

# DUTCH EUROVISIONS

## NETWORKS OF DUTCH BUSINESS REPRESENTATION IN EUROPE

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### Abstract

Philips, Heineken, Royal Dutch/Shell, Unilever – they are not only large Dutch (British) multinationals, but have also been amongst the most active firms in developing and proclaiming European visions. In the active pursuit of these visions, Dutch firms have also been rather successful, witnessing for instance the major impact stemming from Philips's Action Agenda – a hallmark in the reversal of the 1980s sentiment of Eurosclerosis. What models of interest representation have been behind these activities, what is the relationship with the general internationalisation strategies of firms and how do the activities of very pronounced advocates of Europe relate to the activities of other Dutch core companies? This paper reveals the first result of an extensive survey amongst leading Dutch core firms. It shows that there is a strong link between degree of internationalisation and intensity of European interest representation, and between the position of the Public Affairs department and the number of channels used for interest representation at the European level. An elite of Dutch core firms exist with clear (public affairs) strategies towards Europe. But a large number of Dutch core firm also have an 'ad-hoc' rather than a 'structured' strategy towards European interest representation, thereby adding to the generally rather fragmented status of Dutch business representation. The fragmented stance towards Europe of Dutch core firms, might explain the inability of Dutch governments in developing a more consistent European policy perspective after the finalization of the Treaty of Maastricht.

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## 1. Introduction: A European song contest

In a virtual European song contest among multinationals, Dutch firms would have received the maximum score (“*douze points*”) on a continuous basis since the midst of the 1980s. Shell, Philips, Unilever and Heineken all share strong and explicit visions on the European Union. They recognize the importance of European integration and their possible role. Some of the visions are more explicit in the role the firm has in European development. Some visions stress economic integration, others pay attention to social policy or the issue of enlargement as well. Despite differences, the visions have in common the idea of a competitive Europe (see box).

With consecutive steps towards a deepening and broadening of integration, the European Union has been of increasing importance to all firms. European firms dedicate the overwhelming majority of their FDI and sales to the European internal market. The largest part of international FDI inside the European Union is in the form of Mergers and Acquisitions (UNCTAD, 2000). Most European business is affected in some way issues of European governance. Nonetheless, companies have adopted varying styles of dealing with their European interests. The European affairs function for instance is differently fulfilled in Dutch companies. Why?

Firms can represent interests through many different interest channels. Besides more traditional federations and confederations, many new organizations have been created (cf. Cowles, 1998). Interest associations can have a broad orientation (e.g. UNICE, European Roundtable of Industrialists) or can be narrow in scope (e.g. the European federation of gas producers, Eurogas, or the coalition of large industrial energy consumers, Ener-G8).

Furthermore, firms may have their own public affairs department, or even a separated European affairs function. In practice one can find companies with a very sober interest representation, deprived of sizeable resources, but advanced European affairs departments as well. Accordingly, European affairs functions of different companies vary in terms of their performance.

Philips has well developed the representation of its European interests. Philips' interest representation shows a structured – and indeed effective – approach to the European interests of the company, in an attempt to control the direction Europe was going (cf. Ruigrok and Van Tulder, 1995, Cowles, 1995b). Alternatively, many companies only pay *ad hoc* attention to European affairs. They will get their act together and organize an interest representation, only when an issue urges them. Most often, companies of this type provide European Commission officials with expertise on technical matters. After all, a drafting official is “a very lonely person with a blank piece of paper in front of him, wondering what to put on it” (Hull, 1993). The fact that presumably as many lobbyists as there are Commission officials, namely around 10,000 (cf. Grant, 1995) earn an income in Brussels, furthermore underlines the importance of external expertise for EU policy making.

**Philips.** Arguably Philips has developed the most extensive and most influential vision on the European Union, back in the 1980s. Wisse Dekker presented Philips' vision on the integration of European markets in a 1985 address to an audience including many Commissioners. Dekker's plan "Europe 1990: An Agenda for Action" suggested measures in four priority areas to open up the European market. Those areas were: simplification of cross-border trade, fiscal harmonization, technical standardization, opening up of public procurement markets, especially liberalization of the telecommunications industry ("Europe 1990"; see also Cowles, 1995: 514). The two assignments in the Treaty of Rome, namely the convergence of national economic policies, and the creation of an internal market, were now to be fulfilled, according to Dekker. The detail of his plan, as well as the timetable connected to it, were unique. Dekker set the deadline on 1990. To meet the deadline, the approach needed to be practical and pragmatic, as no time should be lost. "The clock shows five to twelve" ("Europe 1990"). Therefore, more important than 100% perfection, were solutions that would enable realization of the measures before 1990, even if those solutions were 80% perfect. Dekker, thus, created urgency. If Europe did not act soon, it would be destined to be nothing but the "cultural museum of the world". In 1985, Dekker presented his plan to a fresh Commission as an attractive project. Not surprisingly, the similarities between Dekker's plan and the White Paper on the single European market, written by a team chaired by Commissioner Lord Cockfield, have been stressed (cf. Cowles, 1993, 1995; Ruigrok and Van Tulder, 1995; Sandholtz and Zysman, 1989). Soon after Dekker's presentation of "Europe 1990", the visionary project was assumed by the European Roundtable of Industrialists. Dekker himself became president of the ERT from 1988 until 1991. The single European market became the principal project of the European Union under the Delors administration (1985-1995). Also Philips continued to follow the actions of the European Union. In 1997, the liaison office Philips had in Brussels was upgraded and renamed "Philips European Affairs Office", emphasizing the greater focus on EU links. It served to increase the contacts with the EU and EU-related associations even further.

**Heineken.** In 1992, Freddy Heineken – CEO and owner of Heineken - published his vision on the European Union. The booklet, entitled "The United States of Europe (A Eurotopia?)" maps out a united Europe constituted by 75 states. Heineken believed in the virtue of small nations. People will feel connected to the small state they are coming from. Administrative units that are too large, are incompetent. Thus, Heineken argues for a maximum population between 5 and 10 million per state. The 75 states he has classified cover the 15 EU member states, plus the eastern European countries, including the Balkan. In these smaller states, government will be more efficient. Additionally, federal issues will be dealt with by the federal governmental institutions, which are spread over Europe. Heineken's vision is also dubbed as "Eurotopia".

**Royal Dutch/Shell.** During the years preceding the first stage of Economic and Monetary Union, Shell directors have delivered speeches on the company's European vision, for instance by Cor Herkströter, former group managing director and president of the Royal Dutch Petroleum in 1996 (twice) and 1998, and by group managing director Maarten van den Bergh in 1996 (twice). In those speeches, Shell supported the idea of a united and fully competitive Europe. Moreover, European markets should be integrated into world markets. Consequently, European companies should be able to compete in a global business environment. Overall, Shell's vision stands very near the contemporary vision of the European Roundtable of Industrialists.

**Unilever.** Unilever presidents have been active in the European Roundtable of Industrialists. In a series of speeches (in 1998 and 1999) by Unilever chairmen Niall Fitz-Gerald and Morris Tabaksblat have affirmed the company's support to European integration. Fitz-Gerald called it an historic and momentous event. Yet, Unilever does not want to stick to hollow phrases. Integration is far from complete: we have to work on it. Therefore, a critical and active attitude is required. Too much uncritical enthusiasm remains too often too passive, Fitz-Gerald argued. Unilever, thus, takes a realistic perspective on European integration. The process of Europeanization will carry on. Consequently, companies have to be prepared. Further integration will also happen in non-economic areas such as policies on security and asylum, foreign policy, and social policy. The latter especially should be to accommodate changes resulting from Economic and Monetary Union. Unilever's traditional positive attitude towards European integration appears again in a speech of Tabaksblat (26 January 1999, The Hague): "Unilever's pro-European attitude arises from our firm conviction that European integration is important for our company and for society. Some people realized this seventy years ago. Thus Sam van den Bergh, one of the founding fathers of Unilever, said as long ago as 1928, "I envy my grandchildren. They will experience the United States of Europe. In economic terms"."

Some companies have a “structured” type of interest representation, reflecting a strong EU strategy. Many other companies do not have a strategic approach towards EU matters. They regard European interests tactically, as obstacles or facilitators in the realization of the company goals. This type of business interest representation therefore can be coined “*ad hoc*” (see table 1).

business interest representation	<i>Ad hoc</i>	Structured
<i>Type of issues</i>	company-specific, technical	company-specific, technical, general economic, non-economic
<i>Duration</i>	short-term	long-term
<i>Nature of possible influence</i>	expertise based influence	structural influence
<i>Attitude vis-à-vis EU governance</i>	Reactive	pro-active or interactive
<i>Relation between business interest representation activities</i>	Unrelated	systematic
<i>Part of a European affairs strategy?</i>	No	yes
<i>Role in the firm's objectives</i>	Tactical	strategic

**Table 1: “*Ad hoc*” versus “Structured” business interest representation**

The distinction between a tactical “*ad hoc*” and a strategically “structured” type of interest representation is for instance made by Coen and Willman (1998). In the evolution of a firm’s regulatory affairs office, Coen and Willman distinguish between an *ad hoc* approach, emergence of a formalized regulatory function, and eventually the strategic management of the regulatory affairs.

Not only between firms but also between sectors, different practices exist. In sectoral studies it was argued that companies follow various routes of influence (cf. Greenwood, 1995). For instance, in the Information Technology sector, business has built a strong position in the Brussels arena. “IT firms are heavily involved in the policy process from the level of broad industrial debates, to the setting of standards and the allocation of resources within specific EU research and development programmes such as ESPRIT and RACE” (Cram, 1995: 23).

The observation that different interest representation practices exist evokes a number of questions. How does the systematic picture look like? Why behave companies the way they do? What strategies are behind their interest representation? The aim of this paper is to give a systematic account of the EU interest representation of large Dutch business. The available literature on interest representation does not contain an overview of the activities of large Dutch business. Many theorists have attempted to conceptually curb the interest representation of firms, although not always specifically for the European Union (e.g. Grant, 1993; Greenwood, 1995; Mazey and Richardson, 1996; Olson, 1965; Streeck and Schmitter, 1981, 1985). Past studies have shown a preference for the case study method<sup>1</sup>. Greenwood (1997) sketches the important use of case studies, but pays attention to the weaknesses as well. An advantage of case studies is that they can give insights in the “black box of government decision making” (*ibid.*:6). But a shortcoming of case studies is that they do not provide comparable data. Yet in order to come to conclusions on the nature of the aggregate Dutch business interest representation, singular case studies are not sufficient. Therefore, this paper’s research is based on the survey method and focuses on the role of the public affairs department in interest representation of the largest Dutch core firms.

The remainder of this paper is organised as follows: first the role of the public affairs department is further conceptualised. Secondly this conceptualisation is applied to the practice of Dutch business interest representation. The survey covered a large sample of the Biggest Dutch firms (see Van den Berghe, Van Tulder, 1998; Ruigrok and Van Tulder, 1995). The Annex gives the detailed background of the survey and the sample of firms. Big Dutch business is represented by a set of sixty firms, including the fifty-five largest core industrial firms<sup>2</sup> and the five largest companies operating in the financial sector. Among those, not only

the world's largest firms, such as Shell and Unilever, are represented but also much smaller firms, such as CSM and DAF Trucks. Annual sales range from over 150 billion dollars (Shell) to just over one billion dollars. Although all sixty firms can be considered "core" or "flagship" firms for the Dutch environment, the differences between them are substantial. Hence the sample of the sixty largest Dutch core firms represents "big" business of all sizes.

## **2. The Micro Perspective: Public Affairs Management**

How does business interest representation materialize at an operational level? Many firms have, besides activities of a CEO or members of the board, a specialized public affairs department. Public affairs managers meet with government officials or with colleagues, to get informed on emerging and current issues. They make use of position papers, articles and informal contacts to communicate what is in their company's interest, to mention a few of their activities (cf. Pijnenburg, 1999).

The management of public affairs, or public issues, is a "systematic effort of a corporation to respond effectively to issues of public concern in its external environment" (Buchholz *et al.*, 1994: 37). Nevertheless, the management of *issues* is emphasized. One of the tactics, or "political strategies" (*ibid.*: 49) a firm can choose is to lobby governments. However, public affairs management literature does not mention a more thorough, systematic approach to governments, for instance through agenda setting and ideological influencing.

Table 2 exhibits stages of public issues management. Tables as such are not describing the way corporations are actually conducting their public affairs management, but, instead, the way it would ideally happen.

<b>I.</b>	Identify Public Issues and Trends in Public Expectations	Scan the environment for trends and issues
		Track trends and issues that are developing
		Develop forecasts of trends and issues
		Identify trends and issues of interest to the corporation
<b>II.</b>	Evaluate Their Impact and Set Priorities	Assess the impact and probability of occurrence
		Assess the corporate resources and ability to respond
		Prepare the issue priorities for further analysis
<b>III.</b>	Conduct Research and Analysis	Categorize issues along relevant dimensions
		Ensure that priority issues receive staff coverage
		Involve functional areas where appropriate
		Use outside sources of information
		Develop and analyze position options
<b>IV.</b>	Develop Strategy	Analyze position and strategy options
		Decide on position and strategy
		Integrate with overall business strategy
<b>V.</b>	Implement Strategy	Disseminate agreed-upon position and strategy
		Develop tactics consistent with overall strategy
		Develop alliances with external organizations
		Link with external and external communication networks
<b>VI.</b>	Evaluate Strategy	Assess results (staff and management)
		Modify implementation plans
		Conduct additional research

**Table 2. Public Issues Management System (Buchholz *et al.*, 1994: 41).**

Necessarily, lists as in table 2, rest on some sort of normative system. In case of Buchholz *et al.*, they contrast a “traditional view” in which business decisions were based on economic self-interest, with the “modern view” of business as a sociopolitical institution which needs to acknowledge its social responsibilities as well. According to Buchholz *et al.*, in order to respond to the demands of the modern view, firms need to organize their public affairs management along the lines of table 2.1.

However, a second normative argumentation closer to the check-list itself, is that successful public affairs management *ought to* follow the indicated phases. Thus, a technical evaluation lays underneath: good public affairs management is well planned, linked to more general



strategies, evaluated from time to time, and so on.

The nature and quality of the interest representation activities of a firm can be used as indicators of the strength of the position the firm has developed. The assumption is that the way a business has organized its interest representation, and the opinions of staff on related matters, show the strategy of the company. In other words, an answer to “how well did a company organize its European affairs?” will display the company’s influence position. A number of parameters function to give a more precise account of business positions. This is the series of relevant parameters, each with a short comment:

- **Number of channels used for interest representation**  
There are many ways to reach Brussels. Companies can use up to nine different channels (cf. Greenwood, 1993;1995;1997).
- **Type of organizations of which the company is a member**  
There are f.i. federations, confederations, issue-specific associations, formal EU committees.
- **Reputation of organizations of which the company is a member**  
Some organizations are more recognized for their influence (e.g. ERT, AmCham) than others.
- **Number of alliances**  
Some companies form interest representation alliances with their competitors and colleagues, especially in direct firm membership associations and informal collectives.
- **Number of issues**  
The number of issues indicates the number of interests a company has in the European Union.
- **Type of issues**  
Issues can range from highly specific and detailed to more general, concerning the totality of European business.
- **Vision towards the EU and its future**  
An intended strategy should be known to senior staff.
- **Vision on own role in that future**  
Companies can have a reactive, interactive or pro-active attitude towards European integration.
- **Size of their involvement**  
Variables such as budget and number of staff indicate the company’s commitment of resources.
- **Completeness of their accounts**  
The extents to which companies are able to give complete accounts of their European affairs activities.
- **System in their accounts**  
The extent to which activities are related or unrelated.
- **Duration of commitment companies seem to make**  
The extent to which companies commit themselves to their European affairs activities (e.g. a Brussels office and membership of Brussels based organizations show longer-term commitment).

### 3. The practice of Dutch EU business interest representation

Dutch business has typical characterizations. “The Netherlands is a small country with a

remarkable number of sizeable home-based multinationals” (“Governing with multinationals” Van Tulder, 1998). Dutch multinationals belong to the world’s most internationalized firms. Many have more assets, turnover and employees abroad than in the Netherlands (cf. Ruigrok and Van Tulder, 1995). Moreover, the Dutch economy is small and open. Both exports and imports amounted to about half of the Dutch GDP in 1995 (Salvatore, 1998: 4). As a consequence, Dutch government had to cope with the small policy margins. Policy making in a small and open economy as in the Netherlands is “company induced”, according to Katzenstein (1985), “clearly putting the emphasis of policy form(ul)ation with representing the interests of companies” (Van Tulder, 1998: 3). The particular Dutch governance model, i.e. a centralized corporatist structure at the national level, has proven succesful, resulting in one of the most competitive economies in the world (Van Tulder, 1998: 2) and being dubbed “Dutch miracle” (Visser and Hemerijck, 1997).

What type of interest representation applies to large Dutch business? As the focus is specifically on the European Union, the two basic types, i.e. structured and *ad hoc* interest representation, are translated into a “EU strategy” and “*ad hoc* strategy”. This section presents the results of the survey. Some data are expressed quantitatively. That allows for easier comparison and even simple statistical calculations. The rest of the data is presented in a qualitative format.

### ***Outcomes of the survey (quantitative section)***

Table 3 draws on Greenwood’s categorization of routes (cf. Greenwood, 1993, 1995, 1997), and the answers given in the survey. The table shows the different channels firms use to get to their lobbying targets in Brussels. The percentages refer to the proportion of respondents actually using those channels.

Company public affairs department	58.1 %
National federations	83.9 %
National confederations	93.5 %
European federations	71.0 %
European confederations	61.3 %
European issue-specific / direct firm membership associations	48.4 %
Informal collective	61.3 %
Public affairs consultants	45.2 %
EU policy committee	45.2 %

**Table 3 Use of channels by respondents**

The average company in the sample is making use of 5.0 channels, i.e. 56% percent of the possible channels. The least in use, following from the table, are European specific issue organizations (48.4%), EU policy committees (45.2%), and public affairs consultants (45.2%). Almost all companies participate in the national confederation VNO-NCW (93.5%). A few companies mentioned other confederations at the national level, such as chambers of commerce. VNO-NCW itself claims to represent 80% of all Dutch business. With a 93.5% score in the survey, there is reason to believe big business is slightly over-represented in VNO-NCW.

VNO-NCW thus is the most representative association of Dutch business and industry. At the national level, obviously, VNO-NCW has more influence than at the European level. Nevertheless, the association acknowledges the growing importance of European interest representation. Scrutiny of the composition of VNO-NCW's boards shows the large proportion of big business, especially when the background functions of board members is considered (see table 4).

		VNO-NCW	National federations	Top 60	Rest of Dutch business and institutions	Host-based company	Total
Daily Board	Seats	12 (23.5%)	29 (56.9%)	10 (19.6%)	0 (0%)	0 (0%)	51
	Functions	7 (13.2%)	8 (15.1%)	20 (37.7%)	17 (32.1%)	1 (1.9%)	53
General Board	Seats	27 (14.1%)	127 (66.1%)	29 (15.1%)	5 (2.6%)	4 (2.1%)	192
	Functions	8 (4.1%)	37 (19.1%)	50 (25.8%)	87 (44.8%)	12 (6.2%)	194

**Table 4 Representation within VNO-NCW boards (source: based on VNO-NCW Wegwijzer, 1998)**

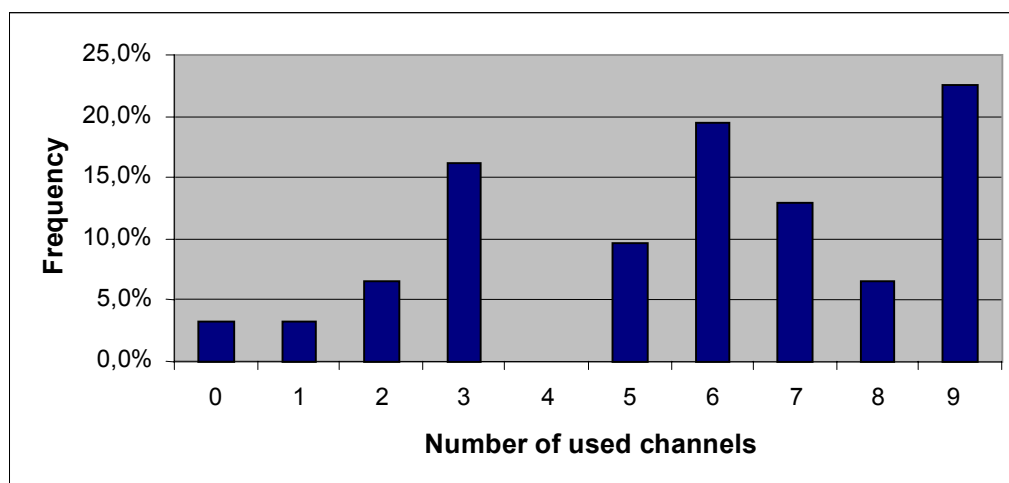
The difference between number of seats and functions in table 4 is explained by the fact that one individual can have more than one function. Some of the seats and functions in the board are occupied by VNO-NCW officials. VNO-NCW presents itself as the confederation of Dutch industry and this is supported by the large representation of federations in terms of seats (respectively 57% and 66%). However, in terms of functions, a different picture appears (i.e. 15% and 19%). Many of the representatives of federations have functions outside those federations, e.g. they own a business, or work for a large multinational. Finally, foreign companies are barely represented, especially compared with their importance for the Dutch economy: the Netherlands has been an attractive host to foreign-owned multinationals ever since the 1950s (cf. Van Tulder, 1998).

Channels	0	1	2	3	4	5	6	7	8	9
Frequency (%)	3.2	3.2	6.5	16.1	0	9.7	19.4	12.9	6.5	22.6

**Table 5 Frequency distribution of total amount of used channels in the sample**

The distribution in the sample over numbers of channels is presented by table 5 and figure 1. They show a divide between the lower and higher ranks, located at the number of four channels. 29% of the companies make use of three or less different channels. The rest, 71% uses five or more channels. Especially interesting is the percentage of firms using seven to nine channels, which adds up to 42%. The use of all nine channels, or perhaps with the policy

committees and public affairs consultants missing, indicates a well planned, structured European affairs strategy.



**Figure 1: Frequency distribution**

### *Patterns in channel use*

Statistical analysis of the empirical data discloses positive correlation between a number of variables. Table 6 and table 7 present correlations, respectively at a 1% and 5% significance level. The correlations in table 6, therefore, are the strongest.

<i>Variables</i>	<i>Pearson correlation</i>	<i>Significance (two-tailed)</i>	<i>Number of cases N</i>
Weighed Channels and Logarithmic Sales	0.621	0 %	29
Channels and Logarithmic Sales	0.615	0 %	29
Channels and TNI	0.571	0.1 %	29
Weighed Channels and TNI	0.578	0.1 %	29
Weighed Channels and FTE on PA	0.545	0.3 %	28

**Table 6 Correlations between different variables at a 1% significance level**

The variable “Channels” refers to the number of channels a company has indicated to use. An adjusted form, “Weighed Channels”, counts three salient channels double. These channels are the use of a European policy committee, membership of one-issue coalitions, and a company public affairs department<sup>3</sup>, and form stronger indicators of an EU strategy than the

others. Use of those channels, namely, requires significant allocation of resources and thus proves of a deliberate strategy.

Also based on the survey are “Type of PA” and “FTE on PA”. The former variable is ordinal, and assumes one of the three values: “1”, standing for a public affairs function, including European affairs, that is incorporated in non-public affairs departments; “2”, which refers to a separated public affairs department, in which European affairs is still incorporated; and finally, “3”, standing for a separated public affairs and European affairs function.

Obviously, the values 1 to 3 stand in order, as 3 is more progressive than 2, and 2 more than 1.

The variable “FTE on PA” is rational. Based on survey data, the variable gives the number of people involved in a public affairs department, expressed in full time equivalents.

Important to note is that the skills and qualifications of the employed people is not discounted in the variable. Hence, FTE on PA on itself says nothing about the efficacy of a firm’s public affairs department. However, the differences between personal profiles play the most important role at the level of the board of directors. Some board members may have better access to European politics than others. Yet, the variable FTE on PA does not count board members.

FTE on PA is related to Type of PA, as separation of public affairs first, and European affairs second, logically require extra allocation of people to these functions. Thus the correlation between the two variables, in any outcome, should be positive. This is confirmed in the results of table 8. However, the further interpretation of these two variables, and how they correlate with others, is described in the next section.

Other variables in the set are “TNI”, “Sales” and “Logarithmic Sales”. TNI is an indicator for the degree of transnationalization of a company<sup>4</sup>. Sales refer to the total company turnover in the year 1995. To deal with the non-linear distribution of sales over the cases, the variable

“Logarithmic Sales” was computed. Logarithmic Sales gives the natural logarithm of a company’s turnover.

<i>Variables</i>	<i>Pearson correlation</i>	<i>Significance (two-tailed)</i>	<i>Number of cases N</i>
FTE on PA and Channels	0.471	1.1 %	28
Channels and Sales	0.454	1.2 %	30
TNI and Logarithmic Sales	0.454	1.5 %	28
TNI and Sales	0.410	2.7 %	29
Weighed Channels and Sales	0.399	2.9 %	30

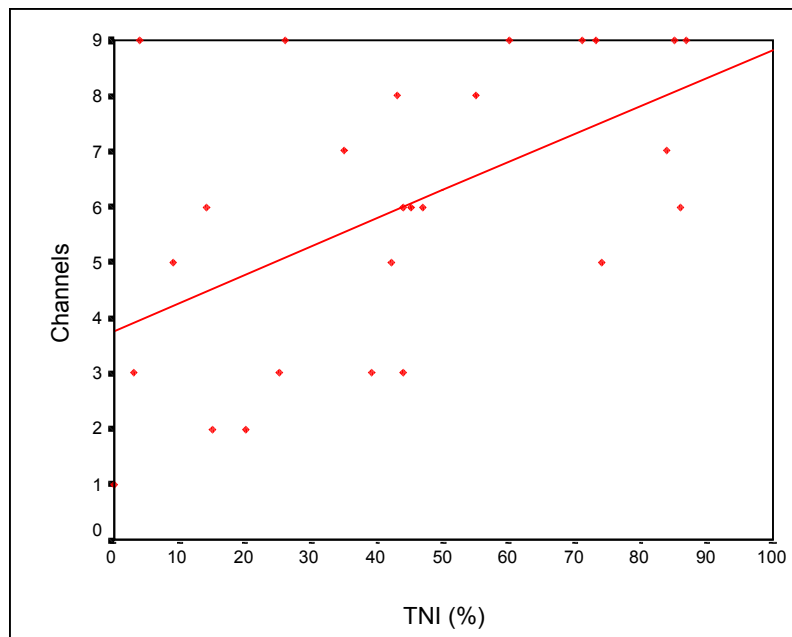
**Table 7 Correlations between different variables at a 5% significance level**

The positive statistical correlation between the turnover of a company and the number of used channels is significant at either a one or five percent error level, depending on the chosen variables. Weighed Channels and Logarithmic Sales show the strongest correlation, namely 0.621. The conclusion to be drawn is that there is structural association between the number of channels used for interest representation and the size of the firm. Therefore, larger firms, on average, have a broader developed interest representation system than smaller firms.

Furthermore, the size of the firm, in terms of its scope of international activities, shows positive and significant statistical correlation with the development of the firm’s EU interest representation, as indicated by the number of used channels. The correlation between Channels and TNI is 0.571, which is significant at a 1% level. Thus it can be concluded that the more international, and the higher the company’s turnover is, the better organized its ways to reach the European Union.

The correlations of so far have described patterns of association between the cases of two variables. Furthermore, a regression model serves to examine the degree to which certain variables are able to explain the number of channels companies use. To this end, a regression model was constructed, with Channels as the dependent variable. Independent variables were

TNI, Logarithmic Sales and Type of PA. The fourth possible variable, FTE on PA, was not included, because it would distort the model due to its closeness to Type of PA.



**Figure 2 Scatter plot of Channels and TNI with an estimated curve**

The regression model has an  $R^2$  of 0.835 (with a standard error of the estimate of 1.11), showing great explanatory power. The conclusion is justified that the degree of internationalization, size in terms of turnover and the organization of European affairs together explain the numbers of channels a company will use.

### ***Types of Public Affairs***

The strongest correlations are found between the number of used channels and the type of Public Affairs of the company. As Type of PA is an ordinal variable, and all the others rational, the Spearman correlation was used. The variables Weighed Channels and Type of PA have a positive correlation of 0.905, while Channels and Type of PA's correlation is 0.886. Both are significant at a 1% level. As figure 3.3 shows, most cases scored either in the "1" or

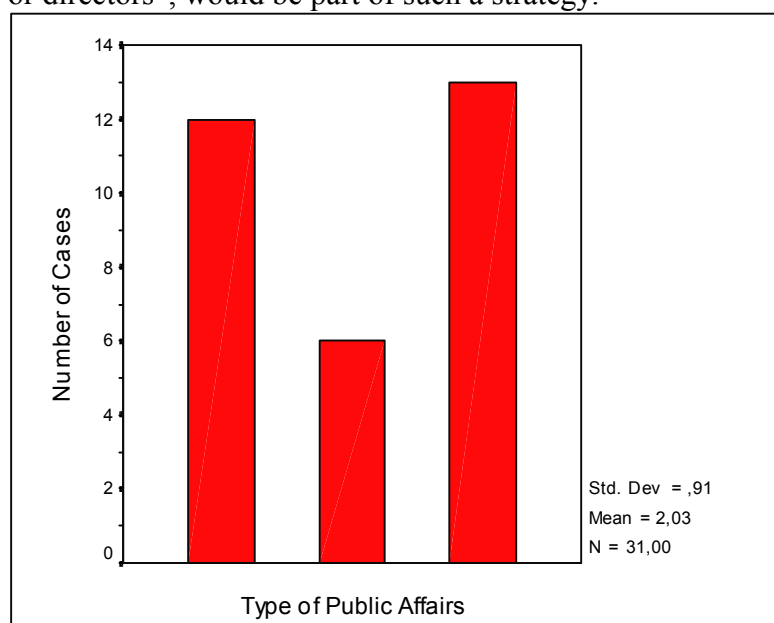


“3” category. That is to say that most respondents either lack a separate public affairs department, or have a separated European affairs function.

<i>Variables</i>	<i>Spearman correlation</i>	<i>Significance (two-tailed)</i>	<i>Number of cases N</i>
Weighed Channels and Type of PA	0.905	0 %	31
Channels and Type of PA	0.886	0 %	31
FTE on PA and Type of PA	0.769	0 %	28
Sales and Type of PA	0.568	0.1 %	30
Logarithmic Sales and Type of PA	0.554	0.2 %	29
TNI and Type of PA	0.488	0.7 %	29

**Table 8 Spearman correlations between “Type of PA” and other variables**

In principle, a company without a public affairs department can still have an elaborate EU strategy. However, in this study it is assumed that having a “type 3” public affairs is a necessary condition for a EU strategy. In order to obtain a strong influence position in Brussels, a company will need to allocate resources on a longer-term basis. Therefore, a separated European affairs function, in the person of one or more “European affairs managers or directors”, would be part of such a strategy.



**Figure 3 Histogram of type of Public Affairs**

[ (1)The first bar from the left stands for incorporated Public Affairs (PA) and European Affairs (EA); (2) the middle bar stands for separated PA, but still incorporated EA; (3) the bar on the right represents cases with a separated PA and EA.]

Figure 3’s histogram shows thirteen companies with a “type 3” public affairs. Butt Philip and Gray have published a list of companies with corporate representation in Brussels, in 1996. On the list, ten Dutch firms are present. Five additional firms, however, appear on the

list in the European Public Affairs Directory (EPAD) of 1998. The total list with fifteen firms is shown in table 9.

ABN AMRO Bank	DSM	Reed Elsevier
Ahold	Heineken	Royal Nedlloyd
Akzo Nobel	KLM	Shell International
CandA	KPN	Stork
DAF Trucks	Philips	Unilever

**Table 9 Firms appearing in the EPAD 1998, and/or the Directory of Pressure Groups in the EU (Butt Philip and Gray, 1996)**

### *Brussels offices*

A small minority of the sixty firms has Brussels offices. Even of the companies with a separated European Affairs function, not all have offices in Brussels. The European Public Affairs Directory 1998 complemented with results from this study, indicate eleven Dutch companies have located their European affairs in a Brussels based office (see table 10). A closer look at the offices reveals the dominant type of companies with a Brussels office.

Shell / Royal Dutch	Ahold	ING Group
Unilever	Akzo Nobel	ABN AMRO
Philips	KPN	Rabobank
Stork	Ballast Nedam	

**Table 10 Companies with a Brussels public affairs office**

The eleven offices lodge the three largest Dutch financial institutions, and six of the top seven largest Dutch manufacturers<sup>5</sup>. These companies have annual sales over 10,000 million US dollars<sup>6</sup>. Two out of the eleven offices, namely Stork and Ballast Nedam, are part of a “liaison office”. Four different companies constitute this office, led by one European affairs manager. Stork and Ballast Nedam are the two that are listed in the top sixty of large Dutch firms.

In general, only a limited elite is maintaining an office in Brussels. A fact is that smaller companies do not have such offices. Whether that choice is in the interest of smaller companies cannot be said. However, having a Brussels office is assumed to testify of a well thought over EU strategy<sup>7</sup>.

### ***Outcomes of the survey (qualitative section)***

Nine different types of channels were distinguished. Respondents have mentioned many instances of organizations that can be classified under one of the nine channels. Table 11 lists examples for each channel type. The number of hits is indicated between parentheses, when a channel token was mentioned more than once.

<b>Type of channel</b>	<b>Illustrations</b>
<i>National federations</i>	VNCI (2), Niaba (2), VAI (5), Raad NDH (2), AVBB (3), NZO (3); LTO (2); VGBV (2)
<i>National confederations</i>	Confederation of Dutch business and industry VNO-NCW (29)
<i>European federations</i>	CEFIC (3); CIAA (3); EFPIA (2); Eurocommerce (2); European Rail Community; Eurogas; European Publishers Council; Eurofer; EuropaBio; APME; CEA; CIUS; IFIEC
<i>European confederations</i>	UNICE (19)
<i>European issue-specific / direct firm membership associations</i>	European Roundtable of Industrialists (2); Trans Atlantic Business Dialogue (2); Conference Board (2); European Retail Round Table; European Services Network; Transatlantic Policy Network; International Insurance Society; Ener-G8
<i>Informal collective</i>	Egmond group (4); European Affairs Platform; Ravensteijn Group; Gstaad Group
<i>Public affairs consultants</i>	APCO; Adamson Worldwide; Burson Marsteller; Schuttelaar; Control Ristas
<i>EU policy committee</i>	Legal Advisory Board; High Level Group for Infrastructure Charging; Industry Committee of the EP; Advisory Committee on Energy; Committee for Commerce and Distribution; Financial Services Action Plan Forum Groups

**Table 11 Examples of different organizations for collective action**

In the sample, 42% of the respondents deploy seven, eight or nine channels. These companies most likely, under the assumptions of this study, have a “EU strategy”. Slightly more than half of the sample uses six or less channels. 29% is represented between zero and three channels. These companies are considered to have “*ad hoc*” strategies for the EU business interest representation. However, to avoid the fallacy of “begging the question”, at least the suggestion of it, companies using between seven and nine channels will be baptized “high(er) scoring companies”. For the time being, the other companies, consequently, are

referred to as “low(er) scoring companies”. The following paragraphs discuss the differences between the two groups, using position parameters and based on results of the survey.

Companies with a score of seven, eight or nine channels mentioned markedly more associations they were affiliating with than the lower scoring companies. For instance, on average high scoring companies named two direct firm membership organizations. This contrasts sharply with the average of zero for the lower scoring companies. None of the lower scoring companies declared being a member of even one direct firm membership association. A similar observation can be made for participation in policy committees, although a few of the lower scoring companies did name some committees. However, of the higher scoring companies only a few did *not* mention a policy committee. The same can be said for the use of public affairs consultants, and to a slightly lesser extent of informal collectives that company representatives form.

At first sight, participation in national and European industry federations seems more equally distributed among high and low scoring companies. However, a second look reveals that also in this case the higher scoring companies are deeper involved. For the survey showed that, when asked, the high scoring companies indicated much more often to be “active” in these federations, whereas lower scoring companies more often attested to be “passive”.

Most companies wrote they are members of VNO-NCW, the confederation of Dutch employers and industry. Again, high scoring companies were more often active than lower scoring companies. They were, furthermore, more often active in UNICE, representing the national employers confederation. Some companies detach small armies of experts, sitting in working groups of federations. Haug and Koppang (1997: 239) found out in a study of corporate lobbying in Norway that:

“Some companies have established very strong lobbying networks. In one company, 60-70 employees are directly involved in a network which is directed from the PR department”.

Results from the survey confirm Haug and Koppang’s observation. Numbers up to eighty

were mentioned of specialists detached to either national or European (con)federations.

However, this was only the case with higher scoring companies that are actively participating in those federations.

As far as the size and organization of public affairs departments is concerned, the conclusions corroborate with earlier observations. The majority, but not all, of the high scoring companies locate their European affairs office in Brussels. Opposed, none of the lower scoring companies has a Brussels office. Most high scoring companies indicated a public affairs budget of over 300,000 guilders. Among lower scoring companies the number respondents disclosing, or knowing, the budget was too little. The number of people employed in the public affairs department varied between one and four, while some larger companies employ up to five to ten.<sup>8</sup>

All companies' public affairs departments report either directly to the board of directors, or via the head of the communications department, in case Public Affairs falls under corporate communications. Respondents of the surveys had the function of European affairs director (or an equivalent name) or were CEO, as far as higher scoring companies were concerned. Respondents of lower scoring companies were either public affairs managers, head of corporate communications, secretary of the board of directors, or member of the board responsible for corporate affairs.

One question addressed the way the company sees itself involved in the European integration process. The reactions among low scoring companies were short and possibly short-sighted. Some respondents said they found the European Union important, but did not view themselves playing a role. Other respondents said they were *not yet* committed to the integration process. The motivation of companies without public affairs departments was that the European Union is not important to them.

The answers given by high scoring companies, were lengthier, as well as more informed. Among the reactions some were more pro-European than others. Companies mind the economic growth and competitive position of the EU. Efficiency is important, and to increase it, the single market should be completed and followed by the euro and tax harmonization. The common opinion is that transnational issues need to be dealt with at a transnational level. And, according to the respondents, many of the issues companies are facing are, in fact, transnational.

Companies, both low and high scoring, indicated that they have become member of as many federations as they have different product categories. However, especially the high scoring companies were able to give different reasons for their membership of additional organizations. For instance, public affairs consultants are used for information purposes, *ad hoc* when there is an overload of work, to do the preparations, or - as one company pointed out - for outsourcing a secretariat of a direct firm membership association. Informal collectives serve the function of network building and information exchange. Direct firm membership associations are used for a vast range of general issues (e.g. the ERT), for a specific general issue (e.g. the Trans Atlantic Business Dialogue for EU-US trade), for a more industry-specific issue (e.g. European Retail Round Table), or - finally - for information exchange (e.g. Conference Board, an American initiative in which American and European hold councils in function areas, among which public affairs).

One of the informal collectives, the Egmond group, was mentioned by four companies. It is a Brussels based platform for representatives of large multinationals, federations (i.e. VNO-NCW) and officials of the Dutch permanent representation.<sup>9</sup>

One company operating in the steel industry, using all nine channels, wrote that it participates in about thirty specific *issue clubs*, with firms as direct members. According to

this respondent, those clubs are very much welcomed by the European Commission, as they present opinions of many different actors. Most of these associations center on environmental issues.

A telecom company active in all nine channels wrote that in their contacts with the Commission it sees itself as having a role in shaping policies and determining the content of new legislation. Yet another company of the same category said it has been very active in the European Services Network (ESN). This *direct firm membership* group of around sixty companies attracts large attention of the Commission. ESN is a strong supporter of the WTO, and tries to carry out WTO rules as good as possible.

There are four Dutch members of the ERT (Philips, Shell, Unilever, and Akzo Nobel). Akzo Nobel has joined the ERT only recently, in 1998. On the other hand, Philips has been one of the founding fathers. Wisse Dekker has had considerable influence on the ERT's profile. Philips is also a member of the Conference Board Europe, together with ABN AMRO, Aegon, Akzo Nobel, DSM, Heineken, KLM, KPN, Rabobank, and Unilever. Thus ten firms, of a total of 71 firms, from either European or American origin, are Dutch.

The Trans Atlantic Business Dialogue formally does not have the possibility of membership. Instead, conferences are organized in which a company can participate. In the Berlin conference of 1999, three Dutch firms participated: Hoogovens (Corus), KPN and Unilever. The total number of participants amounted to 112, of which companies 53 were European, and 59 were American. Spread over the earlier annual conferences, in Charlotte, Chicago, Rome and Seville, four Dutch companies participated: DSM, Hoogovens (Corus), KPN and Philips.

One large railroad company showed a strong involvement in European interest representation. The company formed associations with other European railroad companies,

both to represent business interests (e.g. Eurofima, 30 members) as well as to deal with technological issues (e.g. the European Rail Research Institute, 50 members). Moreover, the company meets on a regular basis with governments and railroad companies of the Benelux countries.

The conclusion of this section is that the distinction made in the qualitative section, between two types of companies can be maintained, as it supported by quantitative survey results. Therefore, Dutch large business divided in two types. The first type of business has a structured strategy for its EU interest representation. In the sample, fifteen companies have assumed the EU strategy, while most of them are part of the top 20 of large business in terms of turnover. The remaining companies form the second type with an *ad hoc* EU interest strategy. With a few exceptions, all companies *outside* the top twenty belong to this category, as well as a small number of companies within the top twenty.

#### **4. Conclusion: Fragmented Dutch business representation**

The two types, i.e. *ad hoc* and structured, of business interest representation are both present within the sample of large Dutch firms. The empirical research suggests a clear-cut division between firms scoring high on distinguished parameters (e.g. number of channels, office in Brussels), and firms with low scores. The strategies of high-scoring firms are dubbed “EU strategy” firms, whereas the other firms’ strategies are referred to as “*ad hoc*”.

Most companies are lacking a well structured EU strategy. Instead, they represent interests *ad hoc*, whenever they emerge. Their activities at the European level do not go beyond passive memberships of large (con)federations, as an extension of traditionally national, corporatist, ways of representing interests. Why is that? Some companies in the research sample of large



Dutch firms have pointed out the EU does not affect their business. Others consider their interests too small to organize a public affairs department, let alone a European affairs office in Brussels. A third group frankly admits not to be interested in matters of the European Union. And yet, these companies do belong to the category of “big business”.

A smaller number of companies has assumed a true EU strategy. In the sample, fifteen cases can be characterized as such. However, given the relative over-representation of the very largest companies, among non-respondents one should not expect many, if any, companies with a similar strategy. Especially because companies with an EU strategy tend to be in the top of the list, in terms of annual turnover and degree of internationalization. Thus, an estimate of the total number of Dutch firms with an EU strategy would be fifteen to twenty. Table 11 lists the core sectors in which companies with an EU strategy operate. Those industries are characterized by heavy use of capital goods or recent deregulation. Also the financial sector features firms with EU strategies.

As far as ways of interest representation is concerned, firms with an EU strategy use seven or more of the possible channels. They participate in different organizations, ranging from huge confederations to very small direct-membership associations, covering everything from general issues to very technical issues, while operating in both formal and informal ways. Some of the associations they have formed are held in high esteem, also by European institutions. This type of company has a clear vision on the future of the European Union, and of its own role in it. The European affairs function is separately organized, which means that a European affairs director has been appointed. Some, moreover, have a European affairs office in Brussels, close to the institutions of the European Union.

Industries with more than one Dutch firm having an EU strategy with regard to interest representation	Industries lacking Dutch firms with an EU strategy, i.e. all have <i>ad hoc</i> strategies
Airlines** Banks** Beverages** Chemicals** Electronics and electrical equipment** Engineering and construction Food Food and drug stores** Forest and paper products* Insurance life and health** Metals** Petroleum and refining** Railroads** Telecommunications**	Computers and office equipment* Electric and gas utilities Energy General merchandises Mail, package and freight delivery* Motor vehicles and parts Pharmaceuticals* Publishing and printing Wholesalers* Trading Shipping

**Table 11 Sectoral distribution of firms with an EU strategy or *ad hoc* strategy [industries marked with one asterisk (\*) are suspected to belong to that category; all Dutch companies in industries with two asterisks (\*\*) have an EU strategy with regard to their interest representation]**

The fact that the most internationalized companies, generally speaking, organize their business interest representation well, suggests that “integration” issues<sup>10</sup> (cf. Greenwood, 1997) form the most important category of EU competencies affecting business. Economic integration, including completion of the single European market has, seemingly, the strongest potential to activate business interest representation. Besides integration, also issues belonging to the category of “regulation” play a big role. However, the respondents mentioned no issues of categories such as “promotion” and “funding”.

Also among companies with an *ad hoc* strategy many mentioned European issues concerning their business, although companies with an EU strategy mentioned significantly more. For instance, European regulation on environmental issues affects many companies. Apparently *ad hoc* type companies have been reluctant to representation of their regulation interests beyond the traditional channels of national and European (con)federations. This observation shows a trust in traditional channels that the largest firms obviously do not share. It also demonstrates that firms in the very top of Dutch industry do not rely on corporatist structures in the EU, but take new initiatives to represent their interests, often without

intermediation.

The few corporatist constructions in the European Union play a minor role in the eyes of large business. For instance, business, unions and government representatives meet in the Economic and Social Committee (ESC), being an official institution of the European Union. Moreover, UNICE has the official status of “social partner”. However, neither can pride itself of being a successful policy-making locus. None of the respondents, in the entire sample, mentioned the ESC in relation to their European interests.

As far as Dutch business is concerned, the majority of firms have a poorly developed and loosely organized European affairs function. This is due to a lack of a structured strategy. Whenever an issue turns into an interest, an *ad hoc* strategy will emerge in this type of company. A small minority formed by 15 to 20 Dutch firms, on the other hand, has developed a strong EU strategy, and consequently organized their European affairs function quite well. The Eurovision contest for the moment remains a rather elitist affair, also for Dutch business.

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## ANNEX: THE SURVEY AND THE SAMPLE OF DUTCH CORE COMPANIES

The survey method used for this paper aimed to collect data on interest representation activities. The used technique was a fully structured questionnaire in a combined open-ended and multiple-choice format. Questionnaires were sent to the sixty largest Dutch core manufacturing firms, including the five largest financial companies, in November and December 1999. The majority of companies gave a written response, but some results were obtained through telephone follow-ups. In March 2000 a reminder was sent, raising responses by ten. The response rate amounted to 73.3%, meaning that 44 out of 60 surveys sent to companies were answered. The position of the responding individual has been without exception senior: ranging from the CEO of the company to the head of the Public Affairs Department. The responses thus can be considered to represent the strategic awareness regarding interest representation in the company. Of the total number of responses, 31 of the 44 answers were positive. The remaining 13 answers were negative in the sense that these companies did formally indicate that they were not able to fill out the survey. To compare, in 1995, a group of researchers, including Justin Greenwood and Mark Aspinwall, had a positive response rate of 58% of their questionnaires addressed to all sorts of interest groups (Greenwood and Aspinwall, 1998). David Coen's research of March 1994 on interest representation among the top 200 largest companies in Europe scored 47% (Coen, 1997).

Among the top-fifteen of manufacturing firms, eleven companies reacted positively, one negatively, and three did not respond at all. Of the remaining forty-five firms, twenty responded positively, and twelve negatively. Thus the first quarter of large Dutch business is represented by half of the positive answers in the sample, but a tiny fraction of negative answers only. The response percentage of the top fifteen of Dutch business totaled 80% (or 73,3% counting positive answers only). The set of sixty consists of fifty-five manufacturing core firms and five financial companies. Of the last, two, i.e. 40%, responded positively, whereas three did not respond.

The respondents can be classified under a number of main categories. Eleven questionnaires were treated by board members, including seven cases in which the company's CEO has personally answered out the questions. Nine responses came from European affairs departments, of which "European affairs directors" gave five. Six responses were made by people from public affairs departments. Nine questionnaires were answered in departments dedicated to public affairs *and* other functions such as public relations.

### **Negative response analysis**

Most companies that did not want to respond indicated they lacked time for this particular questionnaire, or for questionnaires in general. This hints at a difficulty with public affairs research. Departments are often small, employing a few people only. Moreover, the issues public affairs departments address do not only vary enormously, they all tend to attract researchers. One company had already received questionnaires on child labor and on corporate governance in the same. With so little staff they were simply not equipped for responding them all. Four out of thirteen companies indicated to lack the time for responding.

One company added to "lack of time" a "lack of priority", explaining that filling out the survey was not in their interest. Other companies were sorry not to respond, but nobody in the organization was able to give answers to the questions. Two companies gave this reason. Both types of reasons should not be neglected. They suggest that among non-responding companies many do not have a strong EU strategy.

In telephone follow ups company representatives frequently explicitly asked for a guarantee on privacy and secrecy<sup>11</sup>. Apparently this was an important factor to many. Also among non-responding companies many were holding the opinion that the topic of the survey (i.e. "European affairs") should be discussed inside the company only. According to one public affairs manager "a cook also keeps recipes secret to other people". Three companies used the "privacy and secrecy" argument as a reason for not responding.

At least two respondents held completely opposite opinions. They argued the profession of lobbying is trashed with unwelcome connotations. According to them, the public image of lobbying is one of a corrupt and cunning activity in which one should preferably not be engaged. To improve the image, these respondents showed enthusiasm for research *describing* actual practices.

Among the industries represented we find 21 of the 26 (i.e. 80.8%) industries in which Dutch companies are active. Thus, the response rate according to industries is 80.8%. Noteworthy is that the top 60 of Dutch companies is active in 26 out of 45 distinguished industries (cf. Van Tulder and Van den Berghe, 1998). Table 2 lists the represented and non-represented industries, with between parentheses the number of hits, and between brackets the total number of Dutch companies in that industry. On average, the total number of Dutch companies in represented industries amounts to 2.6, whereas the average total number of Dutch companies in non-represented industries is equal to 1.0. The table shows, thus, that the industries with the largest Dutch participation (in absolute terms) are represented.

Represented industries			Non-represented industries		
Airlines	(1)	[1]	Computers and office equipment		[1]
Banks	(1)	[2]	Forest and paper products		[1]
Beverages	(1)	[1]	Mail, package and freight delivery		[1]
Chemicals	(2)	[2]	Pharmaceuticals		[1]
Electric and gas utilities	(1)	[2]	Wholesalers		[1]
Electronics and electrical equipment	(1)	[1]			
Energy	(1)	[3]			
Engineering and construction	(5)	[7]			
Food	(3)	[8]			
Food and drug stores	(2)	[2]			
General merchandises	(1)	[2]			
Insurance life and health	(1)	[3]			
Metals	(1)	[1]			
Motor vehicles and parts	(1)	[2]			
Miscellaneous	(3)	[7]			
Petroleum and refining	(1)	[1]			
Publishing and printing	(1)	[3]			
Railroads	(1)	[1]			
Telecommunications	(1)	[1]			
Trading	(1)	[2]			
Shipping	(1)	[3]			

**Table 1 Represented and non-represented industries in the Dutch sample**

Nr.	Company name	Turnover	TNI	Nr.	Company name	Turnover	TNI
1	Royal Dutch / Shell Group	109834	73*	31	Cebeco Handelsraad BA	2843	43
2	Unilever	49738	87*	32	Laurus / Unigro NV	2653	47
3	Philips Electronics	40148	85*	33	Stork NV	2567	52
4	ING Group	33416	26	34	Royal Packaging Industries Van Leer BV	2478	43
5	ABN AMRO	26535	39	35	Vereniging Coop. Melkindustrie Coberco BA	2302	34
6	Schiphol Airport	24579	n.a.	36	PON Holdings	2099	5
7	Koninklijke Ahold	18466	60*	37	Cehave NV	2025	25
8	Fortis	17172	n.a.	38	NV Verenigd Bezit VNU	1901	45
9	SHV Holdings	16170	44	39	Ballast Nedam	1872	44
10	Akzo Nobel	13382	71*	40	Internatio-Müller NV	1867	21*
11	AEGON	13112	63	41	Wolters Kluwer NV	1834	67
12	Koninklijke PTT Nederland (KPN)	11929	13	42	DAF Trucks NV	1802	50
13	NV Nederlandse Gasunie	10584	14*	43	Koninklijke Numico	1762	86
14	NV Koninklijke KNP BT	9364	80	44	Océ - Van Grinten NV	1757	78
15	Heineken NV	6503	84	45	Blokker BV	1738	n.a.
16	Vendex International NV	6480	30	46	CSM NV	1694	47
17	DSM NV	6117	55*	47	NBM Amstelland	1436	3
18	Reed Elsevier	5760	74*	48	Koninklijke Volker Stevin	1654	17
19	Rabobank	5381	12	49	Nuon NV	1558	0*
20	Koninklijke Hoogovens (Corus)	5044	43*	50	NV PNEM	1473	0
21	Koninklijke Luchtvaartmaatschappij (KLM)	4918	77*	51	Connexxion (NV Verenigd Streekvervoer Nederland)	1410	0
22	Koninklijke Nedlloyd NV	4213	73	52	Hoogwegt Groep BV	1347	n.a.
23	Campina Melkunie	4034	46	53	Cooperatie Cosun UA	1316	42
24	NV Samenwerkende Electriciteit Productiebedrijven	4008	0	54	Ned Car Born BV	1312	0
25	Friesland Dairy Foods Holding NV	2642	67	55	Apothekers Cooperatie OPG UA	1304	22
26	Hagemeyer NV	3563	36	56	Koninklijke Pakhoed NV	1289	41
27	Hollandse Beton Groep NV	3397	59	57	TBI Holdings BV	1223	9
28	Randstad Holding	2929	33	58	Getronics	1064	25
29	NV Nederlandse Spoorwegen	2885	0	59	Port of Rotterdam	422	0
30	Koninklijke Bols Wessanen NV	2881	85	60	Hunter Douglas	n.a.	n.a.

**Table 2: Sixty largest Dutch core manufacturing and financial firms [TNI stands for TransNationalization Index and is presented as a**

percentage; \*marked TNI data are the most complete TNI data; Turnover figures are in millions US dollars, based on 1995].

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## NOTES

<sup>1</sup> An example of a successful study which did not rely on the case study method, is David Coen's "The European Business Lobby", *Business Strategy Review*, 1997, pp.17-25

<sup>2</sup> Firms and figures are based on the 1995 situation (Erasmus University Rotterdam database).

<sup>3</sup> The choice of these three channels has the following justification. Four of the other channels are federations of some sort. Membership is relatively easy, and thus does not provide much information about the company's strategic motivations. The remaining two channels inherently show more commitment to a EU strategy. However, both informal collectives as well as public affairs consultants are most often used for obtaining information, thereby fulfilling a more conditional role. The three selected channels, on the other hand, contain the most information about a EU strategy, as they show commitment and are used for active interest representation in the EU. As these channels are salient indicators of a EU strategy, they have been counted double in the variable "Weighed Channels". Therefore, the maximum score in Weighed Channels is 12.

<sup>4</sup> The used data came from the SCOPE database (Erasmus University Rotterdam), for the year 1995. For ABN-AMRO, Rabobank, ING Group, AEGON data found in Van Tulder and Ruigrok (1997) were used. The transnationalization index, TNI, is calculated by dividing the foreign sales by total sales, and idem for assets and employees. To compute the TNI, the average of those three divisions is taken as a percentage. In the TNIs used in the analysis, incomplete divisions were left out. For instance, if only foreign and total sales and assets were known, only these two were used to compute the TNI.

<sup>5</sup> In terms of 1995 sales. Only number 6, SHV Holdings, does not have a Brussels office. However, the TNI index of SHV is relatively low, namely 44% for 1995 (source: SCOPE).

<sup>6</sup> Which only eight Dutch manufacturing companies have: the six, SHV Holdings and Gasunie.

<sup>7</sup> The validity of the assumptions rests in the correspondence with distinguished parameters. In this case, a Brussels office shows a longer-term commitment and adds significantly to the size of the company's allocation of resources to its interest representation.

<sup>8</sup> However, the number is hard to determine exactly for two reasons. In the first place, it can be hard to divide up the number of people between public affairs addressed at European Union and other public affairs. Secondly, in some companies European affairs can be spread over many people. It is difficult to estimate all the work company experts are doing. Besides experts, sometimes companies' presidents or board members represent their companies' interests in business interest associations, or in meetings with politicians.

<sup>9</sup> The permanent representation of the Netherlands to the European Union is like an embassy. Both diplomats and technicians work for the 'national representation', as it is often called. The head is the permanent representative, or ambassador. The ambassadors of all EU member states form the influential COREPER (cf. Bainbridge, 1995). The task of the national representation is to reach agreements between member states. Yet equally important is the articulation of national interests. For that purpose, it needs input from national companies. At the same time the national representation functions like a true embassy, providing information to companies, among others, on developments in the EU polity. One of the platforms in which the mutual exchange of information takes place, is the Egmond group.

<sup>10</sup> In section 2.3.1 five categories Greenwood distinguished were discussed: regulation, promotion, integration, funding, enablement. These categories form different business interests.

<sup>11</sup> One company representative even asked for a warrant, i.e. a formal writ guaranteeing privacy. Another respondent requested a proof-reading of the results.