

# **Belgian Multinationals and Public–Private Partnerships in Economic Diplomacy**

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## **Summary**

This article analyses public–private partnerships in Belgium’s economic diplomacy from the perspective of multinational companies (MNCs). The concept of corporate political activity (CPA) is therefore introduced. CPA is seen as a part of business diplomacy (BD), which companies use in order to defend their interests. Eight stock-listed Belgian multinationals (BMNCs) were interviewed using single, semi-structured interviews. This exploratory study focused on whether or not companies contact public officials, which strategies they use and how these strategies are organized in order to defend their interests abroad. The empirical data revealed that BMNCs enter into relationships with national and supranational actors. Information-sharing is the central aim of these relationships, because of the mutual realization that these contacts are important. This was less so, however, at the international level. In short, BMNCs will, depending on the subject and/or the institutional context, rely on the services offered by Belgian economic diplomacy. They will initially, however, also include diplomatic functions of their own.

## **Key Words**

Diplomacy, business, public–private partnerships, multinationals.

## **Introduction**

Belgium is performing poorly in economic terms. Globally, Belgium is losing market share. Between 2002 and 2011, Belgium’s importance in world export of goods declined by 21 per cent, and exports of services fell by 9 percent — for one of the most globalized countries in the world, with a foreign trade to GDP ratio of 89 per cent, this is a worrying trend.<sup>1</sup> During its annual meeting of diplomats and entrepreneurs, the President of the Federation of Belgian Companies stressed that nowadays, more than ever, Belgian ambassadors are of the utmost importance for the development of Belgian business. Exports and foreign investments are also vital for economic recovery.<sup>2</sup>

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<sup>1</sup> Leo Sleuwaegen and Carine Peeters, ‘Belgium in the New Global Economy: Export and International Sourcing’, a study commissioned by FEB-VBO and Deloitte Belgium, 2012, pp. 1–69.

<sup>2</sup> See online at [http://vbo-feb.be/media/uploads/public/\\_custom/press/Speeches/Speech\\_PADS\\_diplo\\_2012.pdf](http://vbo-feb.be/media/uploads/public/_custom/press/Speeches/Speech_PADS_diplo_2012.pdf).

This opinion is not so surprising. Economic diplomacy is seen as one of the key tasks of the Belgian Ministry of Foreign Affairs.<sup>3</sup> Throughout history, the preservation of economic interests has been one of the core elements of Belgium's foreign policy.<sup>4</sup> During the mid-1990s, however, several Belgian governments stepped up their efforts with regard to economic diplomacy.<sup>5</sup>

The root cause of this evolution was the intensification of economic globalization. This resulted in an international economic environment that was characterized by increasing nervousness and competition.<sup>6</sup> Companies, too, felt the implications, resulting in a growing competition to retain and conquer market share. States and companies had to collaborate in a complex and changing international environment.<sup>7</sup>

Starting from the specific economic context of Belgium (that is, a small, open economy heavily dependent on foreign countries), increased economic interdependence associated with a growing competitiveness, and the global economic crisis, this article will investigate how Belgian multinationals (BMNCs) defend their interests abroad, and whether or not this happens in collaboration with Belgian diplomats.

BMNCs are the central research units since economic diplomacy can only be understood if one grasps the evolving schemes of thought, identities and actions that move economic interest groups (including multinationals). Together with domestic politicians, they exert the largest influence on (the formulation of) economic diplomacy,<sup>8</sup> and BMNCs are thus the central research units in this article.

The article first introduces two concepts: business diplomacy (BD); and corporate political activity (CPA). Both need to be seen as tools to resolve the central research question. Next, the conceptual model and methodology used are described, followed by a presentation of the results. The last section deals with the conclusion and discussion.

## Business Diplomacy and Corporate Political Activity

As stated earlier, BMNCs are the central research units. As well as allowing a better understanding of economic diplomacy, focusing on BMNCs facilitates adopting a slightly different position than that of interest representation and diplomacy studies. The reason is threefold. First, albeit the empirical and normative significance of companies, little attention

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<sup>3</sup> See online at [http://diplomatie.belgium.be/nl/Beleid/economische\\_diplomatie/](http://diplomatie.belgium.be/nl/Beleid/economische_diplomatie/).

<sup>4</sup> Rik Coolsaet, *België en zijn buitenlandse politiek, 1830–1990* (Leuven: Van Halewyck, 1998).

<sup>5</sup> This is not a new phenomenon. A glance at the past shows several periods when states conducted intensive economic diplomacy in order to defend company interests. Companies requested government support to conquer new foreign markets and to maintain old ones. This happened particularly when businesses realized that there was a sudden increase in economic globalization for which the existing rules of conduct were inadequate or simply missing. If states failed to meet the demand for support, foreign companies would be able to take advantage. See Rik Coolsaet, 'Belgische handelsprospectie in de wereld: Limieten van de staat in de internationale economie [in Dutch]', *Internationale Spectator*, vol. 54, no. 10, 2000, pp. 496–498.

<sup>6</sup> Rik Coolsaet and Jennifer Kesteleyn, 'Na honderd jaar: wederopstanding van economische diplomatie [in Dutch]', *Internationale Spectator*, vol. 64, no. 2, 2010, pp. 94–96.

<sup>7</sup> Donna Lee and David Hudson, 'The Old and New Significance of Political Economy in Diplomacy', *Review of International Studies*, vol. 5, no. 30, 2004, pp. 343–360; Jeffery Garten, 'Business and Foreign Policy', *Foreign Affairs*, vol. 76, no. 3, 1997, pp. 67–79; James Muldoon, 'The Diplomacy of Business', *Diplomacy and Statecraft*, vol. 16, no. 2, 2005, pp. 341–359; and Raymond Saner and Lichia Yiu, 'International Economic Diplomacy: Mutations in Post-modern Times', *Clingendael Discussion Paper in Diplomacy*, no. 84 (The Hague: Netherlands Institute of International Relations 'Clingendael', 2003), pp. 1–41.

<sup>8</sup> Maaïke Okano-Heijmans, 'Conceptualizing Economic Diplomacy: The Crossroads of International Relations, Economics, IPE and Diplomatic Studies', in Peter A.G. van Bergeijk (ed.), *Economic Diplomacy: Economic and Political Perspectives* (Leiden and Boston, MA: Martinus Nijhoff, 2011), pp. 7–36.

has been paid to their individual functioning. Political scientists principally study pressure groups on the macro or societal level, but companies are not a general interest group. Understanding the interest representation of business associations does not automatically equal understanding the behaviour of a single company.<sup>9</sup> Second, putting individual companies at the forefront of this research makes it possible to overcome the dichotomy of political and economic, national and international and public and private components. Traditionally the focus lies on national, political and public components.<sup>10</sup> Lastly, the wide gap between the field of international relations and international business is overcome.<sup>11</sup>

Authors recognize that companies experience the need to bring in advocacy on the international level and that they will do so.<sup>12</sup> A bird's eye view of the literature dealing with the advocacy of companies *vis-à-vis* governments and other stakeholders reveals that different terms exist to label this activity, such as 'private sector diplomacy',<sup>13</sup> 'corporate diplomacy',<sup>14</sup> and 'business diplomacy'.<sup>15</sup> Chief executive officers (CEOs) operating in international markets have a double role. They can be seen as ambassadors and as business leaders.<sup>16</sup> Business diplomacy (BD) captures these ambassadorial activities.<sup>17</sup> This article adopts the following definition of BD:

BD is diplomacy practised by individual companies. It is a mechanism to achieve the central goal, namely ensuring the existence of a company, through the use of representation, communication and negotiation towards other (non-)economic stakeholders to defend company interests. Managing these relations is seen as useful because it enables the chance to avoid unnecessary and unwanted conflicts. Also, the external environment wherein a company acts is made more susceptible to their specific interests.<sup>18</sup>

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<sup>9</sup> David Hart, "Business" Is Not an Interest Group: On the Study of Companies in American National Politics', *The Annual Review of Political Science*, vol. 7, no. 7, 2004, pp. 47–69.

<sup>10</sup> Lee and Hudson, 'The Old and New Significance of Political Economy in Diplomacy', pp. 343–360.

<sup>11</sup> Susan Strange, 'State, Firms and Diplomacy', *International Affairs*, vol. 68, no. 1, 1992, pp. 1–15.

<sup>12</sup> Brian Hocking, 'Privatising Diplomacy?', *International Studies Perspective*, vol. 5, no. 2, 2004, pp. 147–152; James Muldoon, 'The Diplomacy of Business', *Diplomacy and Statecraft*, vol. 16, no. 2, 2005, pp. 341–359; Richard Langhorne, 'The Diplomacy of Non-State Actors', *Diplomacy and Statecraft*, vol. 16, no. 2, 2005, pp. 331–339; Shaun Riordan, *The New Diplomacy* (Cambridge: Polity Press, 2003), p. 83; Raymond Saner and Lichia Yiu, 'Swiss Executives as Business Diplomats in the New Europe: Evidence from Swiss Pharmaceutical and Agro-Industrial Global Companies', *Organizational Dynamics*, vol. 34, no. 3, September 2005, pp. 298–312; Saner and Yiu, 'International Economic Diplomacy', pp. 1–41; Raymond Saner, Lichia Yiu and Mikael Sondergaard, 'Business Diplomacy Management: A Core Competency for Global Companies', *Academy of Management Executive*, vol. 14, no. 1, February 2000, pp. 80–92; and Strange, 'State, Firms and Diplomacy', pp. 1–15.

<sup>13</sup> Muldoon, 'The Diplomacy of Business', p. 341.

<sup>14</sup> Riordan, *The New Diplomacy*.

<sup>15</sup> Saner and Yiu, 'Swiss Executives as Business Diplomats in the New Europe', pp. 298–312; Saner and Yiu, 'International Economic Diplomacy'; and Saner, Yiu and Sondergaard, 'Business Diplomacy Management', pp. 80–92.

<sup>16</sup> John Budd, 'Opinion... Foreign Policy Acumen Needed by Global CEOs', *Public Relations Review*, vol. 27, no. 2, 2001, p. 124.

<sup>17</sup> Saner, Yiu and Sondergaard developed the idea of BD the most, hence their terminology will be used in this article.

<sup>18</sup> This definition is based on definitions provided by Jan Melissen, cited in Saner and Yiu, 'International Economic Diplomacy', pp. 11 and 16; and Paul Sharp, 'Herbert Butterfield, the English School and the Civilizing Virtues of Diplomacy', *International Affairs*, vol. 79, no. 4, 2003, pp. 855–878.

In annexe 1 at the end of this article, a diagram clarifies the notion of BD. The arrows refer to the relationship that MNCs establish with the various key stakeholders, including competitors, public opinion in a given country B, the embassy of the country where the MNC has its headquarters, the press, the ministry of foreign affairs where the headquarters are situated, international organizations, NGOs, and the government of a given country A.

This definition bears similarity with the notion of economic diplomacy. Governments also want to assure their own survival. They use economic diplomacy essentially to promote national economic welfare and security.<sup>19</sup> National economic welfare and security are essential to provide social welfare and thus a stable government. Companies find managing relations with non-economic stakeholders useful, given that it is possible to avoid conflicts and defend their interests. This proactive element is also applicable to the notion of economic diplomacy, since governments pursue economic interests through peaceful means.<sup>20</sup> Both businesses and governments do this using representation, communication and negotiation.

Diplomacy is sometimes seen as a functional aspect that occurs in every form of political organization. It is rather unclear whether present-day traditional state diplomacy is adapted to cope with twenty-first century problems and to provide adequate advocacy for businesses and other non-state actors.<sup>21</sup> Still, in light of global competitiveness, states need the ability to attract foreign companies to their territories and to prevent their companies from completely relocating. States thus became engaged in so-called 'triangular diplomacy'. Companies, on the other hand, need to become more statesmanlike<sup>22</sup> and negotiate with governments. As a result, there is a strong similarity between the diplomacy of states and that of companies.

Still, decision-makers have institutionalized forms of power and they exercise this through the imposition of standards, regulations and policy decisions that have an impact on various non-state stakeholders<sup>23</sup> and, to a certain extent, on companies. It is reasonable to assume that companies will experience the need to defend their interests towards government officials, at home and abroad. Of course, within the political sciences, attention is given towards initiatives about how to influence state policy, but this seldom happens by putting individual companies at the forefront, nor through the use of BD.<sup>24</sup> If we take a closer look at the management literature, attention is focused on the impact that decision-makers could exert on the functioning of companies and how companies deal with this. The concept of CPA is therefore introduced and defined as follows:

CPA is various efforts that are undertaken by companies that seek access to decision-makers in order to influence political decision-making in view of their own interests. In an environment that is characterized by increasing rivalry because of globalization and technological developments, companies strive to achieve a competitive advantage. This competitive advantage consists of efficiency, market position and legitimacy.<sup>25</sup>

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<sup>19</sup> Peter A.G. Van Bergeijk, Maaike Okano-Heijmans and Jan Melissen, 'Introduction. Economic Diplomacy: The Issues', in Peter A.G. van Bergeijk (ed.), *Economic Diplomacy: Economic and Political Perspectives* (Leiden and Boston MA: Martinus Nijhoff, 2011), pp. 7–36.

<sup>20</sup> Okano-Heijmans, 'Conceptualizing Economic Diplomacy', p. 14.

<sup>21</sup> Several strands can be distinguished within diplomacy studies. There are authors arguing that diplomacy is the sole responsibility of sovereign states. Others oppose this, but disagree on the impact of this non-state diplomacy. See Stuart Murray, 'Consolidating the Gains Made in Diplomacy Studies: A Taxonomy', *International Studies Perspectives*, vol. 9, no. 1, 2008, pp. 22–39).

<sup>22</sup> Strange, 'State, Firms and Diplomacy', pp. 6–7; and Okano-Heijmans, 'Conceptualizing Economic Diplomacy', p. 12.

<sup>23</sup> Tim Büthe, 'Governance through Private Authority: Non-State Actors in World Politics', *Journal of International Affairs*, vol. 58, no. 1, 2004, pp. 281–282.

<sup>24</sup> Empirical research was done by Saner and Yiu, who directly questioned four Swiss multinational companies. See Saner and Yiu, 'Swiss Executives as Business Diplomats in the New Europe', pp. 298–312).

<sup>25</sup> This definition is based on the citation of Baysinger in Amy J. Hillman, Gerald D. Keim and Douglas Schuler, 'Corporate Political Activity: A Review and Research Agenda', *Journal of Management*, vol. 30, no. 6, December 2004, p. 838; Jean Boddeyn and Thomas Brewer, 'International-Business Political Behavior: New Theoretical Directions', *Academy of Management Review*, vol. 19, no. 1, 1994, p. 121; Douglas Schuler, Kathleen Rehbein and Roxy Cramer, 'Pursuing Strategic Advantage Through Political Means: A Multivariate

It is necessary to specify the interpretation of political decision-making within this definition. Within the CPA literature, little research deals with the international level.<sup>26</sup> Still, economic globalization confronts companies with various legislations that are imposed by different political actors and institutions<sup>27</sup> on national, supranational and international levels. The likelihood that companies become a victim of pernicious policy-making thus increases if they operate on multiple, national markets.<sup>28</sup> Modern states also forge transnational alliances with other states to enhance their ability to exercise a certain policy towards companies that are situated on their territories.<sup>29</sup> Besides this, there is also little attention directed towards the specific features of multinational firms.<sup>30</sup>

## Conceptual Model and Methodology

In order to verify whether public–private partnerships exist in Belgian economic diplomacy, we need to resolve the following research question: How do BMNCs defend their interests abroad *vis-à-vis* national, supranational and international governments/organizations, and by doing this, do they collaborate with Belgian diplomats? In resolving this question, it is possible to distinguish whether BMNCs contact public officials, which strategies they use, and how any contact is organized within and outside the company. Moreover, by looking at the individual behaviour of companies, this explorative research tries to understand Belgian economic diplomacy, since companies are mainly responsible for exerting influence on it. The conceptual model is presented in annexe 2 at the end of this article, which makes a number of assumptions based on the CPA literature,<sup>31</sup> combined with insights from political science scholars.

The first assumption is that it is mainly large companies that practise CPA, because they have more resources and influence at their disposal,<sup>32</sup> hence the article's emphasis on multinationals. Second, the nationality of a company is important. Companies that do not have the same nationality as the government use less CPA,<sup>33</sup> hence the research focuses on BMNCs. Third, the subject is of great importance whether or not a company uses CPA.<sup>34</sup> The nature of the Belgian economy, which can be described as a small, open economy where there

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Approach', *Academy of Management Journal*, vol. 45, no. 4, 2002, pp. 659–672. Since BD aims not only at legislators but also other key stakeholders such as NGOs, the press, competitors and customers, CPA is seen as part of it. CPA deals solely with governments and even mainly those situated on the national level.

<sup>26</sup> Boddewyn and Brewer, 'International-Business Political Behavior', pp. 119–143.

<sup>27</sup> Boddewyn and Brewer, 'International-Business Political Behavior', pp. 123–126; and Hillman, Keim and Schuler, 'Corporate Political Activity', pp. 837–857.

<sup>28</sup> Bruce Keillor, Timothy Wilkinson and Deborah Owens, 'Threats to International Operations: Dealing with Political Risk at the Firm Level', *Journal of Business Research*, vol. 58, no. 5, 2005, pp. 629–635.

<sup>29</sup> Transnational alliances refer to cooperation initiatives such as witnessed within the European Union, the United Nations and other international organizations/collaborations. The legislation of the European Union, for example, is binding and thus can have an impact on the functioning of companies.

<sup>30</sup> Timothy Blumentritt and Douglas Nigh, 'The Integration of Subsidiary Political Activities in Multinational Corporations', *Journal of International Business Studies*, vol. 33, no. 1, 2002, pp. 57–77.

<sup>31</sup> This article is mainly based on the overview by Hillman, Keim and Schuler in 'Corporate Political Activity', pp. 837–845, since it offers a comprehensive and clear overview of the existing CPA literature.

<sup>32</sup> Hillman, Keim and Schuler, 'Corporate Political Activity', p. 839.

<sup>33</sup> Wendy Hansen and Neil Mitchell, 'Disaggregating and Explaining Corporate Political Activity: Domestic and Foreign Corporations in National Politics', *American Political Science Review*, vol. 94, no. 4, 2000, pp. 891–903.

<sup>34</sup> Hillman, Keim and Schuler, 'Corporate Political Activity', p. 842.

is extreme dependence on trade and export,<sup>35</sup> as well as increased competitiveness in the global economy,<sup>36</sup> leads to the assumption that BMNCs practice CPA. Defending foreign interests are of the utmost importance, so the BMNCs probably use CPA. Fourth, the institutional context also determines the use of CPA.<sup>37</sup> According to the policy network theory, both the supranational and the international institutional context provide access for companies to engage in CPA.<sup>38</sup> The Belgian federal institutional context requires active input from the private sector.<sup>39</sup> Fifth, the fact that CPA is limited to state policy is criticized. There must be a wider application,<sup>40</sup> hence CPA will be handled on the national, supranational and international levels. Sixth, there are various strategies consisting of tactics within CPA literature. Four strategies can be distinguished: information; financial incentive; a constituency-building strategy;<sup>41</sup> and that of pressure.<sup>42</sup> Seventh, the underlying intention of CPA may be directed at creating a lasting relationship, or rather an ad-hoc one.<sup>43</sup> Eight, public actors can create access points for CPA, this establishing a formal relationship. If this is not, it is an informal relationship.<sup>44</sup> Finally, strategies can be used individually or collectively.

### *Research Questions*

Starting from the described assumptions above and the conceptual model in annexe 2, the actual interviews were structured around several research questions.

First, in order to test whether BMNCs target multiple actors through the use of CPA, the following questions were asked: Do BMNCs have regular contact with the Belgian Ministry of Foreign Affairs and Belgian embassies abroad? Do they have regular contacts with the European Union and other international organizations? Also, they had to evaluate whether or not they found these channels effective in defending their interests.

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<sup>35</sup> Coolsaet, *Belgische handelsprospectie in de wereld*, p. 495.

<sup>36</sup> Coolsaet, *België en zijn buitenlandse politiek, 1830–1990*.

<sup>37</sup> Hillman, Keim and Schuler, 'Corporate Political Activity', pp. 843–844; and Dennis P. Quinn and Robert Y. Shapiro, 'Business Political Power: The Case of Taxation', *American Political Science Review*, vol. 85, no. 3, 1991, pp. 852–855.

<sup>38</sup> Nicolas Dahan, Jonathan Doh and Terrence Guay, 'The Role of Multinational Corporations in Transnational Institution Building: A Policy Network Perspective', *Human Relations*, vol. 59, no. 11, 2006, pp. 1571–1600.

<sup>39</sup> In Belgium, foreign trade — and thus part of economic diplomacy — is regionalized. Certain competences such as export promotion and attracting foreign direct investment (FDI) are the sole responsibility of the Flemish, Walloon or Brussels governments. This means that — based on the Belgian Constitution — Belgian national diplomats are not even allowed to engage in certain tasks with regard to economic diplomacy. Despite the existence of regional representatives whose task it is to defend company interests, in reality the Belgian diplomatic corps does it too. In this research, regional representatives were not taken into account, since all of the interviewed BMNCs indicated that the leverage of those regional trade representatives is insufficient. This does not mean that BMNCs perceive these regional representatives as being useless, but BMNCs thought that their strength mainly lies in representing small and medium-sized enterprises (SMEs).

<sup>40</sup> Hansen and Mitchell, 'Disaggregating and Explaining Corporate Political Activity', pp. 891–903; and Hillman, Keim and Schuler, 'Corporate Political Activity', p. 853.

<sup>41</sup> Amy Hillman and Michael Hitt, 'Corporate Political Strategy Formulation: A Model of Approach, Participation and Strategy Decisions', *Academy of Management Review*, vol. 24, no. 4, 1999, pp. 824–842.

<sup>42</sup> Dahan, Doh and Guay, 'The Role of Multinational Corporations in Transnational Institution Building', pp. 1571–1600.

<sup>43</sup> Hillman, Keim and Schuler, 'Corporate Political Activity', pp. 837–857; and Dahan, Doh and Guay, 'The Role of Multinational Corporations in Transnational Institution Building', pp. 1571–1600.

<sup>44</sup> Dahan, Doh and Guay, 'The Role of Multinational Corporations in Transnational Institution Building', pp. 1571–1600.

Second, which strategies do BMNCs use? Do they use information, financial incentive, the constituency-building strategy, or pressure? Will they use a combination of several strategies, or will they combine different tactics from each strategy?

Subsequently, what is the nature of the relationship arising from this interaction between BMNCs and legislators and organizations? Do relationships aim to be long-lasting, or do they have to be seen as ad-hoc?

The last proposition looks at initiatives that BMNCs take to organize the use of strategies. Does this happen internally, or externally, or both? More precisely, do BMNCs create a specific department whose primary task is to monitor non-economic events that could influence the company's functioning? Are BMNCs recruiting former diplomats to help them? And on the external level, do they prefer to collaborate with others, or rather act individually?

## *Methodology*

The used sample is the BEL20,<sup>45</sup> whose composition is based on criteria such as the presence of headquarters in Belgium or a large number of employees in Belgium.<sup>46</sup> Companies on this list have a relatively large impact on the Belgian or European economy.<sup>47</sup> Briefly put, BMNCs on this list are big, which enhances the use of CPA.<sup>48</sup> Also, by opting to interview BMNCs that have their headquarters in Belgium and are not subsidiaries of foreign-based companies, the likelihood of CPA increases.<sup>49</sup> Thus, the used sample is a theoretical one. This stems from the fact that in Belgium, research on BD and CPA is still in its infancy.

It was decided to work with single, semi-structured interviews, since inaccessibility of data can in this way be overcome.<sup>50</sup> Also, there is a higher response rate, non-verbal communication can be taken into account, there was the ability to control the setting, spontaneous expressions can be registered, and it is possible to probe.<sup>51</sup> In the literature there are neither cut-and-dried nor manageable questionnaires available. Questionnaires from research on BD and CPA were thus combined. All the interviews were tape-recorded with the permission of the interviewees. This enhances the reliability of the processed results. An interview form was used so that each respondent received the same explanation concerning the research, and so that answers to the questions could be written down.

In presenting the results, anonymity was granted, since some questions regarded company-sensitive issues. By guaranteeing anonymity, the possible bias of receiving socially desirable answers is thus being avoided as much as possible.

## **Results**

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<sup>45</sup> The selected companies are presented in Annexe 3.

<sup>46</sup> Euronext, 'Indices Methodology & Rules' (not dated), accessed online at [www.euronext.com/editorial/documentation/wide/documents-1871-NL.html](http://www.euronext.com/editorial/documentation/wide/documents-1871-NL.html).

<sup>47</sup> By no means does this imply that all listed BEL20 companies were analysed. Holdings and financial institutions were excluded. The focus lies on companies that can be classified as industrial and commercial.

<sup>48</sup> Hillman, Keim and Schuler, 'Corporate Political Activity'.

<sup>49</sup> Hansen and Mitchell, 'Disaggregating and Explaining Corporate Political Activity'.

<sup>50</sup> Brian Shaffer, 'Firm-level Responses to Government Regulation: Theoretical and Research Approaches', *Journal of Management*, vol. 21, 1995, p. 509; and Saner and Yiu, 'Swiss Executives as Business Diplomats in the New Europe', pp. 304–305.

<sup>51</sup> Jaak Billiet and Hans Waage, *Een samenleving onderzocht: Methoden en technieken van sociaal-wetenschappelijk onderzoek* (Antwerp: De Boeck, 2003).

After eliminating holdings and financial institutions, twelve companies were contacted. Eight were willing to participate and represent the actual realized sample. In terms of percentages, this is a response rate of 66 per cent, with a non-response rate of 33 per cent. On average there is a non-response of 40 to 50 per cent in personal interviews,<sup>52</sup> so this non-response rate is lower.

### *Research Question 1: Do BMNCs Target Multiple Actors through the Use of CPA?*

With regard to the first question, that of whether or not the interviewed BMNCs target multiple actors, the results are diverse. On the national level, the eight BMNCs focus their CPA primarily on regional or national public officials, since they tend to behave as much as possible like a local company. The main reason that BMNCs contact foreign officials directly, and not through Belgian diplomatic channels, is because ‘it is not always appropriate’<sup>53</sup> and they try to ‘adapt themselves to the region they operate in and try to dissolve possible problems locally, with a local management that has the same nationality as the government as such’.<sup>54</sup> The use of direct contacts on the national level needs some refinements, since ‘there are strong differences noticeable on the functioning and accessibility of public officials’ and ‘in some countries it is impossible to get in touch with government officials when certain statements are made or policies are laid down that directly interfere with company goals or functioning’.<sup>55</sup> Belgian diplomats and Belgian embassies are only enabled in certain cases, or as support:

Belgian embassies and the Belgian Ministry of Foreign Affairs only play a role when a dossier is sizeable, complies with the position that the company takes abroad, and if there is a form of political visibility of the company’s activities. There is a difference between small and big dossiers, and there are a whole range of options that a company can use, one of them being the support of the Belgian diplomatic routes. But to put it bluntly, a company won’t need a Belgian diplomatic representative to buy a box of pencils.<sup>56</sup>

Besides this supportive role, all of the interviewed companies have frequent and direct contacts with Belgian embassies or the Belgian Ministry of Foreign Affairs, or they have plans to have them in the near future.

On the European level, the same pattern is witnessed. All of the interviewees have direct contacts with European institutions, or plan to have them in the future. Five of them use both the Belgian government and direct contacts within the EU to exert influence. Company S even adopts the same structure as the EU: ‘In every EU member state the company is active, and subsidiaries receive instructions from the headquarters in order to influence national policy-makers. It is therefore possible to use different channels to emit the same message’.<sup>57</sup>

On the international level, the use of direct contacts to influence policy-makers is almost non-existent. Five of the eight interviewed BMNCs indicated that the international decision-making level is of no relevance, since: ‘The bulk of the legislation that is vital for the company is created at the European level or at the national level. International organizations are of no direct importance’ and ‘business associations are responsible for the monitoring of

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<sup>52</sup> Billiet and Waeye, *Een samenleving onderzocht*.

<sup>53</sup> Company Y, 6 March 2009.

<sup>54</sup> Company T, 23 March 2009.

<sup>55</sup> Company Z, 5 March 2009.

<sup>56</sup> Company U, 17 March 2009.

<sup>57</sup> Company S, 24 March 2009.



international organizations'.<sup>58</sup> Direct participation by companies in international decision-making is difficult, so they will try to influence national governments. It could even be possible that the national implementation of international decisions is blocked, since companies exert most influence on the national level.<sup>59</sup> This could provide an explanation as to why four BMNCs indicated that they influence the Belgian government. Company Y even uses only the Belgian Ministry of Foreign Affairs to influence relevant international decision-making, since the company's significance is big enough and there is 'a direct contact between the company and the cabinet of the Belgian Ministry of Foreign Affairs. The cabinet will inform the right people so the company gets assistance'.<sup>60</sup> The other BMNCs use the Permanent Representation of Belgium at the EU, since 'they seek advice within the existing channels when a new problem arises',<sup>61</sup> or they use a mixture of both. Two companies indicated that they would seek direct contact with the international organization, but admit that they were never confronted with any problems at this level.

Research question 1 can thus be accepted, while taking some remarks into consideration. The 'further' the levels at which public actors or problems are situated, the less the BMNCs will use direct contacts and instead will use various other channels such as their own national government and embassies. Also, the efficiency of the different channels is highly dependent on which level they are situated on. National and supranational channels are perceived as being the most useful when it comes to problem-solving or exerting influence. Also, the issue being discussed and/or the institutional context are important if companies use different channels to influence.

#### *Research Question 2: Which Strategies do BMNCs Use?*

With regard to the second question, the results clearly indicate that BMNCs mainly prefer the information strategy, wherein they use several tactics. The other strategies — the financial incentive strategy, the constituency-building strategy and pressure — are less important.

Seven companies indicated that, within the information strategy, they disseminate their own research and survey results. Research and survey results are only distributed if there is no adverse effect on the competitive position of the company. If so, they pursue the biggest possible transparency.<sup>62</sup> Most companies prefer to distribute the obtained results individually, and three companies indicated that this happened mainly through business associations, since these organizations are paid by companies to do so. Documents are mainly distributed at the national and EU levels.

All the interviewed companies, except one, sometimes act as an expert in certain cases. Four stated that this happened on the explicit request by public officials, but in a rather informal way. According to two BMNCs, the Belgian Ministry of Foreign Affairs sometimes uses the companies' expertise regarding certain regions, since they have a long-term presence. There is a 'non-binding exchange of ideas without the formal undertaking that the company is seen as an expert'.<sup>63</sup> Two companies indicated that this happens more formally, since they 'participate in surveys of the Belgian Ministry of Foreign Affairs regarding Belgium's image abroad, and offer suggestions on how Belgium could attract foreign investments', and in

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<sup>58</sup> Company S, 24 March 2009.

<sup>59</sup> Aynsley Kellow, 'Comparing Business and Public Interest Associability at the International Level', *International Political Science Review*, vol. 23, no. 2, 2002, pp. 175–186.

<sup>60</sup> Company Y, 6 March 2009.

<sup>61</sup> Company U, 17 March 2009.

<sup>62</sup> Company Z, 5 March 2009.

<sup>63</sup> Company U, 19 March 2009.

participating in the 'Business Council'.<sup>64</sup> Also, at the European level the European Commission sometimes requests technical consultations with companies, and, if so, the company 'will not neglect to send experts to have technical debates on certain issues'.<sup>65</sup> These results support the research of Bouwen<sup>66</sup> and of Coen and Grant,<sup>67</sup> who indicated that the European institutions benefit from information provided by companies. The Belgian Ministry of Foreign Affairs also benefits from company expertise.

Only two companies indicated that they do not engage in any form of lobbying, one of the tactics within the information strategy. One company puts it like this: 'The company's reputation is strong enough to, if there arises any problem, report this openly. Still, this doesn't mean if public authorities organize events and company representatives get in touch with them during these events, they won't strive to achieve good contacts'.<sup>68</sup> Interestingly, three companies that use lobbying think that the notion is loaded. One indicated that it thus prefers to use 'advocacy'.<sup>69</sup> Also, 'the notion of lobbying is not used, not even during meetings with competitors, where in fact lobbying takes place', and even 'the image exists of the lobbyist who frequently crashes receptions, while this, and certainly nowadays, is not the case. Complex and time-consuming cases need to be dealt with'.<sup>70</sup>

The dispersion of values, customs and regulatory standards is also popular among the interviewed companies. Five BMNCs indicated that this happens empathically, even by 'explicitly profiling themselves as an opinion leader in the field of R&D'.<sup>71</sup> Two of the companies do this less, but 'in each presentation of an official announcement, which is prepared before meetings with ambassadors or other public officials, there are always a few pages dealing with the company's responsibilities and values',<sup>72</sup> or 'there is the annual circulation of a corporate citizens' report'.<sup>73</sup>

Companies indicated that they use neither the financial nor the constituency-building strategy. None of them provides direct, financial support to political parties or other public officials. Because of the big operational range of company Y, the interviewee could not exclude what happens in other countries, but if any financial support is given, it would happen within the legal framework of that country.<sup>74</sup> Two companies had established political action committees (PACs), but this was an employee initiative and not that of the company itself.

None of the interviewed BMNCs provide financial compensation to public officials to give a speech during company events. Six of them do sometimes invite public officials during certain events, and two indicated that, in certain cases, travel expenses are reimbursed.

Public officials sometimes have a mandate within the company and they receive a financial contribution. Three BMNCs mentioned spontaneously that they have public officials

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<sup>64</sup> *Company X*, 9 March 2009. The 'Business Council' was an initiative of Belgium's former Minister of Foreign Affairs, Karel De Gucht. He wanted to have regular meetings with the key captains of industry in the Belgian economy to improve Belgium's economic diplomacy. His successor continued the initiative, although nowadays there are no longer such meetings.

<sup>65</sup> *Company S*, 24 March 2009.

<sup>66</sup> Pieter Bouwen, 'Corporate Lobbying in the European Union: The Logic of Access', *Journal of European Public Policy*, vol. 9, no. 3, 2002, pp. 365–390.

<sup>67</sup> David Coen and Wyn Grant, 'Corporate Political Strategy and Global Policy: A Case Study of the Transatlantic Business Dialogue', *European Business Journal*, vol. 13, no. 1, 2001, pp. 37–44.

<sup>68</sup> *Company Z*, 5 March 2009.

<sup>69</sup> *Company S*, 9 March 2009.

<sup>70</sup> *Company V*, 16 March 2009.

<sup>71</sup> *Company X*, 9 March 2009.

<sup>72</sup> *Company Z*, 5 March 2009.

<sup>73</sup> *Company Y*, 6 March 2009.

<sup>74</sup> *Company Y*, 6 March 2009.

on their boards of directors.<sup>75</sup> Company U stated that financial compensation is sometimes given to public officials for providing a specific consultancy assignment. These public officials have a certain role or expertise regarding a specific topic, but this does not happen very frequently.<sup>76</sup> This also happens in company V, but not in Belgium.<sup>77</sup>

Contrary to what the existing literature suggests, companies will not finance specific UN projects in order to gain market access, increase influence on existing and new markets by eliminating (in)visible trade barriers, and to promote self-regulation and standardization that is beneficial to them.<sup>78</sup> If BMNCs do provide support to development projects, this is mainly linked with direct activities of the company and/or the region in which they are active.

BMNCs perceive themselves as political neutral,<sup>79</sup> so they will not take initiatives such as mobilizing their personnel/clients or publishing advertisements in order to provide indirect political support. Two companies indicated that they sometimes give press conferences, but this happens within the framework of membership of a certain business association, or while presenting results of scientific research in collaboration with the Belgian government.

The last strategy that companies sometimes use, according to the literature, is pressure. None of the interviewed BMNCs indicated that they use the threat of delocalization to exert influence. Four companies indicate instead that they strive to be on good terms with public officials. Moreover, two of them literally proclaimed the same: '[...] maybe the company is big in Belgium, but this isn't the case abroad. There, we are one of many others'.<sup>80</sup> Three companies stated that the use of threats or exerting pressure is not a part of the company's nature. Still, this needs to be refined, since some kind of latent awareness exists that they do have some kind of power *vis-à-vis* governments: 'In a very complex case where a lot is at stake, delocalization is, at the end, the ultimate argument'. Also, 'the company won't neglect to mention to a particular government that it will reconsider possible, future investments. Disinvestments can become an option if the government keeps continuing to hinder the company'.<sup>81</sup> And, 'if public officials really work against the company, like for example through nationalization, of course the company won't stay there. It won't be the politicians who will stop the company'.<sup>82</sup> Lastly, companies won't neglect to 'alert of the consequences of certain policies. The company clearly indicates whether problems would arise because of certain legislation (initiatives)'.<sup>83</sup> Nevertheless the previous bold statements and the threat of delocalization are seldom used, since 'this is only possible if investments in the country are not too big, so a quick exit is possible', and thus 'it will only be used if delocalization can actually be realized in a short amount of time. Mostly, the company's scope within the countries they are active in is too big'.<sup>84</sup>

The same pattern can be distinguished when it comes to the tactic of taking legal actions. A company carefully formulates: 'Individually, we won't take legal actions very

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<sup>75</sup> A careful examination of the other boards of directors indicated that two other companies had public officials on this board, although this was not mentioned during their interviews.

<sup>76</sup> Company U, 17 March 2009.

<sup>77</sup> Company V, 16 March 2009.

<sup>78</sup> Shareen Hertel, 'The Private Side of Global Governance', *Journal of International Affairs*, vol. 57, no. 1, 2003, pp. 41–50; and Dominic Kelly, 'The Business of Diplomacy: The International Chamber of Commerce Meets the United Nations', *CSGR Working Paper*, no. 74, 2001, pp. 1–27.

<sup>79</sup> Company S, 24 March 2009.

<sup>80</sup> Company Z, 5 March 2009; and Company X, 9 March 2009.

<sup>81</sup> Company V, 16 March 2009.

<sup>82</sup> Company Z, 5 March 2009.

<sup>83</sup> Company U, 17 March 2009.

<sup>84</sup> Company V, 16 March 2009.

quickly, but if the whole sector does, the possibility could exist'.<sup>85</sup> Also, 'juridical actions are not undertaken to achieve something from public authorities. They are only used to defend certain rights that a company has'.<sup>86</sup>

BMNCs thus mainly use the information strategy, and within this strategy they use several tactics. In some cases, public authorities use information that is provided by companies. The use of pressure was formally denied by all of the interviewees, regardless of the presence of a latent awareness, but companies will mainly 'through openness and clarity concerning possible issues that may arise, [and by holding] negotiations, asking questions, delivering contributions to the society where one is active, the company strives in a proactive way towards mutual understanding with public authorities'.<sup>87</sup> Question two can thus also be affirmed since 'the various distinctive strategies to influence public authorities must be seen as phases within a bigger plan. One cannot determine which strategy or tactic is the most efficient within a certain case or which one needs to be used'.<sup>88</sup> To conclude, several strategies are used by BMNCs, but they prefer the information strategy with its various tactics.

### *Research Question 3: What is the Nature of the Relationship Arising between BMNCs and Public Officials?*

The underlying objective of the strategies employed can aim at realizing a long-term relationship or rather an ad-hoc one with public authorities.<sup>89</sup> Five BMNCs explicitly indicated that they have regular contact with public officials, two of them even daily, especially with European institutions. Contacts with the Belgian Ministry of Foreign Affairs are less frequent.

Five interviewees spontaneously indicated that these contacts are requested and stimulated by public officials. It is a two-way process starting from the mutual understanding that the established contacts are important. Only two companies stated that public authorities are only contacted in specific cases, and one BMNC does not yet have a strategy for how to deal with public authorities.

The nature of the achieved contacts is diverse. BMNCs mainly prefer to have formal but discrete contacts, away from public opinion, because 'it is important that the company gains a lot of trust and is very veracious. Within a negotiating situation, a company needs to speak up, and quite often about things that can't be expressed publicly. This is why the company prefers to have very discrete contacts'.<sup>90</sup>

Public events are, according to the BMNCs, also relevant, as more informal contacts are established there. At a later stage, those are also important for realizing more formal contacts.

Six BMNCs indicated that now, or in the near future, the realization of a network is intended so that 'at appropriate times, *in tempore non suspecto*, public actors that have a certain relevance for the company can be influenced', especially as 'when the company has a specific question or problem, it is beneficial that public officials know them and know what the company is doing'.<sup>91</sup> Also, 'the realization of ongoing contacts is important'.<sup>92</sup>

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<sup>85</sup> Company X, 9 March 2009.

<sup>86</sup> Company U, 17 March 2009.

<sup>87</sup> Company Z, 5 March 2009.

<sup>88</sup> Company V, 16 March 2009.

<sup>89</sup> Hillman, Keim and Schuler, 'Corporate Political Activity', p. 845.

<sup>90</sup> Company V, 16 March 2009.

<sup>91</sup> Company Y, 6 March 2009.

Question three can thus also be answered affirmatively, since BMNOs try to establish a good relationship with public actors. This relationship is not necessarily ad hoc. In short, there is a public–private dialogue where information-sharing is the central objective, inspired by a mutual recognition that these contacts are important.

*Research Question 4: Which Initiatives are Taken by BMNCs to Organize the Use of Strategies?*

According to the literature, many companies undertake little systematic efforts to understand international relations and diplomacy.<sup>93</sup> The diplomatic skills of companies are underdeveloped and disproportionally distributed.<sup>94</sup> They need to develop their own diplomatic capacities.<sup>95</sup> This process is currently happening in big companies, which are reorganizing and radically changing their PR departments.<sup>96</sup> As well as this internal reorganization, companies also employ former diplomats to counsel CEOs or lead a department of international relations.<sup>97</sup>

The results obtained for research question four are thus mixed. Internal organization does take place, but not as it was described before. Five companies do not have a specific department managing their relations with public officials or for dealing with the monitoring, assessment and reporting of non-commercial trends in those areas where the company is present. These tasks are not centralized in one department, but are integrated in departments such as public affairs, corporate communications, corporate affairs, community relations and communications, and environment, health and safety.

Moreover, no such plans exist to create such a department in the near future: ‘it is not a priority’,<sup>98</sup> ‘not yet a necessity’,<sup>99</sup> ‘the current structure of the company doesn’t allow it’, or ‘the company is too small that such a department simply wouldn’t be profitable’.<sup>100</sup> However, this does not mean that there is not a potential importance and usefulness for other, bigger companies.<sup>101</sup> This means that the diplomatic skills of BMNCs are still underdeveloped and disproportionally distributed.

Three of the companies interviewed do have a specific department dealing with the previously mentioned tasks. Interviews showed that where such a department exists, it will be organized as described in the literature. Namely, it reports directly to the CEO of the company.<sup>102</sup>

Only two companies recruited former diplomats or persons who had been previously active in the public sphere. Remarkably, these two BMNCs also have a separate department

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<sup>92</sup> *Company V*, 16 March 2009.

<sup>93</sup> Saner and Yiu, ‘International Economic Diplomacy’, pp. 27–28; and Saner, Yiu and Sondergaard, ‘Business Diplomacy Management’, p. 83.

<sup>94</sup> Muldoon, ‘The Diplomacy of Business’.

<sup>95</sup> Budd, ‘Opinion... Foreign Policy Acumen Needed by Global CEOs’; and Saner, Yiu and Sondergaard, ‘Business Diplomacy Management’, p. 83.

<sup>96</sup> Muldoon, ‘The Diplomacy of Business’, pp. 354–355.

<sup>97</sup> Langhorne, ‘The Diplomacy of Non-State Actors’, pp. 337–338; Saner and Yiu, ‘International Economic Diplomacy’, pp. 27–28; and Saner, Yiu and Sondergaard, ‘Business Diplomacy Management’, p. 83.

<sup>98</sup> *Company Z*, 5 March 2009.

<sup>99</sup> *Company W*, 13 March 2009.

<sup>100</sup> *Company T*, 23 March 2009.

<sup>101</sup> *Company X*, 9 March 2009.

<sup>102</sup> Budd, ‘Opinion... Foreign Policy Acumen Needed by Global CEOs’; and Saner, Yiu and Sondergaard, ‘Business Diplomacy Management’, p. 83. See also the interviews with *Company V*, 16 March 2009; and *Company S*, 24 March 2009.

that focuses on BD. In one company these former public officials are recruited because of specific consultancy projects,<sup>103</sup> and in the other company this happens on a contractual basis within its operational framework. Three other BMNCs have former diplomats or persons who were previously active in the public sphere on their management board, but this implies that they are not active in the operational framework of the company. These results undermine Langhorne's argument that companies can no longer rely on outsourcing certain tasks to an external PR office and would therefore recruit former diplomats.<sup>104</sup>

The external organization, however, is more diverse. All of the interviewed BMNCs are members of Belgian and other national foreign business associations. The BMNCs, bar one, are also members of European business associations, but only three are member of business associations on the international level. Most interviewed BMNCs actively participate within these organizations through participation in think tanks or working groups.

Half of the surveyed BMNCs sometimes use consultancy offices or lobbying organizations, and one has plans to do so in the near future. Two out of these four companies stated that they only use consultancy offices and even 'seldom'<sup>105</sup> or 'only during peak moments, in cases of preparatory work or the monitoring of certain processes'. This company 'won't hide behind consultants to realize certain objectives'.<sup>106</sup> One of the BMNCs indicated that it never uses consultants or lobbyists, since it believes 'in the power of direct advocacy starting from within the company or business associations'.<sup>107</sup>

Parallel trends emerge, just like with the first research question. The subject is also the main explanatory factor to judge which business associations are the most efficient. Besides this, foreign national business associations are seen as the most efficient. On the European level, both national and European business associations are perceived as being useful, with a slight preference to use the European ones or to combine the influence of both national and European associations. At the international level, five companies indicated that they do not experience any significant problems and therefore they do not use any.

To conclude, the internal organization of CPA strategies is often not very thorough, as suggested or described in the scientific literature. The external organization, on the other hand, is more distinct. BMNCs initially prefer to organize themselves in business associations, where most are already actively participating. Business associations on the national level, whether this is at home or abroad, and European associations are assessed as being the most efficient. The use of external consultants or lobbyists does not happen very often and participation within international initiatives seldom happens.

## Conclusion and Discussion

In order to verify whether public-private partnerships exist in the Belgian economic diplomacy, we need to resolve the following research questions: how do BMNCs defend their interests abroad *vis-à-vis* national, supranational and international governments/organizations, and by doing this, do they collaborate with Belgian diplomats? By resolving this question, it is possible to distinguish whether BMNCs contact public officials, which strategies they use, and how their contact is organized within and outside the company. Moreover, by looking at the individual behaviour of companies, this explorative research tries to understand Belgian economic diplomacy, since companies are mainly responsible for exerting influence on it.

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<sup>103</sup> Company U, 17 March 2009.

<sup>104</sup> Langhorne, 'The Diplomacy of Non-State Actors', pp. 337–338.

<sup>105</sup> Company V, 16 March 2009.

<sup>106</sup> Company Y, 6 March 2009.

<sup>107</sup> Company S, 24 March 2009.

Through qualitative research, namely single semi-structured interviews, with  $n = 8$  BMNCs, there was an examination of whether the BMNCs had contacts with (multiple) public actors, whether they practised CPA, which strategies they thereby wielded, how this was both internally and externally organized, and which relationships arose with public officials. After this empirical research, the model in Annexe 4 at the end of this article can be presented, with the following refined propositions noted.

1a) Abroad, the CPA of BMNCs is primarily focused on regional or national public actors. Companies behave themselves as much as possible like a 'domestic' company.

1b) The use of CPA on the European level is initially directed towards European officials.

1c) In some cases, national policy-makers are also targeted when companies use CPA on the European level. Only when a subject has sufficient relevance and/or if the institutional context does not provide access points for companies to address foreign officials will BMNCs seek the assistance of Belgian embassies or the Belgian Ministry of Foreign Affairs.

1d) Companies seldom interfere on the international level. Topics discussed here are of less relevance and/or the institutional context does not allow direct participation. If not, companies seek support from Belgian public actors.

2) BMNCs can use multiple strategies but prefer using diverse tactics within the information strategy.

3a) The use of information strategy aims to create a public-private dialogue where information sharing is the central goal, from the mutual realization that these contacts are important to both parties involved.

3b) The nature of the relationship that BMNCs pursue is a lengthy one based on openness and transparency, where formal but discrete contacts can take place. Informal contacts aim at creating a network.

4) A thorough internal organization for BMNCs is of less importance. The external organization is more extensive and diverse.

## *Discussion*

But what are the implications of these results for Belgium's economic diplomacy? As described earlier, it is rather unclear whether present-day traditional state diplomacy is adapted to cope with twenty-first century problems and to provide adequate advocacy for businesses and other non-state actors.<sup>108</sup> Is 'triangular diplomacy' taking place where, on the one hand, governments need to negotiate with companies, and on the other hand, companies need to become more statesmanlike?<sup>109</sup> To put it differently, is Belgium's economic diplomacy effectively at the forefront to support its own businesses, and is it autonomous in nature? Or is it just a part of the bigger, transnational planning of the BMNCs?<sup>110</sup>

The empirical data shows that the majority of BMNCs see direct contacts with foreign and supranational public actors as the most efficient channels to defend their interests abroad. This may indicate that BMNCs apply 'state-firm' diplomacy.<sup>111</sup> Companies are aware of the fact that states are structurally dependent on their wealth-creating ability.<sup>112</sup> An indication of this is reflected in the latent consciousness of companies that they will point out possible

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<sup>108</sup> Murray, 'Consolidating the Gains Made in Diplomacy Studies', pp. 22–39.

<sup>109</sup> Strange, 'State, Firms and Diplomacy', pp. 6–7; and Okano-Heijmans, 'Conceptualizing Economic Diplomacy', p. 12.

<sup>110</sup> Coolsaet, '*Belgische handelsprospectie in de wereld*', pp. 497–498.

<sup>111</sup> Strange, 'State, Firms and Diplomacy', p. 7.

<sup>112</sup> Strange, 'State, Firms and Diplomacy', pp. 6–7.

consequences of policies and regulations, and that they — in extreme cases — could relocate if their interests are harmed too much. The membership, and to a lesser extent active participation in, business associations indicates the existence of ‘firm–firm’ diplomacy.<sup>113</sup> The data also revealed that three companies spontaneously mentioned the decreasing importance of Belgium’s economic diplomacy for companies. Companies stated that there is a lack of people and resources in Belgian embassies, the importance of the European Union is increasing, and that the channel of embassies is somehow outdated. Once a company has set foot in a certain country, the relevance of embassies also diminishes rapidly. Finally, the existence of some form of internal organization of BD and CPA (albeit diverse), and the recognition that BD is useful, could indicate that BMNCs are increasingly aware of the importance of BD and are starting to organize their own diplomatic functions. Scholars such as Murray<sup>114</sup> could be right that diplomacy offered by states is outdated and that companies are thus providing their own diplomacy.

Do the above remarks suggest that BMNCs are indeed capable of providing faster, cheaper and more efficient diplomacy that is better adapted to the changing international environment? Are BMNCs also no longer depending on Belgian economic diplomacy?<sup>115</sup> Is there a change in power where states are becoming subordinate to companies?

Not necessarily. Depending on the subject and the institutional context, BMNCs will use Belgian economic diplomacy as one possible option that they have to defend their interests. Also, because the international level excludes companies’ direct participation,<sup>116</sup> they seek the assistance of national diplomats. In short, BMNCs are to a certain extent depending on Belgian economic diplomacy, and this is most evident at the international level. Securing the survival of the company is essential and to do so, companies are obliged to develop certain strategies.<sup>117</sup> The use of Belgian economic diplomacy can easily be explained from this perspective, and if companies did not see this diplomacy as useful, they simply would not use it. Remarkably, two of the companies that mentioned the decreasing relevance of state-like diplomacy actually praise Belgian diplomacy. The regular and direct contacts of BMNCs with Belgian diplomats and the Belgian Ministry of Foreign Affairs are also a clear indication that Belgian economic diplomacy is seen as relevant. BMNCs strive to build a network that includes a public–private dialogue with the Belgian diplomatic service, from the mutual realization that information-sharing is important.

To conclude, Belgian economic diplomacy is still important,<sup>118</sup> and is related to and is complementary to other types of diplomacy.<sup>119</sup> Companies sometimes use their own diplomacy<sup>120</sup> or they see seek government assistance.<sup>121</sup> Does this imply a fundamental equality between the diplomacy that is offered by states and that of companies? This is unclear. One could conclude that both states and companies are using more diplomacy, yet there are, as this article describes, a number of trends that suggest that the balance of power is changing between both forms of diplomacy.

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<sup>113</sup> Companies, and thus competitors, are collaborating to achieve certain objectives and to defend their interests. See Strange, ‘State, Firms and Diplomacy’.

<sup>114</sup> Murray, ‘Consolidating the Gains Made in Diplomacy Studies’, pp. 32–34. See also Langhorne, ‘The Diplomacy of Non-State Actors’, pp. 332–333; and Riordan, *The New Diplomacy*, pp. 109–119.

<sup>115</sup> Langhorne, ‘The Diplomacy of Non-State Actors’, pp. 331–339; and Riordan, *The New Diplomacy*.

<sup>116</sup> Kellow, ‘Comparing Business and Public Interest Associability at the International Level’, p. 184.

<sup>117</sup> Muldoon, ‘The Diplomacy of Business’, pp. 341–359.

<sup>118</sup> Hocking, ‘Privatising Diplomacy?’, p. 148.

<sup>119</sup> Murray, ‘Consolidating the Gains Made in Diplomacy Studies’, pp. 33–34; and Saner and Yiu, ‘International Economic Diplomacy’, p. 11.

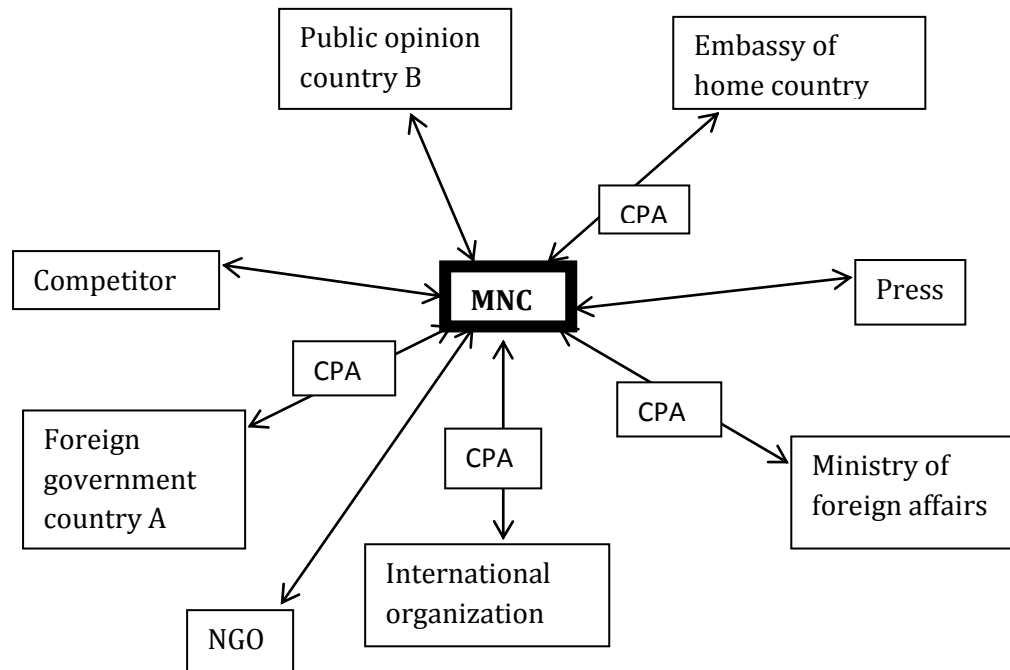
<sup>120</sup> Lee and Hudson, ‘The Old and New Significance of Political Economy in Diplomacy’, p. 3.

<sup>121</sup> Coolsaet, ‘*Belgische handelsprospectie in de wereld*’, pp. 494–498; and Lee and Hudson, ‘The Old and New Significance of Political Economy in Diplomacy’, p. 6.

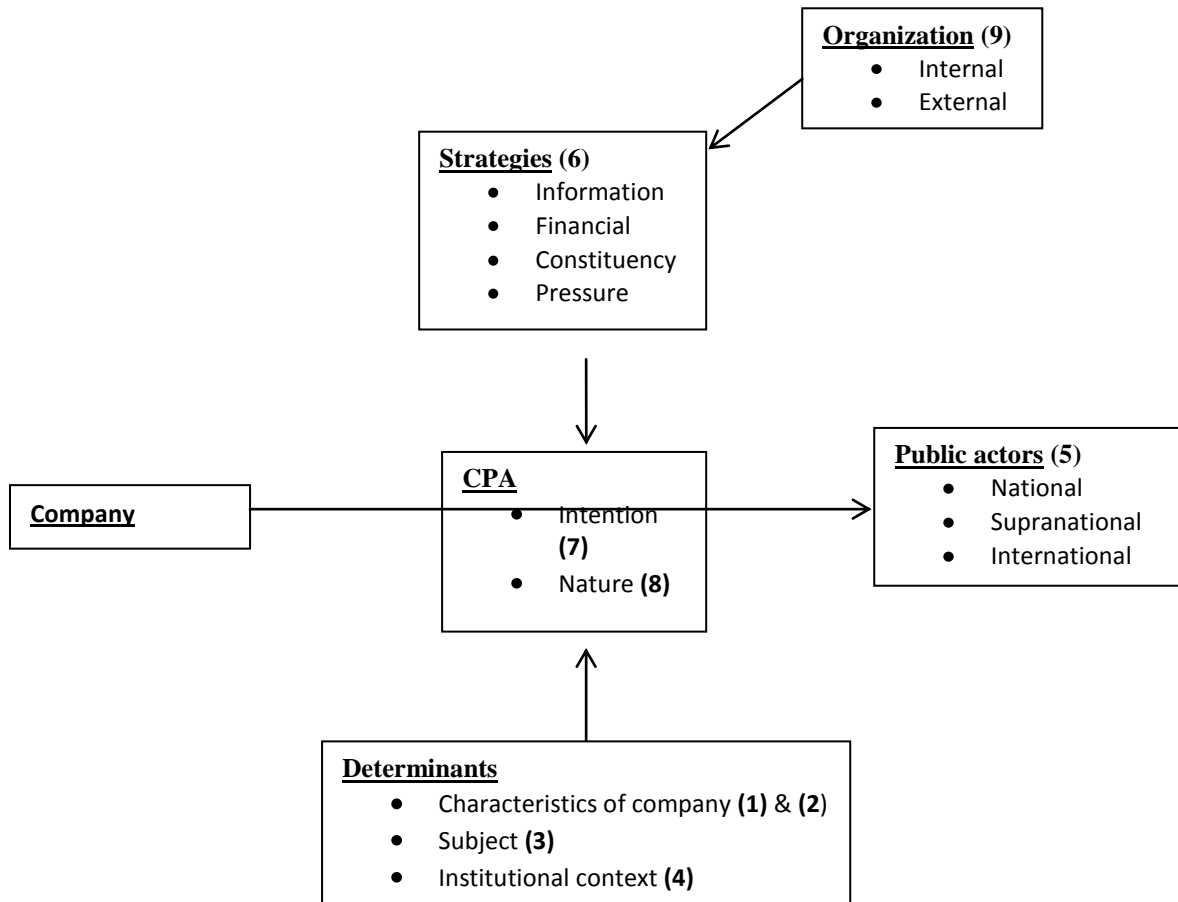


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## Annexe 1: The Relationship Established by a Multinational Company with Key Stakeholders



## Annexe 2: The Conceptual Model for Corporate Political Activity



### Annexe 3: The Twelve BMNCs that were Contacted for this Research

Company Name	Sector	Nationality	Sales <sup>122</sup>	Presence in x countries	Personnel
AB-Inbev	Brewing	Belgian and US	27	30	120,000
Agfa-Gevaert	Chemistry	Belgian	3,032	40	14,015
Bekaert	Metal processing	Belgian	4	85	23,000
Belgacom	Telecommunications	Belgian	6	8	17,500
Colruyt	Distribution	Belgian	6,345	3	20,000
Delhaize Group	Distribution	Belgian	18,961	7	141,000
D'Ieteren	Automobile	Belgian	6,14	120	25,981
Nyrstar	Mining and metal processing	Belgian and Australian	2,41	8	4,000
Omega Pharma	Pharmaceuticals	Belgian	2,05	30	2,000
Solvay	Chemical and Pharmaceuticals	Belgian	10	50	28,000
UCB	Pharmaceuticals	Belgian	3,6	40	10,000
Umicore	Non-ferro metals	Belgian	4,954	36	15,808

<sup>122</sup> In billions of euro for the year 2008.

#### Annexe 4: Model Presenting the Research Results

