



Conference Proceedings

STRATEGY OF INFLUENCE AND LOBBYING OF SMALL AND MEDIUM-SIZE ENTERPRISES

Aleksandar Ružin¹

DOI: 10.5937/EEE24006R

JEL: D72

Review Scientific Paper

ABSTRACT

Small and medium enterprises have been identified as one of the essential levers of development in EU countries. These business entities have effects on the rest of the economic system in terms of job creation, product differentiation, and the use of local real production factors. The aim of this article is to focus on the benefit these companies could derive from the practice of influence and lobbying strategies. In EU countries, influence strategy still retains an unfavorable abstract and negative connotation. The influence strategy is based on two key levers: public relations and lobbying. On the one hand, PR aims to direct the attitude and behavior of the public on whose entities the economic activity of SMEs depends. On the other hand, lobbying is characterized by a series of direct or indirect interventions responsible for guiding the arbitration of public institutions in accordance with their interests. Thus, PR focuses on influencing the perception of things, while lobbying acts on the normative aspect of the environment. In this context, direct (grasstop) and indirect (grassroots) lobbying represent important tools for influencing and defending the interests of SMEs. The storytelling is a modern term in lobbying. These tools serve a targeted problem in order to arouse the interest of public decision makers. Mastery of the media universe and legislative context is vital to the development of lobbying.

KEYWORDS

strategy of influence, direct lobbying (grasstop), indirect (grassroots) lobbying, small and medium enterprises, storytelling

INTRODUCTION

The strategy of corporate (commercial) influence, with all its questions and processes, can be very easily compared and identified with lobbying in the public sphere. Mostly it is a complex game that is built on the principle of everyone being a winner. And to that end, companies have every interest in using their influence both among themselves and in the environment as well as in the public sphere by influencing law makers. The main goal is to limit the risks due to too strong influence of the competition, and to increase one's own influence in the given area. In this way, influence strategy is identified with lobbying. The terms "lobbying" and "lobbyists" often appear in the media, as well as in the economic press, to describe influence games that favor commercial development. What does commercial lobbying mean? What does this type of lobbying include? What are the best practices? What is an influence strategy and what is its relationship to lobbying? Lobbying is a commercial or diplomatic tactic useful for influencing decision makers in the public sphere (Awé, 2022)

¹ Faculty of Business and Economy, Skopje, North of Macedonia, alexandre.ruzin@gmail.com, ORCID: 0009-0004-0165-9488



Conference Proceedings

It happens that the interests of the company are threatened by a general administrative decision or the adoption of a law in a country or in the wider EU. Then the question of protecting the interests of companies through lobbying arises. The phenomenon of lobbying does not have a good reputation among the general public. It is still difficult to recognize, often marginalized or treated negatively. However, lobbying, especially for SMEs, is one of the keystones of the development of companies or associative structures. At the same time, it is a vital issue for numerous organizations that want to influence legislation or certain public policies.

Although in EU countries, lobbying mainly consists of defending interests against institutional decisions or company dominance over the environment, commercial lobbying can also be used as a mechanism to influence decision makers, to facilitate establishment in inhospitable environments and to gain market share.¹ Relying on the connections between companies and public authorities, lobbying seeks to face the great challenge through sustainable development of the structure, whether at the local or national level. Influence strategy and lobbying implies a structural approach, because it is a kind of power game and influence game. When the term strategy is mentioned, it implies a structured approach.

Starting from the choice of lobby-group methodology, there are two different approaches to lobbying:

- a) direct lobbying, which includes direct interaction with key decision-makers (written texts, letters, phone calls, meetings, etc.), and
- b) indirect lobbying, which involves conveying a message in the media and gaining public support that will influence decision makers. Understanding the mechanisms of commercial lobbying in a business environment consists of defending the commercial interests of a product, service or company against decision makers from other companies. In this context, lobbying is focalized between the companies themselves.

The top five tools for commercial lobbying are:

- direct contact,
- personal contact,
- engagements and surveys,
- social networks,
- SMS or text messages.

It is about convincing people of their legitimacy and the relevance of the stated need. In order to implement the mentioned tools, the lobbying company must maintain in-depth contact with the decision-makers through organizing a meeting, a series of conferences or any other way of persuasion and influence with legislators and other companies. In addition, lobbying facilitates interaction between decision makers and businesses. Without lobbying, it would be more difficult for businesses to network with other businesses to promote their goods and services. Influence strategy is above all networking skills that must serve the interests of SMEs above all. Therefore, the relationship of the win-win model lies in the exchange of services. Each Influence Strategy must be carefully thought out, and presupposes:

- a) creation of an action plan,
- b) analysis of your business portfolio and your circle of influence, and

¹ This is a common method in the United States, which allows, through influence play, to achieve twinning between companies in order to develop in an initially inaccessible environment.



Conference Proceedings

- c) construction and implementation of a network of contacts.

This story about influence strategy and lobbying is not complete without Storytelling or The storytelling as a modern term in the domain of lobbying. This tool serves a targeted problem and arouses the interest of public decision-makers. Ultimately vital for the development of any type of business, for the sustainability of the activity sector or for the defense of the interests of the community and society, lobbying relies on a perfect mastery of the media universe and the legislative context.

CONCEPTION OF THE INFLUENCE STRATEGY

Any strategy of influence, and lobbying, if it seeks to achieve a greater effect, must be performed with a pre-prepared concept. This issue is particularly important for small and medium-sized enterprises (SMEs). An influence strategy presupposes the achievement of strategic meetings with targeted public or private decision-makers, capable of opening the right doors, at the right time. In that context, three significant aggregates of the Strategy of Influence concept are distinguished: Planning an action plan; Commercial portfolio analysis and circle of influence; Developing an effective network of contacts.

The goal of lobbying is primarily to build relationships with the target company in a process that is manageable, predictable and productive in terms of the interests of the various stakeholders.

This process or action plan ideally develops as follows:

- identification of the goal with a deadline;
- structuring/organization of time and priorities;
- analysis of obstacles and levers around the goal;
- collects information on decision-making power;
- identification of influence relays and different stakeholders (favorable or blocking);
- identifying elements of the context that can influence decisions (political, economic, sociological factors, etc.);
- development of own position;
- a valuable creation.

A well-structured action plan is in fact the surest way to confirm your commercial impact. gain more control over your strategy, ask yourself the right questions about your customers or partners:

- Who are they ? Who has the power and who are the relays of influence?
- What goods or services have they bought or can buy from you?
- What is their shopping frequency?

Once you have all the information you need to develop a profile, you will be able to collect what is necessary according to the specifics of your business (company size, decision maker, connectivity, traffic, etc.).

The basis of effective lobbying is building a strong network of contacts. Family, friends, customers, partners, suppliers, policy makers, legislators and industry partners play a significant role in this activity. It's about building long-term, mutually beneficial connections and relationships. These connections act as a catalyst for finding the right people and expanding your sphere of influence, thereby improving your business position and increasing your profits.



Conference Proceedings

DIRECT AND INDIRECT LOBBYING

It is not uncommon for the interests of companies to be threatened by a general administrative decision or the adoption of a law in a country, a community of countries such as the EU or beyond. At that moment, the question of protecting the interests of companies through lobbying or some other method automatically arises. Regardless of the fact that lobbying does not have a good reputation, this phenomenon is increasingly significant and transparent, especially after the introduction of legal regulations and institutional control.¹ In developed countries, lobbying has become one of the key factors in the development of companies or associative structures. With the help of lobbying, numerous organizations want to influence the decisions of companies and decision-makers in legislative institutions. Lobbying requires specific knowledge, based on constitution and mastery of tools that are as valuable as they are exclusive. What does it consist of? What essential skills do you need to have to run an effective influencer campaign? First of all, the lobby group must act with great caution and with a pre-prepared strategy. Several authors such as Frank Rouault or Nicolas Teisseire offer more advice and the use of possible tools and techniques to overcome various challenges (Rouault, Teisseire-2022).

In that context, two lobbying techniques are possible, namely direct lobbying – grassroots and indirect lobbying or grassroots lobbying. Direct lobbying (grassroots) is expressed through attempts to influence the legislative body through communications with members or employees of the legislative body, or with civil servants participating in the formulation of laws (O'Boyle, 2023). Here we are talking about network lobbying, that is, based on the relationships that lobbies maintain with decision makers. Examples of direct lobbying are:

- meeting with legislators to discuss the potential content of the law and guide its drafting;
- negotiating the terms of the law, etc.

Direct lobbying can also refer to the persuasion of one company by another company or individuals. In our climate, direct lobbying is very present.

My personal experiences as a representative of an international company in the field of energy, Dufferko energy, are mostly realized with the help of direct lobbying. Conversations, clarifications, arguments, better offers than the competition, joint meetings are an integral part of my lobby activity.

Indirect lobbying – (lobbyisme « grassroots) is lobbying with the intention of reaching the legislative body and producing influence in the decision-making process. This lobbying technique consists in an attempt to influence public opinion to take a position on a specific legislative project. Indirect lobbying encourages the public to take concrete action on legislation. In both cases, the positions of the lobby group must be invoked and reflect the attitude towards the legislation. Indirect lobbying is an approach that differs from direct lobbying through the act of asking the general public to influence legislators and government officials regarding a specific issue (Grass Roots, Lobbying, 2022).

¹ Regarding the legalization of lobby group activities, lobbyists in the EU are required to register in a digital directory and provide information about their activities, associates and budget. This directory in the EU countries is managed by a high authority for the transparency of public life. When the law on the regulation of lobby groups (Le Loi Sapin II) was announced in France, President Francois Hollande said: "Citizens will know who intervened and at what level the law enforcers public decision to improve, correct or modify a reform and with what arguments. Loi no 2016-1691 du 9 December 2016 relative à la transparence, à la lutte contre la corruption et à la modernization de la vie économique.



Conference Proceedings

Companies, associations and citizens are increasingly involved in lobbying as an attempt to influence changes in the law. A unique feature of local lobbying, unlike other forms of lobbying, is that it involves stimulating the politics of specific communities. This type of lobbying is different from the better-known direct lobbying, because it is naturally imposed by the organization. Half of EU companies with a turnover of more than 10 million euros participate in lobbying actions. This information highlights the importance of practice as a factor affecting the economic efficiency of companies. Direct grassroots lobbying includes the specificity of targeting powerful players.

Indirect grassroots lobbying focuses on the general public. However, the basic goal is the same: to defend the interests of one's business. At the same time, practice has shown that it is always more effective to participate in an action that is carried out together with others.

USING INFLUENCE TO DEFEND ONE'S INTERESTS

Small and medium-sized enterprises are subject to decisions in which they simply did not participate and which can be very harmful to them. The range of actions we talked about in the previous paragraph, however, is not reserved for large groups that, due to their importance, already have the influence that SMEs, medium-sized enterprises, federations or associations are looking for.¹ Small businesses need even more representation to make their voices heard. (lesechos.fr/,2018) Regardless of the size of the company, the goals and benefits of lobbying ultimately remain the same, namely:

- convey your messages to decision makers;
- publish your problems;
- highlight your legitimate interests;
- defend and disseminate their views.

Small and medium-sized enterprises that want to lobby have an interest in using the services of a corporate communications agency. Indeed, they can then benefit from the agency's reputation and network through which their positions and views will finally be heard. Certain views are much more likely to be taken seriously when expressed by influence communication and lobbying professionals. Unlike a traditional lobbying firm, which achieves its influence through direct lobbying, corporate communications agencies coordinate both aspects of lobbying, since they also implement an indirect lobbying strategy. Such activity means the complete management of content and social networks and the launch of media campaigns. The same applies to associations that, although recognized as legitimate and their positions expected, are not yet imbued with a lobbying culture. They too could benefit from the advice of a global corporate communications agency. In a broader sense, lobbying today refers to a set of actions carried out by a company, federation or association, with the aim of defending its interests against political decision-makers and public authorities that could influence its activity (UNICORP, 2021).

¹ SMEs – Small and medium-sized enterprises They are defined according to their size, measured by the number of employees. They have a workforce of between 20 and 249 employees. VSEs They are defined according to their size, measured by the number of employees. They have a workforce of between 0 and 19 employees. SMEs, small and medium-sized enterprises, are companies with 10 to 50 employees, whose turnover does not exceed 50 million euros or whose balance sheet total does not exceed 43 million euros. Among them, SMIs are small and medium-sized industries, i.e. companies in the industrial sector that meet the above criteria. VSEs are very small companies, with fewer than 10 employees and whose turnover or balance sheet total is less than 2 million euros. They are also called micro-enterprises. VSEs and SMEs represent 99.9% of companies in the EU.



Conference Proceedings

These operations have a threefold objective:

- to gain legitimacy and become a partner with authority in some sector of activity;
- to make concrete progress at the legislative level in terms of public policies (areas for reform, proposed amendments, etc.);
- to increase the visibility of the brand that promotes these actions.

Achieving these goals is based on the implementation of a long-term strategy based on the mastery of four essential elements, which are specific to this profession we call "public affairs". First of all, a list of certain important subjects is necessary, as a kind of address book. Then, the affirmation of the discourse with legitimate values, as well as the perfect mastery of the media and legislative landscapes. All this is preferably accompanied by a clear knowledge of the political spectrum (lesechos.fr/,2018).

THE RELATIONAL NETWORK MUST BE CONSTANTLY IMPROVED

One of the main purposes of lobbying is to achieve strategic meetings with targeted public or private decision makers, capable of opening the right doors, at the right time. The first basic element to achieve this goal is:

- a) perfect knowledge of influence channels and involved actors. These can be political decision-makers (ministerial cabinets, state secretaries, MPs, senators, etc.), public administrations (local authorities, local elected officials, etc.), professional federations or even think tanks.
- b) another key tool is: a rich address book, regularly updated, dominated by influential people. Creating this exclusive and valuable repertoire is a long-term process. This requires significant and sustained immersion in a universe of insiders whose unique codes are specific to the world of politics and administration. There is no point in hoping for a quick infiltration in this environment. There's no improvisational random creation of an address book made up of generic numbers or "friends of friends who might know someone who will...". This is not possible for two reasons: First, in the EU you would be exposed to legal sanctions for not complying with the laws governing EU lobbying practices. Second, in order to contact officials with the aim of influencing public decisions, it is mandatory for any person or organization that regularly carries out lobbying activity to be registered in the directory of interest representatives. In the EU, this process is under the jurisdiction of the European Parliament, and the European Commission through the Registry on Transparency (https://transparency-register.europa.eu/index_fr).

When it comes to lobbying, quick and direct contact with influential stakeholders regarding the presented strategy and targeted issue is vital. If you improvise through random connections, experience shows that it is a waste of time. There is also a risk that the lobby group will be blacklisted. An experienced lobbyist, with a clear political address book, will know who to contact, when and how. A few phone calls, e-mails or texts later will make it easier to identify yourself as a legitimate player in your market. This enables the right to be heard and included in current legislative and governmental discussions. It is, for example, the future of a sector of activity or the opening of new markets that could have a lasting impact on the future and sustainability of the company.

- c) The storytelling based on legitimate values. The expression the storytelling is a modern term in the domain of lobbying. However, just displaying it is not enough to make it an item of



Conference Proceedings

value. When it comes to lobbying, it must be based on carefully selected elements through the storytelling of a company or group. The main essence of this means is: to serve the targeted problem and arouse the interest of public decision-makers. Telling a selfish story about the life and work of a company or association will not be enough to convince the decision makers in the public (Etudes & analyses, 2023).

To keep their attention, it is essential to convey a message built around the legitimate values of the organization and its problems. For example, what benefits does the company bring to the development of the activity for the public community, consumers or society as a whole? If and why would a change in legislation (which is being lobbied against) be an obstacle to the implementation of activities of vital importance for the survival of the activity sector? How likely is that change to harm the development of the local or national economic fabric? Only an expert in influence strategy possesses the knowledge and techniques needed to define the linguistic elements that are appropriate for conveying a useful, sound and persuasive social message. Only an expert in public affairs will be able to implement a precise methodology to interest the administration and present common interests. Only a lobbying expert has the ability to write reasoned political memos to skillfully position the image of the structure, whatever it is, in terms of influence.

- d) Knowledge of the political spectrum is an important factor in lobbying. What common interests does the company I defend have with my (political) interlocutor? Who should I turn to in order not to offend the decision-maker who can advance the issue in question? These questions are not anecdotal. Far from it. Lobbying is, first of all, a collection of human exchanges that aim to bring about a given issue. That is why it is better to master even the smallest subtleties behind the political scene. Ignoring or not paying attention to them exposes you to numerous mistakes, which can offend the sensibilities of your most influential interlocutors. Once again, this ability cannot be improvised. It is acquired over time, with a great increase in personal and regular contacts with those who make up today's and tomorrow's political world.
- e) Perfect command of the media and legislative landscape: Delivering a public, economic or political message without a perfect knowledge of the media world and the evolution of the legislative framework is impossible. In order for journalists to convey it, the message must stick to current events or be in line with major social trends. It must also fit into the editorial line of the targeted media. It is therefore essential to identify promising subjects, master the workings of the press and know the key players. At the same time, it is crucial to know the functioning of the political world and follow the evolution of the legislative framework. Anticipating the connection or possible blockage between the enactment of legislation and the development of a company or a sector of activity is of vital importance. When submitting an amendment, it is necessary to know the precise and complex rules governing this highly technical process. Finally, it is desirable to perfectly master the finer points of the political world in order to stimulate and encourage the deputies or senators who would probably vote for the said amendment (Clavier, 2023).
- f) To be effective, a lobbyist must constantly juggle between "short-term" actions and a "long-term" vision. The evolution of the political agenda and media time requires a permanent adjustment of discourse and strategy. This daily and meticulous configuration must be carried out in tandem with the achievement of economic, political and social goals committed to the medium or long term plan. It must not be forgotten that lobbying does not consist of shaking hands while enjoying small cocktails and glasses of champagne. This discipline is



Conference Proceedings

not the prerogative of large industrialists either. While it requires real interpersonal skills, it also requires a keen sense of political strategy, combined with sharp technical, legal and editorial knowledge. Vital for the development of any type of business, for the sustainability of the activity sector or for the defense of the interests of the community and society, lobbying relies on a perfect mastery of the media universe and legislative context, together with skillful cooperation with different actors operating on chessboards that are as complex as and complementary. So we don't improvise like lobbyists. We learn to become one, through constant practice, time and with much wisdom.

Various specialized agencies such as Unicorp, ESCAL-Consulting, Influactive support the development of an influence strategy in the sense of:

- Revision, design and distribution of messages.
- A mapped agile ecosystem approach to bring your ideas to life and make your messages relevant.
- Constant monitoring of relevant media, political news and targeted sectors of activity.
- In-depth analysis of media treatment.
- Network on a daily basis.
- Implementation of customized strategies by senior expert consultants.
- Creating synergies between expertise to address impact challenges.

CONCLUSION

The phenomenon of lobbying and the strategy or communication of influence are two close phenomena, which are often mutually complementary, identified and equated. Simon Adolph believes that influence strategy has become the new El Dorado for lobby groups. In the EU, lobbying and influence strategies have inherited a bad reputation due to non-transparency, manipulation and organized corruption. However, in the last fifteen years lobby agencies have professionalized and multiplied by five times. Lobbying will become a transparent and fully regulated and controlled process.

The influence strategy is based on two key levers: public relations and lobbying. On the one hand, PR aims to direct the attitude and behavior of the public on whose entities the economic activity of SMEs as well as large companies depends. On the other hand, lobbying is characterized by a series of direct or indirect interventions responsible for guiding the arbitration of public institutions in accordance with their interests. Thus, PR focuses on influencing the perception of things, while lobbying acts on the normative aspect of the environment. In this context, direct (grasstop) and indirect (grassroots) lobbying are important tools for influencing and defending the interests of SMEs and large companies.

Strategy of influence is relevant both for international groups and for small and medium-sized enterprises. Through influence strategy and lobbying, numerous companies try to influence in two directions a) the decisions and behavior of other companies, and b) decision-makers in legislative institutions.

Every strategy of influence, and lobbying, if it tries to achieve a greater effect, must be performed with a pre-prepared concept. This issue is particularly important for small and medium-sized enterprises (SMEs). In that context, three significant aggregates of the concept of the Strategy of Influence stand out: Planning an action plan; Commercial portfolio analysis and circle of influence;



Conference Proceedings

Strategy of influence presupposes the achievement of strategic meetings with targeted public or private decision-makers, capable of opening the right doors, at the right time. The first basic element to achieve this goal is:

- a) perfect knowledge of influence channels and involved actors. These can be political decision-makers (ministerial cabinets, state secretaries, MPs, senators, etc.), public administrations (local authorities, local elected officials, etc.), professional federations or even think tanks.
- b) another key tool is: a rich address book, which is regularly updated, dominated by influential people. An experienced lobbyist, with a clear address book, knows whom, when and how to contact.
- c) storytelling (The storytelling) based on legitimate values g) Perfect mastery of the media and legislative landscape Delivering a public, economic or political message without perfect knowledge of the media world and the evolution of the legislative framework is impossible. In order for journalists to convey it, the message must stick to current events or be in line with major social trends g). To be effective, a lobbyist must constantly juggle between "short-term" actions and a "long-term" vision.

Small businesses need even more representation to make their voices heard. Regardless of the size of the company, the goals and benefits of lobbying ultimately remain the same, namely:

- convey your messages to decision makers;
- do not hide limitations and openly disclose problems;
- highlight your legitimate interests;
- defend and disseminate their views.

Small and medium enterprises that lobby have an interest in using the services of a corporate communications agency.

REFERENCES

Awé, Y. (2022). Lobbying commercial: une stratégie nécessaire pour développer votre entreprise Available at: <https://orsys-lemag.com/lobbying-commercial-strategie-necessaire-developper-votre-entreprise/>. Accessed 25.04.2024.

Etudes & analyses. Available at: <https://www.etudes-et-analyses.com/theme-economique/lobbying> (17. October 2023)

Henri Clavier Les lobbies en Europe (5/5): La fabrication de l'information, un lobbying détourné. Politique européenne 6 octobre 2022. <https://www.taurillon.org/les-lobbies-en-europe-5-5-la-fabrication-de-l-information?lang=fr>

Levet, J.L. (2001). L'Intelligence Economique, mode de pensée, mode d'action, Economica, 2001

O'Boyle, A. (2023). How to Build an Effective Grasstops Advocacy Program. Available at: https://www.Asaecenter.org/resources/articles/an_plus/2023/4-april/how-to-build-an-effective-grasstops-advocacy-program. Accessed 26.04.2024.

Rouault, F., Teisseir, N. (2022). Lobbying en 100 question, Afnor (DR).



Conference Proceedings

What are the most common lobbying actions? Informal discussions or one-on-one meetings are the preferred format for lobbying (25.5%). Next comes the transmission of information and expertise with the aim of persuasion (24%), then suggestions in order to influence the drafting of a public decision (18%), or regular correspondence (letter, email: 14.5%). [Available at: Sudouest.fr. Accessed 25.04.2024).

<https://entrepreneurs.lesechos.fr/developpement-entreprise/commercial-marketing/le-lobbying-ne-laisse-pas-de-droit-a-lerreur-2018458>

https://transparency-register.europa.eu/index_fr - The Transparency Register makes it easier for citizens to obtain information on lobbying activities carried out before the Union institutions, as well as statistical data on all registered entities.

UNICORP (2921). Agence de communication globale-Le lobbying, une compétence stratégique qui ne s'improvise pas. Available at: <https://www.unicorp.fr/blog/le-lobbying-une-competence-strategique-qui-ne-simprovise-pas/>, 23.03.2021. Accessed 26.04.2024.

Zerbib, R. (2017). «Stratégies d'Influence », Master 2 Intelligence économique et stratégies compétitives (Cf. cours 2016-2017, Université d'Angers).