



EIASM Workshop on Business Diplomacy
Managing Non-Market Corporate
Relationship Capital
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**Swiss Executives as Business Diplomats in the New
Europe: Evidence from Swiss Pharmaceutical and
Agro-Industrial Global Companies**

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Presentation

- **Based on a survey conducted in 2004 in Switzerland**
- **Paper published in Organisational Dynamics, 2005, with the same title as this session by Raymond and myself**



Context

- **Swiss Economy is heavily dependent on trading with EU 15 (60.2% of exports and 81% of imports in 2004 were with these countries)**
- **Switzerland remains outside of the European Economic Area and relied on bilateral agreements to frame the business conditions which needed to be ratified by all parties and renewed on periodical basis.**
- **Swiss companies needed to reduce business risk due to their non-EU domicile**
- **Increasing power and activism of non-business stakeholders through their “watch dog” status and “advocacy” role in influencing standards and consumer choice, as well as government regulations (39 pharma companies against S. African government over patent law override, and role of TAC, 2005)**



Characteristics of Civil Society Organisations and Communities

- Diverse
- Decentralised and fragmented
- Cross-border outreach and alliances
- Media savvy
- Mission driven and committed
- Power of persuasion and mobilisation



Survey Results



Survey Methods

- Semi-structured interviews based on a non-intrusive questionnaire
- Informal inquiry and discussions with staff in charge of BDM
- Total of 20 Swiss MNCs were contacted
- Data were gathered from 6 companies
- 4 of them are reported here

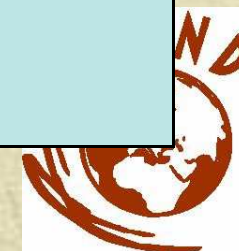


Research Challenges

- “Trust” issue and personal connection
- BDM function was organised differently in different companies and BDM managers held positions in different parts of the hierarchy (Consequence: different titles)
- Taking lot of time and perseverance



COMPANY	Total Annual Sales (in billions of USD ^{c)})	Number of Employees Worldwide	Number of Countries Present	Sales Revenue Originating in Europe ^{a)} (in billions of USD)	Sales Revenue Originating Outside Europe (in billions of USD)	World's Top 100 Non-financial TNCs by Foreign Assets, Sales & Employment ^{d)}
Roche	26.5	65,000	150	9.9	16.0	6
Novartis Group	28.2	81,392	140	10.2	17.9	34
Syngenta	7.2	19,000	90	2.8 ^{b)}	4.3	N.A.
Nestlé	73.9	253,000	87	23.8	50.1	48



Dedicated Staff for BD?

- 3 out of 4 companies said yes

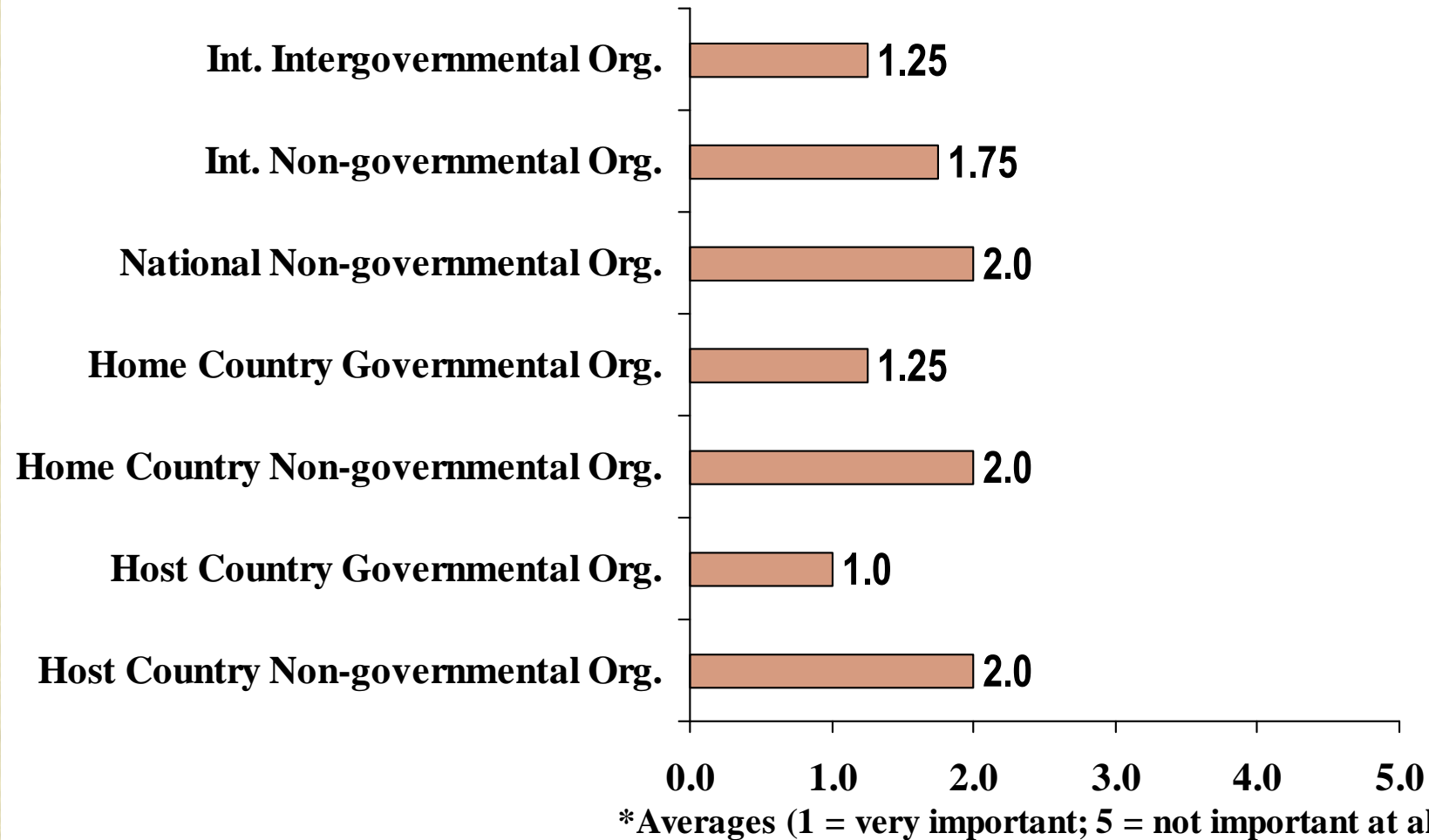
Professional Backgrounds?

PR Consultants	75%
Senior Gov't Officials	50%
Diplomats	50%
Former Exec.	25%
Lawyers	25%



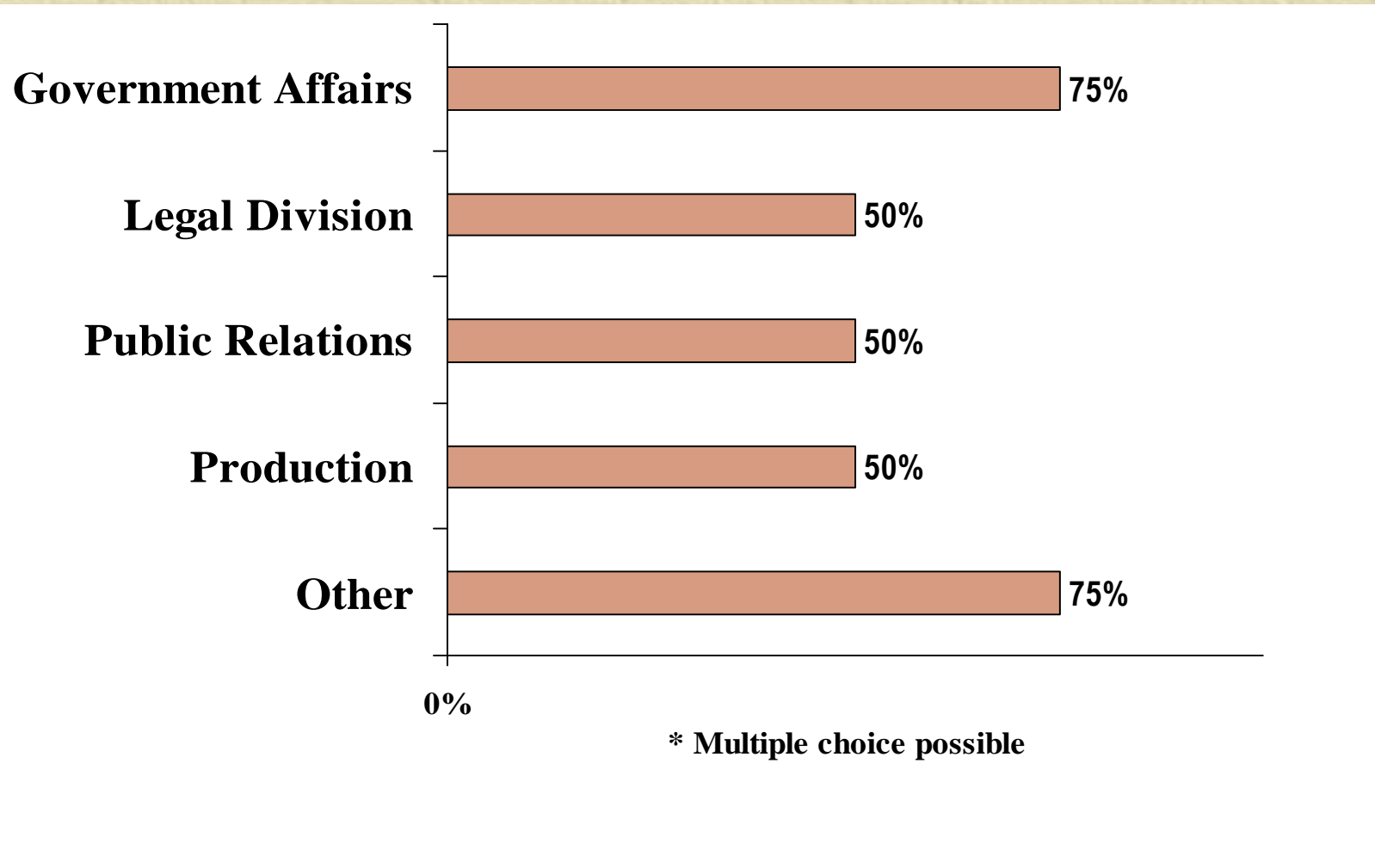
Importance of External Stakeholders

(Source: R. Saner, 2004)



Departments responsible for Business Diplomacy

(Source: R. Saner, 2004)

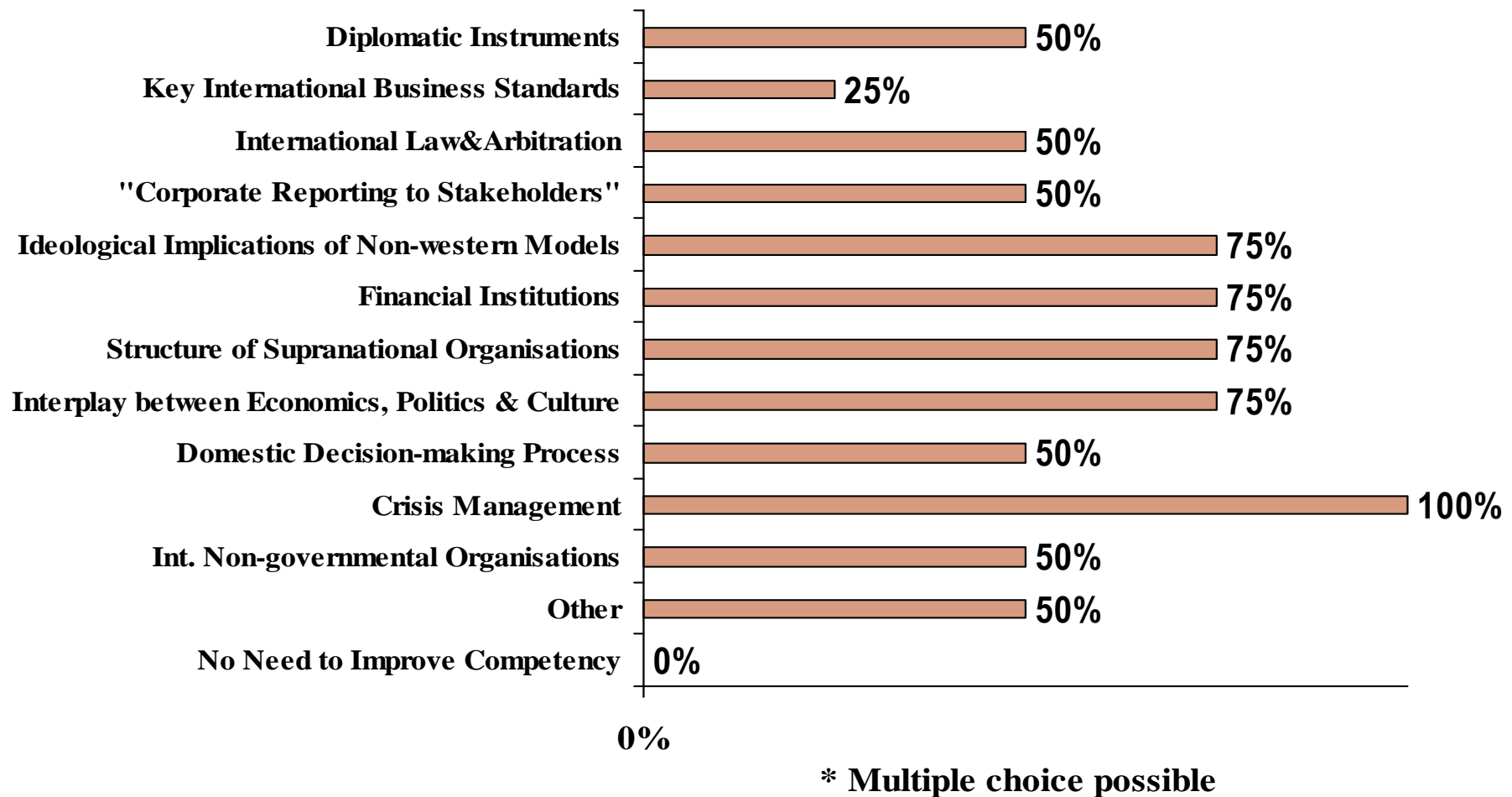


Knowledge Domain Important For BDM & Company Success? (by importance)

- Reporting standards to different stakeholders
- Domestic decision-making process in the host countries
- Diplomatic instruments
- Key international business standards
- Mechanisms of international crisis management
- International NGOs
- International law and arbitration



Areas where Knowledge in Business Diplomacy Could be Improved (Source: R. Saner, 2004)



Developing BD Competence?

- In-house training as primary avenue
- Partnering with B-school was only considered by ONE company of the sample
- Ruled out: partnership with diplomatic schools, hiring additional former diplomats, outsourcing

