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BOOK REVIEW

Business lobbying in the European Union

David Coen, Alexander Katsaitis, and Matia Vannoni

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Persistent geopolitical volatility and international business uncertainty have accentuated the need for multinational enterprises (MNEs) to pursue more holistic corporate strategies. Specifically, business leaders increasingly recognize the value added of a nonmarket strategy component, i.e., the configurations and activities through which firms strategically manage their political and social environments (Lawton, Dorobantu, Rajwani, & Sun, 2021, p. 1732). Perhaps most contentious is how MNEs design and deliver corporate political activity (CPA) to engage with government to influence public policy in ways favorable to their corporate interests (Hillman, Keim, & Schuler, 2004). A challenge for international business scholars and practitioners is how to maintain wider stakeholder interests and legitimacy, while optimizing this access and influence in home and host countries. A related challenge is how to navigate the policymaking process, particularly in multi-level governance systems, such as the United States or the European Union (EU).

This is where *Business Lobbying in the European Union,* by David Coen, Alexander Katsaitis and Matia Vannoni, proves particularly valuable. The authors have written an authoritative account of the structure and strategy of corporate engagement with the institutions and agents of the EU. Their approach focuses less on the philosophy and probity of lobbying, and more on the principles and practices of business–EU relationships over time and across levels. The authors also note that business–EU relationships are not only important in their own right but have a wider impact, on international trade agreements, citizens, civil society, and so on. Although this is essentially a public policy book, with predominantly a political science lens, it has important insights into and implications for international business scholarship. By providing missing pieces of the puzzle on how firms can engage effectively at an EU level, this book connects with international business research that draws on nonmarket strategy, stakeholder management, and systems of capitalism literatures.

The book endeavors to chart and assess the process and characteristics of business lobbying at an EU level. This is an important undertaking for international business, as the EU is one of the largest trading blocs and lobbying arenas in the world, as well as being a unique socio-political context. The shift, or, more accurately, bifurcation, of corporate lobbying in Europe has been a gradual process, often aligned with the partial or primary transfer of authority and regulatory oversight from national capitals to Brussels. For instance, the creation of a single European market for air transport took three tranches of deregulation and a decade of policy and political evolution to actualize. Airlines like Lufthansa were ahead of the curve, establishing a significant lobbying presence in Brussels from the early 1990s (Doh, Lawton, Rajwani, & Paroutis, 2014), while others, such as Air France and Alitalia, continued to focus on their national capitals. Trade and industry associations, like the (now defunct) Association of European Airlines, provided an industry-level platform for EU policy engagement, ensuring that less active firms were also informed and represented.

The EU has emerged globally as a regulatory superpower, with authority derived from the EU's treaty-based activism, incrementally expanding its authority to make, monitor, and enforce rules, thereby resembling a supranational variant of what Majone (1994, 1997) described as a regulatory state. Lobbying processes in Brussels are therefore quite technocratic, with expert lobbyists and expert officials building up knowledge-based relationships and trust over time (Radaelli, 1999). This is in sharp contrast with the situation in the United States, which is more politicized and short term in nature. Therefore, Coen et al. astutely and usefully argue that the nature of the EU – more technocratic, more regulatory – than say the USA or other nation states, means that the nature of the lobbying process and business engagement is different: more knowledge- and expertise-driven. This is an important finding and observation for international business, particularly for non-EU MNEs entering and doing business in Europe, and endeavoring to understand how to structure and resource their EU-level advocacy.

Lobbyists in Brussels have proliferated as the EU has grown, and as more policy authority has shifted from national to supranational in Europe. The book states that more than 12,300 interest groups are formally registered to have access to European institutions (Commission, Parliament, and Council). These groups average 4–5 people, and probably about half are representing in-house lobbying groups, like trade associations, trade unions, and companies. Therefore, economic interests make up about half of the lobby groups active in Brussels. Of this 50 percent, there are about 750 companies with formal representation (corporate embassies). In total, that is about 30–40,000 people lobbying on a daily basis, trying to make representation, change policy, and formulate policy. The authors highlight that these lobbyists are dealing with only about 40,000 EU officials in total, which, despite public perceptions, is a relatively small bureaucracy for such a large entity. The actual policymaking staff is much smaller, when you subtract administrative support, translators, and other non-policy expert staff. The European Commission and other institutions need external information and interest group representation to compensate for their internal human resource constraints.

Coen et al. discuss the nuanced interplay between firms and the institutions of the EU, wherein business acts as a facilitator of integration, by accelerating, decelerating, or driving policy outcomes; and the EU manages and regulates industry to reach policy goals and build political legitimacy. However, it is not always as agreeable and equitable as the authors infer. For example, was the EU Green Deal, aiming to make Europe the first climate neutral continent by 2050, hammered out in consultation with business (big and small), or has it been imposed on companies, and driven largely by a combination of climate change ideology and science, married with political expediency? Or, perhaps more accurately, is there a select cadre of large firms that have an inside track, including those set to take advantage of climate change policies, while most firms strive to react swiftly and effectively to new political agendas and regulatory regimes? This preferential access has existed for at least 40 years, with influential advocacy groups, like the European Round Table of Industrialists (populated by the CEOs of such European powerhouses as Ericsson, Royal Dutch Shell, and Siemens), contributing to industrial policy agenda setting and the renewed dynamism of Jacques Delors' (former President of the European Commission) European Single Market project. More recently, tech giants such as Facebook and Google have been the biggest spenders on EU lobbying, as they work to influence EU digital economy policies to their advantage.

The tri-level focus that the authors adopt – macro-, meso-, and micro- – is a sound way to structure the book. The macro-level examines the origins of EU lobbying and the shift in emphasis from national capitals to Brussels over time. The focus is on the evolution and context of lobbying in Europe, as well as on the supranational–intergovernmental dynamics and tensions that characterize the European project. The meso-level focuses on the European policy field and policymaking system (considering specific realms, such as the environment and culture) and emphasizes the multi-tiered nature of the European policymaking process. And the micro-level concentrates on firms and their lobbying structures and strategies.

I particularly appreciated the historical perspective, which, for instance, charts the increasing authority of the key supranational actor, the European Commission, and the commensurate reduction in the power of inter-governmental actors like the Council of Ministers. The temporal perspective in this book is useful, as the authors note that we have seen a significant expansion of the advocacy toolbox over the last 50 years, in Europe and globally. Lobbying emerged as more complex and increasingly professionalized as relationships became multi-level and multi-layered, and engaged a wider array of stakeholders and thematics. To accurately frame and explain this complexity, Coen et al. draw primarily on political science and policy studies, and, to a lesser extent, business and management studies, for their theoretical perspective, with the former making sense of the demand side (role of governments in shaping business activity), and the latter providing supply side insights (firms' internal structure and decisionmaking, and strategic choice to lobby).

Methodologically, *Business Lobbying in the European Union* captures analyses of 12,000 interest groups, business and policymaker surveys, in-depth case studies, sequence analyses, and elite interviews. The book has three main strengths in this realm. First, the main source of empirical value added is the mixed-method approach adopted. To use longitudinal survey data as well as qualitative interview data is impressive. There are significant insights gained from the 30-year study – with three large surveys, one every 10 years – of the top 300 firms lobbying in Brussels. A second useful empirical aspect of the book is the large-scale data analysis using the EU Transparency Registrar dataset of all business engagement across the different agencies and levels. Third, the book draws on a large set of rich qualitative data gathered through interviewing public affairs and government affairs officers in Brussels, and providing unique insight into the personalities, profiles, and processes of EU lobbying.

One finding worth highlighting (and different from other jurisdictions) is that the revolving doors between the public and private sectors are not as apparent as often presumed. EU lobbying is in fact primarily driven by people with private, rather than public, sector backgrounds (about 70% of the 300 odd people they interviewed). This is a "myth buster" that challenges the prevailing narrative that most corporate lobbyists are ex-politicians or former civil servants. The European data suggest otherwise. Most are professional corporate lobbyists or have come from elsewhere in business. This, the authors note, is reflective of the fact that most Eurocrats have jobs for life, with generous benefits, and do not want to move to the private sector, and that most lobbyists need to understand the business and the detail of products and services that are being lobbied about. This is described as "sliding doors" rather than "revolving doors".

Coen et al. depict their project as mapping the nature of the firms' political activity in Europe. More accurately, they have mapped the evolution and nature of the EU lobbying process and policymaking arena. They also do adopt a bottom–up approach that details the tactics of EU lobbying and the subtle nuance and requisite expertise of engaging a technocratic, regulatory state. This is very different from lobbying in the overtly politized and often more short-term oriented context of a national capital. The extent to which the authors have connected lobbying tools and techniques with CPA, and backwards into nonmarket strategy, as well as corporate strategy choices and actions more broadly, is more limited. This may well be the Achilles heel of the book, as the business focus is largely at the applied or tactical level, with less focus on the strategic objectives driving the advocacy, or on the strategic outcomes derived from the lobbying. This is an opportunity for international business scholars, through future research directions that conceptually and empirically connect corporate engagement with EU policy, and concomitant lobbying tactics, and the process and practice of MNE market and nonmarket strategies. However, without doubt, the richness of the qualitative and quantitative dataset and the 30-year sweep of the study underpinning this book, charting the extant and evolving lobbying principles

and practices of the top 300 companies in Brussels, is a tremendous strength, and a differentiator from rival studies of lobbying and business–government relationships in Europe.

Research questions arising from reading this book include the need for more work on how firms can acquire or build capabilities to engage regulatory states; and are there other examples globally of regulatory states or is the EU exceptional? Are there differences in access and engagement depending on a firm's country of origin? Specifically, how can non-EU firms gain information, expertise, and access so as to lobby Brussels effectively? Do MNEs based in political allies (like the USA), or having a long-established presence and reputation in Brussels (like many UK firms), have a natural advantage relative to MNEs from, say, Brazil or India? And how should firms from countries associated with perceived national security dangers (China) or fraught political relationships (Russia) lobby the EU? The book also raises new questions and suggests further research directions around the antecedents of lobbying and the micro-foundations of political capabilities (Holburn & Zelner, 2010; Lawton, Rajwani, & Doh, 2013; Oliver & Holzinger, 2008). These are anchored more clearly in the resource-based view and capabilities literatures and set in an international business context. For instance, how can a non-European MNE overcome the liability of outsidership to establish legitimacy and so gain access to the EU's multi-level policy-making process? And how does an MNE develop capabilities that enable effective long-term engagement with a knowledge-driven, technocratic system like the EU?

Although there seems to be an unstated assumption in international business research that we know all there is to know about Europe, and our focus should now be on the rest of the world, and especially emerging countries, this book challenges this assumption and suggests that there is more to learn and perhaps extrapolate from the EU, particularly in terms of the depth of knowledge and information capabilities needed to effectively engage with technocratic governance and regulatory states. Geopolitical pressures from the outside and popular protests from within also mean that the EU is likely to evolve and change, and lobbying must respond accordingly. What we do not yet know is whether the journey will be towards greater integration and a federal Europe, as advocated by leaders such as Emmanuel Macron (President of France) and the Conference on the Future of Europe, or a looser coupling and a confederal Europe, as preferred by politicians and populist movements in many European capitals. Whichever direction the EU takes, the result is a dynamic research area for international business scholars in the foreseeable future.

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