

INSIGHTS

BREAKING SILOS

Rethinking Diplomacy and
Negotiation Across Public and Private
Sector

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Rethinking Diplomacy: Balancing Tradition and Innovation in a Fragmented World

Diplomacy is one of humanity's oldest political practices. Rooted in centuries of traditions and conventions, it has long been synonymous with statecraft, norms, and negotiation. Yet today, it faces one of its greatest tests. The global order is more volatile, interconnected, and fragmented than at any point since the end of the Cold War. Armed conflicts, climate change, cyber threats, and pandemics are no longer isolated challenges; they cut across borders, sectors, and societies, demanding responses that transcend the limits of traditional diplomacy.¹

In this context, modern diplomats must not only understand the ancient foundations of their craft but also adapt to the rapidly shifting trends reshaping international affairs.² Reinvention and adaptation are no longer optional – they are indispensable. The central question, then, is: what will it take to equip diplomacy for the world ahead?³

The answer lies in a dual approach. A new diplomatic mode must balance continuity with innovation. It should preserve and strengthen institutions while encouraging creativity and flexibility. It must widen the scope of –

professionalisation, drawing on expertise beyond conventional state actors, and expand the circle of legitimate participants at the negotiation table. By blending tradition with new forms of practice, diplomacy can remain relevant and resilient in the face of twenty-first-century challenges.

Expanding the Boundaries of Diplomacy

For centuries, diplomacy was synonymous with relations between sovereign states – what we now call Track 1 diplomacy. Official envoys were entrusted with negotiating treaties, building alliances, and resolving conflicts. This state-centric model remained dominant throughout history and, after the Cold War, was further institutionalised through multilateralism and norm-driven agendas, with organisations such as the United Nations at its centre.

Alongside state actors, informal dialogues led by experts – Track 2 diplomacy – and grassroots initiatives driven by communities – Track 3 diplomacy – have become essential complements to official negotiations. In today's networked global public sphere, influence, legitimacy, and visibility are shared not only among states but also with businesses, civil society, and even individuals.

Thus, the once-clear boundaries between diplomacy, business, and civil society are dissolving before our eyes. CEOs now sit across the table from heads of state to negotiate trade, climate, or security issues. Global technology companies intervene directly in geopolitical disputes, sometimes with greater speed and leverage than national governments. At the same time, diplomats are increasingly expected to match the pace and agility of corporate leaders, responding to crises with the immediacy of market actors reacting to sudden shocks.

This shift signals more than just a diversification of actors: it represents a transformation of expectations. The global public sphere can no longer be described as a pyramid with states firmly at the top. Instead, it is a dense and fluid web of stakeholders, each claiming a voice in international dialogue. States remain powerful, but they are no longer the sole gatekeepers of legitimacy or the exclusive brokers of international agreements.⁴

To remain effective, it must embrace hybridity, fluidity, and shared authority. The diplomats of tomorrow will need not only to navigate institutions, but also to collaborate with unconventional partners, from grassroots activists to multinational corporations. The practice of diplomacy, once defined by protocol and hierarchy, is increasingly shaped by networks, speed, and shared responsibility.

The Complex Role of the Private Sector in Diplomacy and Peacebuilding

One of the most complex dimensions of the new diplomatic landscape lies in the ambiguous role of the private sector. At first glance, business and diplomacy appear to share common ground. Both seek stability, predictability, and rules that reduce uncertainty. Policymakers increasingly recognise that global security and thriving markets go hand in hand: open economies and effective governance structures reinforce peace and prosperity alike.⁵

Yet the private sector's engagement in diplomacy is more complicated than it seems. Corporations have always operated in fragile and conflict-affected environments, but their participation in peace processes raises a distinct set of challenges. At their core, businesses exist to generate profit.⁶ Their relationships with governments are pragmatic and transactional, shaped by regulations, market access, and reputational considerations.

This pragmatism limits how far companies can go in diplomatic arenas. While stability is in their interest, businesses are rarely willing, or able, to act as mediators in conflicts. The risks are simply too great:

- Reputational risk: being seen as a champion of peace and security can sometimes erode consumer trust and global credibility.
- Security risk: staff, infrastructure, and supply chains may become targets if a company is associated with one side of a conflict.
- Regulatory risk: governments can retaliate by revoking licenses, tightening restrictions, or limiting access to key markets.

For these reasons, corporate engagement in peacebuilding often happens discreetly. Contributions may take the form of logistical support, financial backing for peace initiatives, or even quiet facilitation of dialogue, but such efforts are almost always kept behind the scenes. In conflict settings, neutrality is a company's most valuable currency. Remaining impartial is part of their licence to operate, and actively mediating between warring parties risks undermining the trust needed to function in host societies.

Still, businesses sometimes play quiet but influential roles. They may provide "good offices," act as discreet intermediaries, or align themselves with national or multilateral peace initiatives. But these activities usually unfold under strict conditions of secrecy. Publicising corporate -

involvement in mediation can expose staff to security threats, jeopardise operations, or compromise reputations. Competitive advantage adds another layer of caution: what is revealed in public can quickly be turned into a liability.

This culture of discretion explains why the private sector's contribution to peacebuilding remains often misunderstood and rarely documented. Engagement is often downplayed, hidden, or known only to a small circle of insiders. Short-term political ambitions - whether from governments or armed groups - sometimes reinforce this opacity, discouraging transparency around corporate involvement.

The Guatemalan peace process provides a vivid illustration of these dynamics. The country's 36-year civil war, rooted in social, economic, and political grievances tied to Cold War ideological struggles, witnessed selective and fragmented business participation.⁷

At first, negotiations involving business representatives began on a hopeful note. But divisions quickly surfaced. The Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (CACIF), a powerful coalition of business associations, refused to meet with rebel groups and instead demanded an immediate ceasefire, effectively closing the door to dialogue.

that negotiations would lead to economic reforms that threatened its profitability. By contrast, the tourism industry, heavily affected by the conflict, was too weak to assert its interests at the negotiation table.

These dynamics underscore an important truth: the private sector is not a monolith. Different industries have different interests, vulnerabilities, and capacities for engagement. Some may cautiously support peace efforts when aligned with their strategic goals, while others resist or withdraw altogether.

In this sense, the role of business in diplomacy and peacebuilding is best described as complex, fragmented, and often hidden. It is a form of engagement that matters deeply, but one that operates behind the curtain, outside the spotlight of traditional diplomacy.

From Transactionalism to Self-Employed Diplomats: Rethinking Power in Global Diplomacy

The evolving role of business in diplomacy coincides with a broader transformation of diplomatic culture - one increasingly defined by transactionalism.⁸

President Donald Trump epitomised this shift. As his envoy Lt. Gen. Keith Kellogg observed, Trump approached diplomacy in “a very transactional manner, with economics as the foundation and driving force behind international affairs”.⁹

Under this lens, international relations were no longer primarily about consensus, norms, or multilateral institutions. Instead, they were reframed as a series of bilateral deals, each evaluated in terms of immediate cost-benefit calculations.

This transactional approach redefined diplomacy in three key ways:

- Economics at the core: trade balances, investment flows, and market access became the primary yardsticks of success.
- Bilateralism over multilateralism: direct negotiations with individual states were favoured over slow, cumbersome multilateral forums.
- Short-term gains over long-term trust: the logic of a “deal” eclipsed the patient investments required to maintain alliances or build institutional resilience.

While transactionalism can produce swift agreements, it comes at a cost. By reducing diplomacy to the logic of bargaining, it undermines predictability and erodes the cooperative frameworks that underpin global order. Long-term stability is sacrificed for immediate returns, and alliances become more fragile when they are treated as contracts rather than commitments.

Importantly, this cultural shift did not emerge in isolation. It reflects deeper global trends: the weakening of international governance structures and the rise of leaders who view foreign policy primarily through the lens of cost and benefit.

Trump was not the originator of transactional diplomacy, but he mainstreamed it, turning what was once an undercurrent into a defining feature of global politics.

Alongside this state led transactionalism, a new phenomenon has emerged: the rise of private individuals who act as “self-employed diplomats”.¹⁰ Elon Musk is perhaps the most striking example. Described by Axios as a “diplomate indépendant,” Musk leverages his vast industrial, technological, and financial resources to interact directly with heads of state and shape international debates.

Musk’s approach illustrates a profound shift in diplomatic legitimacy. Where diplomacy once derived its authority from state sovereignty, legitimacy today is increasingly linked to resources, technological capacity, and transnational networks of influence. In this environment, individuals with global platforms and assets can bypass governments altogether, advancing their own interests in ways that rival, complement, or even undermine official diplomacy. For figures like Musk, the guiding principle seems to be simple: if you want something done right, do it yourself.

The emergence of transactional diplomacy and the rise of self-employed diplomats are two sides of the same coin. Both reflect a world where power is less tied to institutions and more to resources -whether wielded by states seeking quick deals or private actors leveraging technological dominance.

Together, they signal a profound transformation: diplomacy is no longer the exclusive preserve of states, nor is it anchored primarily in norms or multilateralism. Instead, it is increasingly defined by bargaining, autonomy, and the capacity to act quickly across fragmented global networks.

Building Collaborative Diplomacy: From Transactionalism to Structured Engagement

The rise of transactionalism and the growing influence of private actors highlight the urgent need to rethink how diplomacy is organised and who its legitimate actors are. While traditional Track 1 diplomacy (state-to-state) and its extensions through Track 2 (expert dialogues) and Track 3 (grassroots engagement) remain essential, they no longer capture the full complexity of today’s international arena.

In practice, private-sector actors – multinational corporations, business associations, financial institutions, and even influential entrepreneurs – are already shaping international outcomes. Whether through investment decisions, control of strategic technologies, or provision of critical infrastructure, these actors have acquired diplomatic influence, often without formal recognition.

If left unmanaged, this emerging reality risks producing an ad hoc, opaque, and personality-driven –

diplomacy that undermines long-term trust and predictability. The challenge, then, is not to resist the role of the private sector in diplomacy, but to channel it: to move toward a structured framework of “collaborative diplomacy” - the integration of business into the diplomatic ecosystem.

But “collaborative diplomacy” cannot simply mean giving CEOs a seat at global summits. It requires structural change. For instance, i) policy-makers must learn to speak the language of business—risk, return, scalability—so that dialogue with corporate actors is not superficial; ii) corporations must recognize peace and stability as core business interests, not optional add-ons to corporate social responsibility; iii) shared platforms must be created for governments, businesses, and civil society to co-design solutions, moving beyond consultation toward genuine collaboration.

Conclusion

Diplomacy today stands at a critical juncture. After being revitalized in the post Cold War era through multilateralism, peacebuilding initiatives, and norm-driven agendas, it now faces significant challenges, including the rise of authoritarianism, prolonged conflicts, and eroding trust in international institutions. In such a context, diplomacy has frequently been sidelined, ironically, at a time when its role is most crucial.

Yet diplomacy is far from obsolete. It continues to be a vital instrument of international engagement, but it must be reinvented and adapted to meet the demands of an increasingly complex, fragmented, and fast-paced global environment. This reinvention requires moving beyond a narrow focus on conflict resolution and embracing diplomacy as a dynamic and pluralistic practice, shaped by transnational interactions, digital innovation, and the active participation of multiple stakeholders.

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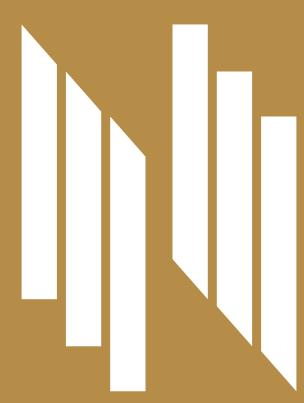
A new mode of diplomacy and negotiation is needed - one that prioritizes negotiation strategies and techniques, consensus-building, and the meaningful inclusion of diverse actors, including civil society, the private sector, and citizens. The diplomat of the future must transcend the traditional role of state representative and act as a self-empowered facilitator of international engagement, capable of fostering cooperation and shaping global agendas.

Evolving diplomacy must strike a balance between creativity and institutional continuity, responding to a world in which politics, security, business, culture, and social affairs are increasingly interconnected. It requires the ability to “lead from the middle,” facilitating dialogue across the blurred boundaries between public and private, formal and informal spheres.

Ultimately, the challenge is not that diplomacy is in decline, but that it must carve out new spaces for practice: spaces that reflect the realities of hybridity, fragmentation, and the volatility of contemporary international alliances.¹¹

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