Influence of business firms on the government
An investigation about the distribution of influence in the Netherlands Society.

Discussions about 'influence' and 'power' have evoked intense emotions in the last few decades. In the U.S.A. this happened for example in connection with The Power Elite by C. Wright Mills. In The Netherlands too, similar discussions are being held. In the opinion of many people, influence and power lie at the root of numerous social problems. Who is to be called 'influential' or 'powerful', however, seems to depend on the stand one takes, rather than on the facts.

In the social sciences there is distinctly a lack of good methods to determine influence and power. The four methods used most often, all use data that are very 'indirect' (positions, reputations, participation in decisions and sociometric patterns, respectively). Because of these superficial indicators, one does not measure with these methods what one should actually measure. In this study, a new method is outlined to determine 'influence', especially influence on the Government. In these days the Government has at its disposal large quantities of 'scarce means' – money, authority – which are being intensively desired by its citizens, their pressure groups and their organizations.

'Influence' may simply be taken to mean: the extent to which the problems of the citizens have been solved by the Government. Hence influence may be represented by a simple index, namely by the number of 'effects' one has achieved. Now the central question is: who has much influence and who only little – hence what actually is the distribution of influence.

The field of investigation chosen for this study is that of the influence of Dutch business firms on the Government, more specifically with respect to waterways, bridges, locks, etc. A sample was drawn of 130 business firms, namely:
73 shipyards;
57 'other' firms, depending on waterways.
The managing directors of all these firms were interviewed.

In accordance with our method, we acted as follows:
1 – we observed the problems of the firms;
2 – we ascertained whether for these problems influence-attempts (interest-
demands) were made with the Government;
3 – we examined whether these influence-attempts were successful.

The number of successful influence-attempts forms the final measure for
influence. This measure tells us only little concerning the question, as to
with which 'party' possible differences in influence arise. For influence may
be due to the activity of the firms, but just as well to a willing Government.
In order to examine this more closely, we have split up influence into three
'influence aspects', based on combinations of the elements (1, 2, 3) just
mentioned.

Two aspects characterize the business firms, namely:
a – Latent anticipation – this is the extent to which a firm is aware of its
problems annex 'influence possibilities'.
b – Manifest anticipation – this is the extent to which a firm makes influence-
attempts with the Government for the solution of its problems.
The third aspect specially characterizes the behaviour of the Government
(making decisions):
c – 'Tested influence' – this is the extent to which the 'influence-attempts' of
a firm are successful.

Our method completely meets the well-known objections Bachrach and
Baratz raised against the decision-method.

In our investigation we tested a number of current hypotheses. The main
results of this test are the following:
Our main hypothesis: that large firms have more influence on the Govern-
ment than small ones* – was not confirmed with respect to two out of three
'influence aspects', namely 'tested influence' and manifest anticipation (chap-
ters 6 and 7).
This result is especially surprising so far as 'tested influence' is concerned. It
means that the decisions made by the Government are not relatively to the
advantage of the large firms. By way of illustration we might also mention
that in our investigation we did not find any indications for a compara-
atively great influence of the branches belonging to multinational concerns;
so this is contrary to a view that is very prominent at present.

* In this study the number of employees of a firm is indicative of its size.
Manifest anticipation does not vary with the size of the firm either. Only latent anticipation – the number of problems the firms itself perceives – increases when the firm is larger.

The second hypothesis stated that, when various firms form coalitions in order to influence the Government, this influence will be greater, as the size of the coalition is larger. This hypothesis is in a way confirmed by our data (chapter 7). We also found indications that the influence of the coalitions was greater when there were 'spokesmen' (e.g. interest organizations, municipal authorities). This result, which was especially manifest in case of small-sized coalitions, points to the significance of the 'degree of organization' of the coalition.

The first and second hypothesis are both derived from a basic hypothesis, namely that the influence of comparable societal 'parts' is proportionate to their size. This most general hypothesis is not confirmed in case of separate firms, whereas in case coalitions of firms, it is.

As incidental result we found that the degree of participation in the activities of the coalition was practically equally high in case of large and small firms. This result differs considerably from that of collective actions, which we investigated in other projects (cf. Braam and Swinkels, Sociologische Gids, 1969). In these collective actions – where the interests of many more firms were involved and which bore a more emotional character – the larger firms participated very clearly to a larger extent than the small ones.

- The third hypothesis refers to the 'tested influence' only and has been formulated ad hoc. It states that the 'tested influence' – the extent to which the Government complies with the firms' interest-demands – will depend on the degree of growth of the firm. For this hypothesis we found fairly strong indications. The 'growers' appear to obtain from the Government relatively more favourable decisions than the 'non-growers' (see chapter 9).

- A number of additional hypotheses refers to the 'influence bases', of which we have traced whether they show any relationship with the 'influence aspects' (chapter 10).
   A – To our surprise the 'tested influence' does not appear to vary with:
   - expertness within the business firm;
   - membership of clubs, such as the Rotary;
   - 'particularistic relations' with public authorities.
   The 'tested influence' does vary with the extent to which one is a member of, or occupies a position in 'interest-organizations'.
   B – Manifest anticipation shows hardly any correlations with the various 'influence bases'.
   C – It appears that latent anticipation does not vary with the extent to which one is a member of, or occupies a position in 'interest organizations'.

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Under certain conditions latent anticipation may possibly vary with:
- expertness;
- membership of clubs such as the Rotary;
- particularistic relations with public authorities;
- cosmopolitan orientation.
(All those factors also markedly correlate with the size of the firm. Drawing conclusions about the separate significance of the 'influence bases' is not possible and maybe would not even serve any useful purpose. That is why I speak of 'possible' relationships here.)
Broadly speaking, 'tested influence' therefore only depends on the degree of growth and on the membership of, or the position in 'interest-organizations'. Latent anticipation, which indicates the starting points for influence, shows a relationship with the size of the firm and – probably closely connected with this – sometimes with expertness, clubs, particularistic relations, and cosmopolitan orientation.

From the results of the 'tested influence' we may carefully draw conclusions concerning the correctness of some assumptions taken from Mills' The Power Elite.
1. Mills' idea that there is an elite based on two grounds, namely common interests as well as social connections, does not hold good in the field of our investigation: the 'social connections' and the 'tested influence' do not correlate at all or only very slightly so.
2. There are indeed indications for the existence of elites on the ground of coincidence of interests. Our data do not, however, point in the direction of one closed elite, but to two distinctly separated fields: 'interest organizations' / Government growing firms / Government
On these grounds we must conclude there are elites that are, to say the least, partly separated.

The value of the 'position-method' and the 'sociometric method' could be examined. This value proved to be questionable.

Whether these results also hold good for other fields of influence and for other firms – is a question which, on the basis of one investigation with this method, cannot be answered.

Our hope that the method used to determine influence is more generally applicable, seems to be justified by the experience gathered during this investigation. Moreover, the method could also be useful in evaluation-research of Government policy, especially because the method can reveal in how far this policy causes inequality.