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In the Czech language:

Lobbying institucí Evropské Unie

Instructions:

Introduction
Executive summary
Theoretical basis of the work
Problem analysis and current situation
Proposals and contribution of suggested solutions
Conclusions

Literature / Sources:

BARON, D. Business and Its Environment. 3rd ed., Upper Saddle River (N.J.): Prentice Hall. 2000. ISBN 0-13-081561-6.

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VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ
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Abstract

The aim of this master thesis is to present and analyze the communication techniques how businesses communicate with EU institutions as well as business lobbying strategies in the EU environment, and on the basis of a detailed analysis give conclusions and recommendations for low-cost lobbying of Czech small and medium-sized enterprises.

Abstrakt

Diplomová práce se zaměřuje na komunikační techniky společností a jejich strategie při komunikaci s institucemi EU. Na základě teoretických poznatků poskytuje shrnutí a doporučení pro nízkonákladový lobbying českých malých a středních podniků.

Keywords

Communication, strategy, lobbying, EU

Klíčová slova

Komunikace, strategie, lobbying, EU

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Statutory declaration

I hereby declare that this master thesis has been written by myself without any external unauthorised help, that it has been neither presented to any institution for evaluation nor previously published. All used information sources are properly cited including complete reference to the original work.

Brno, 05 August 2010

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Signature

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CONTENTS

Introduction

In general, lobbying has not a positive connotation among the public and also among the politicians and officers in the Czech Republic. Actually, lobbying is considered as only disguised corruption, mainly due to the missing generally accepted interpretation. On the one side, interchange of terms lobbying and corruption causes refusal of this activity at all, because corruption does not belong to the political processes, it disrupts its efficiency, and it promotes the interests of individuals, but on the other hand, there is a need for some way of interests presentation of people, who are involved in a political process. Some of these groups can represent an important aspect in the society and democratic politicians should reflect it. Due to its unclarified role, lobbying suffers from negative evaluation as well as lack of clarity and confusions of terminology.

However, lobbying has become irreplaceable in today's society; moreover, it helps companies and non-governmental organizations in exerting pressures regarding their interests. Assuming there is no such a duress, but free representation of ideas and visions.

The indispensability of ethical and clear lobbying needs to be assumed from the very beginning of this thesis to avoid any misunderstandings. In the society, not only on the regional level, lobbying is sometimes connected with corruption, even if both terms mean completely different methods of highlighting someone's interest. When one is lobbying, he/she is trying to win the favour of strategic persons by the potency of arguments and without any tangible or intangible incentives. On the contrary, the only one argument of corruption is just the tangible or intangible incentives. Further differences will be discussed more precisely in this thesis.

Lobbying is a dialog, principally. It is a communication among citizens and those, who are responsible for public affairs administration, because they were elected to do so. It is a discussion among civic society and the authorities about how can be process administrated better and more effectively, which problems are ignored, or what communication should be improved. Despite all these positive effects, some rules need to be respected; only in this form lobbying can be considered as a dialog. If the rules are followed precisely and adequately, lobbying pertains to the foundations to the healthy civic society of 21st century. Lobbying in Brussels is seen as a very important factor for the development of European public policies.

Lobbying comes from two intellectual disciplines. The first is political science, where lobbying is special case of exerting influence in alternative ways. The second source is management science, which regards the study of how to get things done as desired or how to achieve success in management. Both these perspectives will be discussed further in the thesis, e.g. formal structure of EU with the basic skeleton as well as lobbying strategies and lobbying communication.

Aims, objectives and methods of the thesis

The aim of this diploma thesis is to analyze the size and importance of the business lobbying sector in Brussels, present the models of how businesses communicate with the EU institutions, and on the basis of a detailed analysis give conclusions and recommendations for the low-cost lobbying of Czech SMEs.

The thesis is divided into three chapters. The first chapter introduces the basic terminology, importance of communication and strategy as well as their close relation to the lobbying. Attention is paid especially to the term lobbying and its historical background to understand the fine nuances between lobbying and corruption. The second chapter deals with the current situation analysis. It focuses on the macro, meso and micro level and based on these analyses it clarifies the existing relations between them. The last chapter evaluates the strategic contribution of the lobbying and gives the recommendation for the low-cost lobbying of Czech SMEs. In the concluding part, the findings are summarized. The reference list and two appendices are the following integral part to the thesis.

All analyses are supported with the literature review e.g. Greenwood, (2007), Michalowitz (2005), McCormick (2008), Pedler (2002), and Van Schendelen (2005). Up-to-date information is based on latest articles from economics and management journals.

For the purposes of this diploma thesis, these methods will be used: analysis, synthesis, observation and interviews.

1 Theoretical foundations

This chapter begins by showing how communication is essential to the management role of adding value to the resources in the company; moreover, well performed communication may facilitate perception of the company externally. The main aim of communication generally is to secure mutual understanding through sending and receiving messages among people. Communication depends on identifiable interpersonal skills and is affected by the choice of communication method.

In lobbying one can use many strategies, or different ways of approaching anybody. External communication of the company should support company objectives as well as public awareness. Clear and fair communication is an assumption for clear and fair lobbying. For example, well performed communication in lobbying may help in enforcing legal claims of any company or organization.

This chapter gives a brief overview of the basic terms of communication and strategy, and presents the term lobbying in the most effective way of using and clarifies the historical background which could be considered as a base for its contemporary understanding.

1.1 The importance of communication

The quality of human relations is dependent on communications and information (Bělohlávek et al., 2006). Good communication in a company can provide good relations and enhance the quality of working environment not only internally, within the company, but also externally, when dealing with customers, suppliers, and even with the authorities.

Through communication people add value in innovation, quality, delivery and cost. For example, innovation depends on good information about customer needs and relevant discoveries, which might come from communication with the scientific community.

Another measure of performance is delivery (Boddy, 2008). Supplying the customer with what they expect and when they expect it. That is only possible if people are communicating accurate, reliable and timely information up and down the supply chain. Competition adds to pressure to continually reduce the cost of goods and services, so people need information about current performance and ways how to remove spending.

Moreover, greater demands are being made by various subcultures within the larger company culture, necessitating the targeting of communications to groups that respond to messages that are different from those to which the larger culture has traditionally responded (Coen, 1998). The globalization of business has required managers to become acutely conscious of the communication procedures and conventions of a diverse number of cultures (Vodáček and Vodáčková, 2009). Communication is becoming the cornerstone of the success where any repressing of the effective communication process may cause serious business decline externally, but also within the company itself.

Finally, the influx of more women and minorities into the companies and their managerial ranks also increases both the potential for miscommunication and need to be sensitive to the nuances of linguistic messages and other forms of communication (Hofstede, 2005).

All in all, then, communication is a much more complex factor today than it was 35 years ago. Not surprisingly, the problem of defining communication as a subject of study has also become increasingly difficult.

For the purposes of this diploma thesis, communication is defined as the process by which people attempt to share meaning via the transmission of symbolic messages (Veber et al., 2009).

Three essential assumptions must be given, for the accuracy:

- Communication involves people, and understanding communication therefore involves trying to understand how people relate to each other.
- Communication also involves shared meaning, which suggests that in order for people to communicate, they must agree on the definitions of the terms they are using.
- Communication is symbolic: gestures, sounds, letters, number, and words can only represent or approximate the ideas that they are meant to communicate (Stoner and Freeman, 1992).

Wrong translation in communication often leads to misunderstanding and in some cases even to the fatal mistake. Both sides need to be ensured to communicate properly with appropriate terms understandable for all involved. All process of lobbying may founder because of lack of mutual understanding, or completely poor communication. Further communication difficulties will be presented in the next chapters as well as due measures to prevent such situations.

However, the only effective communication is the one with accurate meaning and translating.

1.1.1 Communication process

The detailed description of the communication process as well as participants definition is essential for the further context and for explanation of the relations with the lobbying itself. Avoiding elemental errors in communication is essential assumption for ethical and clear lobbying.

The communication process consists of ‘a sender transmitting a message through media to a receiver who responds’ (Kotter, cited in Stoner and Freeman, 1992, 532). It means that communication requires at least two people, a sender and a receiver. The sender initiates the communication when they try to transfer ideas, facts or feelings to the receiver, the person to whom the message is sent.

These three elements of communication indicate that if one of them is missing, no communication can take place. If the message is not heard or received by someone, no communication has occurred (Boddy, 2008). Anyway, there is another fact to consider, any action evokes reaction and one should be aware of that.

Believing one’s acting stays secret means pure foolishness. Usually when some fact or information knows more than two persons, risk of giving the secret away rises. In lobbying it is true doubly; everyone should be aware of his/her acting and responsible for such acting.

The **sender** is the source of the message and initiates the communication by encoding the idea he wishes to convey into a message by using symbols such as words, actions or expressions.

Encoding is necessary because information can only be transferred from one person to another through representations or symbols. The sender attempts to establish ‘mutuality’ of meaning with the receiver by choosing symbols, usually in the form of words and gestures that the sender believes to have the same meaning for the receiver.

Lack of mutuality is one of the most common causes of misunderstanding or failure of communication.

In Bulgaria, and some parts of India, for example, ‘yes’ is indicated with a side-to-side shake of the head; ‘no’ is indicated with a nod. These are rather amusing examples of misunderstandings, sometimes even worse situation may occur, which could result from subtler differences in mutuality within the company. A manager who asks a number of subordinates to ‘work late’ may cause a good deal of confusion as each employee decides independently what ‘late’ means.

Without a reason, purpose, or desire, the sender has no need to send a message. However, each reason, purpose or desire of any person can differ from each other radically.

On the figure 1 could be clearly seen the feedback phase and the transmission phase when communication process occurs.

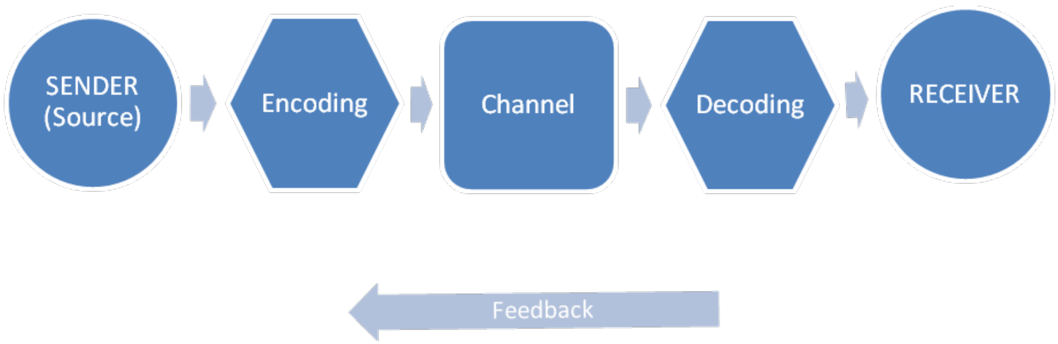

Figure 1: A model of the communication process (Stoner and Freeman, 1992)

The **message** is the tangible expression of the sender’s idea. The sender chooses one or more channels, i.e. e-mail, face-to-face meeting, or letter, to transmit the coded message. The receiver decodes the symbols contained in the message, and tries to reconstruct the sender’s original thought (Boddy, 2008). Nonverbal messages are an extremely important form of communication, since they are often more honest or meaningful than oral or written messages. These include the tone of voice, facial expression, posture and appearance, and provide most of the impact in face-to-face communication. These techniques have an incredible power assuming that are used adequately.

The medium of communication between sender and receiver is called the channel. It is often inseparable from the message (Davenport, 2009). For communication to be effective, the channel must be appropriate for the message. An extremely complicated message, for example, should be transmitted through a channel that permits the receiver to refer to it repeatedly.

The **receiver** is the person whose senses perceive the sender's message. If the message does not reach a receiver, communication does not take a place. The situation is the same if the message reaches a receiver but the receiver does not understand it (as it was already mentioned above).

Decoding is the process by which the receiver interprets the message and translates it into the meaningful information. Coding and decoding are sources of communication failure as the sender and receiver have different knowledge, experience and interests. To prevent such a misapprehension, running controls of mutual understanding are crucial.

Receivers also evaluate a message by their knowledge of the sender, which affects whether they regard the information received as valuable. These 'filters' interfere with the conversion of meaning to symbols and vice versa and, along with other distractions and interruptions, are referred to as **noise**, which 'arise within individuals (psychological filters), within the message (semantic filters) and within the context (mechanical filters)' (Dimbley and Burton, cited in Boddy, 2008, 529).

For example the game of 'telephone', in which one person whispers a message into the ear of another, who whispers the message to the next person, and so on. Inevitably, when the last person says the message out loud, it is often quite different from what was first whispered. This example illustrates one complexity in the communication process: the sender may send one message, but the receivers may 'hear' or receive a completely different message.

The final stage in the process is when the receiver responds to the message by giving **feedback** to the sender. This turns one-way communication into two-way. Since the receiver has become the sender, feedback goes through the same steps as the original communication. Without feedback the sender cannot know whether the receiver has the message or whether they have interpreted it as the sender intended. The flow of information between parties is continuous and reciprocal, each responding by giving feedback to the other, and is only finished when the sender knows that the receiver has received and understood the message as intended (or most likely to be intended).

As it was stated above, effective communicators understand it is a two-way process, and positively check for feedback. They do not rely only on making their message as clear as possible, but also encourage the receiver to provide feedback. Without some response such as a nod, a question that implies understanding, a quick e-mail acknowledgement, the sender has not communicated successfully. Assume that communication is going to fail, and then put time and effort into preventing that. In special cases, which will be discussed in chapter 1.3 in detail, sometimes occurs such a misapprehension, but it does not have to mean unsuccessful communication.

The most common **barriers** to effective communication are differing perceptions, mainly because of different backgrounds of knowledge and experience; language differences, due to the disproportion in language skills of the communicators; noise, which disturbs, confuses, or otherwise interferes with communication; emotional reactions; inconsistent verbal and nonverbal communication; and distrust, a function of the credibility of the sender in the mind of the receiver. Some of these barriers may cause irretrievable errors in communication process. The fact, that prevention is better than cure, seems to be true doubly.

As far as the prevention is concerned, there are few tips how to overcome differing perceptions not only regarding lobbying. The message should be clearly explained to the receivers even if they have different views and experiences. Empathizing (seeing the situation from the other person's point of view) and delaying reactions until the relevant information is weighed will help to reduce ambiguity. Language differences could be minimized by explanation of technical or unconventional terms, or by being sensitive to the various alternative ways of phrasing a message (Cassidy, 2000). The best approach to emotions is to accept them as a part of the communication process and seek to understand them when they can cause problems. The keys to eliminating inconsistencies in communication are being aware of them and guarding against sending false messages.

To a large extent, distrust is overcome through a process of creating trust. Credibility is the result of a long-term process in which a person's honesty, fair-mindedness, and good intentions are recognized by others (Hill and Jones, 2009). One additional approach is generally useful in getting one's message across. This is redundancy, repeating the message or restating it in a different form to ensure its reception or to reinforce its impact. Redundancy counteracts noise by reducing uncertainty in the transmission of the message.

However, as the situations for communications vary, varies also the participants. Sometimes, no matter how hard participants try, any communication can occur (Bělohlávek et al., 2006). It is connected with the environment, circumstances, conditions or real life. On the other hand, being prepared and communicate with accuracy create the best assumptions for successful communication.

Effective communication is opening right door to make one's interest being heard and to differ one's voice (Drucker and Maciariello, 2006). To secure overall efficiency, research, monitoring, early warning or analyses must be used (Johnson and Scholes, 2000). Being prepared to communicate is not enough, one should have well prepared message to gain access to the people who matter most. However, spreading the message strategically is the beginning of the potential success (Veber, 2008).

1.1.2 Communication networks

Different tasks require different forms of interpersonal communication. Companies design their communication networks in a variety of ways as a set of channels through which communication travels (Stoner and Freeman, 1992).

In general, there are two communication networks. Firstly, there are centralized wheel, where members had to go through a person located at the centre of the network to communicate with others, which may lead to unequal access to information; and secondly, there is decentralized circle, where information flowed freely and equally between members (Boddy, 2008).

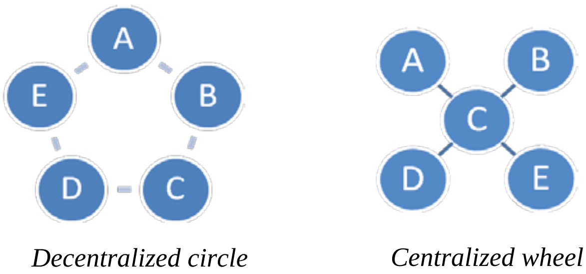

Figure 2: Types of communication networks (Boddy, 2008)

In a centralized network information flows to and from the person at the centre, while in the decentralized pattern more of the massages pass between those in the network. If the task is simple, the centralized pattern will work adequately. However, if the task is uncertain the centralised structure will obstruct performance. Basic outline of the principle illustrates figure 2.

If all information has to pass through a person at the centre they will not be able to handle the volume of queries, which will lead to unacceptable delays while those in the network wait for replies.

However, this arrangement can be applied both within the company and externally when communicate with customers, suppliers, or authorities. Advantages and disadvantages of both are evident, and will be further described in following chapters in the specific context of this diploma thesis.

There are also subtypes of the communication arrangement. On the example of company communication, clarification of the vertical and horizontal communication is offered. Vertical communication consists of communication up and down the company's chain of command. Downward communication starts with top management and flows down through management levels to line workers in the form of advise, inform, direct, instruct or provide with information about goals and policies of the company. The main function of the upward communication is to supply information to the upper levels about what is happening at the lower levels, such as progress reports, suggestions, explanations, or requests for aid. Horizontal communication crosses departmental or functional boundaries, usually connecting people at broadly similar levels within the company (Stoner and Freeman, 1992).

Well established communication among the personnel enables any company to communicate well also with external environment. Moreover, the principles, rules, barriers and processes stay the same. Establishing and maintaining relations with authorities as government or stakeholders can provide an active presence to the company. The process begins with identification of company's needs and relevant EU activities that may be of strategic importance. Second stage is usually conducting an analysis of all the identified EU issues and policies. Then comes the monitoring and lastly acting, creating the dialog with relevant persons and target groups to get the right message across (Johnson, 2008). In depth analysis will be provided further in the thesis.

1.2 Strategy

Assuming good quality communication, any company can further reflect its objectives and aims into the overall business strategy. This strategy, which is usually put into place by top managers, outlines the organizational objectives and the means of attaining these objectives. It might direct the organization toward reducing costs, improving quality, expanding market share, or shrinking the size of its overall operations (Edersheim, 2008). However, strategic planning is rarely as neat as the approach of what business at company should be in, where it wants to be, and how it is going to get there – strategies can emerge, alter and disappear, sometimes very quickly.

For the purposes of this thesis, the definition of Johnson seems to be the most appropriate: 'Strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations' (Johnson, 2008, 9). Stakeholder is person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives, and policies, for example customers, employees, authorities, or owners of the company.

Most current strategy frameworks focus on three strategy dimensions: innovations, cost minimization, and imitation (Robbins and Judge, 2007). Innovation strategy emphasizes the introduction of major new products and services; cost minimization strategy emphasizes tight cost controls, avoidance of unnecessary innovation or marketing expenses, and price cutting. The imitation strategy tries to capitalize on the best of both of the previous strategies. It seeks to move new products or new markets only after their viability has already been proven by innovators. Organizations following this strategy seek to minimize risk and maximize opportunity for profit. These organizations take the successful ideas of innovators and often copy them.

Porter (1998) presents the three generic strategies. In coping with the five competitive forces[1], there are three potentially successful generic strategies approaches to outperforming other companies in an industry:

- Overall cost leadership,
- Differentiation,
- Focus.

However, effectively implementing any of these generic strategies usually requires total commitment and supporting organizational arrangements that are diluted if there is more than one primary target. Usually the company can successfully pursue only one approach as its primary target.

Hill and Jones (2009) argue that the strategies that a company's managers pursue have a major impact on its performance relative to its competitors. A strategy is a set of related actions that managers take to increase their company's performance. For some companies achieving superior performance might be the ultimate challenge. Achieving this performance means to have a competitive advantage.

However, it is very important to realize that the strategies a company adopts can build new resources and capabilities or strengthen the existing resources and capabilities of the company, thereby enhancing the distinctive competencies of the company (Porter, 2004).

This subchapter gives a brief overview of the strategies, although there are many of them. It always depends on what are company's objectives and expectations and based on those create the strategy. The long-term nature of the strategy is also very disputable, for the purposes of this thesis, long-term means at least 5 years.

1.2.1 Organizational goals, aims and objectives

However constitutes and from whatever point of view they are considered, all companies have purposes: goals, aims, and objectives. There are some essential features of aims and objectives.

Aims and objectives should be specific and capable of being understood by all those who are engaged in their pursuit. They provide the measures against which

[1] Bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of competitors, and threat of substitutes

success or failure is evaluated. Companies combine resources to pursue their goals. The purpose is to maximise and optimise usage of these resources. P.F. Drucker defined 'the efficiency as doing things right; effectiveness as doing the right thing' (Drucker, 1998, 48), efficiency is therefore concerned with performance during the task and attention to the best use of resources, whereas effectiveness is concerned with the end result.

However, a useful acronym is SMART. SMART objectives should be:

- Specific,
- Measurable,
- Achievable,
- Recognisable,
- Time constrained.

The fact, that the greater the presence of each element, the more certain the company is of its purpose, is valid at the same time. Where one or more of these is not present, there are normally questions over the general success and effectiveness of performance (Joyce and Woods, 2001).

Aims and objectives are normally broken down into sub-aims and objectives, and this leads to the basis on which work is structured. In turn, this leads to the identification of the type of individuals required and their skills, knowledge and qualities and the organization of people into groups, departments, divisions and functions. Establishment of clarity of the purpose is therefore essential if this range of activities should be effective.

Many companies dealing with lobbying in Brussels agreed on fact, that partial success is still a success. Mainly because of complicated network of interest, one cannot be sure who is lobbying against or complying with one's objectives. Therefore any objective meeting the SMART requirements might be flexible and the company should be patient; Rome wasn't built in a day!

1.2.2 Strategy making process

The strategy is not only an outcome of a formal planning process. Nevertheless, a consideration of rational planning is a useful starting point when studying strategy.

The formal strategic planning has five main steps (Bělohlávek et al., 2006).

- Select the company mission and major corporate goals.

- Analyze the company's external competitive environment to identify the opportunities and threats.
- Analyze the company's internal operating environment to identify the company's strengths and weaknesses.
- Select strategies that build on the company's strengths and correct its weaknesses in order to take an advantage of external opportunities and counter external threats. These strategies could be consistent with the mission and major goals of the company. They should be congruent and constitute a viable business model.
- Implement the strategies.

The strategy implementation involves taking actions consistent with the selected strategies of the company at the corporate, business, and functional level, as well as allocating roles and responsibilities among managers, typically through the design of organizational structure. Allocation of resources, i.e. money and capital; setting short-term objectives; and designing the company's control and reward mechanism play an important role too. These steps are illustrated on the figure 3.

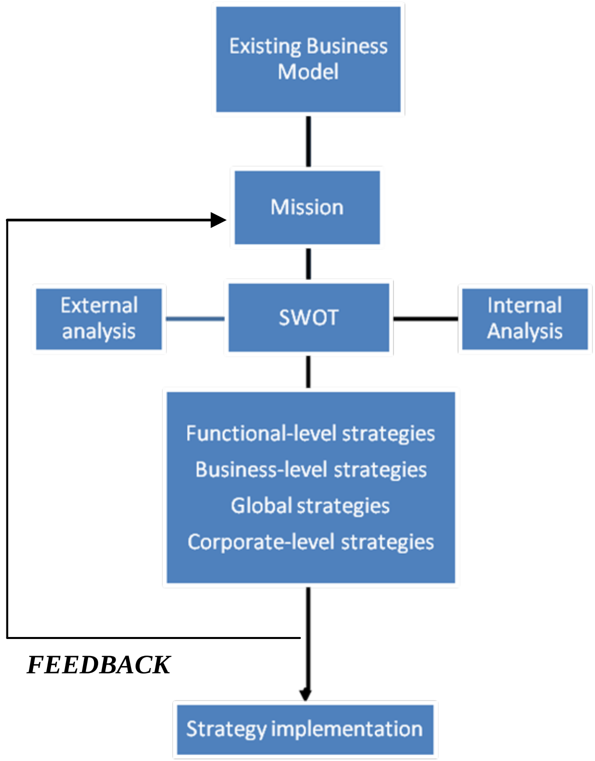

Figure 3: Main components of strategic planning process (Hill and Jones, 2009)

Once the strategy is implemented and performed, it is not necessary to change it on the year-on-year basis. In some companies it is satisfactory to only reaffirm or update existing strategies, assuming the strategy is reaffirm-able and update-able. Crafting the company's **mission statement** provides the framework or context within which strategies are formulated. Reason for existence, desired future state, key values, and major objectives are referred to components of a mission statement (Johnson and Scholes, 2000).

The essential purpose of the external analysis is to identify strategic opportunities and threats in the company's operating environment that will affect how it pursues its mission.

Internal analysis focuses on reviewing the resources, capabilities, and competencies of a company. The goal is to identify the strengths and weaknesses of the company.

SWOT analysis offers the comparison of internal strengths and weaknesses and its external opportunities and threats (Baron, 2002). The central purposes are to identify the strategies to exploit external opportunities, counter threats, build on and protect company strengths, and eradicate weaknesses.

Managers compare and contrast the various possible alternatives against each other and then identify the set of strategies that will create and sustain a competitive advantage. These are functional-level strategies, business-level strategies, global strategies, and corporate-level strategies (Furrer et al., 2004; Stonehouse, 2004; Neilson et al., 2008)

Having chosen a **set of congruent strategies** to achieve a competitive advantage and increase performance, managers must put those strategies into action: strategy has to be implemented (Porter, 2004). **Strategy implementation** involves taking actions at the functional, business, and corporate levels to execute a strategic plan.

The feedback loop indicates that strategic planning is ongoing; it never ends (Hill and Jones, 2009). Once a strategy has been implemented, its execution must be monitored to determine the extent to which strategic goals and objectives are actually being achieved and to what degree competitive advantage is being created and sustained (Yip, 2003).

1.2.3 The small business context

Small companies are likely to be operating in a single market or a limited number of markets, often with a limited range of products or services. The scope of the operation is therefore likely to be less of a strategic issue than it is in larger organisations. It is unlikely that small companies will have central service departments to undertake complex analysis and market research; more probably, it may be senior managers themselves, maybe even the founder (owner) of the company, who have direct contact with the marketplace and whose experience is therefore very influential (Veber, 2008).

Indeed, in small companies the values and expectations of senior executives, who may themselves be in an ownership position, are likely to be very important, and even when current management are not owners, it may be that the values and expectations of the founders persist. It is also likely that, unless the company is specialising in some particular market segment, it will be subject to significant competitive pressures (Porter, 2004). Normally small companies will have to find opportunities that are well suited to the particular resources and competences of the company, where few techniques outlined in the chapter 1.3 may find useful.

Small companies are also likely to be private companies. This significantly affects their ability to raise capital. Combined with the legacy of the founder’s influence on choice of product and market, this may mean that choices of strategy are often limited. The company may see its role as consolidating its position within a particular market (Veber, 2008). If it does not, and is seeking growth, then the raising of finance is crucial, so building or maintaining relationships with funding bodies such as banks becomes one of key strategic issues (Kotler and Armstrong, 2007).

However, acting strategically is not the privilege of the multinational companies. Even with little budget can be the strategic campaign carried out. Key success factors regarding lobbying are right institution, right moment, right people, further described in the next chapter.

1.2.4 Internationalization

Internationalisation is a factor affecting many organisations in a wide range of ways. First of all, internationalisation can extend both the size of the market and the range of competitors. It can also raise issues of relationships with potential partners overseas and the organisation of activities across national boundaries (Robins and Judge, 2007). These are issues faced everyday by large multinational companies but even small companies are now increasingly ‘born global’ (Prahalad and Doz, 1987). However, organizations in the public sector confront the opportunities and challenges of internationalisation as well.

There is another fundamental sense in which internationalisation can affect any business strategy. Different countries around the world vary widely in their institutional and cultural orientations to the strategic management. Many cultures give less emphasis to simple profit-maximisation than is, for example, found particularly in North American accounts of strategy. Long-term survival and the collective interests of the organisation as a whole are often given greater weight in some European and Asian cultures (Hofstede, 2005). The companies that enable profit-maximisation, or penalise deviation from profit-maximisation, also differ around the world.

What contributes to performance of the companies also differs according to the institutional environments of various countries. It can make more sense to pursue widely diversified conglomerate strategies and adopt loose holding company structures in countries where capital and labour markets are not highly efficient than in countries where such markets work well (Trompenaars and Hampden-Turner, 2003).

Assuming good communication in the company, both internally, and as well as externally, company’s objectives can be specified, and overall business strategy could be created. Attention should be paid especially for the context of potential small business and internationalization.

Argenti et al. (Argenti et al., cited in Boddy, 2008, 549) show how companies can apply communication to strategic performance. Whereas there are many models for strategies development, less attention is paid to communication. As the examples could be named companies, where poor communication harmed company’s reputation. However, the close link between communication and strategy is undisputable.

The link is illustrated in more detail on the figure 4.

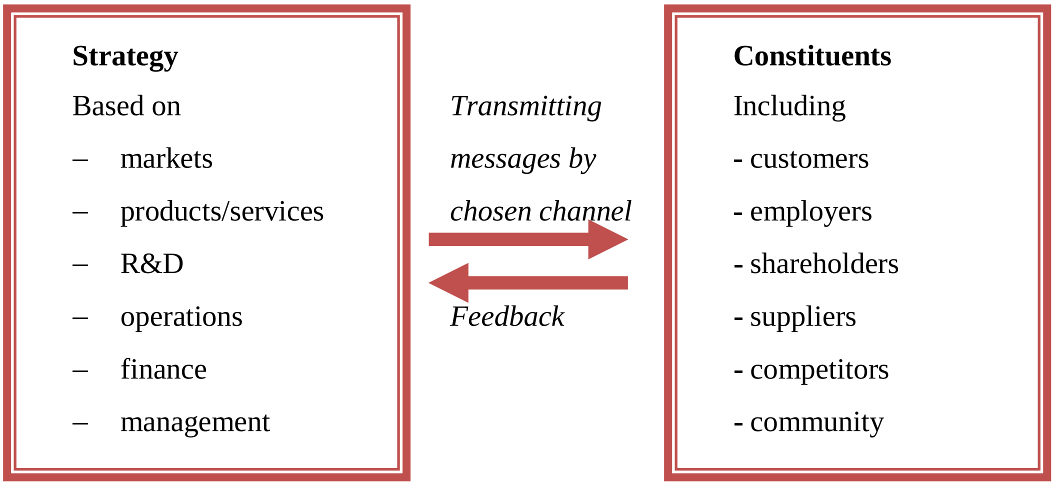

Figure 4: Framework for strategic communication (Argenti et al., cited in Boddy, 2008)

Table 1: Elements of a strategic approach to communication (Argenti et al., cited in Boddy, 2008)

Communication functions	Objectives	Constituencies		Channels
		Primary	Secondary	
Media relations	PR, crisis management	All constituents	Media	Press releases, interviews
Employee communications	Internal consensus building	Employees	Customers	Public meetings, memos, newsletters
Financial communications	Transparency, meeting financial expectations	Investors	Analysts, media	Conference calls, CEO, CFO
Community relations	Image building	Communities	NGOs, media	Events, speeches, philanthrophy
Government relations	Regulatory compliance, meeting social expectations	Regulators	Media customers	Lobbying efforts, one-to-one meetings
Marketing communications	Driving sales, building image	Customers	All key constituencies	Advertising, promotions

Moreover, to put this approach into the practice, the link between communication functions and relevant stakeholders groups needs to be made. Table 1 shows the approaches of strategies to communication. The channels must be chosen suitably and the message should be consistent with the intended strategy (Argenti et al., cited in Boddy, 2008, 549).

Strategic communication is seen as another assumption for lobbying. However, it is not only about who to strategically communicate, but broad conception needs to be considered. Next chapter provides basic concept of lobbying from history to the present.

1.3 Lobbying

Modern governments imply close co-operation with stakeholders from all sectors of society (Richardson, 2000). Democratic societies do not believe in all-knowing and infallible authorities. For example, on the EU level, European Institutions recognise the benefits of being open to outside input and consultation mechanisms form part of their activities throughout the whole legislative process (EP – DG for Research, 2003). Different interest groups obtain information about planned decisions. Ideally, they can even contribute by adding their arguments transparently and equally. Their representatives will be better informed about the diversity of opinions to the discussed issue and the consequences of their decisions will be clear. However, there is a need for the compliance with particular rules for fair play to do not limit other side's legal claim.

My diploma thesis focuses on lobbying as a strategic advantage. Based on Guéguen (2007), direct lobbying is 'any attempt to influence any legislation through communication with any member or worker of a legislative body, or with any government official or employee who might take part in the formulation of the legislation' (Guéguen, 2007, 20).

In other terms, lobbyists could be considered as a 'spy' in European Union institutions, and can serve the company, organisation or movement (van Schendelen, 2005). Officials make their decisions based on the information given on the right time and they are informed about how will their decisions may affects different sectors (Greenwood, 2007).

The participants are all people who are the main actors involved in lobbying. The clients are for example individual persons, business corporations and trade associations. Lobbyists include people who are employed in the government relations functions of the client organisation. Many lobbyists come from careers such as legislation, or they can be former politicians who benefit from their years of government service and their old connections still in office.

The lobbyist develops various methods, strategies and tactics to accomplish gain access, inform, influence and pressure. Those tactics are directed at policy makers, such as legislators or executive administration and their staff (Forelle, 2008).

The term of the political advocacy is sometimes used instead of term lobbying. It is a network of information- market where supply and demand are met.

1.3.1 History

According to BBC definition of lobbying, it takes its name from ‘the lobbies or hallways of Parliament where MPs[2] and peers gather before and after parliamentary debates in the Commons and Lords chambers’.

Another story describes the origin of this term as follows: The term originated at the Willard Hotel in Washington, DC, where it was used by Ulysses S. Grant to describe the political wheelers and dealers frequenting the hotel's lobby in order to access Grant, who was often found there, enjoying a cigar and brandy.

The first printed mention about this term was in 1820 in the magazine called New Hampshire Sentinel: ‘Other letters from Washington affirm, that members of the Senate, when the compromise question was to be taken in the House, were not only "lobbying about the Representatives' Chamber" but also active in endeavouring to intimidate certain weak representatives by insulting threats to dissolve the Union’ (Lobbying in the European Union, 2003).

Lobbying in general was originated in the U.S.A (Schaffer et al., 2005). Since the EU establishment, there have been several initiatives to expand these practices even in the Europe. There were few lobbyists involved in the system and except for some business associations, representative offices were rarely used. The event that stimulated lobbying growth was the first direct election of the European Parliament in 1979 but the

[2] Members of Parliament

key opportunities for lobbying development were the Single European Act of 1986 and Maastricht Treaty of 1992 which both created the qualified majority vote for taking decisions in the Council and enhanced the role of the Parliament, again making EU legislation more complex and lobbying further more important and attractive for stakeholders. The foundation of lobbying was therefore the need to provide information. From that developed the need to influence the process actively and effectively. The chapter Current situation analysis will analyze the European institutions and how they are connected with lobbying activities.

Lobbyists throughout history have been resigned to careers of small victories and painful defeats. There is little doubt that as lobbying has become more professionalised, successfully conveying a particular message to political actors has been made increasingly difficult. Competition is fierce for access to those with influence, however slight (McGrath, 2002). Nonetheless, by effectively using the information available and developing a focused campaign, there is still a lot of success to be had with public affairs for many organisations. And those small victories won can make the crucial difference to your bottom line or public profile.

All in all, Encyclopaedia Britannica (2010) says: "The right 'to petition the government for a redress of grievances' is protected in the First Amendment to the U.S. Constitution. The federal government and the majority of U.S. states regulate lobbying. Most laws, such as the Federal Regulation of Lobbying Act (1946), require that lobbyists register and report contributions and expenditures and that groups whom they represent make similar reports. The efficacy of these laws is doubtful. Especially difficult to regulate is any kind of indirect lobbying—such as group activity designed to influence government by shaping public opinion." Next subchapter discusses how particular definitions and conceptions of term lobbying are different.

1.3.2 Lobbying determination

The conception of lobbying has changed over time. However, generally accepted one is needed due to its indispensability in today's society. According to latest estimation, in Brussels there are more than 16,000 of lobbyists. This fact ranks Brussels the second largest lobbying centre in the world, right after Washington. Lobbyists are both representatives of profit sector as well as representatives of non-profit organizations. Ethical and clear lobbying avoiding unfair practices is known as a reliable source of information, experts' opinions, and also legitimate tool for enforcing legislation changes. These characteristics are common on the European, national and regional level too. Lobbying does not mean something dangerous what needs to be avoided, rather it should be supported and heard. Anyway, to eschew any confusion with corruption, there are few conceptions of lobbying:

The term lobby is according to the Academic dictionary by Petráčková and Kraus (1995) a group, which is performing lobbying; pressure group enforcing its interests by backstage practices; or backstage group of powerful persons at all. Lobbying is according this dictionary system of influencing deputies in favour of particular group. This conception does not mention purpose and role of the lobbying and highlights only the duties as counterparts to the groups performing some illegal and immoral activity.

Another conception provides the Encyclopaedia Britannica (2010): "any attempt by individuals or private interest groups to influence the decisions of government; in its original meaning it referred to efforts to influence the votes of legislators, generally in the lobby outside the legislative chamber. Lobbying in some form is inevitable in any political system." This concept admits the involvement of profitable organizations, but still considers lobbying as natural and legal part of any political system.

Professor Olivier de Schutter introduces the definition of lobbying regarding European environment. He considers lobbying as an activity of the interests groups to influence the decision making process in EU concerning their interests, which may be different from community interests. He distinguishes two types of lobbying, first type supports particular problematic as racism, xenophobia, environment, or human rights defense. Second type involves interests groups (often profitable) representing only the interests of their members, such as unions, commercial environment or multinational organizations (O. Schutter, cited in Degryse, 1995). However, he does not cover the field of lobbying properly. His classification is rather indefinite, both non-profitable and profitable organizations.

Proper definition should include clear determination of the term as the important source of information and expertises and the border between lobbying and corruption must be clearly delineated. It should contain clear determination of the participants of lobbying together with the objectives.

1.3.3 Lobbying vs. Corruption

In many countries the term 'lobbying' still has a quite bad sound and it is the synonym for the corruption. But as a matter of fact, there is a huge difference between corruption and lobbying.

For a general public 'lobbyist' means person who comes with the envelope. However, solid lobbyist comes with the information in comparison to briber. Then it depends on the person who is addressed, how to evaluate this information to get the maximum from it.

For example, lobbying in the positive sense of the word does not mean influencing of the relevant persons' opinions. Lobbying can help in the final part, when reputation and quality matters (Pedler, 2002). The object of the lobbying is to inform relevant person about important information what matters.

Despite the negative connotation of the term lobbying, EU consider institutional relations and public affairs as the obvious part of the decision making process. EU also makes an effort to set the rules avoiding sharp practices, bribery or extortion and assist in providing the balance in the presented interests.

The rules governing lobbyists in Brussels are more lax than those in Washington, where lobbyists generally have to register and report details of their income and expenditures. In Brussels, only Parliament has a public register, and it lists just the lobbyist's name and employer. Lobbyists must sign up only if they want a badge to enter the Parliament building (Forelle, 2008).

The current experience from euro-lobbying confirms that the most successful lobbying comes from the countries with strong tradition in business representation (business associations or business unions).

1.3.4 Potential benefits for companies

Efficient lobbying is based on trustworthiness and reliability. The goal of any amendment may be improvement of environment in our society. If this goal fulfilled, person who wants something different from legislation is automatically in situation of proving his partial benefit, which does not threaten the interest of majority (Bouwen and McCown, 2007).

Sometimes may happen, that in the first step come the client to the lobbyist with specific problem, for example that new prepared amendment may threaten his business and profits. In this moment the lobbyist makes for him the analysis and evaluates the whole situation if costs of this action will improve current situation. In short, if it is not, better to let it be (Besharov and Call, 2009).

As it was extracted from the interviews with the lobbying companies in Brussels, not only large companies can gain a lot by lobbying. It can be illustrated on this simple agenda of the possibilities:

- Information right on time about preparing legislation;
- Information right on time about changes in business conditions (i.e. antidumping restrictions);
- Knowledge of European legislation as amended for domestic control to influence national legislators;
- Cooperation with trade unions;
- Searching supportive friends, irrespective to nationality;
- General promotion of the company;
- Searching for opportunities of financing from EU funds.

European institutions will be in detail discussed in the following chapter Current situation analysis.

Lobbyist creates ‘value added’ by his ability to quick orientation, to proper research, to identify the relevant persons in charge and to predict the result of this decisions (Lahusen, 2002). They provide statistics, researches, and studies to support the decisions.

2 Current situation analysis

Following subchapters will firstly outline the actors and their interrelations and in the second step offer basic principles on which the lobbying communication and strategies are based. After analysing these aspects of proper lobbying, key success factors will be provided.

The logic of lobbying can be divided into three different levels (Michalowitz, 2004; van Schendelen, 2005), which will be followed in this thesis. The micro-level describes individual needs and prepared methods for contacting the authorities, the meso-level outlines different way of representation and macro-level deals with the EU institutions as a demand for information and non-governmental actors as its supply. Macro-, meso-, and micro-level are connected to demonstrate the patterns within and throughout these levels. At the beginning, the identification of all three levels is provided, at the end of this subchapter, tables show the summarization and final clarification of actors involved.

According to the presentation of Claude Turmes, MEP (2009), in Brussels, there are 65% dedicated to private sector, 20% government (national, regional, local) and 10% NGOs (non-governmental organizations) and Trade Unions. Therefore the object of this thesis is the most frequent sector of private interests.

2.1 Macro-level analysis

This analysis is comprised of public and private interests in EU decision-making processes and constitutes a framework for research of conditions for exchange in EU interest intermediation. The aim of this subchapter is therefore to identify the actors involved in EU decision making processes.

The macro-level focuses on relations between authorities and interest representatives, where these actors stand regarding each other and which preconditions may be derived from this. The more private actors are, the more different their interests are (Coen, 2002). Therefore they have different initial negotiation positions for information exchange.

The reasons for entering the information exchange relationship of the actors are quite obvious. The political system of the EU comprises of many institutions that are involved in the process of decision making. They will be interested in participation in communication with private sector as long as private sector supply them the potential. However, EU institutions are the only one who 'determines the outcome of a lobbying process' because they possess the legal power of decision making, in the EU (Michalowitz, 2004:60). Anyway, those authorities are able to affect their ability to offer influence in return for information.

To link this fact with theory, the ability to offer a supply should determine the willingness of a private sector to provide the information; this also determines the price of the good of the information.

2.1.1 European institutions

The three main decision-making institutions are the: European Parliament (EP), which represents the EU's citizens and is directly elected by them; Council of the European Union, which represents the individual member states; European Commission, which represents the interests of the Union as a whole. This 'institutional triangle' produces the policies and laws that apply throughout the EU (How the European Union works, 2007:3). In principle, it is the Commission that proposes new laws, but it is the Parliament and Council that adopt them. The commission and the member states then implement them, and the Commission enforces them, as illustrates figure 5.

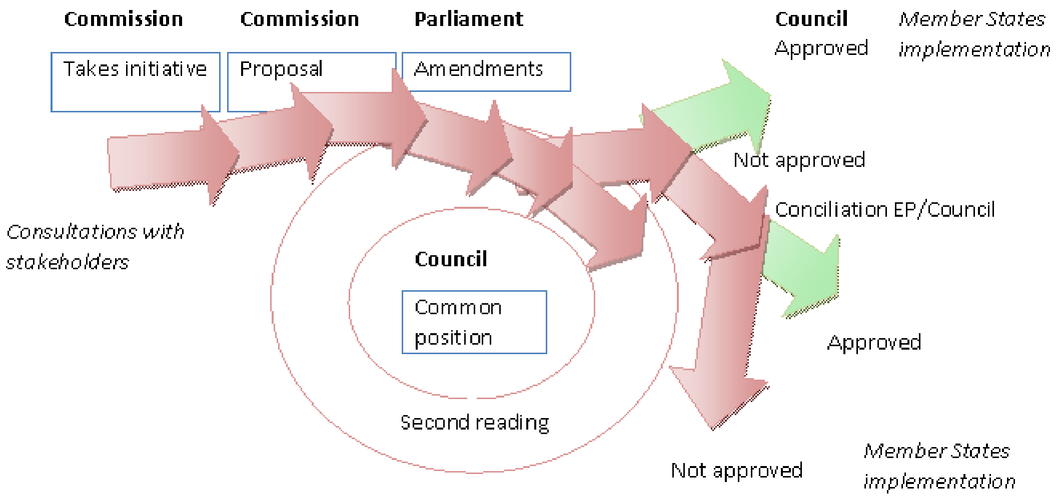

Figure 5: The EU co-decision process (KREAB, 2009)

The main forms of EU law are directives and regulations. Directives establish a common aim for all member states, listed in Appendix 1, but leave it to national authorities to decide on the form and method of achieving it (Richardson, 2006). Normally, member states are given one to two years to implement a directive. Regulations are directly applicable throughout the EU as soon as they come into force without further action by the member state. As those most decisive institutions are the main targets of lobbying in this context, the focus will be on these three bodies.

The rules must be based on the articles from Treaties, referred to as the legal basis of the proposal. This determines which legislative procedure must be followed. The three main procedures are ‘codecision’, ‘consultation’ and ‘assent’. These terms are explained based on How the European Union works (2007) properly.

Codecision is the most used procedure for EU law-making. In this procedure, Council shares equally the power with EP. New law can be approved only if there is an agreement of both Council as well as EP. There are two readings in each institution, if there is a consensus, the new law can be passed. If not, it will be put before a conciliation committee, which consists of Council and EP representatives. Once the committee agrees on the text, it is send back to EP and the Council so that they can finally adopt new law. Most of the proposals are adopted during the first or second reading mainly as a result of a good cooperation between the three institutions. The figure 6 shows the procedure in a greater detail.

The consultation procedure is used in areas such as agriculture, taxation and competition. Based on a proposal from the Commission, the Council consults Parliament, the European Economic and Social Committee and the Committee of the Regions. The decision ultimately rests with the Council, which either adopts the amended proposal or amends it further. In this procedure, as in all others, if the Council amends a Commission proposal it must do so unanimously.

The assent procedure means that the Council has to obtain the EP’s assent before certain very important decisions are taken. The procedure is the same as in the case of consultation, except the EP cannot amend a proposal: it must either accept it or reject it. Acceptance requires absolute majority of the votes cast. This procedure is obvious for agreements with other countries, including the agreements allowing new countries to join the EU.

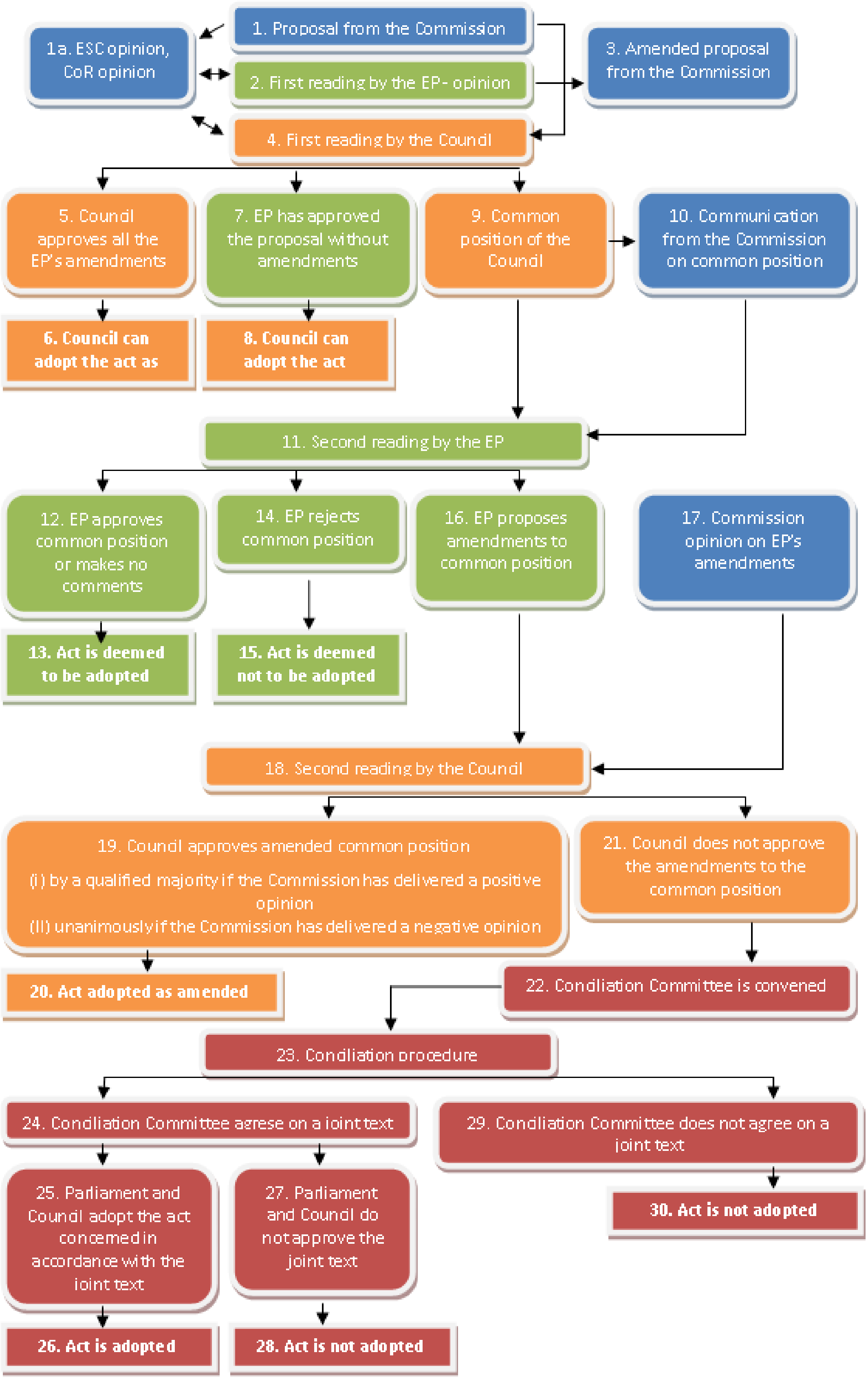

Figure 6: The codecision procedure (How the European Union works, 2007)

European Parliament

The European Parliament is elected by the EU citizens and represents their interests. Elections are held every five years, and every EU citizen can vote or stand as a candidate. It is expression of the democratic will of the EU citizens, and representation of their interests in discussions with the other EU institutions. Actually, EP is the only directed elected part of the European system of checks and balances (Greenwood, 2007; McCormick, 2008).

Members of the European Parliament (MEPs) do not sit in national block, but in EU-wide political groups.

The European Parliament has three places of work: Brussels, Luxembourg and Strasbourg. The administrative office is located in Luxembourg ‘General Secretariat’. Meetings of the whole Parliament, ‘plenary sessions’, take place in Strasbourg. Committee meeting are held in Brussels.

Parliament has three main roles (How the European Union works, 2007):

1) *Passing European laws* – together with Council, directly elected MEP guarantee the democratic legitimacy of European law.

2) Parliament exercises *democratic supervision* over the other EU institutions, mainly the Commission. It can approve or reject the commissioners' nominations, or whole Commission let to step down.

3) *The power of the purse*. Parliament shares with the Council the authority over the EU budget and therefore can influence spending.

Parliament's work is divided into two main stages. Firstly, there are plenary sessions and their preparations. MEPs discuss the Commission's proposals in committees which are specialists in particular areas of EU activity and on the basis of a report prepared by one of the committee members, the so-called ‘rapporteur’. The report gives the background and the advantages and disadvantages of the proposal. The issues for debate are also discussed by the political groups. Secondly, each year, 12 four-day plenary sessions are held in Strasbourg and six two-day sessions are held in Brussels (How the European Union works, 2007). At these sessions, Parliament examines proposed legislations and votes on amendments before deciding on the whole text.

In fact, EP is more difficult to approach, since this institution has more political and less technical and administrative character (Michalowitz, 2004). Key actors are distributed amongst the different parts of the Parliament, such as political parties, political groups, committees, their so called ‘rapporteurs’ and ‘shadow rapporteurs’, and lastly, the plenary. They decide how much input they want to accept at each level. Since the opinions of these decision-making forces can be very debatable, the cost of obtaining influence can become very high for private actors. ‘When you are contacting rappoteur, of course you can go in very detail. But when it comes to a big group of MEPs, let’s say the whole environmental committee, when it’s voted in plenary, it’s a one-page press release or a two-page letter explaining very clearly: support this, do not support that. Because otherwise it is lost’ (BEUC official, 1999; cited in Michalowitz, 2004).

Two factors are to be considered in Parliament than in the Commission: party affiliation and nationality (Mercado et al., 2001). Since the MEPs are elected representatives of their national constituency, their mandate and their chance of being re-elected are directly related to the interests of their voters. MEPs are therefore likely to interact with lobbyists from their home countries and specific constituencies.

Despite its weaker role, which can be difficult to lobby, EP still has the possibility to amend proposals. In processes, where EP is powerful, it will need to cooperate with private actors to some extent to give them some form of guarantee to get their interests passed through the plenary. This is important, because otherwise private actors won’t see any potential exchange value in engaging in lobbying MEPs. Therefore, Parliamentary committees are likely being less lobbied in consultation procedures, whereas they are more lobbied during issues negotiated under the co-decision procedure. As Zuzana Roithová, Czech MEP (2009), says, EP is approachable through its national deputies. Moreover, EP is in general more open to the non-governmental actors and values external inputs for similar reasons as the Commission. These groups constitute for EP sources of information that enable a certain degree of independence from other European and national institutions.

Regarding the overall potential of the EP to be lobbied, it can be very influential at the latter stage in the co-decision procedure – their amendments can make key changes in the proposal. Private actors can thus aim at either inserting something they did not get in at the Commission level as long as it does not substantially change the legislative act, or at ensuring that something stays in the proposal the way it was put in.

However, according to Claude Turmes, MEP (2009), for lobbying in EP there is a need for huge investment and huge subsidiaries mainly due to the differences in opinion of decision-makers and international representatives. On the other side, as each MEP has the assistant, and although he/she cannot deal with everything, does not have people for expertises as the Commission has, therefore they need lobbyists.

Council of the European Union

The Council is the EU's main decision-making body. Like the European Parliament, the Council was set up by the Treaties from 1950s (McCormick, 2008). It represents the power of individual member states, and its meetings are attended by one minister from each of the EU's national governments. If, for example, the Council is to discuss environmental issues, the meeting will be attended by the environment minister from each EU country and it will be known as the 'Environment Council'.

Altogether, there are nine different Council configurations (Buigues et al., 1995; How the European Union works, 2007):

1) General Affairs and External Relations,
2) Economic and Financial Affairs (Ecofin),
3) Justice and Home Affairs,
4) Employment, Social Policy, Health and Consumer Affairs,
5) Competitiveness,
6) Transport, Telecommunications and Energy,
7) Agriculture and Fisheries,
8) Environment,
9) Education, Youth and Culture.

Each minister in the Council can commit his/her government. Moreover, each of them is answerable to the national parliament and to the citizens which represents. This fact together with the involvement in decision making process ensures the democratic legitimacy of the Council's decisions.

Up to four times a year the presidents and prime ministers of the EU countries, together with the President of European Commission, meet as the *European Council*. These 'summit' meetings set overall EU policy and resolve issues that could not be settled at a lower level (Policies to overcome the crisis, 2009).

The Council has six key responsibilities:

1) to pass EU laws – jointly with the EP in many policy areas.
2) to coordinate the broad economic and social policies of the member states.
3) to conclude international agreements between the EU and other countries or international organizations.
4) to approve the EU's budget, together with the EP
5) to define and implement the EU's common foreign and security policy (CFSP)
6) to coordinate cooperation between the national courts and police forces in criminal matters (How the European Union works, 2007).

Most of these responsibilities relate to the Community domain – i.e. areas of action where the member states have decided to pool their sovereignty and delegate decision-making powers to the EU institutions. This domain is the first pillar of the EU (Goodman, 1999). However, the last two responsibilities relate largely to areas in which the EU countries have not delegated their powers but are simply working together. This is called intergovernmental cooperation and it covers the second and third pillars of the EU.

The *presidency* of the Council rotates every six months. Each country in turn takes charge of the Council agenda and chairs all the meetings for a six-month period, promoting legislative and political decisions and brokering compromises between the member states.

The presidency is assisted by the General Secretariat, which prepares and ensures the smooth functioning of the Council's work at all levels.

In Brussels, each EU country has a permanent team - 'representation'- that represents it and defends its national interest at EU level. The head of each representation is country's ambassador to the EU.

Decisions in the Council are taken by vote. The bigger the country's population, the more votes it has, but the numbers are weighted in favour of the less populous countries. On most issues the Council takes decisions by 'qualified majority voting', which is reached if a majority of member states approved and if a minimum of 255 votes is cast in favour – which is 73.9% of the total (How the European Union works, 2007).

The Council of the EU has less of need for any additional information from private actors at the European level, and its representatives in Brussels do not have the freedom to take up fresh external input. Nevertheless, it is a target for lobbying, because it is an institution vested with the final decision-making power. Their need for information shrank to the interest in information concerning potential voting behaviour. Lobbyists in general remark the influence of the Council not very great, and lobbying would be wasting. However, those who manage to establish good contacts with Permanent Representations of individual member states see a chance to make an impact.

To sum up, lobbying still takes place, but more subtly and informally. The Council has more possibilities to obtain the information needed from other resources, comparing with other EU institutions. Another reason is fact, that it is at the end of the decision-making stage, where changes are unlikely.

European Commission

The Commission is independent of national governments and represents the interests of the whole EU. As it was already mentioned, it drafts proposals for new European laws, which it presents to the European Parliament and the Council. It is also the EU's executive arm – it is responsible for implementing the decisions of Parliament and the Council (McCormick, 2008), in other words, the Commission initiates legislation and executes control functions over the community law. That means managing the day-to-day business of the EU: implementing its policies, running its programmes and spending its funds.

Like the EP and the Council, the European Commission was set up in the 1950s under the EU's founding Treaties.

A new Commission is appointed every five years, within six months of the elections to the EP. The procedure is as follows (How the European Union works, 2007):

The member states governments agree together on who to designate as the new Commission President; the Commission President-designate is then approved by Parliament; the Commission President-designate, in discussion with the member state governments, chooses the other members of the Commission; the new Parliament then interviews each commissioner-designate and then gives its opinion on the whole team. Once a new Commission is approved, it can officially start work.

The ‘seat’ of the Commission is in Brussels, but also has offices in Luxembourg, representations in all EU countries and delegations in many capital cities around the world.

The European Commission has four main roles (Richardson, 2006):

1) to propose legislation to Parliament and the Council;
2) to manage and implement EU policies and the budget;
3) to enforce EU law, jointly with the Court of Justice;
4) to represent the EU on the international stage.

It is up to the Commission President to decide which commissioner will be responsible for which policy area, and to reshuffle these responsibilities (if necessary) during the Commission’s term of office.

The Commission generally meets once a week, usually on Wednesdays and usually in Brussels. Each item on the agenda is presented by the commissioner responsible for that policy area, and the whole team then takes a collective decision on it. The Commission’s staff is organized in departments, known as ‘directorates-general’ (DGs) and ‘services’ (such as the Legal Service). Each DG is responsible for a particular policy area and is managed by a director-general who is responsible to one of the commissioners. All cooperation is provided by the Secretariat-General, which also leads the weekly Commission meetings. It is managed by the Secretariat-General, who is responsible directly to the President. It is the DGs that actually devise and draft legislative proposals, but these proposals become official only when ‘adopted’ by the Commission (How the European Union works, 2007).

Once the proposal is fully prepared, it will be put on the agenda of a Commission meeting. If at least 14 of 27 commissioners approve the proposal, the Commission will adopt it and it will have the whole team’s unconditional support. The document will then be sent to the Council and the EP for them to decide on the proposal. The Commission may then make amendments according to the comments from these two institutions and then send the proposal back for the final approval (as shown on figure 5, p. 34).

Its role as the initiator of legislation puts the Commission in a strong position regarding to other institutions involved in the decision-making. It can offer a large influence to private actors due to its position in the decision-making process. According to Ralf van Ameln, member of the external speakers' team of the European Commission (2009), Commission is blind and need information from different players (NGOs, lobbyists, etc.) which would be concrete and sophisticated. On the other hand, to consult and listen does not mean to follow blindly. The received material must be important in order to exceed the information Commission officials can establish in-house. Therefore, these officials seek the input of private actors. However, they cannot expect influence in exchange because decisions are made at three different interacting levels (van Schendelen, 2005). Technical task of DGs is to draft proposals; they constitute the lowest level. In the middle, there are Commissioners' cabinets preparing Commissioners' meetings. The highest level represents Commissioners, who have to agree on each draft passing to the EP. Any external input is sought after at the lowest level, it is the most influential level. Proposals that are not considered by the Commission will not be successful at a later stage in the EP or the Council. However, the possibilities the put some new ideas at the Parliamentary or at the Council stage are very limited. 'The Parliament can put in a hundred amendments or more, but these are likely to only affect twenty percent of the decision. About eighty percent of the directive is already fixed at the Commission level' (US-American in-house lobbyist, Head of the European Company Public Affairs office 2001, cited in Michalowitz, 2004).

For the Commission itself it is very important to integrate as much information as possible in the proposal. This fact, together with a lack of their resources to generate the information needed results in cooperation with private actors (Pedler, 2002). Mainly due to the comparatively small bureaucratic Commission staff, this is not able to inform itself sufficiently without external sources. The Commission can either cooperate with other institutions involved, or receive information from private actors. The latter mentioned seem to be necessary for negotiating, and also as a help to reach decisions linked closely to the reality to be practically implemented. The Commission can hence reach an agreement among those who are affected.

Dieter Birkenmaier, FFPE[3] delegate (2009), highlights the importance of ETUC (European Trade Union Confederation). The participation of external groups in decision-making processes enables the gathering of a certain degree of consent. The good of information can be defined as possessing an expertise-establishing function. What can be also taken from the reviewed literature and the cited interviews is that the Commission is interested in this exchange. However, only private actors who know how to play the system will effectively influence decision-making.

To conclude, private actors may aim to influence at all levels, with the focus on the Commission and, in co-decision procedures, on the EP, and with focus on the national level to the Council. In order to determine the potential of influence granted, it is necessary to determine how attractive the information may be for the individual institutions. Table 2 illustrates the issue as a whole.

Table 2: Characteristics of the public actors (Michalowitz, 2004)

	Demand	Costs for entering an exchange	Weight in overall decision-making	Supply possibility
European Commission	Large; mainly for technical information	Low	High at the beginning, low at the later point in the process	Large; due to its path-structuring role
European Parliament	Unpredictable; largely for legitimising information	High	Depending on procedure, low at the beginning, higher at later stages	Unpredictable
Council of the European Union	Low	High	Low at the beginning, very high at the later stages; especially for blockage	Low; at the point the Council is involved, most decisions have been taken already

Table 3 outlines the topic of the next subchapter; besides the governmental authorities, there are also non-governmental actors.

[3] Fédération de la Fonction Publique Européenne (Staff Representation at the European Commission)

Table 3: Characteristics of private actors (Michalowitz, 2004)

	Degree of impact of an EU decision	Resources	Political weight	Natural supply possibilities
Multinational companies	Global impact on business; large public attention on the company; perhaps possibilities of switching production locations	No significant restrictions	Large	Expertise with regard to the impact of a decision on the countries with production locations
Large national companies	Large impact, no exit possibility	Restrictions to some extent	Nationally: large; EU level: low	Expertise with regard to the national situation
SME	Regional and local interests: little conscience for the EU level	Large restrictions	In general none (or only very low)	Almost none: possibly technical expertise
Public interests	Large (broad) interest	Large restrictions	Individually: in general none	Information about and influence on public support

2.1.2 Non-governmental performers

Whereas the reasons for participation of EU institutions in the lobbying were already outlined and clear, reasons for private actors to engage in a political exchange are more complex. Who and why would be anyone interested in this process are two main points of following subchapter. For the purposes of this thesis, two main categories will be recognized: business and public actors. Both categories are linked with different backgrounds, motives and ways to engage in interest intermediation. Business category will be stressed. Young and Wallace (2000) argue that producers can provide policy makers with the detailed information they need regarding the state of the market and the probable efficacy of a proposal and its likely direct costs.

Business

International regime, such as the European Union, has the interest in engaging in a dialog with its members and their interests, such as business. The importance of business lobbyists in EU increased after the creation and liberalisation of the Single Market (Richardson, 2000). The EU institutions thereby improved their regulatory authority. Large companies have intensified their multi-level lobbying in an attempt to influence EU policy (Coen, 1998). Business groups account for around two-thirds of all Eurogroups.

In the early 1990s, EU institutions faced an exceptional boom in economic lobbying. The Commission faced the problem of how to balance its informational needs and consultation requirements against a manageable number of interests. One of the Commission's informal solutions was to create restricted entry industrial forums. The success of these forums and the desire to have access to them led companies attempting to build their European credentials via the creation of ad hoc business alliances (Michalowitz, 2004).

Between 1985 and 1997, 35.000 companies developed direct European lobbying capabilities. Large companies created European trade federations and industrial groupings (Coen, 1998). The formation of these new forums suggested the development of an internal nucleus of policy-makers and the establishment of big-business in the EU policy process. European federations improved their effectiveness by restructuring their membership and decision-making process to allow for the direct participation of large companies (Michalowitz, 2004). The outcome of this situation was direct representation by multinationals of federation positions at the Commission.

There are approximately 950 business interest associations, more than 1300 EU level groups of all types and around 300 transnational companies with government relations offices in Belgium (van Schendelen, 2005). Private actors can be divided in several forms, for the purposes of this thesis, the division based on economic goal with selective incentives and non-selective incentives without economic goals will be recognized. It is true, that companies are more and more involved in political action, actively engaging in influencing the political framework conditions within which they pursue their business (Bouwen, 2002). Companies' interventions also help to avoid conflicts whilst creating more consensuses, in a certain regulation. According to the latest information from EP, there are around 15,000 lobbyists based in Brussels. More than 70% of Brussels lobbyists represent business interests.

Their interests are different according to what extent they are affected by political legislation, for example, based on size, geographic scope, or economic goals (Bouwen, 2002). In general, many authors link business lobbying with seeking grants, subsidies or governmental contracts which may have very clear impact on a particular company (Michalowitz, 2007; Coen, 2007). The dependence on the company size is undisputable because the bigger the company is, the more policies they need to solve.

At the European level, companies are likely to have a large interest in influencing European decision-making processes that are expected to have an impact on their working conditions. However, private actors working towards influencing the process often face large costs. As far as the assumption of rational behaviour is concerned, the risk must be reasonable, and success rate must be higher than its costs. The focus is to identify the effects of EU-legislation on small companies, their motives and way of lobbying.

The starting point for legislative impact on the companies can be the legal definition of the EU for company sizes. As is laid out in the Commission Recommendation of 3 April 1996 concerning the definition of small and medium-sized enterprises (SMEs) (96/280/EC), four criteria are stipulated for assessing the differences among companies: number of persons employed, turnover, balance-sheet total, and independence. SMEs are defined as enterprises of up to 250 employees. Despite the facts, that these companies represent 99.8% of all companies in the EU, and employ almost 70% its employees, the majority (over 90%) employ less than ten employees (Mercado, 2001; Veber, 2008). Based on that, compared to multinational companies (MNCs), they have fewer opportunities for resourcing and less effective management. Moreover, according to Ms. Vlačihová from CEBRE (2009), small companies have usually much less time to monitor the overall situation. Even though there is no guarantee of success, lobbying may be a necessary instrument for these companies to at least try to influence and to possibly even be successful with this aim. Since there is also no guaranteed failure, the costs of lobbying are still considered to be necessary costs if their non-employment would definitely lead to losses.

As outlined above, the more attractive the offered information is, the higher is the possibility of being heard. In other words, the potential of the company is determined by the assessment of the information, how is this information sought after by governmental actors. However, there are factors which limit companies' capacities, such as resources, background and insight. Resources apply to the financial and manpower capacities of the company, but also to the importance of the provided information. If a small company produces a good or a service that is vital and irreplaceable, it is in better position to negotiate with political decision-makers than a large company producing a less important good. In comparison to MNCs, SMEs have relatively higher economic risk; they might have to focus on the production process before they can allocate time and money to governmental affairs. Although SMEs' lower resources, they still possess certain flexibility in the allocation of their budget. It seems rational to become actively lobbying, mainly if the policy outcomes upon which they seek influence might harm their economic foundation and change political framework conditions unfavourably in case of their non-participation.

Moreover, for the SMEs might be more important entering these exchanges because these companies are not automatically considered to be involved. Decision to not to participate may bring few disadvantages, just because their participation in the consensus is not deemed to be as important as the participation of other players.

However, many SMEs, for example, are focused on their national market and do not show much interest in the European legislative level. But among these companies are such companies realising the importance of the European level.

Public interests

The reasons to engage in public lobbying at the European level are similar with the previous subchapter, only with slightly different motivation. This lobbying is bound to meet the same impediments as business lobbying does. However, due to the strong emotional contention that the pursuit of the goal is right, a sufficiently large affectedness of the potential final decision develops that lobbying is worth the cost (Pedler, 2002).

Furthermore, another motivation for public interests is self-interest. While in the business lobbying it is mainly financial background, in public lobbying there are different aims. It can be connected with seeking of identity based on group membership, connected to the activities that are in general carried out collectively with like-minded individuals, or they may be connected to future career plans for which activism in such groups is an asset (della Porta and Diani, 1999, cited in Michalowitz, 2004). In other words, public interests mean the best for the society, often called the common good.

As shown in figure 7, van Schendelen (2005) presents a helicopter view of the many routes to the EU, it can be chosen national, international or transnational route to the EU. The arrows represent the dominant migrations towards the EU.

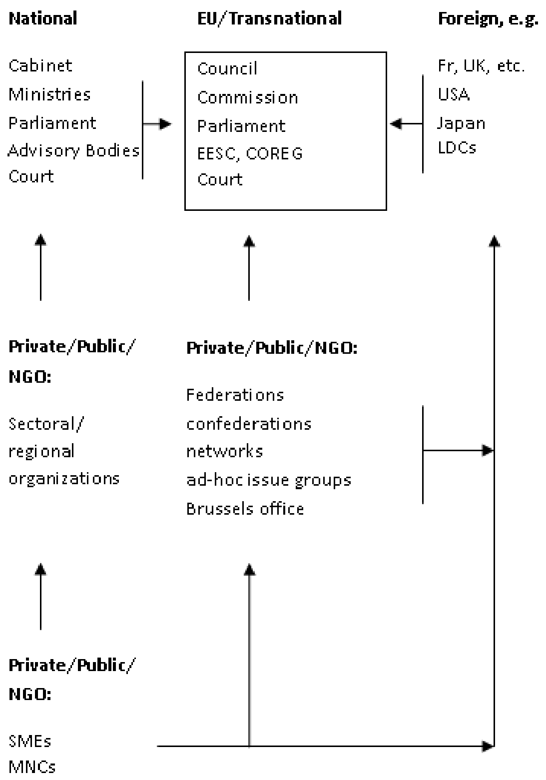

Figure 7: Interest groups and routes to EU (van Schendelen, 2005)

2.2 Meso-level analysis

Previous subchapter described the actors of lobbying, both who is lobbying and who is lobbied. The clarification of their motives was already provided, together with description of their different backgrounds. In this context, the effectiveness of financial resources used and uniqueness of the information supplied were highlighted, because these factors differentiate the successful lobbying from unsuccessful one. This fact can be seen as the reason for actors to hire agents. Mainly because the information delivery is more than exchange good, it is necessary precondition for gaining influence (Michalowitz, 2004). Practice approved, that the crucial point in this process is to be better equipped to provide information that meets the demands of particular institution than the others.

This level of analysis is meso-level describing the relations between lobbying agents and private actors and how is the improvement of the exchange position carried out. This subchapter is based on facts derived from previous one and the focus will stay on the private sector, as it was already mentioned. The reasons and motives for intermediaries as delegators will be stated together with the presentation of their possible types.

The main reasons for using lobbying by delegates are to overcome companies' weaknesses, or seek help if needed. Their motivation is supported by rising their information attractiveness and competitiveness but at the affordable price at the same time. Agents must have qualities that enable private actors to improve their information (van Schendelen, 2005).

In general, there are three possible options how to become more secured regarding the private actors' negotiating positions: passivity, which means no interventions, but also no yield; own initiative, which is extremely costly due to the monitoring the all the process in EU. Last one is delegation, as the most cost-benefit option ranks among the most efficient one (Michalowitz, 2004). Agents are already informed and based in the centre of the action. This option is most used form of lobbying both at the national and international level.

The relationship between the private company demanding an influence and a delegate who is familiar with the processes in EU decision-making is often called principal-agent model, as illustrated on the figure 8.

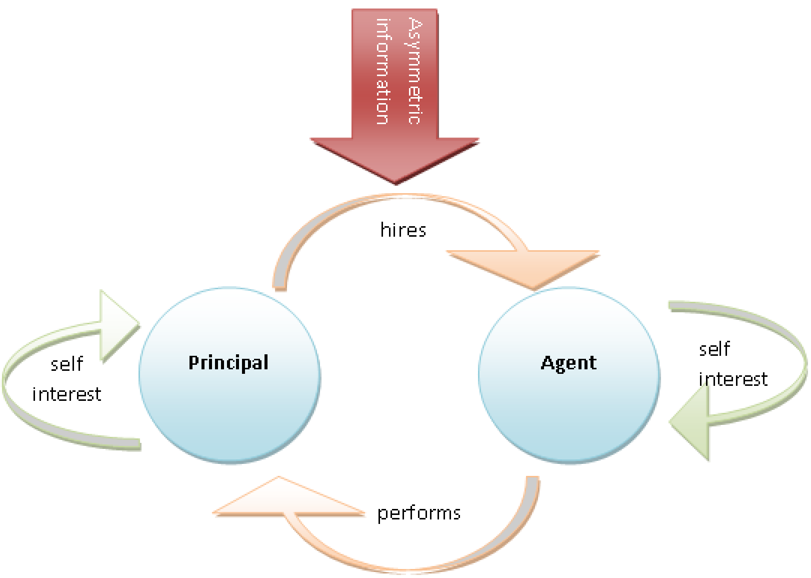

Figure 8: The principal-agent model (Encyclopedia of business, 2010)

In this case, national private actors interested in influencing legislative decisions will be regarded as principals, and European lobbying actors representing them are taken as agents. It works on the assumption that actors delegate in order to reduce transaction costs. Ideally, principal and agent would have the same goals (Encyclopedia of business, 2010). Any information asymmetry can lead to a misuse.

This relationship has both advantages and disadvantages. Improvement of the negation position can be the advantage for the first side, and constitution of new contacts and interaction can be the advantages for the other side. However, there are also few weaknesses. For example, if a company hires an agent to represent its interests in Brussels, this person will be better informed about the possibilities and constraints of this task. The agent's own interest is often more important, it is to keep his job, compared to doing the best for the company. He would never harm his own position by short-term task of the 'principal'.

According to Bouwen (2002), at the point where companies make the decision, that they are interested in representation at the EU level, they have to make several decisions:

- They can use third party or they can organize the political activities by themselves. In Brussels, The third party is normally a political consultant or a law company.
- They have to decide whether to do individual political action or to become a member of an association.
- Finally they need to choose between the national and the EU route to organize their political activities.

Companies can also take different organizational forms when lobbying in the EU. This new collective forms, aside of traditional forms, allows the direct participation of the companies. The size, the economic strategy and the domestic institutional environment of the company affect the choice of the form of their lobbying activities. Naturally, large players have more resources to individual representations and also the possibility to establish permanent representation in Brussels and thus include both national and EU –level into their political action.

Small companies often rely on collective action, which is less resource intensive than individual action (Veber, 2008). Small businesses are also more likely to rely on a third party and it allows political representation that is tailored to the needs of the company. There is also no heavy financial burden, and political engagement is temporary and can be withdrawn easily under difficult circumstances. These advantages make third party option inviting to the big players as well.

There are several ways of dividing lobbying delegation, one way recognizes direct representation, joint forces, and commercial lobbying, and another describes euro groups, in-house lobbyists, political consultants and regional offices (Michalowitz, 2004). The latter one is more reflective and therefore will be used in this subchapter. However, not consultancies, but companies behind matter.

2.2.1 Euro groups

The term Euro groups refers to umbrella associations on the European level. They consist of small national companies and concentrate their work on technical and political lobbying concerning European legislation (Michalowitz, 2004). Euro groups have the same characteristics as mobilisation capacities, organizational structure, range of interest representation and services and common interest for representing. These groups were identified to have direct, indirect or mixed membership structures. Van Schendelen (2005), for example, therefore distinguishes homogeneous, heterogeneous and also established and ad-hoc groups. These different structures may be resource for further conflict amongst members, and therefore weaken the whole association. While the national association have principal-agent relations amongst each member, the association as a whole is principal with regard to the European association (Michalowitz, 2004).

However, these associations are an important instrument for private actors for several reasons. They have an impact on European decision-making and this fact may be highlighted for private actors.

2.2.2 In-house lobbyist

Whenever a company decides to employ personnel in Brussels, possibly through its own public affairs office in Brussels, this employee is often named ‘in-house lobbyist’. This term comes from USA and it is used for lobbyists directly employed by companies. However, actors on the field of lobbying in Brussels do not have to choose only collective delegation. There are also non-collective options as in-house lobbyist or political consultants (Michalowitz, 2004). This way of interest representation can be employed either when Euro groups do not perform well or are inefficient in certain areas or when companies want to get engaged themselves to cover their vital interests.

This additional department of the company is recognized as a normal part of the company and compensates the lack of power of its principal. The in-house lobbyist will solely represent the company's interests. There is no need for any compromises compared to previous option of interest representing.

2.2.3 Political consultants

This option of interest representation is often not considered as true agents of lobbying. They are either distinguished as a political consultants, economic and management consultants, or public relations companies. They are marked as illegitimate members of the business due to their representation of somebody else's interests depending on the clients they were hired by (Michalowitz, 2004). They are often regarded distrustfully, because it is difficult to believe that information passed on to them not go to be given to another client later in the time. This doubtful image is partially caused due to a number of misbehaving colleagues.

However, using a consultant may be helpful in order to develop a public affairs strategy and in order to lobby when their own lobbying would not be successful or effective. On the other side, for those who are hiring a consultant could be a problem to build up a relationship of trust with the institutions (van Schendelen, 2005). Of course, political consultants have other, more direct working methods, compared with already mentioned options, and MEPs want information on policies and only after that technical expertise, economic advice and advice on public consequences from consultants. But those political consultants are often considered to be too aggressive and are heard with scepticism due their representation of someone else's interest, not their own.

At the same time, political consultants seem to be a cost-effective way of punctual lobbying; they can be hired on a short-term basis and thus are quite flexible. Many companies interviewed during the contact phase in Brussels were these political consultants. They consider the admission of being a lobbyist the disadvantage due to its negative connotation.

Moreover, this is may be cheaper than employ an agent permanently. Their activities consist of monitoring, lobbying, and crisis and issue management. And, if their client fails in gaining influence whilst following their instructions, political agent will fail as well.

Comparing to the other options, where the actors were identified with their employers or members, political consultants always act on behalf of their client. They can be more often controlled because they need to follow the contract when carry out principal's interests. Of course, they are independent companies, but it does not mean they cannot be fired.

Whereas in-house lobbyists and associations are hired or joined for a long-term task, political consultants in general serve as complementary tools on a short-term basis.

2.2.4 Regional offices

The last option discussed is the one of regional interest. Most European regions are represented with their own office in Brussels. These offices do not possess any legal status; they are 'only' listened as voices of European areas with a mandate to represent their regional authorities or governments, in other words, they are bodies in between a public and a private status. Their scope of functions is closely linked to the structure of their nation state. The most important motivation is rather economic; 'to the extent to which regional funding increased and regional authorities discovered that they could extract this funding from the EU, office for that purpose of monitoring and securing European funds for the respective region were establish' (Michalowitz, 2004:116).

Besides already mentioned monitoring and securing of funding, their other functions are according to Mr. Taunque (2008, 2009)[4] PR role of advertising their region and trans-European networking.

Their influence is rather large in informal way, but very influential at the same time, especially at the Council and Commission level. Moreover, their crucial role lies in the Committee of the Regions. Their potential is rooted in good quality contacts to facilitate the communication.

[4] Mr. Mandip Taunque is working for West Midlands (UK) representation in the EU as the European Business Advisor

The example of possible lobbying of SMEs is illustrated on the figure 9. Through regional organization any lobbyist can address EU institutions.

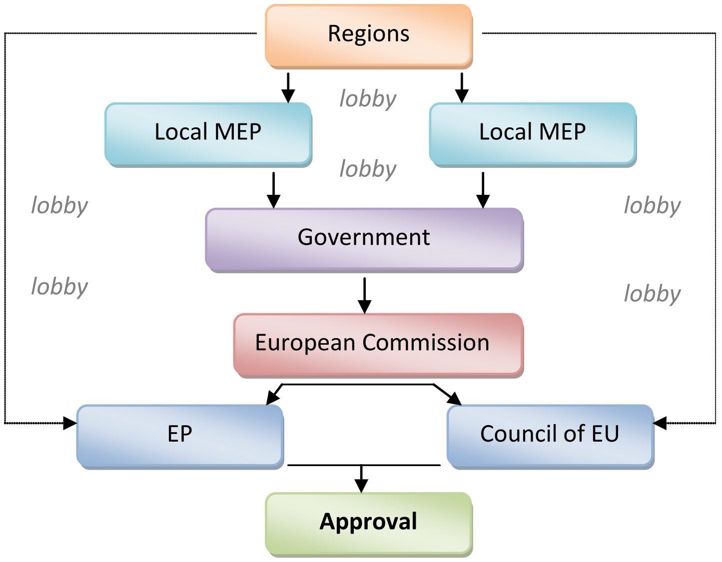

Figure 9: Proposed route through regions

In summarising this subchapter, it appears that lobbying actors seem to expect an improvement of their negotiation position from the employment of agents, but also from employment even more than one agent. Lobbying actors, in general, need to use a range of different channels, because relying on a single one can seem naive. By this activity of multiple agents representation companies can control them and compensate the missing knowledge of the system. This fact can be considered as highly strategic behaviour.

The macro- and meso-level analyses identified the main actors, certain features of principal-agent relations, and how they can yield in decision-making processes. The functions the agents are hired for as well as the kind of impact on the different decisions will now be subject of the next subchapter of the thesis, focussing on the micro-level. Communication techniques together with business lobbying strategies will be presented and on the basis of gathered information, last chapter will be conducted.

2.3 Micro-level analysis

The final part of the analysis outlines the typical corporate approaches towards lobbying, especially principal-agent model and public-private communication. This subchapter also analyses models and examples of how businesses communicate with EU institutions.

In lobbying, ‘goods’ are provided by lobbyists, and on the other hand, relevant officials and politicians from EU take the suggestions and interests of the lobbyists into the consideration. Because once a proposal is adopted, it may influence also the smallest companies in Czech Republic. However, power of EU is slowly growing and even if there are many competencies in the hands of member states, many regulations come from Brussels (Policies to overcome the crisis, 2009). Depending on who adopted which directive or regulation, one can lobby either on national or international level (Morrison, 2006). For the purposes of this thesis European level will be highlighted, although there are many similarities which can be used at the national level.

The EU and its machinery of decision-making full of links between the institutions, and its variety of external linkages with the Member States, as described above, provide an almost infinite number of access points through which to lobby EU authorities. However, the problem is not the shortage of information supplied, but an oversupply of potential routes to influence (Michalowitz, 2004).

2.3.1 Communication techniques

Lobbying is based on communication; the opinion needs to be actively offered to the decision-maker. This subchapter will characterize the profile of lobbyist, basic tools for initiating a contact with the interest groups, description of the process of lobbying, basic communication outline, primary rules of their behaviour and finally rights and duties of EU authorities when being lobbied.

Lobbying is according to the gathered information not for everyone. There are some characteristics typical for lobbyist as well as knowledge and assumptions needed. To become a lobbyist is not as easy as it seems to be. Anyway, these characteristics are essential for this profession: working experience; many appropriate contacts; certain inborn dispositions; proper mixture of assertiveness, strategic thinking, socialness, openness, resistance, fairness; skilful psychologist; great analytical and communicative capabilities; presenter of right arguments, at right time, to right persons, by right way (Pedler, 2002; Michalowitz, 2004; van Schendelen, 2005).

Lobbyists always call upon their communication skills and techniques which differ according to the person with whom they are talking and their objectives. It is therefore a specialised form of communication which aims to act as a lever by emphasising the usefulness of partnerships and influential targeted intermediaries rather than trying to influence the massive (Lobbying in the European Union, 2003).

Often it is not possible to gain hundred percent success, however, in this particular activity, even partial success is still a success. Additional outcome of this process is reaching a compromise with the opponent. Because anyone can never know with who will be lobbying tomorrow.

Each lobbyist should also consider, that given trust from both sides, client as well as authority, can vanish quite quickly. Unfair manipulators are only one-time lobbyists. Anyone would rely on the services provided by dishonest person.

Special attention is paid for the languages. Knowledge of English language is essential, together with French. German, Spanish and Italian are complementary languages ideal for Brussels lobbyist's profile.

Basic tools of lobbying are according to the Commission either formally created consultancy commissions or groups of experts or ad hoc informal consultations and consultancy, e.g. meetings, personal interviews with EU officers, monitoring the situation, expertises providing, etc.

In the initialization part of lobbying, any lobbyist needs to be aware of two main methods to lobby (not only) better. First is more or less theoretical so called window-out, it means collection of relevant information, monitoring and researching the other players, e.g. the background and the second - so called window-in is practical to use, building coalitions and deal with them, e.g. proper insight (van Schendelen, 2005).

The overall lobbying process can be divided simply to the four main stages: fact finding, analyses, influencing and follow-up. Identification of the EU institutions and associations network may enable a lobbyist to use the right message to a right person. Adapting the message to the interests of the institution addressed will help gain attention and influence decision-making. The earlier the lobbyist intervenes in the legislative process, the more effective he is. Most legislation is written at lower level, which may be a starting point for the lobbyist (Lobbying in the European Union, 2003).

At the very beginning, there are such clients, which are interested in creation an atmosphere, involving trust and credibility to enhance the group's future position. In the field of external communication any lobbyist may want to start by stating his/her opinion clearly, and making sure his/her message doesn't sound too complicated. It is very important for him/her to follow this step; never want any misunderstanding since he/she may lose the customer or client's interest. Internal communication is somewhat similar to the external one when it comes to techniques. He/she also wants to apply the internal techniques already mentioned to the external communication field. Though both internal and external involves communication, the way lobbyists communicate and what they communicate in these fields differentiates from a client to an employee. However, before any communication starts, there are several points to be followed (Lobbying in the European Union, 2003).

Systematic and continuous monitoring of the above mentioned EU processes ranks to a key element of lobbyist work. It is not thoughtless information retrieval of legislative proceedings and press releases, but it rather involves many forms of useful political intelligence. As a result of monitoring, there are development of a message related to public policy issues, and identification of the most appropriate or effective ways of communicating those messages to relevant politicians and officials. Generally, they can either use (1) the route of approaching policy makers on the basis of issues, which means that Politicians and officials generally accept that lobbyists often have a better understanding of the issues than they do. Lobbying hence acts as a bridge across which information can flow in order to ensure that policy decisions are better informed; or (2) promise access to decision makers, which means that it is not the academic background what matters, but knowing someone. However, last route they may use is (3) knowledge of the decision-making system and hence be able to deal with it efficiently.

Communication through delegates enables principal, the company, to dictate the conditions, and the agent to craft a strategy and organise the campaign. However, it is the client who primarily delivers the message directly to the authorities. In practice it is more common that these consultants are rather advisors of their clients on how to conduct their own lobbying of policy makers.

There are also essential rules to be followed by the interests groups, each of the form mentioned above, mainly the identification of the lobbyist and company which he/she represents, clarification of the interest represented by the lobbyist, no misunderstandings regarding his/her status or reason why he/she approach officers particular EU institution, no misrepresentation directly or indirectly his/her relationships with EU institutions, honour to the information confidentiality, no distribution of false information intentionally or unintentionally and prevent such acting, no selling of information documents for gain to third side, no information obtaining unfairly, avoiding any conflict of interests, no financial intervention towards EU officers, no proposals for activities creating unjustified pressure on these officers, employment of only citizens of EU interested in EU activities. Additional one claims anyone who breaks these rules automatically resigns.

Rights and duties of the EU officers when they are approached by lobbyists are not stated formally. There are only several topic normally stated in their working contracts as working for EU institutions: issues regarding accepting gifts, activity besides their main employment for EU institutions, employment after leaving employment for EU, treating with confidential information and documents, and conflict of interests when employing wife / husband (Lobbying in the European Union, 2003). However, in the European Commission, officers are trained how to behave with lobbyists. They have to check whether the lobbyist is registered and if he/she is not, maybe there is a problem with transparency. Therefore, it is important for a lobbyist being registered even if it is on the voluntary basis in the Commission.

2.3.2 Business lobbying strategies

As the actors, their behaviour, motivation and objectives were identified in previous subchapter together with detailed analysis of the decision-making process of the EU, this subchapter can be dedicated to different strategies and tactics of lobbying EU institutions.

Van Schendelen (2005:119) has developed a model he calls the "game of triple P" to describe some facets of the attempts to obtain political influence in a quasi-monopolistic manner. The game's objective is to make the playing field more unlevelled; its participants try to place the friendliest persons in the best positions in the most beneficial procedures. When others start to argue over the contents of the issue, triple P players have already prearranged the playing field and limited the other players' movements by their early settling of the procedures, positions and people favourable to their cause.

In general, the tactics and activities pursued by private actors fell into three broad categories:

(1) ‘techniques that are characterised by direct communication between lobbyists and governmental officials; these include private, personal representations before people in government; testifying before congressional committees; and formal legal action, such as litigation and interference with administrative proceedings;

(2) methods by which groups lobby through their constituents; for this, the professional staff act as intermediaries, stimulating lobbying by citizens toward their government; they may ask all their members to write letters or to participate in protest demonstrations; or they may ask individual, but highly influential, members or constituents to contact a key policy maker;

(3) groups may try to change governmental policy by influencing elections or altering public opinion; techniques of this sort are contributing money to political campaigns, publishing voting records, releasing research results, and public relations campaigns’ (Mc Grath, 2002).

More recently, Guéguen (2002:51) divided lobbying strategies in three categories:

- negative strategies consisting of a face-on opposition to Commission proposals or by proposing untenable counter-proposals; the farming lobbies provide the best illustration of these opposition strategies;
- reactive strategies in which prudence prevails over action and initiatives: monitoring, meetings and a small amount of public relations;
- pro-active strategies consisting of working constructively with the Commission in a spirit of partnership and credibility.

Whereas each lobbyist visiting EP needs registration[5], for approaching the Commission does not need any, it works on self-regulatory principles. Pro-active strategies are relatively rare, which is regrettable because the pro-active lobbyist also offers the legislator an authorised and competent technical opinion and credible proposals. Credibility moreover involves companies' and industries' capacities to build European alliances with consumers and ecologists. These types can also be called upstream lobbying, that is attempts to influence a matter before a decision has been made, and downstream, which attempts to influence the practical implementation of a decision. Most lobbying is made reactive or downstream, although this often can be too late to bring a significant result. This is closely related to the Principal-Agent model which was described previously. Its main features of P-A model are: delegated trust, better knowledge of the field, monitoring, control, all is on behalf of certain principles (Encyclopedia of business, 2010).

According to Coen (2002:261), successful lobbying requires companies to have established at least four strategic capacities:

- the ability to identify clear and focused policy goals;
- develop relationships and credibility in the policy process;
- understand the nature of the policy process and institutional access;
- look for natural allies and alliances to develop profile and access.

Besides, there are many alternative strategies such as "mappy strategy" and "outside lobbying". The mappy strategy is used if it is known whose objectives are in favour or against the lobbyism. They also use an outside lobbying to exercise a pressure on the local representative in mobilizing their voters. The public opinion by media is other strategy, in which there is a double objective which is to exercise an indirect pressure on elected people and at the same time create a positive image for the organization in order to legitimate its action. Other strategy is "inside lobbying", where lobbyists contact directly public decision makers in order to exchange information it gives the possibility to present a "position paper" which sums up the point of view of the interest group about public issues.

Push/pull strategy is adopted from business environment. A push strategy directs communication efforts at channel members, intermediaries, whereas a pull strategy

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[5] Further information of lobbying regulations is given in the subchapter 2.3.3

directs promotion at the end user. Many products, such as business products or information needed in this particular case, are promoted with a push strategy, involving personal distribution. Most end products would rely more heavily on a pull strategy where promotion is directed at the user to stimulate demand.

Lobbyists can use a political strategy. They choose the relation mode with public authorities' pressure and also they choose the action level. Different market strategies require different political strategies. For example, for international companies, the EU laws are vital for the development of their international operations.

James Stevens, Associate Director of Fleishman-Hillard, considers business lobbying extremely technical and hence detailed. He said, there is: 'no need to have a contact here, just go and make meeting. Only relevant person and perfect timing matters'. It is a circle, actually, of sending a message to the audience, which makes a response to the sender, and he can send another message to the audience. As the most difficult he assumes all process of issue identification, solution of the problem, constant communication and ability to create the relationship. When a lobbyist gets over these obstacles, he/she is getting closer to the set goals.

2.3.3 Lobbying regulation

Lobbying in the EU is regulated either by code of conduct or different practices. There is an organization, European Transparency Initiative (ETI), which claims there is 'nothing to hide'. Bodo Lehmann from ETI (2009) considers lobbying as legitimate activity in a democracy and useful for European Commission, which has the obligation to consult largely. ETI connects lobbying with fundamental right of freedom of speech. Therefore, Commission is open for everyone based on balanced consultations and getting in touch with day-to-day experts. The registration in Commission is still not required, hence for example think tanks register only once and the others are claimed as not representing. However, the need of having a broad view pushes the need for a clear and ethical lobbying.

European Commission took the action of being more transparent and hence enables all documents even the private ones being public and open consultations. Commission's aim is to get back citizen's confidence, because people are suspicious. Commission wants to open the black box. ETI's four pillars of transparency are:

registration, code of conduct, minimal standards for public consultations, and publication of the beneficiaries of EU funds.

Today, there are less than 10% registered. The advantages of registration are not only good reputation but also the fact of there is nothing to hide so why not being more transparent. To sum up, obligatory registration is to get to the Parliament, voluntary registration is for Commission. The registration in 2009 illustrates the table 4. In Brussels, there are 15-20 thousands of lobbyists and 24 thousands of employees in EC.

Table 4: Registration EP/EC (Turmes, 2009)

EP registered	EC registered
1750 organizations 3000 individual long-term passes 1609 express budgets	1382 organizations 5 law companies / 45 public affairs companies / 477 professional associations 305 NGOs 41 trade organizations

The situation in the Czech Republic is rather dissatisfied, because lobbying is neither regulated institutionally nor centrally, on the Parliamentary level or regionally. The concept of lobbying is derived from the conception of corruption, which is regulated by the law. The lobbying begins where ends a corruption, according to the law. Therefore there occurs the negative connotation. To avoid this conception, lobbying should be more transparent, institutionalizationed and self-regulated. The result will increase the status of lobbying in Czech Republic and its role in a democracy.

2.3.4 Success factors and indicators

Although the term success cannot be explained clearly in this context, this subchapter will outline several principles of successful lobbying. Assuming the lobbyist fulfils skills requirements from previous subchapter, together with proper communication techniques and knowledge of the system there are also other factors of success. In general, of course, one can claim that the more thorough the reflection, the better the chance of success, although there are never any guarantees. However, to be more precise, there is a need for better specification of how to create a success when lobbying. Van Schendelen (2005) summarises success by calling for a lot of ‘preparatory homework’ and ‘fine-tuned fieldwork’. So-called best practices are never permanently fixed, but are dependent on new insights and are thus constantly in development. Closer to the success can be those lobbyists, who are lobbying either for themselves, liaison offices or through interests groups, the important is the environment; the background, which can be now controllable, and of course the structure of the issue. Following features illustrates universally accepted principles of successful lobbying: skills requirements for lobbyists, agents' profiles / recruitment, managing the lobbying agenda, communication techniques, resources, and network building (Lobbying in the European Union, 2003).

Lobbying agenda should be adapted to the purpose of the lobbying, whether the purpose serves as prevention, reaction or action. However, its purpose is only an illustration. With a view to the number of variables to take into account, all definitions of successful lobbying often take the form of rather general advice.

In many companies dealing with professional lobbying the success is measured by retaining clients, different contacts and quality checks. They often accept also a partial success. But this is rather individual. For example, US Mission to the EU (2009) claims a partial success is only temporary, full success comes after the goal is achieved.

Zuzana Roithová, Czech MEP (2009), admits SMEs can be also successful when lobbying. Although they do not have appropriate financial resources, but their opportunity lies in contacting an umbrella organizations what they need and do not need. The biggest problem is according to her contacting too late wrong committee. It confirms the need of perfect knowledge of the system and structure of EU. Another fact is connected with argument presentation to the receiver. She highlights the need of truly diagnosis of the impact, for example, lower profit causes lower taxes. Moreover, better would be to quantify the results to be able measure the success. 'It doesn't matter who you are, but what you do', said Chris Haenen, Deloitte's Senior Manager for Grants & Incentives.

Naturally, the success of the corporate lobbyist differs from the success of the NGOs. Hopefully, it is not because of ability of business lobbyist present private interest as common goods. In the next chapter, efforts on 'un-generalization' the above mentioned will be provided together with particular proposals and their contributions. Following table (table 5) describes the key success factors according to the presentations of interviewed institutions; it includes private companies, NGOs, as well as regional representation.

Six key success factors were chosen (Saunders et al., 2003) and following actors were interviewed based on common interview rules (Geršlová, 2009).

Table 5: Key success factors based on interviews

	Right timing	Financial resources	PR	Importance of information	Knowledge of the system	Personal contacts
Fleishman-Hillard	Perfect timing: the sooner the better, chance to influence diminishes	Open for everyone to join, but it requires money	Media is the intermediary between people and institutions	-	-	Is not necessary
Burson-Marsteller	Timing is crucial if they know when they can act	-	-	-	One of the 5 main factors of lobbying process	One of the 5 main factors of lobbying process
KREAB	Read about current problems in newspapers is too late; late coming could be a key	Being a successful lobbyist does not depend on money	-	Identify the key aim of the legislation and bring proposal how this aim can be achieved	Understand the EU institutions and processes and its key decision makers	Create a connection to people; know somebody who knows how does it work
Athenora Consulting	Find the best moment to exercise pressure; it is important to lobby at the beginning of the process	Money does not matter if lobbying; money is equally important at all stages of the lobbying	It is difficult for public to understand the job of a lobbyist; they confound lobbying with corruption	There must be legitimacy in meetings with EU institutions; and to have information and expertises	-	It is important to have network contacts to have access to meetings and proposals of EU institutions
European Renewable Energy Council	-	-	The council established contacts to govern-ments to change attitudes and raise awareness	-	-	-
Conf. of European paper industries	Do not wait for other press releases to come up first	Money is not necessary; it doesn't save a mess	-	Success cannot occur without information	-	Good experts and networks are the key for success
West Midlands	It is not always the best solution – firstly find its own position	Money can execute campaigns and people to do the work	-	Key to know and follow the timetable of the process	Knowledge of EU institutions is important	It is important, but they can be created

3 Proposals and contribution

This chapter provides proposals based on information from the previous chapters and information gathered on the Erasmus Intensive Programme (edition 2 and 3, 2008 and 2009) on behalf of DEMI (Diplôme Européen de Management International) consortium of universities: Lobbyism and private-public interaction in EU institutions. During this IP many actors were visited, for example, MEPs, EU interns, partners, stakeholders, speakers, missions, European Commission collaborators, delegates, and representations. Their precise list is found in appendix 2.

The purpose of this chapter is to give a methodological apparatus which can be used as a starting point for anyone interested in lobbying EU institutions, especially SMEs.

So far, there is no unified algorithm of lobbying towards successful fulfilling lobbyist’s ideas. According to the literature reviewed, there are neither proper instruction guides for lobbyist, nor guaranties of success. Therefore, the proposals of the thesis are only considered as a recommendation and they do not guarantee any positive result. However, their respecting can significantly contribute to the quality improvement of the lobbyist’s work.

This chapter contains proposal of lobbying campaign, where the sequence of steps outlines the guide to this activity. Secondly, the proposal of communication and strategy of lobbying specifies the most important points and finally, the recommendations for low-cost lobbying of SMEs are given. There are tables, at the end of each subchapter, to summarize the given recommendations. The recommendations go from more general to the more specific actions of SME’s lobbying.

3.1 Lobbying campaign proposal

Following recommendations should help with orientation in difficult and complicated world of lobbying.

Firstly, there must be conducted the **analysis of the environment** together with current situation, which enable lobbyist to predict further development. Inevitably, any lobbyist needs to have a broad and deep knowledge of the structure of EU institutions, both their internal system and the interconnection. Every one of them needs to know who to approach with what issue. Furthermore, there is a need for solid orientation in particular political parties and current situation as a whole.

Secondly, besides the analysis of the environment, **how the system works**, individual capabilities need to be identified. It could be stated as a sum of experience, number of contacts to the right places and acceptability of the represented issue. This mix can show the real potential and point out the risks involved. The more resources lobbyist can generate by his/her own, the easier is the realization of any change.

Thirdly, it is useful to phase the lobbying process into several parts due to its complexity. It may facilitate the **project plan formation**. Skipping this part may lead to the fail right at the beginning. Features as lack of organization, incoordination, and untrustworthiness and hence lack of support often result in fiasco. Planning of lobbying should contain at least these steps:

a) Identification of objectives,
b) Current situation analysis,
c) Determination of budget,
d) Right timing,
e) Preparation of activities, their purpose and aims,
f) External communication,
g) Crisis scenario.

Fourthly, commence any lobbing without **critical thinking** and on one's own account is not quite reasonable solution. This area needs cooperation of more people from different background and profession, despite it may rather seem to be individual work of one lobbyist. The more co-operators are involved, the better the negotiating position is. However, at the very beginning, few categories of actors need to be stated. First of lobbyist's allies, second of those, who are not interesting for lobbyist, and third category of those, who may cause some problems, so called enemies. The latter mentioned are critical, not only due their opposed arguments, but also because being prepared for the worse belongs to the elementary overall preparation of lobbyist. It is interesting that many of common interests are lobbying separately, without putting their forces together. Instead of this fact, their cooperation may result in better negotiation position and hence bigger chance to succeed.

Fifthly, as a most neglected part it is considered the **creation of political map**. Simple table of who will be involved in the particular process, together with assigning proper weight may facilitate the situation even more than hours of discussing. The persons involved are most frequently MEPs, EU officers, NGO representatives, company directors, or national officers. On the basis of this simple table any lobbyist can form a strategy and tactics to approach these persons and to change their formerly negative attitude to the lobbyist issue.

Sixthly, the **precise list of arguments** has the same importance as the list of potential authorities for lobbying, but not as neglected. Plenty of arguments for making people to change their attitudes play crucial role in the process of lobbying. Without cogent arguments no lobbying takes place. Realize that there are many actors lobbying without any hesitation against each other, is the right way to succeed. Convincing and compelling facts are needed to be prepared for effective acting.

Seventhly, as the last part of initialization phase the **strategy based on people**, procedures and principles outlined above needs to be conducted. Strategic solution of co-operators, strategic determination of enemies, identification of key persons to be lobbied, and composition of political map are the basics. For claimed objectives can be used different tactics, e.g. planning different meetings, presentations and timing. These can enhance into detail the overall lobbying strategy.

Eighthly, after the long initialization phase, which is neither reasonable to underestimate nor drag out to miss the right timing, comes the **implementation** of gathered facts into practice. Whereas direct lobbying is the most effective way of lobbying, there are still some constraints. It is the most difficult way of representing the interests and changes. However, EU institutions are within the bounds of possibilities quite open, for example, to make an appointment, especially MEPs, where the potential of the lobbyist has a chance to be employed.

Ninthly, to prevent many unpleasant surprises there is a need to see the future, of course, figuratively speaking. **Monitoring** of relevant legislation should now be one of essential tasks of company management. Tobacco companies, pharmacy companies, and steel companies can be considered as an example of good monitoring of relevant legislation. Their bases are similar in longevity and strong state regulations. Therefore, they need to monitor the development and immediately reply on proposed changes.

Companies underestimating the monitoring are losing the natural privilege to express their opinion and possibly carry through their own claims.

Tenthly, as in many other areas, also in lobbying it is important to carry out **last analysis**. Despite it is possibly the only one lobbying campaign, the chance of another needed is high. For effective use of previous experience it is needed to make regularly notes during the whole process, both positive and negative.

For example, in the European Commission where it is quite difficult to talk with the outside world, a lobbyist needs somehow promote himself/herself. Once the Valentine's cards, commix, ads in the news, leaflets, and brochure were used to promote one issue. Aggressive lobbying is not an exception.

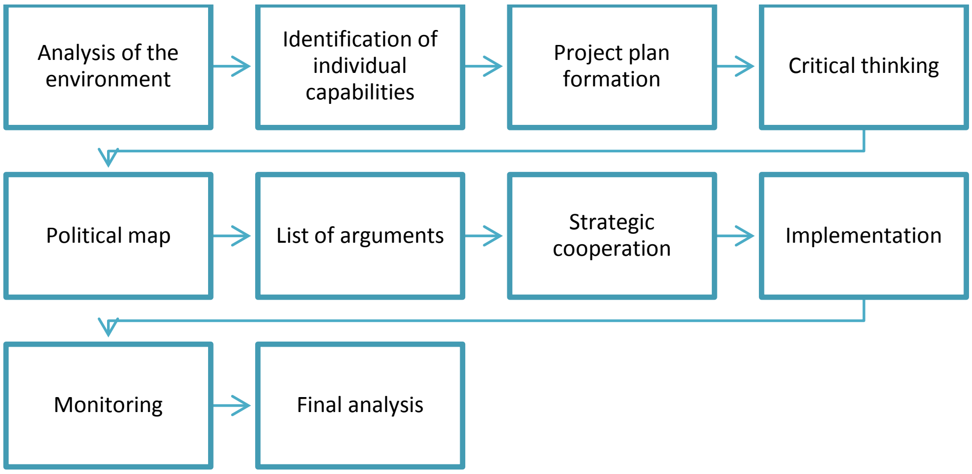

Figure 10: Proposal of lobbying campaign

Figure 10 summarises the offered recommendations for SMEs, starting with initialization, than implementation phase and ends with the final evaluating phase.

3.2 Communication and strategy proposal

On the basis of detailed analyses above, several recommendations for successful communication, together with construction of potential strategies as a framework will be outlined:

- *Right timing* – anticipation of authorities' future thinking by cultivating the relations with officials on EU level, and on national level, too.

- *Looking for allies* – coherent lobbying is more powerful and have more weight. Officials in general can be frustrated when more than one pressure group says more or less the same thing but differently. It only leads to confusion.

- *Positive thinking* – being optimistic and patient can be useful.

- *Punctilious attention to detail* - The saying 'the devil is in the detail' is one to bear in mind. Often it is the detail of draft directives (such as annexes laying down technical specifications) which leads to 'the law of unintended consequences'. Officials and parliamentarians will be grateful to anyone who can help them to avoid making ‘fools of themselves’.

- *Cooperation with permanent representations* - Permanent representations are a valuable resource. They regard it as part of their job to get the best possible deal for their country. Within the limits of their professional obligation to be impartial, as between one national interest and another, they can be very helpful in keeping a lobbyist-beginner informed about what is going on and even on occasion be prepared to make suggestions as to tactics. It is a part of their job always to be absolutely up-to-date with the progress of a piece of draft legislation as it makes its way through the Brussels process.

- *Cooperation with national representations* - MEPs, members of ECOSOC (Economic and Social Comitee) and of the Committee of the Regions are there to serve national interests, irrespective of the political party to which they belong. Members of lead committees, especially ‘rapporteurs’ and draftsmen, are therefore important contacts.

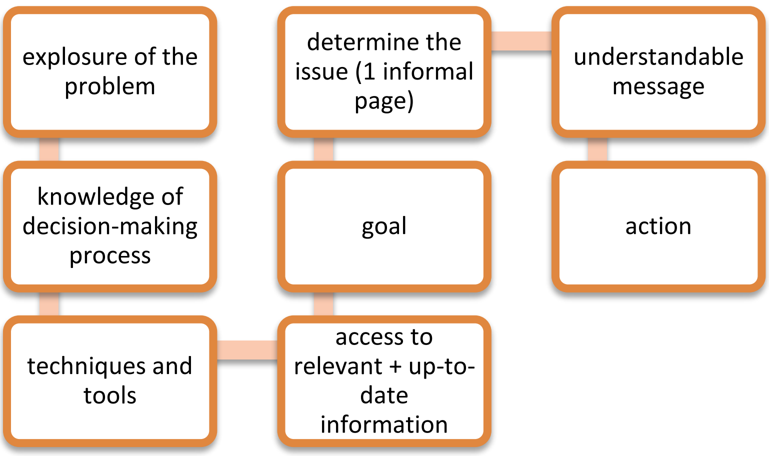

Figure 11: Possible strategy proposal

Partly based of above mentioned, the illustration of lobbying strategy is outlined on figure 11. It does not matter, whether a company choose downstream or upstream lobbying through principal-agent model, the structure is more or less the same.

As observed on different lobbying companies' presentation, these tools can be used: one-to-one meeting, list of good arguments, prepared tailor-made presentation according to the audience and web pages.

Besides these observations, further set of recommendations can be provided to increase the chances of successful corporate lobbying. These recommendations are not in chronological order; they should rather serve as a check list. Any small or medium-sized company can enhance its lobbying by going through these suggestions to strengthen its position. At the end, the example of check table is outlined on table 6.

1) Need for **self-convincing** of represented interest's importance, the self-support the claimed interest, but not to the exclusion of comprehensibility. Sender of the message should attain receiver's attention. The presentation of the message should not take more than 3 minutes. If the message is interesting regarding the listener's opinion, it is the half of the success. Brief demonstration of facts is well-taken; all scientific diagrams can be presented lately.

2) Clear **definition of objectives** is more difficult as it seems to be. Without specific objective the final state cannot be measured with desired and therefore any success can occur.

3) As **broad knowledge** as possible, nothing must be surprise, and every possible development of any situation must be well prepared. It is the information which is the milestones in the campaign; moreover, campaigns are often based on such information. By putting a question, one can successfully find the information needed.

4) **System understanding** is no longer needed to be highlighted. It is the absolute basics for playing this 'game'. However, the action, which is anticipated from the authorities of the lobbyists, is their constructive preparation and analyses. Any emotional expression is not applicable; they prefer expertises, reports, and projects to become enriched.

5) Keeping a **political correctness** in every moment when lobbying. Any former political activity does not matter, however, being political active whilst lobbying is absolutely unacceptable.

6) Become a **serious and competent partner** for negotiation means more quality approach of the receiver of the sending message and the exchange will have better results, even over the long-term.

7) Due to the **knowledge of the counterpart** and his strategy, lobbyist may adapt his/her own strategy. The counterparts may be interested in crashing lobbyist's strategy and from a little imperfection he can create a huge argument against lobbyist's presentation.

8) **Alternative support** searching, mainly in the ranks of branch professionals, seems to be useful due to its publicity and professionalism. Support of media and sportspeople is also quite effective.

9) **Looking for allies**, suffering from the same problem, may result in positive cooperation of more numerous and more powerful group. The arguments will be more weighted and therefore more likely to be listened. It could provide a gateway, advising each other how to do this and that. Through making a position, they can lobbying. Paradoxical is the fact, after lobbying campaign, when the action is over, it is not possible to know to what extent lobbyist's activities were successful, because in Brussels, there are lobbying thousands of people hence the contribution of a single one lobbyist cannot be measured.

10) Differentiate approach to different entities; there is **no universal strategy** which can be used thoroughly. Firstly, there is a need for end receiver identification; secondly, the tailor-made approach will be applied. Because for example, the campaign for MEPs won't address the officials of the ministries. However, all techniques used must target to the stated objective.

11) Media means unmistakable tool for being heard for almost no effort or dedicated time. The strategy of **going public** is connected with the media as TV, radio, internet, etc., and they can reach the right ears. Due to its seriousness many MEPs respect publicised issues and negotiation may take a new direction.

12) Sometimes may happen something accidentally, **being flexible** and open-minded may facilitate the new situation. Not only the final analysis of the campaign is necessary, but also the rolling plan. Mainly due these accidents, when completely new tactics and even strategy may take place.

13) Have **courage for radical changes** during the already commenced process.

14) **Being initiative** and supply the authority which is lobbied with new and up-to-day information.

Table 6: Checking table

	Questions	Availability
1)	Am I self-convinced about the issue represented?	
2)	Are all objectives well defined?	
3)	Do I have enough information?	
4)	Do I have proper knowledge of the system?	
5)	Am I politically correct?	
6)	Am I serious and competent partner?	
7)	Do I have enough information about the counterparts?	
8)	Are there any alternative support?	
9)	Are there any allies?	
10)	Am I using unique strategy?	
11)	Is there any possibility to involve media?	
12)	Am I flexible enough?	
13)	Am I courageous enough?	
14)	Am I initiative enough?	

This table (table 6) should serve as a checking table when a small or medium-sized company think about starting with lobbying. By answering these questions, any lobbyist-beginner is able to identify his/her abilities and future prospects. It should also serve as a guide for advanced lobbyist just to be sure he/she includes everything needed. This checking table helps to avoid embarrassing situations, too. For example, sometimes may happen, that the issue represented is rather urgent and the situation needs immediate action. Going through this table takes few seconds and may save not only the overall process of lobbying but also lobbyist's reputation.

In summarising part of this subchapter, ten points were chosen and highlighted for better understanding of the issue, as illustrates the table 7, in alphabetical order. They all are based on table 5 from the analytical part. Despite the fact, that approached organizations identified 6 main success factors, following table provides 10 points of being well prepared for the success.

Table 7: Ten points of being well-prepared

be up-to-date, pro-active and alert
be registered
clear strategy
feel the difference between lobbying and corruption and respect it
perfect timing
good preparation for meetings, right technique
knowledge of the system, target the relevant person
maintain all communication channels open, look for allies
present the coherent and concise issue clearly and briefly
support long-term relations with authorities, network building

3.3 Proposals for Czech SMEs

In lobbying, it is quite difficult to come with tailor-made solution for a particular company without practical knowledge and experience. My recommendations will therefore focus on academic contribution, mainly on the small Czech companies.

These companies suffer most frequently from limited resources and ineffective management. The proposal will hence cover these two factors and adapt them into the small-company lobbying. Based on already given recommendations, few more will be outlined mainly regarding the unfavourable conditions of SMEs, financial resources.

Czech SMEs can either contact local parties and public authorities, or approach the EU authorities, where the consultations are open.

Following paragraphs will deal with special type of lobbying campaigns, for companies with limited financial resources. It could be called low cost lobbying. Traditional concept of lobbying highlights the importance of financial investment in the campaign, however, it is not only money what matters, but more successful can be lobbyist if he invests time, energy, imagination and information.

As a matter of fact, lobbying has negative connotation and can be confused with corruption. Therefore, many potential actors are discouraged and rather put their hands off lobbying. On the contrary, purity and ethics can rid lobbying from corruption and help to expose the myths: it is process driven by the lobbyist, not the opposite.

Traditional myth of lobbying assumes lobbying is only for huge multinational companies with great budgets. Today, the trend aims towards medium and small companies, which can be connected through many associations. These companies have big dreams but low budget.

Of course, the more experienced lobbyist is, the more successful can be. However, this vague fact needs to be explained deeply. The success is conditioned by good estimation of counterparts, moreover, the receiver of his/her message. Lobbying communication is to a large extent related to the psychology. Many processes are done subconsciously; hence first 10 seconds decide whether the lobbyist may continue in his/her speech. To some extent, psychological repeating of arguments may the campaign facilitate, but not in the first 10 seconds.

The recommendation of maintenance all communication channels open was given in the previous subchapter, more precise explanation contains guide how to maintain each contact, enlarge the group of people to contact, listen them and follow their advices, and also traditionally, then it is easier to be heard. The supplementary success to the intended goals is the number of contacts.

Sometimes may happen, that lobbying campaign ends when all objectives are met. However, if the budget is tight and the interest of being heard continues, then it is useful to take care of established contacts. The continuous relations not only with authorities, but also with anyone in Brussels (never know with who will be lobbing tomorrow) may enhance future negotiation.

Advices concerning analysing the field, lobbyist's counterparts, authorities and actors in general underestimate the power of another lobbyist, lobbying for the same issue. Their identification and cooperation help in successful lobbying. The activities would be broader and costs diversified. This type of lobbying can be called 'fusion lobbying' and is mostly used by SMEs.

Using any type of lobbying communication and any strategy, employment of visual tools may be more useful as it seems to be. Visualization helps in memorability of the represented issue. For example the traffic lights, this visualization is well known in all over the world, hence analogically this could be used also in lobbying campaigns.

Latter mentioned factor of success together with respecting receiver's position by offering information instead of asking for an influence belong to two critical politenesses. Respecting the someone else's daily schedule and representing interesting issues to the right persons seem to be clear, however, lack of humbleness may cause serious future troubles. Better a lobbyist should ask what he/she can offer to the authority than what the authority can influence in favour of the lobbyist.

In addition to above pointed, different lobbying strategies and communication techniques should be employed, even though there is only little budget. Adaptation of these activities to the lobbied receiver of the message is absolutely crucial. Approaching different people by the same tools may sometimes amuse these people, but never meet the intended goals. Lobbyist should know the system of decision-making in EU, together with the associations, and only then try to approach them. Otherwise it is wasting of his/her time, moreover even wasting of time of those officers and missing a unique opportunity. For example, approaching all MEPs may be useful, green MEPs more useful and green MEPs from Spain would be the most useful for Spanish lobbyist.

Today, the technological process is inevitable. Using tools which are based on modern technologies – and are often for free – is simple way of attaining receiver's attention. And it is not only the internet, but also other modern conveniences. Any kind of technophobia would be fatal in these times.

However, as telephones are rather obsolete these days, using phone-calls instead of e-mails is evidently more effective. On the contrary, using phone-calls can never replace personal meetings. It is these meetings where the lobbyist can use his/her charm and represent the issue to the best of his/her abilities. Lobbying is a dialog, lobbyist will speak or write (a shot, for example) a receiver will answer. Through phone calls can also take place a monitoring. Besides the checking the websites and available public sources which are already obsolete today, to create a network a lobbyist can lift a phone and ask. For example, who are in the committee, because it is not a secret.

Comparison of traditional lobbying of MNCs and SMEs is outlined in table 8.

Table 8: Comparison of MNCs and SMEs lobbying

Lobbying of MNCs, traditional lobbying	Lobbying of SMEs
Importance of financial investment	Time and energy investment, imagination and information
Often great colossus of non-transparent lobbying	Potential for pure and ethical lobbying
Traditional players are these MNCs	SMEs are connected in associations
Expensive well experienced lobbyists	Lobbyists with knowledge of psychology
Often impersonal approach	Maintaining each contact and create a relationships from it
Campaign ends with achieving a goal	Continuous relations with established contacts
Analysis only of the field, counterparts, authorities and actors	Analysing also other lobbyists, if possible, to find an ally: fusion lobbying
Huge campaigns, often too aggressive	Visualisation, no underestimation of audience, politeness, personal approach, respecting receiver
Often campaigns of single-tool or universal one	Different tools employment, unique strategy
Technological advantage	Many technologies for free
Formal routes and procedures	Informal one, due to personal approach

Basic recommendations of low-cost lobbying are summarized in figure 12. Although all these recommendations may be used even by MNCs, for SMEs they have special impact. Those companies do not need rich budgets to be heard, and these recommendations should help them in representing their issues. These ten recommendations include the basic format of message-format-people-time.

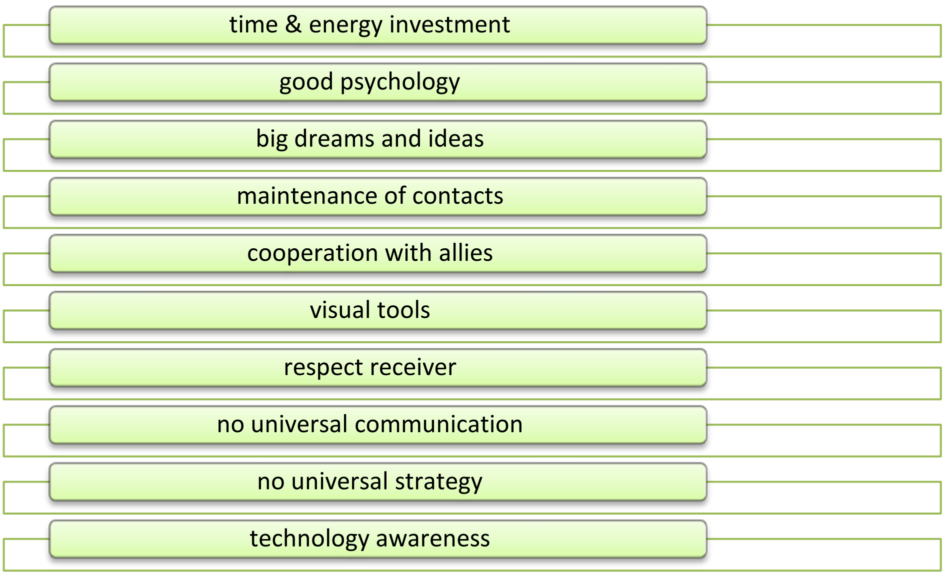

Figure 12: Recommendations for SMEs

However, there are some problematic issues regarding lobbying, apart from negative connotation with corruption:

- Revolving doors and privileged access,
- Lack of transparency in lobbying (for example Exxon mobile),
- Advisory and expert groups.

As far as Czech environment is concerned, these organizations may be useful to contact. CEBRE, which is based in Brussels and managed by Mr. Kadera and Ms. Vlačihová and protects the interests of businesses, mainly the administrative pressure of EU directives and regulations. CzechInvest supports Czech SMEs mainly through information regarding this issue. UEAPME (Union européenne de l'artisanat et des petites et moyennes entreprises, in English The European Association of Craft, Small and Medium-sized Enterprises) represents the interests of crafts, trades and SMEs at EU level. They monitor the EU policy, represent SMEs' interests, and support its members academically, technically and legally. Another organization is BUSINESSEUROPE, which plays a crucial role in Europe as the main horizontal business organisation at EU level and represents 20 million companies from 34 countries. Its main task is to ensure that companies' interests are represented and defended vis-á-vis the European institutions with the principal aim of preserving and strengthening corporate competitiveness. Eurochambres represent, serve and promote European Chambers of Commerce and Industry through strengthening the voice and position of European Chambers as significant, respected, valued influencers of EU affairs on all major economic issues. It has 46 members from all Europe, even from countries which are not members of EU. These institutions are lobbying directly at EU institutions either through national ministries, or directly with amendments. All these institutions cooperate with the European Economic and Social Committee (EESC), which is a consultative body of the European Union. This committee gives representatives of Europe's socio-occupational interest groups, and others, a formal platform to express their points of views on EU issues. Its opinions are forwarded to the larger institutions - the Council, the Commission and the European Parliament. It thus has a key role to play in the Union's decision-making process.

Example of the association for MNCs is European Round Table for Industrialists. ERT is an informal forum bringing together around 45 chief executives and chairmen of major multinational companies of European parentage covering a wide range of industrial and technological sectors. ERT Member Companies' actions help to strengthen and support some of the key enabling conditions which trigger innovation and entrepreneurship elsewhere in the economy. Enabling conditions are part of the external business environment within which economic activity takes place, and are the result of actions undertaken by governments, public institutions and those in private sector.

Cooperation with these umbrella organizations, associations, agencies and committee is more than worthwhile, especially for Czech SMEs.

3.4 Lobbying contribution

From the analyses conducted in previous chapters, anyone can become a lobbyist representing someone else's interest, which is influenced by EU activities. Any company should be aware of this fact, because leaving this activity to the more active companies to press their interests may cause a blind following of the rules dictated by these companies and their interests. Any company can participate in this process, only by the knowledge of the rules – processes in the EU, or by paid representation – and became actively involved in the process of creating competitive advantage. However, it is no longer a game only for multinational companies. It is the only way to partnership with the EU authorities and worldwide organizations, without which it can be hardly imagine the overall process.

Conclusions

Lobbying in many countries has a quite negative connotation as it is connected to bribery in public opinion. However, lobbying is an important activity for the European Union as the Institutions do not have all the expertise and knowledge needed to make proper decisions. Lobbyists offer consultations and expertise and in return they try to influence the decision-making process and the legislation according to their interests.

Business lobbyists try to reinforce their power by forming different associations such as UEAPME and BUSINESSEUROPE. The crucial key success factor is to find a consensus and compromise between different opinions and interests in order to gain results which benefit everybody and to maximize their profits. However, also individual players can succeed. For them the key success factors are the right time to get involved, to find the right people they want to influence and at the right place. The place can, for example, be the Council of European Union, European Parliament or European Commission.

The important thing is to have a comprehensive arena analysis, and also decide if they need any third party, and whether they want to lobby in the EU or national level. The company’s size and targets affect those factors.

The business representation is increasingly showing a determination to influence rather than to monitor and respond to events in Brussels. By encouraging EU legislation, public and private lobby groups can overcome irritating domestic situations and thus benefit the whole EU. By blocking the legislation process, they can save domestic situations pampering their interests. Their incentives have changed from social interaction and information gathering to economic gain and political lobbying.

The objectives of this thesis were the analysis of the size and importance of the business lobbying sector in Brussels, communication models of businesses and EU institutions and based on these analyses give recommendations for low-cost lobbying of Czech SMEs.

The thesis was divided into three main chapters, which were subdivided as needed. Firstly, all relevant issues were summarized in theoretical foundations, to give a basis for further analyses and recommendations. Those issues were mainly concerning communication process, strategy formation and also the concept of the term lobbying.

The latter mentioned was supported by the historical development and clear specification from the corruption. There were pointed the potential benefits for the companies, too. Secondly, the analyses of the current situation were subdivided to macro-, meso- and micro-level analyses. These analyses examined the actors, possible intermediaries and their proper communication techniques, strategies and key success factors if lobbying. Thirdly, the appropriate proposals and contribution was outlined. The given recommendations were focused on low-cost lobbying of Czech small and medium-sized companies, namely the proposals of lobbying campaign and adequate communication and strategy of lobbying. The logic of this part goes from more general to the more specific suggestions for Czech SMEs. In the concluding part, the findings were summarized. The reference list and two appendices are the following integral part to the thesis.

All findings and analyses were supported of the appropriate literature review; up-to-date information was based on latest articles from electronic databases. Analysis, synthesis, observation and interviews were methods used for this thesis.

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List of abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFSP	Common Foreign and Security Policy
DC	District of Columbia
DG	Directorate General
EP	European Parliament
ERT	European Round Table for Industrialists
ETI	European Transparency Initiative
EU	European Union
MEP	Member of European Parliament
MNC	Multinational Company
NGO	Non-Governmental Organization
PR	Public Relations
R&D	Research and Development
SMART	Specific, Measurable, Attainable, Relevant, and Time-bound
SME	Small and Medium-sized Enterprises
UEAPME	Union européenne de l’artisanat et des petites et moyennes entreprises, in English The European Association of Craft, Small and Medium-sized Enterprises

List of Appendices

Appendix 1

Member states of the European Union[6]

State	Joined	Population	km²	GDP	Capital	Languages
Austria	1995	8,372,930	83,871	38,838	Vienna	German
Belgium	Founder	10,827,519	30,528	35,421	Brussels	Dutch French German
Bulgaria	2007	7,576,751	110,910	11,900	Sofia	Bulgarian
Cyprus	2004	801,851	9,251	28,544	Nicosia	Greek Turkish
Czech Republic	2004	10,512,397	78,866	24,093	Prague	Czech
Denmark	1973	5,547,088	43,094	35,757	Copenhagen	Danish
Estonia	2004	1,340,274	45,226	17,908	Tallinn	Estonian
Finland	1995	5,350,475	338,145	33,555	Helsinki	Finnish Swedish
France	Founder	64,709,480	674,843	33,678	Paris	French
Germany	Founder	81,757,595	357,050	34,212	Berlin	German
Greece	1981	11,125,179	131,990	29,881	Athens	Greek
Hungary	2004	10,013,628	93,030	18,566	Budapest	Hungarian
Ireland	1973	4,450,878	70,273	39,468	Dublin	Irish English
Italy	Founder	60,397,353	301,318	29,109	Rome	Italian
Latvia	2004	2,248,961	64,589	14,254	Riga	Latvian
Lithuania	2004	3,329,227	65,303	16,542	Vilnius	Lithuanian
Luxembourg	Founder	502,207	2,586	78,395	Luxembourg	French German Luxembourgish
Malta	2004	416,333	316	23,583	Valletta	Maltese English
Netherlands	Founder	16,576,800	41,526	39,937	Amsterdam	Dutch
Poland	2004	38,163,895	312,683	18,072	Warsaw	Polish
Portugal	1986	11,317,192	92,391	21,858	Lisbon	Portuguese
Romania	2007	21,466,174	238,391	11,917	Bucharest	Romanian
Slovakia	2004	5,424,057	49,037	21,244	Bratislava	Slovak
Slovenia	2004	2,054,119	20,273	27,654	Ljubljana	Slovenian
Spain	1986	46,087,170	506,030	29,689	Madrid	Spanish
Sweden	1995	9,347,899	449,964	35,964	Stockholm	Swedish
United Kingdom	1973	62,041,708	244,820	34,618	London	English

[6] Based on:
Eurostat [online]. 2010 [2010-08-03]. Total population. WWW: http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tps00001&tableSelection=1&footnotes=yes&labeling=labels&plugin=1.
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Appendix 2

The list of interviewed institutions during IP contact phase in Brussels

EU institutions:

- European Commission
- European Parliament (MEPs)

NGOs:

- European Transparency Initiative
- European Renewable Energy Council
- Confederation of European paper industries
- EUROSTEP
- FEANTSA

Regional Representations and Missions to the EU:

- West Midlands in Europe
- United States Mission to the EU
- Czech business representation CEBRE
- Catalan Representation in EU

Business:

- Fleishman-Hillard
- Deloitte
- Burson-Marsteller
- KREAB
- Athenora Consulting
- Kellen Europe