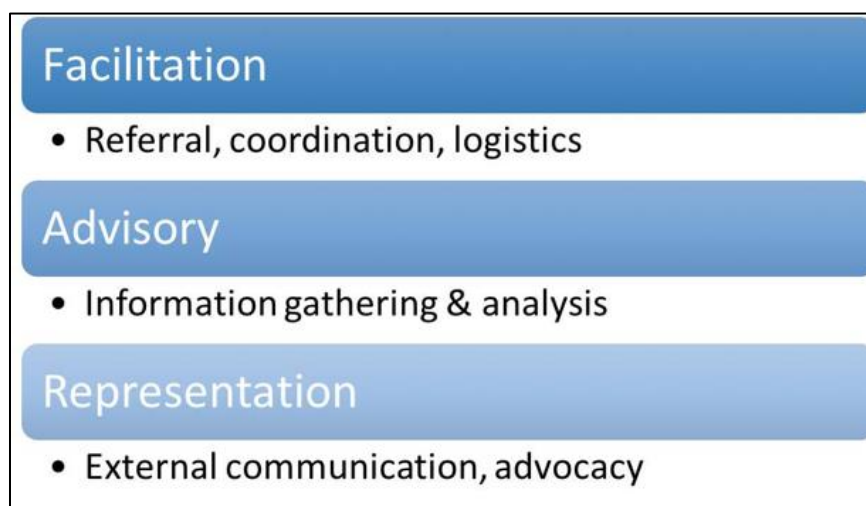
Figure 2.7, Commercial Diplomacy visual overview of Naray's (2008 and 2011) definition.

<ul style="list-style-type: none">• Actors Public actors with diplomatic status. Members of foreign diplomatic missions along with their staff, and other related agencies• Activities Intelligence, Communication, Referral, Advocacy, Coordination and Logistics.
--

Source: *Compiled by Lundblad & Obstfelder based on Naray (2008; 2011)*

Naray (2011; 2015) has, to classify the role of Commercial Diplomats based on the nature of the activities performed by the organisations taking on the different roles developed a framework. This framework has been investigated from both an international business perspective and a management & marketing perspective. The framework is called the FAR Framework and within it, he divides the roles performed by commercial diplomats into three categories: Facilitation, Advisory and Representation. See compilation in figure 2.8.

Figure 2.8, Visual overview of the FAR Framework,



Source: Compiled by Lundblad & Obstfelder based on Naray (2011; 2015)

All these roles are performed in order to create a value for a stakeholder (Naray 2015). This division was made in order to separate the roles carried out by organisations from those performed by Trade Support Institutions.

Facilitation consists of e.g. referring, coordinating or providing logistics necessary to make a deal happen. However, in the Commercial Diplomat's role as a facilitator, she does not in any way take part in the actual business transaction. He/she merely provides the means needed to create a business deal. As a facilitator, a commercial diplomat can engage in referral, acting as almost a matchmaker. The commercial diplomat puts firms in touch with prospective clients or suppliers. The commercial diplomat also works with coordinating the meetings between the two parties, ensuring that they do get in touch with each other. However, as previously mentioned, the commercial diplomat as a facilitator does not take part in the business transactions itself.

Advisory consists of roles of gathering and analysing information in order to help firms make smart business decisions, in this role, the Commercial Diplomat does not take part in the business transactions either. The information should be collected and analysed with the intention to advise (Naray 2011). Advisory can be split into intelligence gathering and analysis and internal communication. Intelligence gathering and analysis does, as the name suggests, entail the collection and analysis of data about a foreign market.

According to Naray (2011) Harris and Li's (2005) view that advisory is a key ingredient in successful internationalisation, further backs up the importance of the advisory role. Internal communication consists of communicating the information gathered back to the home country, this can be done through e.g. written reports about a certain market criterion.

Representation is roles related to representing the economic interests of the Commercial Diplomat's home country, it means that the Commercial Diplomat communicates and advocates these interests to various stakeholders. Representation can be split into External communication and Advocacy. External communication consists of partaking in conventions, fairs and conducting direct marketing for the home country. These activities are performed in order to enhance the general view of the home country in the host country. Advocacy can be compared to acting as a lawyer in negotiations or dealings with the host country's government and other actors. It entails defending the business interests of the home country-firms present in the host country.

Ruël & Visser

Ruël & Visser (2012) use a definition stating that "Commercial Diplomacy is an activity conducted by state representatives which is aimed at generating commercial gain in the form of trade and inward and outward investment for the home country by means of business and entrepreneurship promotion and facilitation activities in the host country based on supplying information about export and investment opportunities, keeping contact with key actors and maintaining networks in relevant areas"(Ruël & Visser, 2012, page 31). In their research, they have chosen to compile a combined version of Kostecki and Naray's (2007) and Naray's (2011) definition of Commercial Diplomats' style, as seen in Figure 2.9.

Figure 2.9. *Commercial Diplomacy overview of Kostecki and Naray (2007) and Naray (2011) combined styles of Commercial Diplomats,*

	<i>Business promoter</i>	<i>Civil servant</i>	<i>Generalist</i>
<i>Approach</i>	<i>Commercial issues are understood mainly as business issues</i>	<i>Commercial issues are seen as an integral part of international relations</i>	<i>Commercial issues are perceived in a broader diplomatic and political perspective</i>
<i>Leading concern</i>	<i>Focus on client satisfaction</i>	<i>Focus on satisfaction of the ministry of trade</i>	<i>Focus on satisfaction of the ministry of foreign affairs</i>
<i>Level of activity</i>	<i>Proactive due to know-how and entrepreneurial approach</i>	<i>Reactive due to focus on policy implementation and government instructions</i>	<i>Ad hoc basis due to additionality to diplomatic duties</i>
<i>Strength</i>	<i>Having know-how and hands-on vision of support activities</i>	<i>Providing a link between business and ministry</i>	<i>Having high-level contacts and seeing commercial issues in broad diplomatic</i>

Source: Compiled by Lundblad & Obstfelder based on Ruël & Visser (2012) p.44.

In one of their more recent publications however, Ruël and Visser team up with researcher Lee. Ruël, Lee & Visser (2013) develop a new definition based on a combination of Lee's (2004) and Lee & Ruël's (2012) earlier work, defining Commercial Diplomacy as: "the work of a network of public and private actors who manage commercial relations using diplomatic channels and processes". Lee & Ruël's (2012) complements it by "specifying public actors as nation-state and private actors as businesses operating in domestic, regional and systemic environments so satisfying both public and private needs" (Lee & Ruël, page 15).

The combination describes Commercial Diplomacy as the work of both governmental and non-governmental organisations/individual diplomats stationed in a host country working to promote trade between the home and host country. Diplomatic work includes activities such as lobbying, information gathering and representing the interests of a party in a negotiation. Commercial Diplomacy focuses on the use of these activities in a commercial context to negotiate business deals and ease the establishment of firms in host nations, as seen in compilation figure 2.10.

Figure 2.10, Commercial Diplomacy overview of Lee, Ruël & Visser (2013) definition

<ul style="list-style-type: none">• Actors A multi-stakeholder activity involving public and private actors negotiating a business deal that will likely involve public as well as private commercial interests• Activities Information gathering, Lobbying, Advocacy and the representation of interests in a negotiation focusing on commercial deals.

Source: *Compiled by Lundblad & Obstfelder based on Lee, Ruël, Visser (2013)*

2.2 Summary of the Conceptual Framework

Depending on which author's definition of Commercial Diplomacy that one uses, it can be described as a series of activities carried out by both governmental, semi-governmental and non-governmental organisations, aiming to facilitate trade and create value for various stakeholders regarding commercial deals. Most of the authors mentioned agree that Commercial Diplomacy focuses on business support and promotion (Kostecki & Naray, 2007; Mercier, 2007; Potter 2004; Saner & Yiu, 2003). The organisations conducting Commercial Diplomacy are active in a host country and their various stakeholders have connections to the home country, e.g. in the form of firms originating from the home country looking to establish a presence in the host country.

Many authors within this research area have tried to conceptualise the field in various classifications, models and matrixes. The problem in conceptualising this field seems to reside in that the role of Commercial Diplomacy is continuously changing and is adopted differently all over the world. Multiple actors within different aims and fields of trade promotion contradict each author's conceptualisation and it is hard if not impossible to find a definition and model which covers every single aspect of Commercial Diplomacy. Even though business activities related to Commercial Diplomacy is nothing new, many authors write about the lack of research on the subject.

The most debated aspect which puts authors in two different corners, is whether if NGOs (private actors) can engage in Commercial Diplomacy. In this thesis, Ruël, Lee & Visser's (2013) definition of Commercial Diplomacy, combining the work of Lee (2004) and Lee & Ruël (2012), has been applied, this is due to the fact that the services provided do not differ based on governmental connection. The authors define Commercial Diplomacy as the work of both governmental, non-governmental organisations and individual diplomats stationed in a host country, working to promote trade between the home and host country.

Another debated aspect is whether if Commercial Diplomacy is a part of Economic Diplomacy. Authors such as Berridge & James (2001) and Saner & Yiu (2003) argue that these concepts are separate diplomatic areas. Both agree that Economic Diplomacy concerns economic policy issues such as the work of delegations. It includes monitoring and reporting on host countries policies, as well as providing advice on how the home government can

influence these policies. Actors performing Economic Diplomacy use economic tools, sanctions and rewards, to pursue their objectives, which is something actors within Commercial Diplomacy cannot. Compared to many earlier published authors' separation of the two concepts, Potter (2004) argue that Commercial- and Economic Diplomacy are intertwined. While Economic Diplomacy and the evolution of markets create international opportunities, he means Commercial Diplomacy exploit comparative advantages and capitalise on these opportunities.

3. Methodology

The methodology part will present what methods have been used to conduct the research study out of a critical perspective. The study has been conducted using an abductive approach and a qualitative method to conduct and analyse data. It will look closely at the theoretical and empirical data collection, which we conducted using desk research complemented with two interviews of key actors in the two organisations. It will also present concepts such as the validity and reliability of the study as well as its ethical implications. Each part lifts criticism of chosen method and reasoning what has been done to overcome this.

3.1. Scientific approach

We have chosen an abductive approach which is the usage of both a deductive and an inductive approach. When a researcher aims to test the validity of a theory, a deductive approach is employed. While an inductive approach is employed when a researcher aims to formulate a new theory or hypothesis (Research Methodology, 2016).

The research study is abductive in the way that we both test the validity of Naray's (2011) FAR framework, and develop a new framework (Research Methodology, 2016). This framework is based on the shortcomings that were found in the FAR framework. An abductive framework is highly relevant when researching Commercial Diplomacy, due to the fact that researchers in the field continuously write about the lack of research on the subject. Testing the existing theories formulated on the subject against different scenarios, such as "the roles of Swedish organisations engaging in Commercial Diplomacy in China", can provide insights into which areas of the subject that need to be researched further.

3.2. Research method

This study is based on a qualitative research method to collect and analyse data. A qualitative study separates from a quantitative one mainly because it focuses on words rather than numbers (Bryman & Bell, 2013). Additionally, a qualitative method is separated in three ways. Firstly, qualitative data uses an inductive and interpretive view of the relation between theory and practice. This means that theory is generated on basis of collected data. Secondly, it has an epistemological viewpoint, which means it emphasises the understanding of a social reality, on basis of the research subjects' interpretation of this reality. Lastly, it also has an

ontological viewpoint, which translates to that social abilities are the result of interplay, not the result of an outside phenomenon which is separated from the context of the people included in their construction.

Criticism has been aimed towards qualitative research. Qualitative studies have for instance received criticism for being too subjective, on the basis that research is often built on a researcher's unsystematic perceptions of what findings are meaningful, rather than based on explicit research questions, connected to literature and theoretical ideas of a certain research area. It is also argued that studies are affected by close and personal relationships which the researcher may have had before hand or establishes with the research subject during the research process. To avoid subjectiveness, we have utilised both a tutor and peers which have read the findings and provided feedback on what findings they viewed as important.

Criticism is also aimed towards difficulties in replicating and generalising the research results. This is because a qualitative research is often dependant on the researcher's own innovative spirit, which can affect selected research subjects. Because the qualitative interviews are semi-structured, this may affect the subject's interpretations of the interview questions, as well as affect the researcher's subjective assessment and sympathy. Because of this it may be impossible to replicate the research results. Studies into specific cases, is argued to be hard to generalise beyond the situation where they were created and impossible to transfer to other environments. We are aware that a case study of a single subject of a population who are interviewed for a study cannot be representative for a whole population, in this case all the semi-governmental and non-governmental actors within the Commercial Diplomacy field. We argue however, that the results from the study can be utilised to formulate a theory. This is due to the fact that it is rather the quality of the theoretical conclusions which are formed on basis of qualitative data that is the most important when assessing the rate of generalisation. Lastly, Qualitative studies have been criticised for the lack of transparency of what methods that were used to plan and perform a study. Researchers have been criticised for being diffuse of how a subject was selected for an interview or how the qualitative analysis were conducted. To heighten the transparency, we have specified details about how theoretical and empirical data has been collected as well as what the selection process of research subjects looked like.

3.3. Research design

The research was conducted by using a comparative design method where data was collected from two organisations, compared and analysed out of a Commercial Diplomacy context. A comparative design is an extension of a single case design and use more or less identical methods to study two cases, such as two organisations. When a comparative design is used in a qualitative research strategy such as this, it takes the form of a multiple case study. The foundation of the multiple case study is its ability to make the distinguishable features of the two cases to serve as standing point for theoretical reflections and contrasting results. The main argument to use this design is to ease the theory development. By comparing two cases researchers achieve a better standpoint to establish what conditions a theory adds up and give rise to what concepts are relevant (Bryman & Bell, 2012).

The analysis will analyse the two organisations based on previous research within the Commercial Diplomacy area presented in the conceptual framework. It will also analyse the two organisations services compared to the problem discussion of the thesis. Furthermore, the analysis part will aim to define Business Sweden and The Chamber of Commerce in China's role out of a Commercial Diplomacy context. It will also present a new frame of thought for further research.

Criticism has been raised against multiple case studies by arguing it limits researchers in the way that they pay less attention to the specific context and rather focus on how the two cases can be compared with each other. Additionally, since the study need to create a foundation for comparison, it means that already in the start of a research study, it may have a pronounced focus, despite the fact that researchers have found that it often is better to have an open approach (Bryman & Bell, 2012).

To determine the organisations similarities and differences, research into three key areas were chosen. These are: organisational structure, customer-/membership value and communication strategy. The first two key areas were chosen because they provide an insight into how the organisations are structured, the power balance of ownership, what services they offer and what stakeholders are involved and whom they interact with on the Chinese market and globally. It also provides an insight to the two organisations own perception of value creation for their users, i.e. members and customers. Lastly, a focus on communication strategies

highlights the relationship within and between the organisations and their customers/members. The communication area and how the two organisations make use of digital communication is valuable to investigate, since it is a powerful and affordable tool in creating and maintaining strategic alliances across borders.

3.4. Theoretical and Empirical data collection

In order to become acquainted with the subjects of research and to seek references in the research area of Commercial Diplomacy, we employed desk research by using different search engines and databases provided by Gothenburg University. The majority of the desk research focused on conceptualisation of Commercial Diplomacy and earlier research by various authors within the Commercial Diplomacy field and on Chambers of Commerce. When beginning to investigate the role of the Swedish Chambers of commerce in China and Business Sweden in China, both organisations were mapped on an organisational chart with stakeholders as well as other Chamber of Commerce institutions to get an overview of what kind of role they may play in the value chain and how their relation to each other looks like. All information was retrieved from the two companies' public websites and annual reports.

The information about the two organisations was structured in the three aspects, organisational structure, services provided and customer-/membership value, and communication strategy. The desk research yielded the secondary data, which this thesis is largely based on. However, we also employed another method of qualitative data collection, namely interviews. In total, we conducted two interviews, one with an employee at the Swedish Chambers of Commerce in China and one with an employee at Business Sweden in Shanghai. The two interviews were intended to provide us with information that we were not able to attain through merely doing desk research. The interviews aim to provide insight into Commercial Diplomacy in non-governmental and semi-governmental organisations, as well as supplement prior desk research on the three focus areas, organisational structure, services and customer/membership value and communication strategy. The information collected in the interviews is what is called primary data, i.e. data which the researcher has collected directly from first hand-experience.

2.4.1. The Interviews

The interview method and approach is based on guidelines provided by Bryman & Bell (2012).

Interview method and analysis

The empirical data is partly based on two separate telephone interviews. A semi structured interview form was used to conduct the interviews. In semi structured interviews the researcher uses an interview guide consisting of specific themes that will be touched upon (Bryman & Bell, 2012). The semi structured interview form is advantageous since it is flexible and the focus lies in how the respondent perceives and understand questions. The respondent has great liberty in formulating their answers in their own way and the researcher can choose in what order they ask questions. Questions outside of the interview guide could also be asked if it is connected to what the respondent just replied.

Prior to the interviews, the respondents were provided with information about the areas that were going to be discussed. In the beginning of the interviews the respondents were introduced to the research area and research question. With respect for the respondent's time, the interviews were limited to 45 minutes. Both respondents agreed to have the interviews recorded in order to avoid any misinterpretations. During the interviews, the respondents were encouraged to develop their own thoughts and reasoning and voluntarily highlight concerns within the area of discussion. Efforts were made to give room for flexibility, follow up questions and discussions that went outside the initial interview guide.

The recordings were later transcribed and summarised and identified by themes and tendencies which provided us with a more manageable amount of data. The results may also have been influenced by our own interpretations of the collected data.

Telephone interviews have not been widely applied in qualitative research. Bryman & Bell (2012) argue that these types of interviews may have some advantages compared to in-person interviews. The cost is lower, which is specifically applicable to our study since the respondents were stationed in China. Another advantage is that it is easier to ask and answer delicate questions over the phone. Some of the criticism against telephone interviews lies in that it is not suitable to conduct long interviews over the phone. In this study, we were careful that we did not exceed the 45 minutes to one hour limit we had promised the respondent. In telephone interviews, it is neither possible to see the respondent's body language, which could

be of importance to the researcher to understand discomfort or confusion. Since one of the interviews was conducted over Skype video call, we were able to see the respondent in person and she was able to see us. There might also be technical difficulties, such as bad sound quality or limited internet connection which disrupts or spoils the interview. Unfortunately, one of the interviews we were not able to conduct at all through Skype video call because of limited internet access. This meant we had to call through the telephone wire. The other interview was slightly affected by the internet connection, however, this did not affect the empirical results.

Selection Procedure

The selection procedure for qualitative data collection would in this case be described as a convenience sample by Bryman & Bell (2013). Due to a very limited sample, the respondents that were chosen for the interviews were the most suitable for this case study. When contacting the Chamber in Shanghai, the respondent at the Swedish Chamber of Commerce in Shanghai was selected due to her position as office manager. Marianne Westerback, henceforth called Ms. Westerback, holds the position as Office Manager for the Swedish Chamber of Commerce in Shanghai for the past two years. She previously worked for many years at a large Swedish bank. When contacting Business Sweden, the respondent was recommended due to her knowledge of the Chinese market and working experience at the Shanghai Office. Anna Djup, henceforth called Ms. Djup, has worked two years for the Business Sweden's Shanghai Office. Today she holds the position as Associate. She has previous work experience in China as well as Chinese language skills. One telephone interview was held each, additional follow-up questions were emailed to the respondents. Selection after convenience is criticised in that sense it does not question representability. However, these questions are not as important as in quantitative studies and we argue that due to the nature of our questions, the respondents' current position, work experience at the organisations and previous work experience in and outside the Chinese market, make them the most suitable as respondents for this study.

Interview design

The first part of the interview regarded the Chamber's and Business Sweden's organisation, including the internal structure of team members, connection and relationship to other

organisations providing similar services in China. These questions were meant to separate the organisations from other actors, to give us a clearer picture of their services and to establish their roles as organisations working with Commercial Diplomacy and what roles they play in the internationalisation process of Swedish companies. The second part of the interview focused on membership-/customer value for both organisations and the network facilitated by the Chamber of Commerce. It investigated common issues encountered by companies on the Chinese market, and what kind of assistance the organisations offer regarding those issues. The third part touched upon the communication between the organisations and its customers/members. This part also investigated if the Chamber serves as a platform for members to communicate with each other. Most of the questions were open in the way that they were formulated. It was done in order to promote a discussion instead of a simple yes or no answer.

3.5. Validity and reliability

According to Bryman & Bell (2013), reliability and validity are two important research criterions. Reliability handles whether if the result of a research study would provide the same results if it was performed again or if it was affected by randomly or temporary conditions. Validity is an assessment of whether if the conclusions generated through a research study connects to the research question it was set to answer.

We consider and expect responses given during the interviews by the respondents to be trustworthy since both organisations have either connection to the Swedish government or a responsibility to uphold a certain authenticity to the Swedish business community in China, where many of the largest Swedish companies are customers/members. We also believe our research questions to have been answered in this thesis.

We believe that if our study would be replicated it would provide the same results and not be affected by random or temporary conditions. This is what the organisations look like right now under these market conditions. However, we are aware of that organisations evolve and in a couple of years' time, the services they provide might be extended or the market conditions may have changed.

3.6. Ethical implications

The verge between ethical and unethical is not entirely clear and many who write about ethics within social research adopts different standpoints (Bryman & Bell, 2012). Ethical guidelines normally centre on the respondent's willingness, integrity, confidentiality and anonymity. There are several requirements a researcher is recommended to live up to. These are information requirements, which means the respondent must be informed about the study's purpose and what elements it includes. Usage requirements mean that collected data about individual respondent only can be used for that research purpose. This is connected to the requirement to not give the respondent false pretences, which means that a researcher shall not give the respondent false or deceptive information about the study. A consent requirement, in which the respondent should know if their participation is optional and that he/she have the right to cancel if he/she so wish. A confidentiality and anonymity requirement mean that records about the respondent should be handled with care so no unauthorised people can reach it.

We took ethical consideration when conducting our research in that sense that we first informed both respondents about the study's purpose and what research areas that was going to be discussed during the interview. The respondents were additionally offered to ask questions about the study and reflect upon the relevance of the study. The respondents were also told that the collected data will only be used for the purpose of this thesis. Consent to participate was reached during first contact and both respondents agreed to have the interviews recorded. The respondents were not offered to be anonymous, since we believe this would have lowered the validity of the empirical findings. To ensure that no physical, emotional or professional harm will come to the research subjects, was all collected data stored in our own password protected personal online accounts that only we have access to. Any private or sensitive information the respondents told us about themselves have not been included in the empirical findings.

4. Empirical findings

The following empirical findings consist of two parts. The first part will provide an insight into the Chinese market and Swedish export- and trade strategies. It will provide an insight into how characteristics such as political climate, foreign trade and export policies may affect the role of semi-governmental and non-governmental organisations conducting Commercial Diplomacy. This part will also investigate what Swedish presence on the Chinese market looks like, in form of what type of Swedish firms and of what type of actors there are engaging in Commercial Diplomacy related activities. The second part will focus on a comparative case study of the two organisations.

4.1. The Chinese market

The Communist Party has ruled China for over sixty years. It is a socialist state which means all power should lie with the people. However, the Party organs have the greatest influence and control decision-making. The Chinese state and the Communist Party have long been considered as one unit in China and uses harsh means to retain power. Political opposition is not tolerated and it prohibits and silences demonstrations and appeals for democracy and human rights. China's foreign policy is largely controlled by economic interests, such as demand in raw materials and energy. There are global concerns that China's economic success will be followed by superpower ambitions, however, the Chinese Government states it aims to pursue a peaceful development and stability in contacts with the outside world. The Chinese privately-owned industrial sector has expanded over the past two decades, while the state's share of production has decreased. However, the state sector still account for one third of the industrial sector's total revenue. (Landguiden, 2016 a; b; c; d)

China has driven global growth in the last decade. In 2014, China's economic growth increased with 7, 4 per cent and the country became the largest economy in the world surpassing the U.S. (measured in GDP converted to purchasing power) (Business Sweden 2015). The demand for consumer products and services such as healthcare, education and insurance has largely increased in China due to the rapid growth of the Chinese middle class. In 2015, consumption accounted for 51 per cent of GDP growth.

4.2. Swedish Presence in Chinese Trade Regions

China consists of three mega consumer regions, The Pearl River Delta, which inhabits over 120 million potential consumers, The Bohai Rim, which inhabits 66 million potential consumers and the Yangtze River Delta. This cluster region consists of around 88 million inhabitants and includes the cities Shanghai, Nanjing, Hangzhou, Ningbo and Suzhou (China Highlights, 2016). Shanghai inhabits over 20 million potential customers and is considered one of China's most important cities when it comes to business and trade. It is highly valued for its reputation of being the optimal location for finding finance- and business related partners (China daily, 2014).

The Shanghai free-trade zone (FTZ) was introduced in 2013 and was the first free trade area in mainland China. It was presented as a testing ground for new reforms and included four areas, namely trade, investment, finance and administrative government. The FTZ meant easing restrictions on foreign currency exchange and increasing foreign participation in China's e-commerce sector. It also included "the negative list", in which business sectors foreign investment is restricted. Since 2013, additional Free trade zones have gradually been implemented across other parts of China (South China Morning Post, 2016; China Briefing, 2015)

There are approximately 500 Swedish firms on the Chinese market today (Business Sweden, 2016a). In 2010, these companies had assets worth about €3.6 billion and over 75000 employees in China (Svenska Dagbladet, 2012). Foreign companies mainly enter the Chinese market through Exporting or Investment (EUSME, 2013).

The Swedish Chamber of commerce have listed Swedish companies spread all over China. Most Swedish companies seem to cluster in the areas closest to Beijing and Shanghai, i.e. Yangtze River Delta, Pearl River Delta and the Bohai Rim. While a few industrial companies stretch their business in to the more inland areas (Swedish Chamber of Commerce, 2016). See figure 4.1 below.

Figure 4.1. Swedish enterprises in China



Source: Swedish Chamber of Commerce China (2016 h, i)

Swedish firms which have established their business in China have primarily used one of the following entry modes; using a representative office, a joint venture or establishing a wholly foreign-owned enterprise. Smaller companies with a turnover of 10-100 million SEK tend to use a representative office, subcontractors to larger corporations tend to establish a presence through a joint venture with the corporation while larger companies tend to establish a wholly owned enterprise. The main reason for establishing a wholly owned enterprise is to be able to bill companies locally, something which is not possible when using a representation office (Ms. Djup, Business Sweden, 2016).

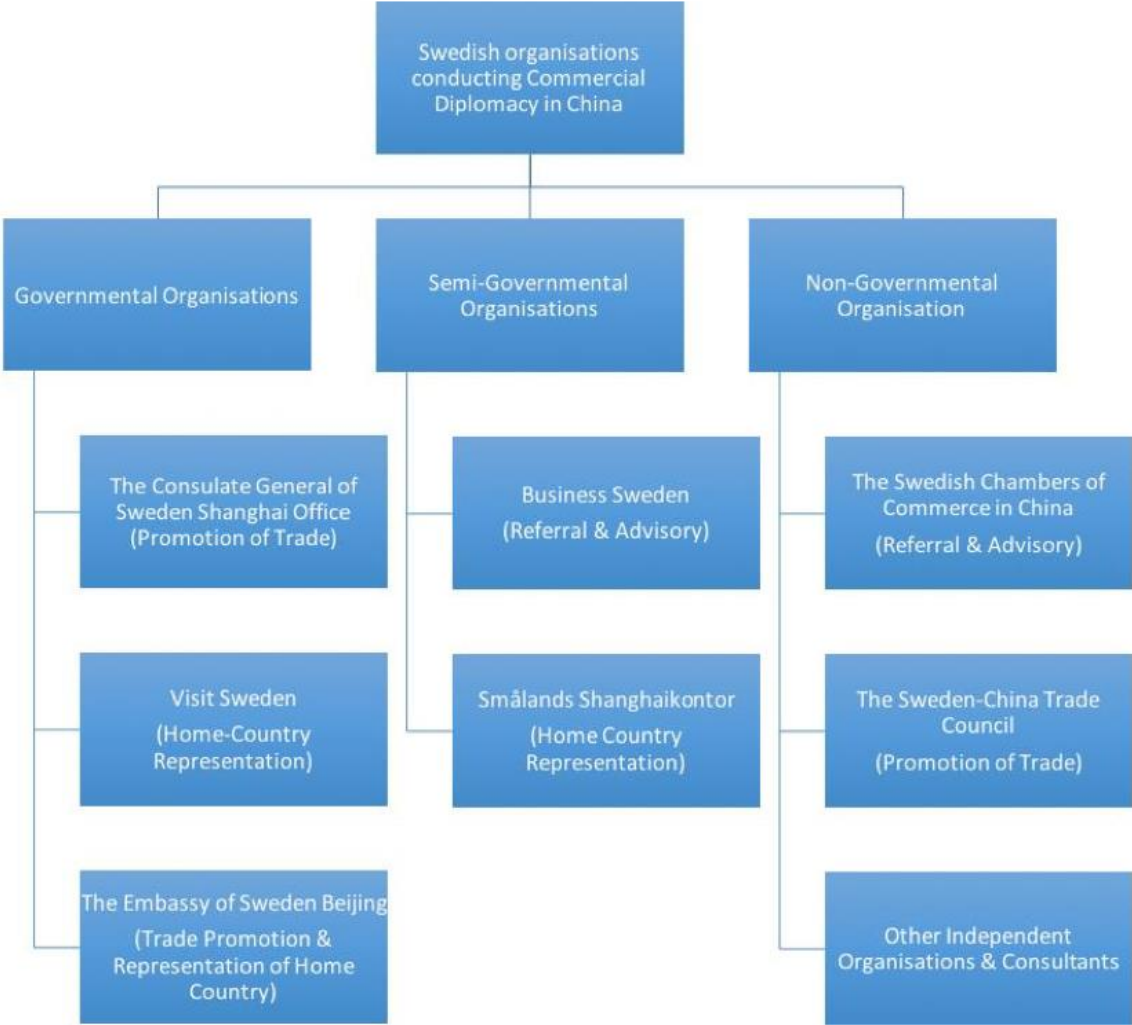
4.3. Swedish export and trade policies

In comparison to China, Sweden is a country with a small domestic market and extremely dependent on world trade (Landguiden 2012). Traditional Swedish export goods are wood, pulp, iron and steel as well as electronics and telecom services. About half of the GDP is made up of exports of goods and services and there is surplus in the current account. Exports of services in 2011 amounted to almost a third of total exports. Sweden's biggest trading partners are the neighbouring countries (Norway, Denmark) and Germany. In the last couple of years, the trade exchange with Asian countries and the United States has grown larger. Swedish foreign policy has long sought to avoid political involvement and bonds that could pose risks being drawn into the great political differences.

In the Swedish government's export strategy document, Sweden has a pronounced export promotion strategy in certain industrial sectors and presents 26 priority markets, with China being one of them. The export strategy document mentions Business Sweden's strategic position several times (Regeringskansliet 2015).

The compilation in figure 4.2 provides an overview of other governmental, semi-governmental and non-governmental representatives conducting Commercial Diplomacy in China. These are present in either the Bohai Rim area or the Yangtze River Delta area. Except for Business Sweden, Commercial Diplomacy practised by the Swedish state in China goes through Embassy of Sweden Beijing, the Consulate General of Sweden Shanghai office and the tourism centre Visit Sweden. There are also other Non-Governmental actors, except for the Swedish Chambers of Commerce, which engage in Commercial Diplomacy in China, such as The Sweden-China Trade Council and other independent Swedish-Chinese trade organisations and consultants (Swedish Chamber of Commerce, 2016h ; Business Sweden, 2016b ; Smålands Shanghaikontor, 2016) ; Embassy of Sweden Beijing, 2016a).

Figure 4.2. Visual overview of Swedish governmental and non-government actors present in China,



Source: Compiled by Lundblad & Obstfelder based on (Swedish Chamber of Commerce, 2016h ; Business Sweden, 2016b ; Smålands Shanghaikontor, 2016) ; Embassy of Sweden Beijing, 2016a)

4.4. Comparative Case study

Findings are a mix of initial desk research and empirical findings from two qualitative interviews. The first part of the case study presents findings from Business Sweden first The Swedish Chamber of Commerce second. The second part of the case study provides a comparison of similarities and differences. This part is structured in three focus areas: organisational structure, member/customer value and communication strategy for each organisation. The case study section is concluded with a summary of the two organisations main similarities and differences.

4.4.1. Business Sweden

Organisational structure

The Swedish Trade and Investment Council are called Business Sweden (Consulate general of Sweden Shanghai Office 2016a). It was established in 2013 through a merger between Invest Sweden and The Swedish Trade Council (Business Sweden 2016c). It is partly owned by the Swedish Government and partly by the Swedish industry. Business Sweden works to “promote Sweden internationally by enhancing the image and awareness of Sweden as an attractive, innovative and competitive business partner”. It does so by creating business opportunities for SME’s to grow internationally and through supporting Swedish companies’ in helping their products, services and ideas to reach new markets. Business Sweden offers advisory services, skills development, events and targeted campaigns. Business Sweden also aims to attract FDI in Sweden.

The board of directors consist of six government representatives, four industry representatives and one staff representative (Business Sweden 2016d). Each board member is appointed for a one-year term. The management team consists of 11 employees (CEO, CFO, VP Human resources, acting VP Asia and Pacific, VP strategy and business development, VP government assignment trade and invest, VP Americas, VP sales and marketing, VP middle east and Africa, VP western Europe, director of public affairs and corporate communications and finally, VP eastern Europe). The headquarter is placed in Stockholm.

In total, there are 57 Business Sweden offices across the world. In China, there are two, one stationed in Beijing and the other in Shanghai (Business Sweden 2016a). Business Sweden has been active in China since 1994. The China office currently have 50 employees where two thirds of staff are locally employed Chinese. Business Sweden concentrates their activities to the east China provinces of Shanghai, Jiangsu, Zhejiang and Anhui as well as Chengdu (Consulate General of Sweden Shanghai Office 2016b).

Business Sweden primarily works with the Swedish consulate. According to Ms. Djup, Sweden has selected to promote certain export industries, such as medtech and cleantech. She says Business Sweden work with the consulate to push local municipalities to meet Swedish companies where the Swedish companies get included in the dialogue. To do that Ms. Djup says that the business needs the official stamp. This is where Business Sweden brings in the companies and informs them about delegations with the consulate within a certain industry field, and asks if they are interested to join. According to Ms. Djup (2016) Business Sweden seldom work with the Swedish Chamber of Commerce. She describes the Chamber as a networking organisation, which arranges events where people can network with each other. Swedish Chamber of Commerce she says, “is a non-profit organisation and do not do any direct projects, it is a networking platform, which role is to be a tutor in the market” (Anna Djup, 2016).

Business Sweden is mentioned several times in the Swedish government’s export strategy document (Regeringskansliet 2015). The Swedish government currently has a goal of increased presence in emerging markets and argues export businesses need to be guided. The export strategy proposes that Business Sweden should be given resources in order to strengthen its presence in emerging markets. The Swedish government also wants to open regional export centres that will act as doors of opportunity to export counselling. Regional export centres will be established together with regional and local offices including Almi, Business Sweden, Export Credits Guarantee Board and the Growth Board. The design will be done in cooperation with the regional development managers. Business Sweden's network of regional export advisors is also an area which needs to be strengthened so that export advice can be provided in all parts of country. The Swedish government also wants to promote large businesses. Project teams need to be created for each major deal involving people from interested companies, government offices, and relevant authorities in order to coordinate governmental support operations.

These operations include delegation visits and high-level visits. Here, Business Sweden is given the task of identifying the largest global businesses in the next ten years with the greatest potential for Swedish exports and employment in Sweden together with interested companies.

Services provided and Customer value

Business Sweden offers the following five service areas: (1) Cost-free information and advice, such as regional export advice, information on foreign trade rules and general market information. The Business Sweden webpage for example, provides a large stock of public reports and facts about markets, industries and success cases. (2) Consultancy services, ranging from market selection analysis, market analysis, partner search, visiting programs, acquisition support, formation of companies, recruitment, sales and marketing support as well as their own incubator, the business support office. Business Sweden also has a service where it acts as an entry point in foreign exchange. It is a tailored service called Connect and includes local business support. (3) Education in practical export legislation and international trade. Such as how to utilise e-commerce across borders, delivery and payment terms, financing and export formalities for sales, how to fill in the correct export documents right, information about the EU free trade agreement and the conditions of a product's origin, risks in foreign trade, different forms of payments and the foundations in logistical reasoning. (4) Web based guides with various themes on export and import procedures. These are; general exports, food export, e-commerce, financing, free trade and shipping. (5) Business meetings, such as business delegations, state visits, seminars in both Sweden and abroad and pavilions at international trade fairs (Business Sweden, 2016e).

Business Sweden offers state funded projects to potential clients. This funding means that if a company pay 50 per cent of a project's cost, the Swedish state fund additional 50 per cent of the total sum. The client company then choose which of Business Sweden's services they want to buy with the money. For example, it could for example be finding a distributor. Distributors get what Ms. Djup calls "vetted" by Business Sweden, to see what they think of the product. Ms. Djup brings up a recent case where a customer wanted to sell their product in China. Business Sweden contacted various potential distributors but none of them thought the product itself was suitable for the market.

These types of evaluations are indications that the product needs to be adjusted, remade or introduced to another market. It often saves companies millions (SEK editor's note), Ms. Djup says.

The business meetings are often included in what Ms. Djup (2016) calls an “opportunity project”. These kind of projects costs 50 000 SEK for a Swedish business and is previously mentioned, state funded, with additional 50 000 SEK. If a client wants to, it could book business meetings for the whole amount. In the opportunity project program, there are three steps. One is market check, next is evaluation of suppliers and distributors and the last step is visiting program. As a client, you can choose if you want all three, only two or just one step, Ms. Djup says. For larger companies this expands to more of a project where Business Sweden note how many businesses that should be contacted, how much time they need to reach businesses or find the right contacts, and so on. The large business then gets an offer of X amount of thousands SEK. “Business Sweden works pretty much like any other consulting firm”, Ms. Djup says.

However, to provide customer value creation and separate Business Sweden from ordinary consultancy firms, Ms. Djup (2016) argues Business Sweden’s large market knowledge about not only China but many other markets, a valuable asset. She also argues the organisations powerful network and their close work with the embassy to be main assets. It is not possible to reach certain Chinese contacts, firms or industries without being introduced by Business Sweden, Ms. Djup says. Because of the state official brand, it gives Business Sweden ability to reach a greater legitimacy than other consultancy firms.

A certain amount of priority lies on the internationalisation of SME’s. The process work as regional export advisors first identify if businesses are ready to export and help them prepare and develop an export strategy to new or existing markets. A market selection analysis helps businesses understand the potential of their products and services. Business opportunity is a three-service package deal, including a market check, meeting program and action plan. (Business Sweden, 2016e).

Regarding Business Sweden’s most important services, Ms. Djup (2016) especially points out the evaluation services. According to Ms. Djup, when entering a new market many companies misses out on evaluating it.

On a day to day basis she speaks to Swedish businesses, both active on the market today and those who have left it. When speaking to businesses which entered during the period of what she calls “the China wave”, a period after the WTO entrance in the early 2000’s, the reason to why their business has now left China is because of the initial lack of evaluating sale channels, distributors or suppliers. Business Sweden’s most important service is therefore to guide and lower the cost of entering a new market, an especially vital strategy for small and medium sized firms.

The biggest issues Ms. Djup (2016) finds, for companies which enter the Chinese market is firstly cultural differences, such as how to do business in a very different business environment. Secondly there are language issues and difficulties to keep staff. There is high turnover of staff and difficulty to get the right employee to the right price, Ms. Djup says. “Hiring and flying in a Swedish general manager from Sweden can often be cheaper than hiring a local one”, Ms. Djup says. Ms. Djup believes there are many businesses which do not understand this. “They think business is done in the same way as in Sweden, such as when you shake hands and say yes, everything is settled.

A large amount of companies does not understand that the Chinese people can change their mind 50 times before a settlement has been reached. It is all about being street smart”, Ms. Djup says. “The Chinese always tries to find shortcuts to get around things and find clauses which will benefit them”, Ms. Djup argues. During her past four years in China, she has experienced many naive Swedes. Swedes which expect “a contract to be a contract because it is a written contract”, which Ms. Djup argues that in China a contract does not have the same legitimacy as in Sweden.

Business Sweden, Ms. Djup (2016) says, tries to overcome these issues by informing companies. Twice a year Business Sweden arranges cultural workshops about major cultural differences and how it works to do business in China. Together with regional export advisers Business Sweden also does a roadshow through Sweden where they visit various Swedish cities and hold seminars. There are also frequent telephone dialogues with customer companies, she says, about what is trending on the market and what is not. Obviously, there are also many businesses which come to ask questions about how they should handle things as time goes by, Ms. Djup says.

Regarding aimed partner choice in Business Sweden's partnership service, Ms. Djup (2016) says the choice of which a company wants to get in touch with depends on what type of business a company aim to do on the Chinese market. If it is distributors or importers for example, it is often the general manager or the CEO that Swedish companies want to meet. There are many Swedish companies which work with Swedish import companies in China, Ms. Djup says. It is very rare that a Swedish company will only want a Swedish partner. They want to find a Chinese partner which knows how the culture works and which may have a better distribution network or better contacts within the government.

According to Ms. Djup (2016), Business Sweden does not actively connect partners with each other. She thinks it is very controversial and would be like informing competitors to the Swedish company. Despite, Business Sweden often inform that there are multiple Swedish companies entering the Chinese market within certain business areas and ask if this is something that would interest potential partners. When a couple of similar businesses take the step into the Chinese market it often indicates that these businesses have been informed about possibilities either by Business Sweden, other third parties or that they have been contacted by Chinese partners or met them on trade fairs. Many times, these companies come to Business Sweden for quality checks or market evaluations, Ms. Djup reveals.

To find new customers, consultants from Business Sweden actively contact and connect with Swedish businesses to spur interest (Anna Djup (2016) Business Sweden). Many businesses still do not understand what Business Sweden do, Ms. Djup says. Many people know about the old organisation "Exportrådet" but since the merger many people haven't understood the organisation's new existence and that it advice Swedish businesses. She also tells Business Sweden actively work in Sweden through regional export advisors. These more or less provide free coaching to internationalisation in different markets and forward businesses to Business Sweden in China when they have matured enough for internationalisation. Businesses often contact the Shanghai office directly or go through the Stockholm office to reach them, Ms. Djup says.

In addition to mailings on social media such as LinkedIn there are also previous customers which recommend other firms to contact Business Sweden.

It is not easy to establish a company in China, Ms. Djup (2016) believes. It requires substantial paperwork and governmental contacts which can get very expensive, tedious and wrong if you use a local firm. She gives an example of businesses which come to Business Sweden to use their book keeping services. Some businesses hire local bookkeeping practitioners and later realise that it is wrong. Business Sweden can often help to revive the book keeping which often saves the business a substantial amount of money and trouble with the (Chinese, editor's note) government.

“Companies don't understand how big China is and how different the culture is”, Ms. Djup (2016) says. “You can do business everywhere but if you don't understand the foundation, it is going to be very difficult. Some Swedes may still think that China is the country where if you have one per cent of the market you will become a billionaire”, Ms. Djup says. Ms. Djup argues that one should view China as multiple provinces, as large and diverse as separate countries. “Companies believe that their product is marvellous, of course, but many times they shut their eyes to why a Chinese company or Western company should want to buy the Swedish product when the Swedish company competes with Frenchmen, Germans, Italians, Spaniards, Japanese, Koreans, Americans and Chinese brands themselves”. Ms. Djup argues it is all about expectation management and more reasonable to think you will not be biggest in the market at first, it may take a long time.

Ms. Djup (2016) describes her role at business Sweden as helping Swedish companies in China with various problems. Business Sweden's services varies from different markets, but her role is to help businesses with their internationalisation to China. The services offered range from helping companies find distributors or suppliers, to brand registrations or customer visits. She describes Business Sweden as assisting in these types of meetings to bridge the cultural differences between Sweden and China. That Business Sweden is semi-state-owned can be noticed in way that the Swedish consulate runs the political part and Business Sweden the commercial part of the market. When for example the consulate and embassy arrange minister delegations, it is Business Sweden which invites the companies and helps these to be a part of the delegation. Business Sweden often holds information seminars about China in Sweden and in China. It is most often with market information. The whole role of Business Sweden Ms. Djup thinks is to provide information and assist the companies on the market.

She believes it's very hard for a Swedish company in Sweden to keep updated about fish regulations changes and so forth in China. A seminar could for example assist this. According to Ms. Djup, there are no frequently used seminars, they get continuously updated.

Communication strategy

Except for publishing on the webpage and newsletters, Business Sweden also uses Two Facebook accounts, eight different LinkedIn groups and 21 Twitter accounts. It is also possible to contact Business Sweden through an online contact form, in addition to contact information to employees in the various offices. On the webpage there is also a calendar with updated invitations to events all over the world (Business Sweden 2016f; g;h; i).

Business Sweden's local market offices mainly communicate with their customers through e-mail (Anna Djup (2016) Business Sweden). All public communication is run by the Stockholm office. Ms. Djup believes it is because of an aimed synergy of all the collected markets. Ms. Djup (2016) believes a mix between personal communication and digital communication is vital. Since Ms. Djup primarily sits at the Shanghai office, she is always affected by a six or seven hours' time difference, which makes it harder to meet customers face-to-face. Instead she chooses to use communication through phone, which she believes makes it easier to have a conversation, since many nuances disappear in digital conversations and dialogues. "People misinterpret the meaning, they don't read very carefully and often don't have time to read through long e-mails", she says.

She believes it is always better to have a personal contact and many times where a business want to buy a project from Business Sweden, it first want to gain trust by meeting a colleague in Sweden, Ms. Djup tells. Digitisation has made it considerably easier to communicate Ms. Djup (2016) thinks, things as sending quick messages or change meeting time. But it also loses some of the personal identity, she believes. "It is hard to create expectation management over the phone or through email that is easier to do face-to-face", she believes.

4.4.2. The Chambers of Commerce in China

Organisational structure

The Swedish Chamber of Commerce in China was founded in 1998. It consists of three divisions, one in Beijing, one in Shanghai and one in Suzhou (Swedish Chamber of Commerce China, 2016a). The Chamber is a part of the organisation Eurochambres, a part of the European Commission, which coordinates the activities of all Chambers of Commerce throughout the EU (Eurochambres, 2016). Sweden's Chambers of commerce is in turn made up of 11 Chambers in Sweden and SCI – Swedish Chambers International, a network of 23 international Chambers (Swedish Chambers of Commerce, 2016a; Swedish Chambers of Commerce, 2016b). These Chambers, in turn consist of multiple regional Chambers. The Stockholm Chamber of Commerce works as the main coordinating office of SCI. All the Swedish Chambers of Commerce meet annually in Stockholm to discuss strategic questions and exchange experiences with each other (Sveriges Handelskamrar, 2016). The SCI board consists of Chambers in eight locations, these are; Stockholm, New York, UK, China, Brazil, India, Germany and France.

The Swedish Chamber of Commerce in China has one central board and two additional boards specifically for the Beijing and Shanghai units. The three boards consist of representatives from large corporations, SMEs and consulting firms. The boards are appointed at The Annual General Meeting, which is held once or more every year. Apart from electing new board members, the annual statement of accounts is verified and the Board's annual report is summarised. The central board consists of 13 representatives from various small, medium and large sized Swedish firms as well as the General Manager for the Swedish Chamber of Commerce in China. The Shanghai board consists of 9 representatives, also from various small-large sized Swedish firms (SCA, SEB Shanghai Branch, Fillidutt, IKEA IMS Wholesale (Shanghai) Co.Ltd, Grow HR, Six Year Plan, Mannheimer Swartling, EF Education First and Volvo Cars) (Swedish Chamber of Commerce China, 2016b; Swedish Chamber of Commerce China, 2016c).

The Chamber in Shanghai works very closely with the Beijing Chamber, but it also collaborates with Chambers of different nationalities. This occurs because the Chamber has limited resources and in order to fund guest speakers it must partner up with other more well-funded Chambers to be able to provide the members with the best possible speakers.

Chamber activity has recently grown in the Suzhou region in China. According to Mrs Westerback (2016) this is due to a large number of Swedish companies requesting a “hub” in the region. Chambers of commerce is traditionally opened where there is a cluster of companies from the same country, working in the same sector. At the moment, there are no employees at the Suzhou division but there is a board of directors handling the daily operations.

The three Chambers’ activities are financed by four sources of income which are: membership fees, receipts from events, sales of the Member Directory and advertisements in the Dragon News magazine (Swedish Chamber of Commerce China 2016e).

The Chamber in Shanghai consists of three employees. An Office Manager, a Project Manager and one Intern who is the recipient of a scholarship called the Anders Wall Scholarship. Mrs Westerback is currently the only full-time employee at the Chamber and describes her role as ensuring that the Chamber offers its members activities of value and interest. These activities often consist of lectures and seminars on current topics. The other part of her job consists of actively trying to recruit new members (Swedish Chamber of commerce in China 2016d; Marianne Westerback (2016), Swedish Chamber of Commerce China).

The Chamber have recurring collaborations with the Swedish Embassy, Business Sweden and the European Chamber of Commerce in China. The Chamber is politically independent and does not meet with local politicians very often, if there is any contact with politicians it is mainly when Swedish politicians are visiting the Chamber and e.g. are giving a lecture for the Chamber’s members ((Swedish Chamber of Commerce China 2016f ; Marianne Westerback Swedish Chamber of Commerce China, 2016).

In 2012, a lobbying committee was founded to help improve conditions for Swedish companies doing business in China. The committee aims to position itself as a natural point of contact and as a spokesperson for decision makers and opinion leaders in the Swedish business community in Shanghai. The lobbying committee works together with different stakeholders such as The Swedish China Trade council in Sweden, Swedish Chambers International, European Union Chambers of commerce in China (EUCC), Swedish consulate

in Beijing, Swedish consulate General in Shanghai and the Stockholm Chamber of Commerce (Swedish Chamber of Commerce China, 2014)

The Chamber in Shanghai also collaborate with the local industry through undertakings that include a career fair as well as exchanges with the local universities. The career fair is organised by the Chamber's youth association Young Professional and the exhibitors are a mix between Swedish and Chinese companies.

Services Provided and Membership Value

The Chamber is described as "...an independent, non-profit member organisation, network and platform for Swedish businesses and decision makers in China" (Swedish Chamber of Commerce China, 2016g).

The Chinese Chambers offer three different kinds of membership (Swedish Chamber of Commerce China 2016i). The first type is called corporate membership, where the member company needs to be a legally registered company, organisation or representation office in the network. The second is called Associate member, and is intended for a people who are currently not working for a Swedish Chamber member company, but has interest in or relation to Sweden or Swedish business. The third type is called honorary members. An additional membership form is the one for the Chamber's Young Professionals network, which aims to provide connections between China and Sweden for young professionals and students under the age of 36 (Swedish Chamber of Commerce China 2016h). The Chamber network is currently home to more than 300 member companies and Associate members. Membership fees for corporate members varies from €474 - €2166 depending on how many employees the company have. Associate members pay 2000 RMB (Swedish Chamber of Commerce China, 2016i). Membership is free of charge for members of the Young Professionals network (Swedish Chamber of Commerce China, 2016h).

The Chamber's main services are: providing information, organising networking opportunities and lobbying. This include providing written information, knowledge and analyses through newsletters, lectures, seminars or workshops, organising activities such as breakfast meetings with guest speakers, arranging meetings with officials from central and

local government bodies from Sweden and China, as well as arranging social functions and festivities.

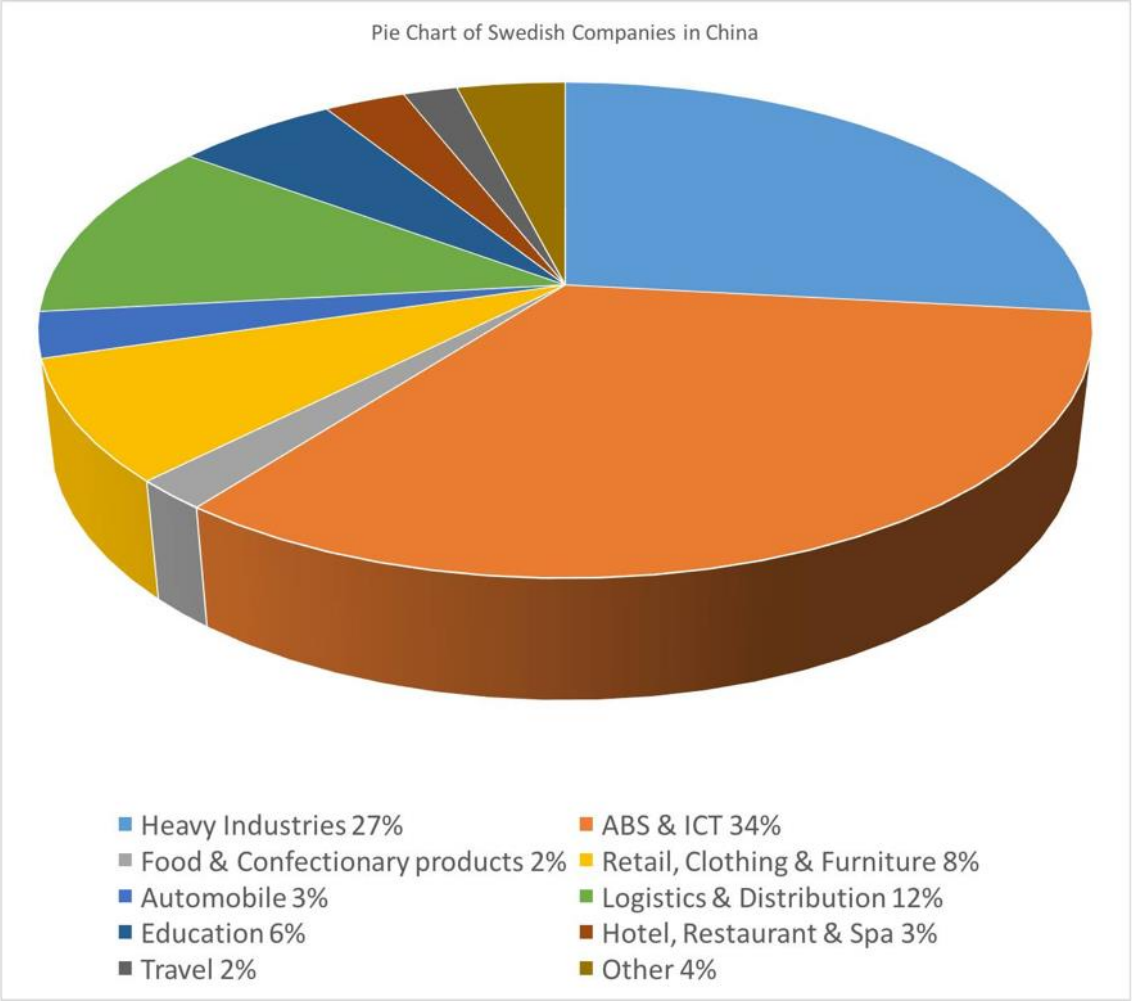
The lobbying services apply to member companies in order to assist Swedish and Swedish-related companies on the Chinese market. It aims to influence the business climate within the member companies' industries and to communicate a correct image of Sweden in China and China in Sweden. The Chamber's events and seminars are aimed at covering areas such as relevant news and trends in China and Sweden, cultural differences and barriers to running a business in China. The Events also provide the chance to meet inspiring and experienced company profiles. Non-members can also participate in the activities, but members can participate for free or at a reduced price. The Chamber's Young Professional network arranges separate business seminars, social events, company visits and cultural activities. In 2014 The Chamber of Commerce in Shanghai organised 47 events, with a total of 1694 participants. All events were evaluated by the participants (Marianne Westerback, 2016; Swedish Chamber of Commerce China 2014; Swedish Chamber of Commerce China, 2016f; Swedish Chamber of Commerce China 2016h)

Additionally, the Chamber provides a member directory, which is a complete list of current members published every year (Swedish Chamber of Commerce 2016f). The directory can be used as a tool to get updated information on companies with an interest in Swedish businesses in China. According to Mrs Westerback (2016), the Chamber in China does not aid companies in establishing an operation in China. Although some Swedish Chambers of Commerce provide this sort of service, in China this is instead a matter that the organisations Business Sweden deals with when it comes to Swedish companies looking to internationalise in China. Mrs Westerback says that the companies encounter the Chamber when they have already established operations in China, "When you have set up operations in China, you might not want to sit around and do nothing. That is when the companies come to us, wanting to hear about how other companies have managed to succeed and get their products on the market" (Westerback 2016).

At the end of 2014 the Swedish Chamber of commerce in China had 289 members, 277 of these were corporate members (Swedish Chamber of Commerce China, 2014). 178 companies were listed on the Chamber's public member directory (Swedish Chamber of Commerce China, 2016j).

The member companies were mapped after what main industry they belong to, which resulted in the following ten categories: (1)heavy industries, (2)food and confectionary products, (3)automobile, (4)education, (5)travel, (6)advanced business services (ABS) & Information communication and technology (ICT), (7)retail clothing and furniture, (8)logistics and distribution,(9) hotel restaurant and spa, and (10) other. The categories are depicted below in figure 4.3.

Figure 4.3. Industrial classification of Swedish enterprises presence in China 2014. n=178



Source: Compiled by Lundblad and Obstfelder based on public data about members.

During 2014, the number of members increased by five (Swedish Chamber of commerce 2016j). 23 new corporate members joined and 17 cancelled their memberships. The most commonly stated reasons for corporate members to cancel their memberships were budget limitations or that the Swedish Chamber representative left the company.

Additional reasons were that members could not use member benefits, they were closing down the business, were doing less business in China, restructuring or mergers. The main reason for associate members to cancel their memberships was because these members generally stay short term in China, as interns and students (Swedish Chamber of Commerce China, 2014). The Chamber is actively seeking new members and the recruiting is largely done by the board of directors, furthermore, Mrs Westerback also work actively with recruiting new members. Some companies contact the Chamber saying that they are new in China and that they are interested in joining the network, otherwise the recruitment process often consists of Mrs Westerback contacting companies asking if she can visit them and do a small presentation about the value that the Chamber can provide for the specific company.

According to Mrs Westerback (2016), the most important activity conducted by the Chamber is the events which are called business events. These often start off with a shorter mingle, then the main event e.g. a seminar, a lecture or a workshop and then the event is concluded by a Q&A session. These events are great opportunities for the company representatives to network and find possible business partners. Attending these events are representatives from both Swedish and foreign companies, with about 60 per cent of attendees representing Swedish companies. The Chamber does not only organise lectures and seminars, but also events that are of a more social nature such as an annual traditional Swedish crayfish party as well as a Christmas party.

Mrs Westerback (2016) argues that companies which benefit the most from being members of the Chamber's network is service providers e.g. law firms, consultants, dentists and banks. She reflects that these companies also are the most frequent visitors of the events organised by the Chamber. The size of the companies does not matter according to Mrs Westerback, service providers in all sizes do still benefit most from being present at the events due to the networking opportunities that these events present. From Mrs Westerback's experience, the only difference between larger companies and SMEs is that the CEOs of smaller companies often show up, whereas the larger companies often send representatives with lower title.

Common problems that companies looking to establish a presence in China face are first and foremost the culture, the relationship with Chinese employees as well as problems with corruption. Mrs Westerback (2016) says that the business culture in China is tougher than in Sweden. Deals are seldom upheld and does not hold value as one might expect.

This is a problematic factor to foreigners who assumes that a deal with a Chinese company will give them the right to something, when in the last stage of the contract, the Chinese company refuses to hand it over. The process of suing the Chinese company is then virtually impossible, the company might cease to exist from one day to the other and then “resurrect” two weeks later. The relationship with employees is tricky for westerners, especially swedes. In Sweden, it is not uncommon for the manager of a company to speak to the lower level employees and ask how they are doing or if there are any areas that they think need improvements. In China, if a manager was to do the same thing, he or she would never get an honest answer from the employees, it is not part of their culture and the employees could end up working with illnesses or in environments that are hurting them without telling the manager this. “In the past, China had large problems with corruption and even though these problems are less substantial today, there are still cases where companies pay bribes to be able to get ahead of the competition as well as cases when bribes are expected by suppliers”, Mrs Westerback says.

The Chamber of commerce is working to help its members combat these problems through seminars bringing light to and providing guidelines for dealing with the problems. The Chamber is working to always provide seminars that give the members something that they can use in their future business life.

Communication strategy

In addition to personal contacts through events and meetings, the Chamber communicates with its members through channels such as newsletters, their webpage, social media accounts, reports, e-mailing and the magazine “Dragon news” (Swedish Chamber of Commerce China 2016e). Dragon news is a non-profit member magazine published quarterly (Swedish Chamber of Commerce China 2016f). It is completely financed by sponsors and advertising, and it is written by editorial committees in Beijing, Shanghai and the Chamber of commerce in Hong Kong. Dragon news is aimed at reaching the Swedish business community and covers business topics, articles, members and member company profiles (Swedish Chamber of Commerce China (2016f). The website had approximately 5200 visitors and there were 5310 newsletter subscribers in 2014. The same year, the Chamber opened a WeChat social media account. The Swedish Young Professionals network also has its own WeChat account (Swedish Chamber of Commerce China (2014).

Today, the Chamber of commerce mostly communicates with its members through its website and especially the “Hot News” section, LinkedIn and WeChat. According to Mrs Westerback (2016) the website, in its current form is far from ideal. She believes that it is far too messy and that member and potential members may sometimes find it hard to get in contact with the Chamber. Mrs Westerback stressed the importance of having a website that is clean and easy to manoeuvre for visitors. Improving the website has been approved by the board and the website will get a brand-new look sometime during 2016. This change is something that Mrs Westerback has been continuously working on throughout her two years at the Chamber, however, previously there has not been any budgetary space for a revamp of the website.

The Chamber is also looking to create a “Customer Relations Management”-System, something that Mrs Westerback (2016) feels that the Chamber could benefit from since it would make it possible to more effectively store all the information about the members in one place and make it easier for the Chamber to ensure a good communication with its members. A large part of the Chamber’s communication also consists of personal contacts with the members by visiting them (Marianne Westerback (2016) Swedish Chamber of Commerce in China). This is something that the Chamber calls an “intern-member-value-project”. Although the aim is to visit as many members as possible, there are some time limitations meaning that the members that are least frequently visiting the events organised by the Chamber, along with the most frequent visitors are visited first.

As of today, the Chamber does not have any digital platform for communicating with other Chambers according to Ms. Westerback (2016). Even though they have collaborated with other Chambers there is no real network of Chambers working together in an umbrella-organisation.

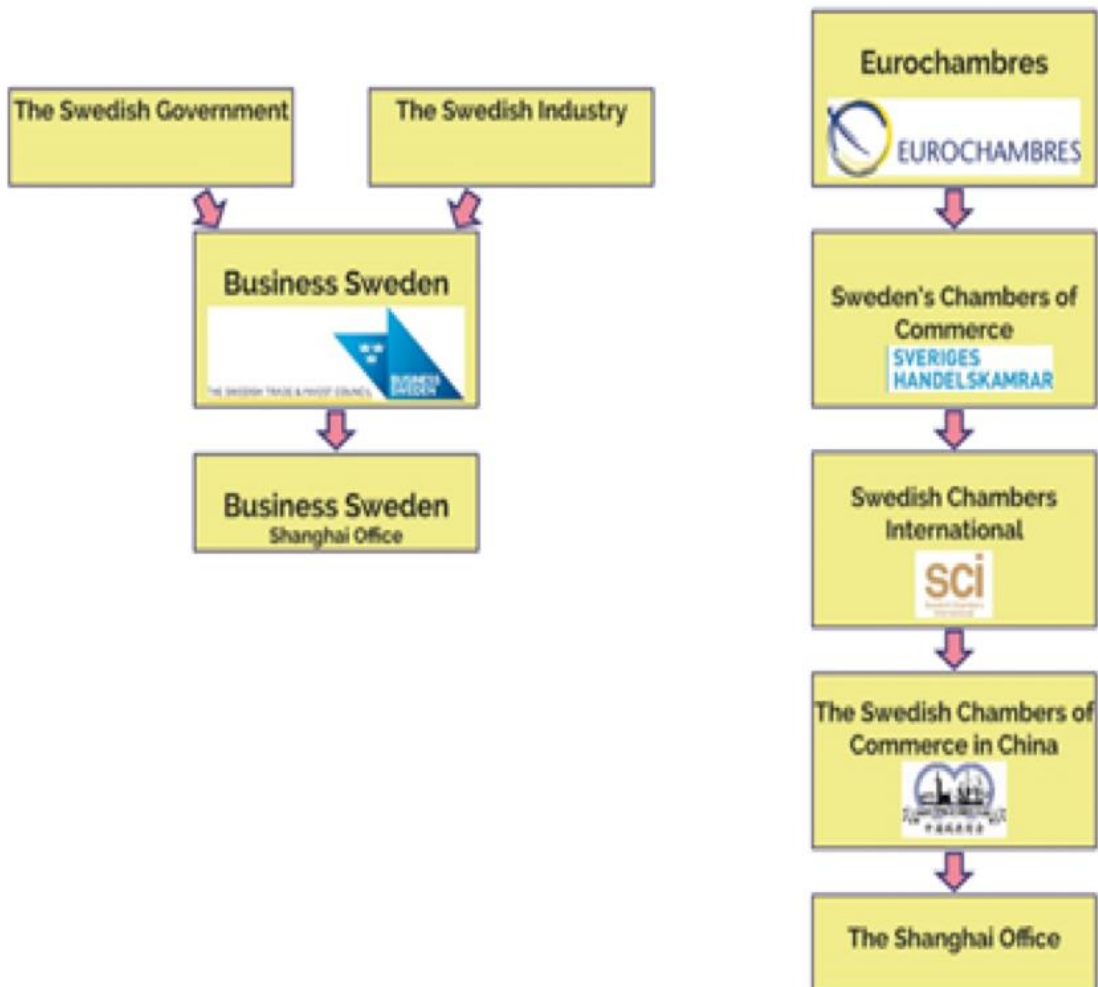
When asked if she believes that the members’ value personal or digital contacts the most, Mrs Westerback (2016) answered quickly that it is a mix of both. Even though personal meetings are invaluable, she also stressed the importance of making it easy for members to quickly gain access to information. This is the single most important reason for the changes that are going to be made to the website. The changes are vital in order for the Chamber to be able to communicate with their members in the most beneficial way i.e. a mix between personal and digital contact.

4.4.3. Comparison of the two organisations

Organisational structure

The two organisations organisational structures are illustrated in figure 4.4.

Figure 4.4. Visual overview of the two organisations' organisational structures.



Source: Compiled by Lundblad & Obstfelder based on Business Sweden, Swedish Chamber of Commerce, Swedish Chambers International

The two organisations' ownership structure is very different. Business Sweden is a semi-governmental owned organisation and a semi-industry owned organisation where the board majorly consists of governmental official members and well known industrial leaders in the Swedish industry.

The Swedish Chambers of commerce in China on the other hand is private and founded by a group of Swedish companies in Shanghai who saw a demand for it. The board consist of both small, medium and large sized Swedish companies active on the Chinese market. While The Swedish Chamber of Commerce in one way is an independent actor, it is influenced by a larger international network of Chambers of commerce, both the international Swedish Chambers but also a larger network of European chambers. In a similar way that Business Sweden's state ownership enables a stronger funding capacity, the cooperation with a larger Chamber network, gives the single Chamber a stronger voice in lobbying causes. The Chamber have recently expanded with more Chamber activities in Suzhou, a sign of increased Swedish presence in China. While the Business Sweden office have mandate to take own decisions, the Chambers decisions need to be approved by the main board.

Services provided and customer-/membership value

Both the organisations consider their most important service to be distributing market information. Indeed, the main services provided by both organisations are advisory in their nature, consisting of gathering, analysing and distributing information. During the interview Ms. Djup at Business Sweden highlighted that their evaluation services are the most important service. This packaging of the information consists of a direct communication with one specific firm about market conditions and opportunities on the Chinese market. Ms. Westerback at the Swedish Chamber of Commerce on the other hand, pointed out that the Chamber's most important service is organising events. During these events, information is communicated through lectures on relevant topics.

Another aspect of the events organised by the Swedish Chambers of Commerce in China is the networking opportunities that they present the member companies with. The opportunity to network is something that Business Sweden does not provide for their customers. Here, another difference arises, Business Sweden has customers, while the Swedish Chambers of Commerce in China has members. This difference was highlighted by Ms. Djup when she said that the largest difference between Business Sweden and a Chamber of Commerce is that a Chamber is a membership network.

Communication strategy

Both organisations employed a mixture between face-to-face and digital communication. However, they do differ in this area as well when one looks at who handles their communication strategies. Business Sweden uses social media platforms as well as their website to communicate with their customers digitally. However, the social media platforms and the website are updated by employees at the Stockholm office and there is only one version of all the different channels used for all offices. The Swedish Chambers of Commerce in China runs their website nationally and every chamber has its own website, a reason for this difference can be found in the fact that every Swedish Chamber of Commerce is a separate entity, while Business Sweden offices are part of the same organisation. There are also large differences in the way that their websites look and the amount of resources spent on them. We argue Business Sweden's website is more user friendly than the Chamber's, something that Ms. Westerback spoke about during the interview. She said the Chamber representatives have been pushing for a redesign of its websites for many years.

The Role

Looking at the way that Business Sweden and the Swedish Chambers of Commerce described their roles from this perspective, Business Sweden saw its role as serving customers through the whole process chain of the internationalisation, similar to a consultancy firm, ensuring that customers return for additional services. The Swedish Chambers of Commerce in China, which is a member organisation, viewed its role as serving the members in their internationalisation process when they are already established in China. Ms Westerback (2016) stressed that through providing information and hosting business events, the Swedish Chambers of Commerce in China provides platforms and internal networks to create business opportunities for its members. Ms. Djup (2016) also contributed to determining the Chamber's role, when she described the Chamber as a networking platform, whose role is to be a tutor on the market.

The main differences between the two organisations is regarding when Swedish firms internationalising to China enlist their services. The services of Business Sweden are enlisted before or when entering the market, whilst the services provided by the Swedish Chambers of Commerce in China are enlisted when the firm is already present on the market.

5. Analysis

This section will analyse the Business Sweden and The Swedish Chambers of Commerce in China based on previous research within the Commercial Diplomacy area presented in the conceptual framework. It will do so by comparing all authors definitions mentioned in the conceptual framework section with the two organisations' activity areas. It will also analyse the two organisations services compared to the problem discussion of the thesis.

Furthermore, the last segment of the analysis part will aim to define the two organisations role out of a Commercial Diplomacy context. It will also present a new frame of thought for further research.

5.1 Analysis of the organisations compared to the conceptual framework

Government assistance

By first looking at the basic concepts of Kotabe & Czinkota 1992, whom concluded in their work that many exporting firms desired government assistance, we find that many companies still desire government assistance. For example, Business Sweden's cooperation with the Swedish state which gives financial subventions to companies that acquire services from Business Sweden. The Swedish state inputs 50 percent. Also, the "seal" of legitimacy is still relevant for companies doing business in China (Kotabe and Czinkota, 1992; Business Sweden, 2016). As the Swedish Chambers of commerce does not undertake projects funded by the government intended to promote export, this theory is not applicable to this organisation.

Export service and market development programs

Regarding Herbst (1996), Hibbert (1998) and Wilkinson & Brouthers (2000) research in export service programs and market development programs. We find that the Business Sweden organisation is involved both export counselling, advisory services as well as identifying market opportunities, a hybrid of both such programs. The three authors look at promotion, evaluation of exports as well as reporting back from host to home country. Business Sweden clearly works with promoting Swedish export, through the organisation's regular cooperation with regional export counsellors in Sweden.

The Chinese office also evaluates export through annual reports as well as continuously report back to the HQ in Sweden, both through physical and digital contact, by visits and newsletters, updates on the webpage or on social media. The Swedish Chambers of Commerce in China on the other hand, do not engage in activities which make this theory applicable to the organisation.

Trade promotion and investments

In Berridge and James' (2001) definition of Commercial Diplomacy the authors mention activities such as promotion of trade, inward and outward investment, supplying information about export and investment opportunities and organising acting hosts to trade missions from home.

As already stated, Business Sweden does promote export of Swedish firms and they also promote inward and outward investment through helping form companies, hosting a business incubator in the Chinese office and hosting educational courses and seminars in export legislation and international trade. Business Sweden also acts as hosts to trade mission from Sweden. It has a close connection to the Swedish state through cooperation with the Swedish embassy in China. The semi-industry ownership enable Business Sweden to invite businesses to delegations within areas of interest.

The Swedish Chambers of Commerce in China on the other hand, rather supplies information about export and investment opportunities as well as facilitates investment opportunities through their different events such as lectures and seminars. These lectures are mostly attended by firms with a connection to Sweden, however, some of these may refer each other to prospective clients, with whom they have done business in the past.

Economic Diplomacy on the other hand, according to Berridge & James (2001), uses rewards or sanctions to pursue foreign policy objectives. Comparing to Economic diplomacy, Business Sweden can neither use sanctions or rewards towards China to pursue foreign policy objectives. Business Sweden's main purpose is to promote trade, in and outward investment and not engage in politics. These activity area is the work of the Swedish embassy, not Business Sweden, which is concerned with economic policy questions. However, Business Sweden is in one aspect involved in the work of delegations, but only in the aspect to attract businesses to participate in the delegations.

It is also the Embassy which monitors and reports on economic policies and developments in the receiving state (China) and advice on how to best influence these. Business Sweden only hold informational lectures as part of a service package that the business customer buy. Likewise, the Swedish Chamber of Commerce can neither use rewards or sanctions as tools to affect legislation or attitude. Instead the organisation uses collective and cooperative lobbying as a political tool to affect the Chinese government in certain trade areas their member network has an interest in changing.

Diplomatic missions

Saner & Yiu (2003) mention actors of Commercial Diplomacy as civil servants, specially trained diplomats or representatives of Chambers of commerce. The authors describe activities as diplomatic missions aiming for economic success and national development through supporting the home country's business and finance sectors, supplying information about export and investment opportunities, organising and hosting trade missions from the home country and finally promote trade, inward and outward investment.

Comparing this to Business Sweden's activities, the organisation works supportive and active to aid domestic and foreign companies in investment decisions. Business Sweden is also a part of organising and hosting trade missions. The organisation also promotes trade and outward investment, for example through the road shows across Sweden. It also promotes inward investments for Chinese companies to invest in Sweden. The Swedish Chamber of Commerce does also engage in diplomatic missions, supplies information about opportunities to trade and invest in China. The Swedish Chamber of Commerce in China does however not organise and host trade missions in that sense Saner & Yiu argues.

Saner & Yiu argues Economic Diplomacy regards economic policy issues such as work of delegation at standard setting organisations, monitor and report a host country's economic policies and provide advice on how the home government can influence. Economic Diplomats use economic resources as reward or sanctions to influence their objectives.

Neither Business Sweden nor The Swedish Chamber of Commerce in China are applicable to Saner & Yiu's definition of Economic Diplomacy, since none of them is a part of a delegation at a standard setting organisation, neither of them monitor or report China's economic

policies, nor provide advice to the home government on how to influence policies. Neither can, as previously stated, either use rewards or sanctions to influence.

Exploitation and capitalisation

Potter (2004) argue that Commercial- and Economic Diplomacy are intertwined. Commercial Diplomacy is supposed to exploit comparative advantages and capitalise on opportunities that Economic Diplomacy create.

Comparing this statement with Business Sweden, the cooperation with the Swedish government can be considered as intertwining Commercial- and Economic Diplomacy. Since Business Sweden enables businesses to buy state funded opportunity projects, the state, which could be seen as working with Economic Diplomacy, in this case rewards businesses which choose to buy the opportunity project with funding 50 percent of the price of the project. The Swedish Chamber of Commerce in China however, does not exploit any comparative advantages and capitalise on opportunities in the way Potter (2004) insinuates, as the organisation is singularly funded by its members and the activities it arranges.

Promotion, forming business relations and distribution of commercial information

Lee (2004), supported by Mercier (2007), who solemnly focus on Commercial Diplomacy, include both private and public actors in the Commercial Diplomacy area. She mentions activities such as collecting and distributing commercial information and market research, establish relations in the business and government sector in the host country, introduce these contacts to the home country's private sector as well as promote goods in the host market by organising seminars, trade fairs and direct lobbying.

Compared to this concept, Business Sweden is a combined private and public actor. It collects and distribute information and market research through both free and charged consultancy services. Business Sweden also work to establish relations in the business and government sector, for example through visiting programs such as state officials visits, business delegations or the partner search service. Additionally, one of the organisation's assets is the network connections and relations to suppliers and distributors on the Chinese market. Business Sweden also organise seminars.

Comparing this concept to The Swedish Chamber of Commerce in China, the organisation finally get recognition in the Commercial Diplomacy area as a private actor. It does collect and distribute commercial information and market research and organise both seminars, trade fairs as well as conduct lobbying as a part of a much bigger lobbying force of other international chambers.

Primary and supporting activities

Kostecki & Naray's (2007), mention various public actors, actors of government-sponsored organisations such as trade and investment promotion organisations and agencies, as well as Chambers of Commerce as actors to engage in Commercial Diplomacy activities. In the two authors separation of Commercial Diplomacy they mention "Primary activities" such as trade and FDI, research and technology, tourism and business advocacy and "supporting activities" such as intelligence, networking and public relations, support for business negotiations, problem solving and contract negotiation. The authors mention activity areas such as partner search, market information search, investment facilitation, trade fairs, contract negotiation, problem-solving and trade disputes. The authors are the first to mention that activities can be separated in some way, making them critical and less critical for the organisation to engage in.

Regarding primary activities, Business Sweden engage in trade and FDI, research and business advocacy through inviting businesses to delegations, visiting programs and export counselling, as well as hosting a business incubator in the Chinese office. Support activities it engages in are (1) distributing intelligence through reports, analyses and guides, (2) public relations through sales and marketing support services, (3) support services for business or contract negotiations and (4) problem solving such as recruitment or book keeping. It also aims to give businesses an understanding of why trade disputes occur, through cultural workshops and seminars in such topics as Chinese legislation or trade rules.

Comparing Kostecki and Naray's (2007) view with The Swedish Chamber of Commerce in China, the organisation only engages in the primary activities of business advocacy and research. The Swedish Chamber of Commerce in China rather put more effort into supporting activities as intelligence and networking, through newsletters, reports and events such as business visits or breakfast meetings with guest speakers as well as covering the social aspect through its social events, such as Christmas and summer parties.

When comparing the semi-governmental and non-governmental organisation to Kostecki & Naray (2007) definition of governmental Commercial Diplomats, we remember that Kostecki & Naray mentioned three types: Civil servant, someone who exhibits behaviour typically seen among people working at a ministry of trade. Individuals who are reactive in their behaviour and stay away from business deals, instead emphasising policy implementation.

The Generalist, a regular diplomat that takes on business support operations in addition to his/her regular diplomatic duties, typically enlisted for their contacts rather than their expertise in business promotion. And the Business Promoter, someone who looks to satisfy his/her customers by providing consultancy-like services in business promotion. The Business Promoters are often located in the business centre of the host country.

Compared to Ms. Djup's individual role as Associate at the semi-governmental Business Sweden she can be seen as a "business promoter", providing consultancy-like services in business promotion. As Kostecki & Naray suggest, business promoters are located in the business centre of the host country, which Shanghai is to China.

Compared to Ms. Westerback's individual role at the non-governmental Shanghai office at The Swedish Chamber of Commerce in China she can be compared to "a Civil servant", reactive in their behaviour, emphasising policy implementation rather than engaging in business deals. She can also be compared to a Generalist, a regular diplomat that takes on business support operations in addition to his/her regular diplomatic duties is typically enlisted for their contacts rather than their expertise in business promotion.

Facilitation, advisory and representation

Naray (2011) created the FAR framework, consisting of facilitation, advisory and representation. This framework was originally developed based on commercial diplomats; however, it may still be applied to organisations engaging in Commercial Diplomacy.

Facilitation consists of activities such as referral, coordination and providing the logistics necessary for a business deal. Whilst advisory consists of gathering and analysing the relevant intelligence, which is later provided to the companies

Looking at Business Sweden first, we argue that Business Sweden in China's role is one of facilitation and advisory. Business Sweden helps companies find distributors or suppliers, it helps companies with brand registrations, providing market information, regional export

advice as well as education about for example how to utilise e-commerce. The partner search service is an example of referral, a role that is part of facilitation. Providing information, helping with brand registrations and educational services are services conducted referring to “gathering and analysing intelligence with a view to advising” (Naray 2011, p. 137), which is the definition of an advisory role. Another type of information provided by Business Sweden that is clearly a part of the advisory role, is information on which entry mode is suitable for a certain firm.

The services provided by the Swedish Chamber of Commerce in China is a mixture of all three roles described by the FAR framework. It can be argued that even this service includes all three roles. The events can be viewed as facilitation since they provide the firms with an opportunity to network and in networking it is highly possible to find potential Business Partners. The firms are referred to each other through being members of the Chamber’s network, which can be viewed as referral. The lecture part of the events is what enables one to view the Chamber’s role as one of advisory. The lectures are presenting intelligence gathered with a view to advice. Considering that the lectures are about topics relevant to Swedish firms present in China can be viewed as representing the business interests of the home country. According to Ms. Westerback, the Chamber regularly asks its members about which topics they are interested in receiving lectures on, and since most of the member companies are Swedish, the case can be made that the lectures are a representation of their business interests. Although the lectures are the main service provided by the chamber according to Ms. Westerback, the Chamber provides a wide array of other services as well, such as: lobbying, providing written information as well as organising a few social functions. In conducting these activities, the chamber also takes on all three roles of the FAR framework.

Lobbying, information gathering and representation

Ruël, Lee & Visser (2013), argue that Commercial Diplomacy is conducted by a network of public actors, nation-state, and private actors, businesses and organisations. These actors use diplomatic channels and processes to manage commercial relations. Activities include lobbying, information gathering and representing the interests of a party in a negotiation. The authors argue that Commercial Diplomacy focus on using these activities in a commercial context to negotiate business deals and ease the establishment of firms in host nations.

Business Sweden, which is a mix of nation-state and a business consultancy organisation, use its semi-state-ownership as diplomatic channel to manage commercial relations in China, where Chinese government connection is vital to succeed on the market. The organisation engages in information gathering but it does not represent the interests of companies or the state in negotiations in the way Ruël, Lee & Visser (2013) suggest.

Both organisations engage in information gathering which are distributed in similar ways. Business Sweden mainly through lectures, workshops and advisory services. The Swedish Chamber of Commerce in China through newsletters, lectures and seminars. Both organisations also aim to ease establishments of Swedish firms in China. The Swedish Chamber of Commerce in China manage commercial relations within its network and engages in collective lobbying.

5.2 Analysis of the organisations compared to the problem discussion

Comparing the organisations to the problem discussion, both organisations offer services in order to handle some of the mentioned problems that Swedish businesses run into while establishing and maintaining their business on the Chinese market.

Business Sweden for example, tackle the problem with lacking market evaluation and access to local distribution networks through their services market analysis and partner search. Business Sweden's service for sales and marketing support also aid businesses in getting to know the Chinese consumer preferences and buying habits. The Swedish Chamber of Commerce in China handles these issues only by distributing information through newsletters and lectures,

Issues with administration, bureaucracy, laws and regulatory requirements, Business Sweden offer updated web based guides, educational courses and seminars. The Swedish Chamber of Commerce in China also host informational lectures, seminars and workshops.

The recruitment issue for Swedish businesses to reach trained and professional labour, Business Sweden offer a recruiting service. Business Sweden also offer the help of its own employees through the business support office and incubator. The Swedish Chamber of Commerce in China does not provide recruiting services. However, it hosts career fairs where Swedish companies get the possibility to reach Chinese university students and young professionals, which eventually may lead to recruiting educated labour. It also organises exchanges between universities, Swedish students to China and Chinese students to Sweden, which in turn may also be recruitment opportunities for Swedish businesses in China.

Regarding cultural differences, Business Sweden's public reports, cultural workshops as well as the sales and marketing support aid to inform companies about cultural issues which can affect Swedish companies and how to avoid it. The Swedish Chamber of Commerce in China distribute newsletters, magazines and arrange lectures, seminars and workshops which touch cultural issues.

Regarding Guanxi, personal networks, Business Sweden's partner search aid businesses in getting a first introduction to supplier and distributor networks.

The Swedish Chamber of Commerce in China sure arranges company visits, breakfast meetings with guest speakers and social functions, however, these are primarily relationship building for the Swedish community in Shanghai, and not relationship building with Chinese company representatives.

5.3 Defining a role

We can begin to understand why there still is an inherent difficulty in separating governmental organisation engaging in commercial diplomacy from non-governmental organisations engaging in commercial diplomacy. The two (Economic and Commercial Diplomacy) often seem to merge with one another, as Potter (2004) describes it. Business Sweden is especially hard to separate, since it is in fact, a semi-governmental organisation. Even though it at times seems to work as any other privately owned consultancy firm, it is given mandate, guidelines and power through the Swedish government. The Swedish Chamber of Commerce in China is easier to separate in that way, but also engage in activities which

When considering Business Sweden and The Swedish Chambers of Commerce in China as organisations engaging in Commercial Diplomacy, we found that the two organisations share many similarities, but that they also differ quite substantially in some areas. Both organisations primarily work with distributing information and they both communicate with their clients and members through personal and digital means. However, in the area of organisational structure, they differ since Business Sweden is partly owned by the Swedish state whereas The Swedish Chambers of Commerce in China is an independent organisation, even from other Chambers. This, along with the funding that Business Sweden receives from the government for all the projects that it undertakes, compared to the Swedish Chamber of Commerce in China which is singularly funded by member fees and additional event fees, are the clearly visible differences.

We noticed some struggles grounded in the organisational structure and communication strategies. Despite apparent advantages of Business Sweden's organisational structure, during the interview Ms Djup mentioned that Business Sweden have experienced branding issues after the merger. What was once two organisations have now become one, and many client firms have not understood the new purpose and value of the organisation. The Swedish Chamber of Commerce suffer in a similar way of its organisational structure, where member fees and events represent the only financing, accompanied with difficulties in convincing a local and a central board of needed changes in the organisation, services or communication strategies. Ms Westerback mentioned the webpage, a valuable communication tool, which she has been fighting for too update to meet new standards. She also mentioned she wanted a

CRM system which would ease and lower the handling cost as well as enhance the member experience.

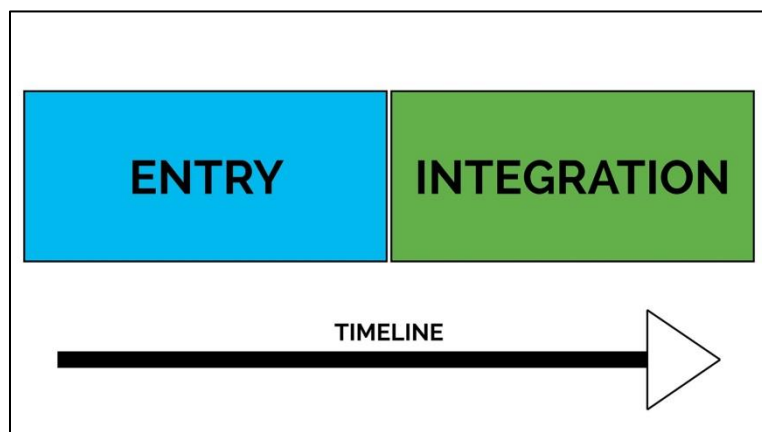
Due to the difficulty inherent in trying to define the roles of the two organisations, we argue that another perspective of how we view roles should be used. Because of the lack of frameworks dividing the roles of non-governmental organisations conducting Commercial Diplomacy, we would like to contribute with our own division.

We argue that Business Sweden should be seen as a consultancy firm with certain governmental privileges and advantages. We argue it works as an advisor, a promoter of doing business abroad, a recruiter, and a legitimising agency to work with for Swedish businesses. Furthermore, since Business Sweden is Swedish but employ local Chinese, they also have an advantage since local citizens understand cultural values and can speak the language.

We argue that the Swedish Chamber of Commerce in China should be seen as a lecturer and a networking platform in the market, for the businesses active on the market. An integrator for Swedish businesses to get on “the inside”. A place to turn for questions, new business or social relations. We argue the organisation should also be seen as a part in a much larger lobbying activity to promote certain questions valuable to international businesses in China, a voice for a collective of both small, medium and big Swedish companies.

Emerging out of these arguments, we propose a role division in two categories of stages: An Entry role and Integration role. Since the nature of the services provided by the two organisations do not differ substantially, we believe that a division based on the actual services provided to be misleading. Especially since services evolve over time. Instead we argue that a division based on the stage of a firm’s internationalisation process, in which certain services are enlisted, provides a more correct view of what roles the organisations play in the internationalisation of Swedish firms today.

Figure 5.1. Model of the stage in a firm's internationalisation process, in which the services of an intermediary engaging in Commercial Diplomacy are enlisted.



Source: Compiled by Lundblad & Obstfelder based on Lundblad & Obstfelder (2016)

In figure 5.1, the big arrow stands for the firm's internationalisation process. The “Entry” label stands for all the activities leading up to and during the entry to the Chinese market. The entry stage in the internationalisation process demands services such as market selection analysis, market analysis, acquisition support, formation of companies, incubator services, educational courses in export legislation and international trade or partner search.

The “Integration” label stands for when the firm has entered and is looking for further integration in the market, to belong in a context.

The integration stage in the internationalisation process demands other kind of services and networking activities to aid firms in integrating on the Chinese market. This could be everything from informational lectures and seminars, recruiting services, book keeping services or social gatherings.

When looking at the roles of the organisations based on our framework, we argue that Business Sweden adopts the role of “Entry”. This is because most of the services provided by Business Sweden are enlisted by firms looking to establish a presence on a foreign market. Through its various services, Business Sweden helps make the market entry easier for Swedish firms.

The Swedish Chambers of Commerce in China, on the other hand, adopts the “Integration” role, since these services are enlisted by firms who have already established a presence on the Chinese market. Through its various services, The Swedish Chambers of Commerce in China helps make integration easier for Swedish firms.

We argue that our division clarifies the roles of the organisations in the internationalisation process of Swedish firms in China.

6. Conclusions

6.1. Main findings

The thesis sought out to understand two questions. Firstly, it was to understand what role intermediaries in the form of semi-governmental and non-governmental organisations, engaging in activities considered as Commercial Diplomacy, play in the internationalisation process of Swedish firms in China.

In order to understand intermediaries' role in Swedish firms' internationalisation process, we needed to understand why these types of organisations exist, what type of services they offer, which sort of companies that uses these type of services, when they use it and how these intermediary organisations are structured and communicate with their clients or members.

In line with previous research, we found that their existence depends on international companies' demands, in this case Swedish firms, of certain type of services that are costly, time consuming or difficult to acquire by a single company. These are services which may need a certain degree of economies of scale to be profitable and services such as lobbying, which demand a larger group of voices to make an impact.

This could be services which demand a large amount of information gathering or services which create network opportunities, which in turn leads to business opportunities and agglomeration effects such as shared costs, community and knowledge transfer between firms. Services which are vital in a country such as China, where most firms are relatively new in the market and lack information about laws, formal and informal rules and etiquette, customer preferences, how to recruit employees and so forth.

To further understand what type of companies which uses these services, when and how the intermediary role and organisational structure and communication looks like, we used a comparative case study to research two organisations, one semi-governmental and one non-governmental organisation, namely Business Sweden (Shanghai office) and The Swedish Chamber of Commerce in China (Shanghai office), considered to work with activities considered as Commercial Diplomacy.

We found that among Swedish companies looking to internationalise their business in China, it was both small, medium and large companies in all industry sectors which enlisted these kinds of services. Among the 500 current companies present in China, Business Sweden had helped more than 250 Swedish companies to internationalise to China. In the case of The Swedish Chamber of Commerce in China's member network, there were about 300 current members, which is also more than half of all present Swedish companies in China. For the Swedish Chamber of Commerce in China, it was mostly firms in the industry sectors of ABS, ICT or heavy industry which were members.

Secondly the thesis sought out to understand what factor it was that separated the roles of these two intermediate organisations from each other.

By analysing the roles of Business Sweden and The Swedish Chamber of Commerce in China in the context of Commercial Diplomacy, we found that there was a great difficulty in defining it with present available research. Earlier research mentions that private actors can engage in Commercial Diplomacy, but it lacks frameworks to analyse the role of non-governmental actors. By using frameworks for governmental actors as basis for a comparative analysis, what we found that both organisations fit into more than one role. Therefore, we aimed to contribute with a new framework with a division of roles specifically for semi-governmental and non-governmental Swedish organisations aiding Swedish firms' internationalisation to China.

Business Sweden facilitate, advice and represent through lectures and representational offices. It does it thorough cooperation and subventions with the Swedish state and evolve through demands from Swedish businesses. Most of the client companies enlist Business Sweden's services do it before and when entering China.

The Swedish Chamber of Commerce in China facilitates, advice and represent through networking events, informational lectures and digital tools such as newsletters and social media. It engages in lobbying activities through cooperation within a network of international Chambers of Commerce and the organisation evolves through demand from their members. A majority of the network members enlist the organisation's services after they have entered and gathered a presence on the Chinese market.

Since the nature of the services provided by the two organisations did not differ substantially, we believed that a division based on the actual services provided to be misleading. Especially since services evolve over time. Instead we argued that a division based on the stage of a firm's internationalisation process, in which certain services are enlisted, provides a more correct view of what roles the organisations play in the internationalisation of Swedish firms today.

We could define two stages and subsequently two roles: an "Entry" and an "Integration" role. "Entry" relates to the intermediary organisation's services which are enlisted when a Swedish company enter a foreign market, whilst "Integration" relates to services being enlisted when the firm has already established a presence on the foreign market.

6.2. Contributions and recommendations

The aim with this thesis is to contribute to the Commercial Diplomacy research field with a comparative case of two organisations, one semi-governmental and one non-governmental, by giving practical examples of how the roles of two private actors and intermediaries engaging in Commercial Diplomacy differ, depending on what stage in the internationalisation process a company is in. It aims to acknowledge and give space for the work of non-governmental organisations and to promote further research in non-governmental organisations within this field. The newly developed frame of thought, which divides the roles played by semi/non-governmental organisations into an Entry and an Integration stage, is by no means finished, but will contribute to introduce a new way of approaching non-governmental and semi-governmental organisations conducting activities which could be considered as Commercial Diplomacy.

6.3. Future research

Making predictions about the future is always difficult, however, we argue that in a world that is becoming ever more globalised, where firms seeks opportunities abroad right from its foundation, being able to promote successful methods of internationalisation and affordable services on the market, will be a large asset to these expanding intermediary firms.

First and foremost, we would like to encourage future researchers to continue researching non-governmental organisations conducting Commercial Diplomacy.

We would also recommend researchers to explore the “stage” framework, Entry and Integration, to consider the interconnectedness between intermediaries and service organisations.

This can be done by comparing this thesis results with additional Swedish actors, both governmental and non-governmental organisations or individual consultants conducting Commercial Diplomacy or comparing the results from the Chinese market with other international markets. Conducting this may provide valuable insight into the research area and may lead to the organisations conducting Commercial Diplomacy’s service offerings being more streamlined and efficient.

Another aspect that could be compared is the differences in how governmental and NGOs engaging in Commercial Diplomacy work with developed and developing countries. We would like to encourage future researchers in the field of Commercial Diplomacy to investigate other parts of Asia, as well as African and South American countries. It is also our opinion that Commercial Diplomacy needs to be researched from a services perspective, since the export of services has increased significantly and because we can see an increasing demand for professional business services globally. Lastly, we encourage researchers to further investigate what factors it is that drives and shapes activities carried out by Swedish NGOs engaging in Commercial Diplomacy.

We also encourage future research to further investigate these types of organisations communication strategies. Looking at our three chosen focus areas, organisational structure, services and communication strategies, the one which already have and will affect how these organisations evolve are communication strategies. The digitisation which has occurred over the last decade and a half have led to an increase in technological development which has enabled organisations to communicate and distribute information more easily. We believe that organisations who work with Commercial Diplomacy will be forced to continually update their communication strategies in order to ensure the effectiveness and attractiveness of their services. We also believe that the technological development might lead to a shift in the role of Commercial Diplomacy, since continuous digital development will lead to a greater transparency and shift in the areas of prominent activities.

7. References

7.1. Articles

- Harris & Li (2005), *Review of the Literature: The Role of Trade and Investment in Business Growth and Development*, (Accessed: 2016-05-27)
- Herbst, A (1969), *The commercial counsellor's field of activity*, *Intereconomics*, vol. 4, no. 10, pp. 323-325.
- Hibbert, E. (1998), *Evaluating government export promotion: some conceptual and empirical approaches*, *The International Trade Journal*, vol. 12, no. 4, pp. 465.
- Kostecki, M and Naray, O (2007), *Commercial Diplomacy and international business*, *Discussion Papers in Diplomacy*, (Accessed 2016-04-27)
- Kotabe, M. & Czinkota, M.R. (1992), *State Government Promotion of Manufacturing Exports: A Gap Analysis*, *Journal of International Business Studies*, vol. 23, no. 4, pp. 637-658.
- Kotabe, M. & Czinkota, M.R. (1992), *State Government Promotion of Manufacturing Exports: A Gap Analysis*, *Journal of International Business Studies*, vol. 23, no. 4, pp. 637-658.
- Lee, D. (2004), *The Growing Influence of Business in U.K. Diplomacy*, *International Studies Perspectives*, vol. 5, no. 1, pp. 50-54.
- Mercier, A (2007) *Commercial Diplomacy in advanced industrial states*, *Discussion Papers in Diplomacy*, (Accessed 2016-05-18)
- Naray, O., 2008. *Commercial diplomacy: A conceptual overview*. In 7th World Conference of TPOs, The Hague, The Netherlands.
- Naray, O. (2011), *Commercial Diplomats in the Context of International Business*, *The Hague Journal of Diplomacy*, vol. 6, no. 1-2, pp. 121-148.
- Naray, O. (2015), *An empirical analysis of the roles, activities and performance of commercial diplomats in promoting international business*, Doctoral dissertation, Université de Neuchâtel.
- Potter, E.H. (2004), *Branding Canada: The Renaissance of Canada's Commercial Diplomacy*, *International Studies Perspectives*, vol. 5, no. 1, pp. 55-60
- Reuvers, S. (2012), *Research on Commercial Diplomacy: Review and Implications*. Master Thesis. Enschede, the Netherlands: University of Twente
- Ruël, H.J., Lee, D. and Visser, R., (2013), *Commercial diplomacy and international business: inseparable twins?*, *AIB Insights*, vol. 13 no. 1, pp.14-17.
- Ruël, H.J.M. and Zuidema, L., (2012), *The effectiveness of commercial diplomacy; a survey among Dutch embassies and consulates*. *Clingendael Discussion Papers Series.*, (123), pp.1-54.

Saner, R. and Yiu, L., (2003), *International economic diplomacy: Mutations in post-modern times*. Discussion Papers in Diplomacy, (Accessed: 2016-05-12)

Wilkinson, T. & Brouthers, L.E. (2006), *Trade promotion and SME export performance*, *International Business Review*, vol. 15, no. 3, pp. 233-252.

7.2. Books

Berridge & James (2001), *A Dictionary of Diplomacy*, New York, Palgrave, Accessed: (2016-05-18)

Bryman & Bell (2013), *Företagsekonomiska Forskningsmetoder*, 2nd edition, Stockholm: Liber

Ruël, H. (2012), *Commercial diplomacy in international entrepreneurship: a conceptual and empirical exploration*, Emerald, Bingley, U.K.

7.3 Interviews

Djup Anna, Business Sweden (2016), interviewed 2016-04-27

Westerback Marianne, Swedish Chamber of Commerce China (2016), interviewed 2016-04-14

7.4 Webpages

Business Dictionary (2016), *Conceptual Framework*, Retrieved from: <http://www.businessdictionary.com/definition/conceptual-framework.html> (Accessed: 2016-05-28)

Business Sweden (2015), *The recipe for success in China – lessons learned from Swedish SMEs in China*, Retrieved from: http://www.business-sweden.se/contentassets/5e4af9fc567641a991eae76f7c530833/the-recipe-for-success-in-china_a-study-on-sme-companies-in-china-by-business-sweden.pdf (Accessed: 2016-05-02)

Business Sweden (2016a), *Business Sweden in China*, Retrieved from: <http://www.business-sweden.se/china/> (Accessed: 2016-05-02)

Business Sweden (2016b), *Business Sweden in China*, Retrieved from: <http://www.business-sweden.se/en/Trade/international-markets/asia-and-middle-east/China/> (Accessed: 2016-05-31)

Business Sweden (2016c), *About Business Sweden*, Retrieved from: <http://www.business-sweden.se/en/about-us/About-Business-Sweden/> (Accessed: 2016-05-02)

Business Sweden (2016d), *Board of directors and management*, Retrieved from: <http://www.business-sweden.se/en/about-us/board-of-directors-and-management/> (Accessed: 2016-05-12)

Business Sweden (2016e), *We facilitate your international expansion*, Retrieved from: <http://www.business-sweden.se/en/Trade/professional-services/> (Accessed: 2016-05-02)

Business Sweden (2016f), *Business Sweden i Sociala Medier*, Retrieved from: <http://www.business-sweden.se/kontakt/sociala-medier/> (Accessed: 2016-05-02)

Business Sweden (2016g), *Kontor och medarbetare*, Retrieved from: <http://www.business-sweden.se/kontakt/> (Accessed: 2016-05-02)

Business Sweden (2016h), *Kontakta Business Sweden*, Retrieved from: <http://www.business-sweden.se/kontakt/Maila-din-fraga/> (Accessed: 2016-05-02)

Business Sweden (2016i), *Kalendarium*, Retrieved from: <http://www.business-sweden.se/Export/Inspiration/Seminarier-och-events/> (Accessed: 2016-05-02)

Business Insider (2010), *Five Biggest Challenges Businesses Face When They Expand To China*, Retrieved from: www.businessinsider.com/the-five-biggest-practical-challenges-for-foreign-smes-in-the-chinese-market-2010-12 (Accessed: 2016-05-26)

Business Insider (2011a), *The 10 Biggest Problems With Doing Business In China*, <http://www.businessinsider.com/the-us-china-business-council-report-on-the-top-ten-issues-with-doing-business-in-china-2011-10> (Accessed: 2016-05-26)

Business Insider (2011b), *The Most Misunderstood Business Concept In China*, Retrieved from: <http://www.businessinsider.com/the-most-misunderstood-business-concept-in-china-2011-2> (Accessed: 2016-05-11)

China Briefing (2015), *A Closer Look at China's Free Trade Zones – Part I*, Retrieved from: <http://www.china-briefing.com/news/2015/09/04/a-closer-look-at-chinas-free-trade-zones-part-i.html> (Accessed: 2016-05-29)

China Highlights (2016), *An Introduction to China's LARGEST Cities*, Retrieved from: <http://www.chinahighlights.com/travelguide/top-large-cities.htm> (Accessed: 2016-05-13)

China daily (2014), *Shanghai's permanent population exceeds 24 million*, Retrieved from: http://www.chinadaily.com.cn/china/2014-02/27/content_17311272.htm (Accessed: 2016-05-13)

Consulate General of Sweden Shanghai Office (2016a), *Swedish trade and invest council*, Retrieved from: <http://www.swedenabroad.com/en-GB/Embassies/Shanghai/About-us/Commercial-Office/> (Accessed: 2016-05-02)

Consulate General of Sweden Shanghai Office (2016b), *Trade with Sweden*, Retrieved from: <http://www.swedenabroad.com/en-GB/Embassies/Shanghai/Business/Trade-with-Sweden/> (Accessed: 2016-05-14)

Dagens nyheter (2015), *Svensk exportsatsning till okända diktaturer*, Retrieved from: <http://www.dn.se/nyheter/sverige/svensk-exportsatsning-till-okanda-diktaturer/> (Accessed: 2016-05-18)

Embassy of Sweden Beijing (2016a), *About us*, Retrieved from, <http://www.swedenabroad.com/en-GB/Embassies/Beijing/About-us/The-Embassy/> (Accessed: 2016-05-31)

Embassy of Sweden Beijing Office (2016b), *Trade between Sweden & China*, Retrieved from: <http://www.swedenabroad.com/en-GB/Embassies/Beijing/Business/Trade-between-Sweden--China/> (Accessed: 2016-05-02)

Eurochambers (2014), *Who we are*, Retrieved from: <http://www.eurochambres.eu/Content/default.asp?pagename=WhoWeAre> (Accessed: 2016-05-02)

EUSME (2013, updated 2015), *Ways to enter the Chinese Market: Are you ready for China? - Report 2*, Retrieved from: <http://eusmecentre.org.cn/report/ways-enter-chinese-market> (Accessed: 2016-05-13)

Landguiden (2012), *Utrikeshandel*, Retrieved from: <https://www.landguiden.se/Lander/Europa/Sverige/Utrikeshandel> (Accessed 2016-05-18)

Landguiden (2013) *Utrikespolitik försvar*, Retrieved from: <http://www.landguiden.se/Lander/Europa/Sverige/Utrikespolitik-Forsvar> (Accessed 2016-05-18)

Landguiden (2015), *Politiskt system*, Retrieved from: <http://www.landguiden.se/Lander/Europa/Sverige/Politiskt-System> (Accessed 2016-05-18)

Landguiden (2016a), *Utrikespolitik och försvar*, Retrieved from: <http://www.landguiden.se/Lander/Asien/Kina/Utrikespolitik-Forsvar> (Accessed 2016-05-18)

Landguiden (2016b), *Politiskt system*, Retrieved from: <http://www.landguiden.se/Lander/Asien/Kina/Politiskt-System> (Accessed 2016-05-18)

Landguiden (2016c), *Aktuell politik*, Retrieved from: <http://www.landguiden.se/Lander/Asien/Kina/Aktuell-Politik> (Accessed 2016-05-18)

Landguiden (2016d), *Industri*, Retrieved from: <http://www.landguiden.se/Lander/Asien/Kina/Industri> (Accessed 2016-05-18)

Regeringskansliet (2015), *Sveriges exportstrategi*, Retrieved from: <http://www.regeringen.se/contentassets/e2b2f540107143e99907cbe604a87ce2/sveriges-exportstrategi.pdf> (Accessed 2016-05-18)

Research Methodology (2016), *Research Approach*, Retrieved from: <http://research-methodology.net/research-methodology/research-approach/> (Accessed 2016-05-28)

Smålands Shanghai kontor (2016), *Om Smålands Shanghai kontor*, Retrieved from: http://www.smalandshanghai.se/?page_id=2 (Accessed 2016-05-31)

South China Morning Post (2016), *Shanghai free trade zone*, retrieved from <http://www.scmp.com/topics/shanghai-free-trade-zone> <http://www.ft.com/cms/s/0/8cec0faa-6364-11e5-9846-de406ccb37f2.html#axzz49yb2POPc>, (Accessed 2016-05-29)

Svenska Dagbladet Näringsliv (2012), *Svenska bolag har Kina i sikte*, Retrieved from: <http://www.svd.se/svenska-bolag-har-kina-i-sikte/om/naringsliv> (Accessed 2016-05-29)

Sveriges Handelskamrar (2016), *Svenska handelskamrar i utlandet*, Retrieved from: <http://www.sverigeshandelskamrar.se/svenska-handelskamrar-i-utlandet.html> (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2014), *Annual report*, Retrieved from: <http://www.swedishchamber.com.cn/publications/annual-report-auditing-report> (Accessed 2016-05-02)

Swedish Chambers of Commerce (2016a), *For companies and business leaders*, Retrieved from: <http://www.swedishchambers.se/> (Accessed 2016-05-02)

Swedish Chambers of Commerce (2016b), *Swedish Chambers of commerce abroad*, Retrieved from: <http://www.swedishchambers.se/swedish-chambers-of-commerce-abroad.html> (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016c), *Shanghai Chapter*, Retrieved from: http://www.swedishchamber.com.cn/information/shanghai_chapter (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016d), *Shanghai Office*, Retrieved from: <http://www.swedishchamber.com.cn/information/contact-us> (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016e), *Mission, articles, regulations*, http://www.swedishchamber.com.cn/information/articles_of_association (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016f), *Chairman Nilsson Katarina: Chairman briefing*, Retrieved from http://www.swedishchamber.com.cn/information/chairman_briefing (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016g), *About us*, Retrieved from: <http://www.swedishchamber.com.cn/information> (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016h), *Young Professionals*, Retrieved from: http://www.swedishchamber.com.cn/young_professionals (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016i), *Membership fee 2016*, Retrieved from: <http://www.swedishchamber.com.cn/membership/membership-fee-2016> (Accessed 2016-05-02)

Swedish Chamber of Commerce China (2016j), *All members list*, Retrieved from: http://www.swedishchamber.com.cn/membership/member_list (Accessed 2016-05-02)

Swedish Chamber of Commerce (2016h), *Sweden In China Map*, Retrieved from <http://www.swedeninchinamap.com/#!province/shanghai> (Accessed 2016-05-31)

Swedish Chamber of Commerce (2016i), Retrieved from <http://www.swedeninchinamap.com/> (Accessed 2016-10-21)

The Independent (2015), *China's great firewall gets higher: tools to evade surveillance and site bans are blocked as Chinese internet censors tighten grip*, Retrieved from: <http://www.independent.co.uk/life-style/gadgets-and-tech/news/chinas-great-firewall-gets-higher-tools-to-evade-surveillance-and-site-bans-are-blocked-as-chinese-10013537.html> (Accessed 2016-05-12)

TMF Group (2016), *China*, Retrieved from: www.tmf-group.com/en/media-centre/resources/top-challenges/apac/china (Accessed 2016-05-26)