Ambitious strategies: Dutch multinationals between 1950 and 2000

Paper for the workshop 'The internationalisation of Dutch business', organised by the BINT Research Program, 19-20 November 2004, Utrecht, The Netherlands

Work in progress

Keetie E. Sluyterman
OGC, Utrecht University
Kromme Nieuwegracht 66
3512 HL Utrecht
email: keetie.sluyterman@let.uu.nl

Introduction

This paper is a small step forward in a large project. This workshop is part of the BINT-research programme, which has the competitiveness and changing characteristics of the Dutch business system during the twentieth century as its main focus.[1] During a large part of the 20th century, the Dutch business system could be typified as 'neo-corporatist', with a close and constructive relationship between state and business, cartel-agreements, conflict avoidance in labour relations, a consensus-seeking business culture and protective corporate governance structures. At the end of the 20th century, however, this neo-corporatist business system seemed to be moving in the direction of the Anglo-Saxon model, characterised by shareholder capitalism, easy hire-and-fire rules, and a preference for lower taxation and smaller government. This development raises two questions: do national business systems change over time and how do national business compare with each other? There is a large literature comparing national business systems, but so far less attention had been devoted to changes over time.[2] The BINT-research programme aims to shed light on both aspects, but in particular on the evolution of the Dutch business system during the 20th century.

The study of multinational companies is relevant to our major theme of changing national business systems in two ways. Firstly, essential in many internationalisation theories is the assumption that companies need to possess certain advantages to overcome the disadvantages of working abroad. Therefore multinational companies reflect the strengths and weaknesses of their own country. By comparing the inward and outward investment patterns we can obtain useful information on opportunities and capabilities of Dutch and foreign companies and their international strategies. Thus we will learn more about their respective national economies. Second, multinational companies work in at least two different national business systems, in their home and host countries. To what extent do multinational companies adapt to the foreign business system they are working in or change it by their very presence? We want to explore how the national specificity of business systems is affected by the growth of international companies. Are multinational companies instrumental in

[1] For more information on the BINT research programme: www.bintproject.nl; The programme is informed by the literature on business systems and varieties of capitalism: R. Whitley, ed., *European business systems. Firms and markets in their national contexts,* (London etc.: Saga Publications, 1992); P.A. Hall and D. Soskice, eds., *Varieties of capitalism. The institutional foundations of comparative advantage,* (Oxford: Oxford University Press, 2001).

[2] A good example of a study in changes in business systems, in this case the corporate governance, can be found in: Mary O'Sullivan, 'The political economy of comparative corporate governance', *Review of International Political Economy* 10 (2003): 23-73

converging national business systems? For instance, comparing multinational companies in the lift and escalator industry, Matten and Geppert found that global policies of Headquarters did not determine strategies of the host country subsidiaries deterministically, but neither were work system patterns entirely shaped by the societal context. Despite an increasing orientation of management elites in this sector on globalisation strategies, national patterns of work-system design in German and British subsidiaries of multinationals were longer lived and more deeply entrenched than one would superficially expect[3]

This paper is not going to answer all those large questions. I want to make a start by analysing the strategies of Dutch multinationals between 1950 and 2000. I have collected information on the question in which countries or regions the companies invested to see whether they had a preference for geographically nearby or culturally close countries. The second question I have tried to deal with is the way companies organised their foreign investment. How much independence did they give to their foreign subsidiaries? Are there important changes over time and what can we learn from them?

Geographical spread in the 1950s, 1960s and 1970s

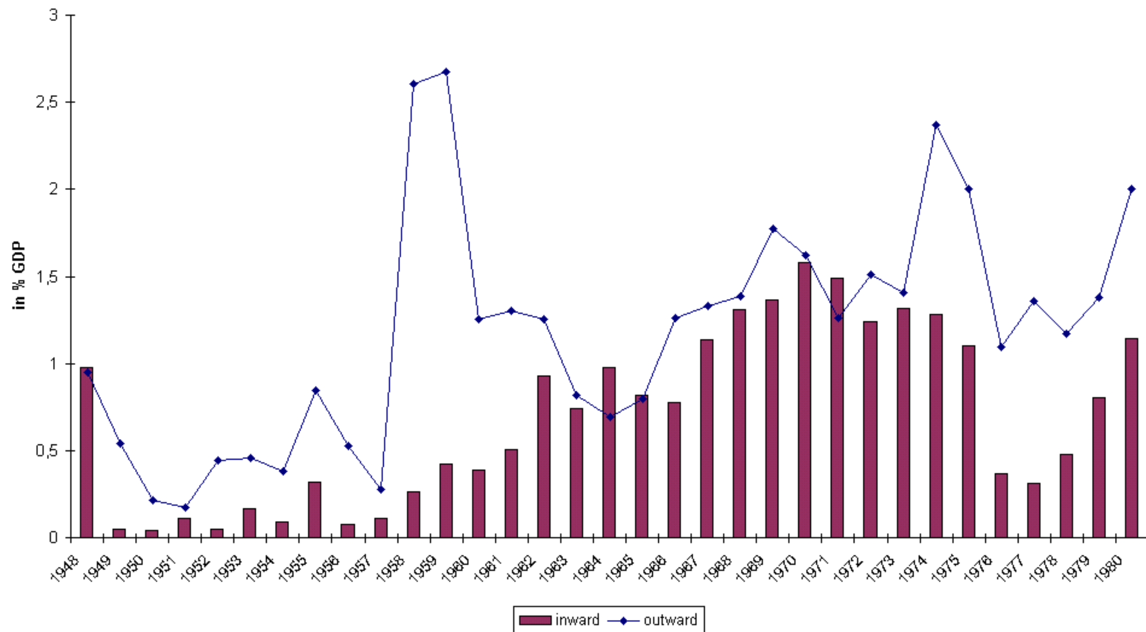
By 1950 Dutch position abroad began to recover from the disruptions caused by the Second World War and the colonial war in Indonesia. In 1947 the stock of foreign direct investment was 40 per cent less than it had been before the war, mainly due to divestment in the colonies. Nevertheless, the Dutch East Indies still counted for 48 per cent of total Dutch stock of direct foreign investment. Thanks to a quick recovery in the 1950s, the Netherlands occupied third position in the world's stock of FDI after the USA and UK in 1960; a decade later it still ranked third or fourth. Inward direct investment also rose steadily during this period, but outward nearly always exceeded inward direct investment, apart from the early post-war years and the late 1960s.[4] Graph 1 shows the flows of inward and outward investment between 1948 and 1980.[5]

---

[3] Dirk Matten and Mike Geppert, 'Work systems in heavy engineering: the role of national culture and national institutions in multinational corporations', *Journal of International Management* 10 (2004): 177-198.

[4] B.P.A. Gales and K.E. Sluyterman, 'Outward bound. The rise of Dutch multinationals', in: *The rise of multinationals in continental Europe*, ed. G. Jones and H. Schröter (Aldershot: Edward Elgar, 1993), 65-98, 65-66, 79.

[5] M. van Nieuwkerk and R.P. Sparling, *De betalingsbalans van Nederland: methoden, begrippen en gegevens (1946-1985)*, Monetaire monografieën, nr. 7 (Deventer: Kluwer, 1987): FDI-figures; CBS, *Tweehonderd jaar statistiek in tijdreeksen, 1800-1999* (Voorburg: CBS, 2001): GDP-figures. The remarkable rise in outward investment in 1958 and 1959 was caused by two successive share issues by the Royal Dutch Petroleum Company, one to finance the acquisition of the Canadian Eagle Oil Company.



Where did the Dutch companies place their investments? Unfortunately, before 1973 no figures are available to make a breakdown of foreign direct investment by country or region. Even the annual reports of the large companies give only limited information over these years. Therefore I have tried to piece together a necessarily fragmented picture from company histories. It appears that in the 1950s there was a rising interest in investment in developing countries, in particular in Asia, Africa and Latin America, which petered out in the 1960s. In the 1960s Europe and the US became favourite investment destinations. Directly after the war, the ministry of Economic Affairs argued that Dutch companies should seek export markets in the less industrialised countries with low consumption levels and large populations because export to the dollar countries would be too difficult.[6] The same reasoning probably led to an interest in investment in developing countries. Of course, the Netherlands had already a longstanding interest in one of these countries, that is in Indonesia.

From the colony to developing countries and back to Europe

In the early 1950s, Dutch companies working in the Indonesia remained active in this country after the establishment of the independent Republic of the United States of Indonesia in

[6] H. de Liagre Böhl, J. Nekkers, and L. Slot, eds., *Nederland industrialiseert! Politieke en ideologiese strijd rondom het naoorlogse industrialisatiebeleid, 1945-1955,* (Nijmegen: SUN, 1981), 188.

December 1949. Most entrepreneurs were optimistic that the agreement would create a basis for economic recovery and growth in Indonesia and that Dutch experience and finance would be essential elements in this recovery process. Between 1950 and 1957 the Indonesian economy was able to grow rapidly. This resulted from the numerous repair works carried out everywhere, in which fairly modest investment achieved quick results.[7] Plantations, manufacturing industries, mining and oil companies all resumed their activities and in some cases, as in rubber cultivation and the oil industry, with good results. During the first years of independence, the Javasche Bank (which operated as the central bank), the railways and tramways, the airline, and several gas works and power stations had been brought under government control. Merchant houses were not nationalised, but in 1950 the government introduced a system of import licences and trade credit arrangements to promote the growth of Indonesian importers. Dutch importers found ways to continue their import trade, using their various exporting branches. Gradually, however, the optimism within the Dutch community that business in Indonesia would once again flourish as during the heydays in the 1920s disappeared. Armed attacks and political unrest continued to be part of daily life. Currency restrictions hindered the extension or renewal of production facilities. Transfer of profits was controlled. Strikes to support wage demands regularly interrupted business. With rising labour costs and declining productivity, plantations and labour intensive manufacturing, in particular, struggled to keep going.[8]

Despite these difficulties, nearly all Dutch companies were taken by surprise when they were put under government supervision in December 1957. Between December 1957 and mid-1958 about 36,000 Dutch people returned from Indonesia to the Netherlands.[9] The Dutch possessions were nationalised in 1959 and 1960. The two Anglo-Dutch multinationals succeeded in keeping their activities going for a while. Initially it was unclear whether the government would consider Unilever a Dutch or an international organisation. The business was put under government control in 1965, but handed back to Unilever in early 1967.[10] Royal Dutch Shell kept going by replacing its Dutch personnel with other nationalities and changing the legal structure in 1960 by founding PT Shell Indonesia. Six years later all Shell interests in Indonesia were sold to the Indonesian government as part of its general strategy to

[7] A. Booth, *The Indonesian economy in the nineteenth and twentieth centuries. A history of missed opportunities* (Basingstoke, 1998), 53-63.
[8] J. Jonker and K. Sluyterman, *At home on the world markets. Dutch international trading companies from the 16th century until the present* (Montreal: McGill-Queen's University Press, 2000), 261-271.
[9] J. van den Zwaag, *Verloren tropische zaken. De opkomst en ondergang van de Nederlandse handel- & cultuurmaatschappijen in het voormalige Nederlands-Indië* (Meppel, 1991), 296.
[10] Ch. Wilson, *Unilever 1945-1965; challenge & response in the post-war industrial revolution* (London: Cassell, 1968), 245.

nationalise the oil industry.[11] The subsidiary of the Dutch brewery Heineken happened to be formally part of an international financial group. The brewery changed its name and Heineken withdrew as technical advisor in 1960. Sales went down immediately. In 1965 the factory was not nationalised but placed under Indonesian supervision, while all European staff was dismissed. Two years later the much-diminished business was returned to Heineken.[12]

Though nationalisation came as a surprise, the Dutch had been cautious with new investment in Indonesia in preceding years. As a source of income, the former colony had become less important. The contribution of colonial investment to national income formation in the Netherlands was estimated at 8 percent of Dutch national income in 1938. For the late 1940s and early 1950s this contribution was calculated at only 2-3 per cent.[13] Also, the dense network of interlocking directorships, which had existed between the companies working in or for the Dutch East Indies, spectacularly disintegrated between 1946 and 1962.[14] Many trading houses, mining and plantation companies and manufacturing firms disappeared through liquidation, merger or take over. This was particularly true for the freestanding companies that had only a head office in the Netherlands and no activities outside Indonesia.[15] The Amsterdam stock exchange lost a prominent group of shares.

Even before being forced out of Indonesia, a number of companies had already begun to search for alternative investment opportunities. According to Dunning's OLI paradigm, companies invest abroad because they have certain advantages over local firms or can create advantages for themselves, such as avoiding tariffs by moving into another country.[16] For Dutch companies working in Indonesia one could argue that push factors were more important than pull factors in their decision to redirect their investment to other overseas countries. Nonetheless, these companies were willing to undertake new ventures because they thought they derived ownership advantages from their experiences in tropical agriculture and more generally from working in a developing country. Therefore they initially focused on Africa and Latin America. For instance, the gas and electricity company OGEM sold its main

[11] H. Gabriëls, *Koninklijke Olie: de eerste honderd jaar 1890-1990* (Den Haag, 1990), 171; J. Rhijnsburger and M. Fennema, 'Nederland, Indië en de wereldmarkt', in: *Nederlands kapitaal over de grenzen. Verplaatsing van produktie en gevolgen voor de nationale economie*, ed. F. Crone and H. Overbeek (Amsterdam: Uitgeverij SUA, 1981), 72-93, 91.
[12] M.G.P.A. Jacobs and W.H.G. Maas, *Heineken 1949-1988* (Amsterdam: Heineken, 1991), 220-225.
[13] J.Th. Lindblad, 'The economic relationship between the Netherlands and colonial Indonesia, 1870-1940', in: *The economic development of the Netherlands since 1870*, ed. J. L. van Zanden (Cheltenham: Edward Elgar, 1996), 109-119, 117.
[14] H. Baudet and M. Fennema, *Het Nederlands belang bij Indië* (Utrecht/Antwerpen: Het Spectrum, 1983), 181-199.
[15] Van den Zwaag, *Verloren tropische jaren,* 299.
[16] J.H. Dunning, *The globalization of business. The challenge of the 1990s* (London and New York: Routledge, 1993).

works in Jakarta to the Indonesian government in 1954, while the rest were nationalised in 1959. In the beginning of the twentieth century it had already deployed similar activities in the other Dutch colonies in the 'West', that is in Surinam and the Netherlands Antilles. After OGEM had to leave Indonesia it extended its overseas activities to South America[17] The Handelsvereeniging 'Amsterdam' (HVA) established large sugar plantations in Ethiopia. They created a world of their own with irrigation works, road, factories, houses, schools and a hospital. The managers were convinced that they owed their success to their experiences in Indonesia.[18] Its success turned sour when Ethiopia nationalised its company in 1975. This signalled the end of the HVA. Some of the colonial trading companies, such as Lindeteves, Internation, Borsumij and Hagemeyer tried their luck in Africa. They anticipated that their know-how would be of value in their new markets. Wherever they turned they encountered the same problems of decolonisation that had confronted them in Indonesia. The traders certainly made occasional profits, but nowhere in Africa did they succeed in building up lasting business. Neither was South America the right place to be for traders in the 1950s because of the instability of the regimes and the policy of import substitution. In the mid-1960s the remaining colonial trading companies began to shift their activities to prosperous and politically stable countries in Europe, and particularly to the Netherlands itself.[19]

Spreading the net wide

The large multinationals also considered Africa or Latin America as continents with interesting possibilities. Franko remarked that during 1946-1958 the largest Continental European enterprises established almost the same number of manufacturing subsidiaries in less developed countries as they did in developed countries, yet in 1971 only one fifth of the foreign subsidiaries were in the less developed countries. [20] After the Second World War Royal Dutch Shell invested heavily in Venezuela, a booming post-war oil region.[21] The position of Shell in that other booming oil region, the Middle East, was weak. In the 1960s it

[17] M. Dendermonde, *OGEM. Blik op een groei* (Rotterdam: OGEM, 1972), 6-7, 90.
[18] W. Brand, *1879 HVA 1979. Honderd jaar geschiedenis der Verenigde HVA Maatschappijen NV* (Amsterdam: HVA, 1979), 81-84.
[19] Jonker and Sluyterman, *At home on the world markets*, 271-288, 295 (table).
[20]. L.G. Franko, *The European multinationals. A renewed challenge to American and British big business* (London/New York, 1976), 107-109.
[21] Gabriëls, *Koninklijke Olie*, 158-161.

would get an important foothold in Oman.[22] In 1948 Unilever worked in 50 different countries with about 400 companies and nearly twenty years later that number had risen to more than 500 companies spread over 60 countries.[23] It was active in Asia, Africa and in Latin America, but between 1955 and 1980 the company became more rather than less focused on Europe. In 1955 nearly 60 per cent of all sales were in Europe, by 1965 this had risen to 65 per cent and in 1980 it was 70 per cent.[24] In 1960 AKU had three quarter of its sales and employees abroad, mainly in Europe and the US. It had one joint venture factory in Mexico and set up two others, in Columbia and India, in 1964.[25] Philips expanded its production in Latin America. In 1946 Philips possessed factories in 26 different countries and sales organisations in 44 countries.[26] It expanded its activities in Europe and the US, while the Japanese market was entered through a joint venture with Matsushita. Latin America attracted considerable investment as a consequence of its import-substituting policy. Philips' factories in Australia and India too worked predominantly for local markets.[27]

Alongside the major multinational companies were many smaller firms involved in international activities. The medium sized company ENCK, a cooperative producer of fertilizers and pesticides, opened factories in South Africa, Rhodesia and Kenya. This pioneering part of the business worked with a great deal of local autonomy.[28] The company Van Leer Packaging continued its foreign expansion on the basis of oil drums and succeeded in creating an international enterprise with 62 factories in 30 different countries at the end of 1969. The company was active in Europe, Asia, the US, Africa, Latin America and Australia.[29] Another example of a specialised internationally active company was the chemical firm Naarden that set up production units in Europe, Asia, South Africa, the Americas and Australia on the basis of a niche in tailor made scents and flavourings.[30]

Asia, Africa and Latin America were geographically far removed from the Netherlands, and therefore did not immediately seem to have been a logical choice from the

---

[22] S. Howarth, *A century in oil. The "Shell" Transport and Trading Company, 1897-1997* (London: Weidenfeld & Nicolson, 1997), 223-225, 265; D. Yergin, *The Prize: the epic quest for oil, money & power* (New York: Simon & Schuster, 1991), 407-422.
[23] Wilson, *Unilever 1945-1965*, 4.
[24] Annual Reports Unilever, 1955-1980.
[25] M. Dendermonde, *Nieuwe tijden, nieuwe schakels: de eerste vijftig jaren van de A.K.U.* (Arnhem, 1961), 134, 175; B. Klaverstijn, *Samentwijnen. Via fusie naar integratie* (Arnhem, 1986), 31.
[26] A. Teulings, *Philips. Geschiedenis en praktijk van een wereldconcern* (Amsterdam: Van Gennep, 1977), 181.
[27] I.J. Blanken, *Een industriële wereldfederatie*, vol. 5, Geschiedenis van Philips Electronics N.V. (Zaltbommel: Europese Bibliotheek, 2002), 15-19, 199-222.
[28] D. de Wit, *Windmill, wieken naar de wind gekeerd. Van boerencoöperatie naar internationale organisatie* (Vlaardingen, 1990), 48-57.
[29] Jb. Kalker, *Van Leer Spirit and Style, 1919-1998; With drums beating and colours flying* (Amstelveen, 1992), 93-99.
[30] H. G. Franks, *Beeld van een bedrijf 1905-1965* (Naarden, 1965), no page numbers.

perspective of the theory of learning.[31] Nor were the cultures very similar to the Dutch culture. However, from the perspective of earlier colonial investment in Indonesia or in Surinam and the Netherlands Antilles, these countries seemed to offer sufficient familiar territory to risk investments. The experiences in the Africa and Latin America were, however, by and large disappointing. Political regimes in Africa changed frequently, causing disruption and uncertainty. Closed markets in Latin America limited the scale of production and led to other inefficiencies. Suspicion towards the policies of multinational companies and outright nationalisations made the investment climate less favourable. Thus in the 1960s the emphasis in investment policy shifted towards the politically stable and rich countries of Europe and North America.

This became clear when De Nederlandsche Bank published detailed figures for the first time in 1973. The stock of direct foreign investment from the Netherlands was divided into those directed towards developing countries and those for developed countries. Of the total stock 19 per cent was invested in the developing countries, including Africa, Asia, Latin-America with the Dutch Antilles and part of Europe. Half of the stock of foreign direct investment was invested in the EU and 14 per cent in the US. The bulk of foreign direct investment was in manufacturing and the extractive industries (87 per cent, of which 47 per cent were oil and chemicals). Services received only 13 per cent of all investment, but this proportion would rise significantly in the 1980s.[32]

Judging from the company histories, in the 1950s Dutch companies often went abroad through the establishment of new production units or joint ventures. The basis was an ownership advantage in the form of a specific product or technology, sometimes backed up by patents. In the 1960s, foreign expansion increasingly took place through acquisitions to speed up the process because starting from scratch was considered too slow. Sometimes the purpose behind acquisitions was to buy market share, but often the acquired companies also possessed interesting knowledge. This was particularly true for ventures bought in the US. Just as companies within the Netherlands began to take over firms to diversify their activities, in the same way foreign firms were taken over in the course of a diversification strategy.

[31] Jan Johanson and Jan-Erik Vahlne, 'Business relationship learning and commitment in the internationalization process', *Journal of International Entrepreneurship* 1 (2003): 83-101.
[32] M. van Nieuwkerk and R.P. Sparling, *De internationale investeringspositie van Nederland*, Monetaire monografieën, no. 4 (Deventer, 1985), 117.

The creation of national 'kingdoms'

Characteristic of nearly all Dutch multinationals in these years was the decentralised organisation based on national boundaries. Subsidiaries in the various countries were given a great deal of local autonomy as well as a great measure of local identity. This strategy had been useful in times of protectionism and during the Second World War. However, national autonomy persisted in the 1950s and 1960s, particularly in companies such as Philips and Unilever that produced locally for local demand.

The Philips concern was seen as an 'industrial democratic world federation'. The various national organisations, in which the Philips subsidiaries in each country were brought together, kept their considerable local autonomy, though they were also required to remain loyal to the company as a whole. In the organisational structure introduced in 1946, product and national coordination stood on an equal footing. In practice, the national organisations were able to retain their independence, reducing the product coordinators to a predominantly advisory role. Not only were products adjusted to local taste in order to satisfy local consumers, but national organisations were also embedded in the business systems of the countries in which they were working, assuming some of their characteristics. This decentralisation worked well as long as markets were fragmented, as was the case in Europe but also in Latin America, where Philips set up many factories in the 1950s. Latin America attracted considerable investment as a consequence of its import-substituting policy. Philips' factories in Australia and India too worked predominantly for local markets.[33]

Philips worldwide enterprise experienced strong growth during the 1950s and 1960s. Part of this growth could be explained by the way its foreign subsidiaries were embedded in the local economy, which helped sell the locally manufactured products. Strong national organisations with a national identity of their own also had a distinct advantage when competing in the market for high technology products, such as telecommunications and nuclear energy, in which Philips tried to play its part. But local embeddedness had its price, too. This became clear when the European market became more integrated.

To describe the organisation of Unilever Fieldhouse also used the word 'federation'.[34] Within the Unilever concern, national organisations had a great deal of autonomy, a tendency

---

[33] Blanken, *Industriële wereldfederatie*, 15-19, 199-222.

[34] Wilson, *Unilever 1945-1965* , 37-41; D.K. Fieldhouse, *Unilever Overseas. The anatomy of a multinational 1895-1965* (London, 1978), 563-565.

strengthened by the Second World War. This was particularly true for Unilever's operations in the US. Despite the fact that its once flourishing businesses in the US began to fall behind the performance of its main competitors after 1945, Unilever maintained an arm's length relationship with its US affiliates, leaving them entirely under American management. According to Geoffrey Jones, Unilever in general lagged behind the competition in the post war years, especially in detergents. He blamed this, among other reasons, on the company's business culture that viewed making profits as only one of several considerations.[35] In the 1960s Unilever introduced a system of 'product co-ordination'. The big issue was whether the local or the product organisations would play the main role in decision making. In 1966 the accent was finally placed on the product organisation, at least in Europe. However, local management kept a large measure of freedom, and that was certainly true for the US as well as for developing countries. AKU also underlined the national identity of its foreign subsidiaries, many of which had outside shareholders in any case.[36]

Royal Dutch Shell introduced its famous matrix structure in 1959 after advice from the US management consultant McKinsey & Co.. The enterprise created a new level between the parent and the operating companies in the form of four 'service companies', two in London and two in The Hague. The service companies had an advisory role with regard to the hundreds of operating companies, which in the reorganisation obtained a greater independence to arrange their own businesses.[37] The new structure did not include Shell Oil, the US affiliate of Royal Dutch Shell. Though Royal Dutch Shell was majority shareholder, it gave Shell Oil a considerable degree of autonomy and allowed it to present itself as an American company with American directors and guided by American decision-making. A policy of decentralisation and awareness of national sentiments fitted more generally in the strategy of Dutch multinationals, but Tyler Priest argues that in the case of Shell Oil one could speak of a special kind of 'Americanisation' of the company after the Second World War. The Americans asserted a real independence and for decades there was very little integration between the American affiliate and the rest of the Royal Dutch Shell Group. During the war America had become the world's centre of innovation in technological as well as organisational respects, and Shell Oil was part of this world. Therefore, it acted as advisor to

[35] G. Jones, 'Control, performance, and knowledge transfers in large multinationals: Unilever in the United States, 1945-1980', *Business History Review* 76 (2002): 435-478.
[36] Dendermonde, *Nieuwe tijden, nieuwe schakels*, 167-175.
[37] Howarth, *Century in oil* 258-261; Gabriëls, *Koninklijke Olie*, 154-163.

the other operating companies of Royal Dutch Shell, which were only too pleased to learn new methods from the Americans.[38]

Perhaps this preference of Dutch multinationals for independent national organisations had to do with the small domestic market of the home country compared to the larger markets of the host countries. The foreign subsidiaries were encouraged to use local know-how about marketing and product variation. Another factor was language. Foreign subsidiaries were in general not expected to use the Dutch language. Instead the Dutch managers prided themselves on their knowledge of foreign languages. The Dutch multinationals were slow to explore the potential advantage of one coherent European market, perhaps because this process of integration moved forward so slowly. Franko, who studied the European multinationals, concluded that reallocation of production did not seem to be a major preoccupation for most continental firms prior to 1971.[39] When in the seventies Philips and Akzo tried to create a greater European integration of the production facilities, they met with fierce opposition from governments and trade-unions, which wanted to the safeguard national employment.[40]

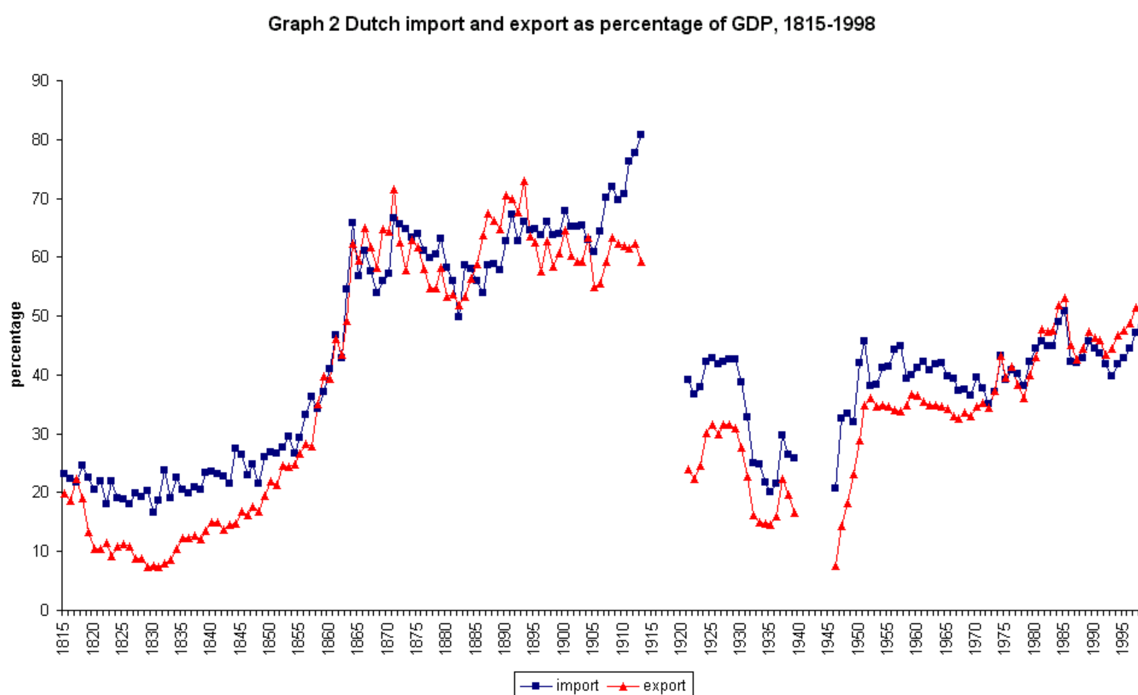
The most independent of all were the US subsidiaries of the Dutch multinationals. The physical distances in America, its large and complex market, the size of subsidiaries in comparison to their mother companies, the different company laws and in particular the opaque US anti-trust laws all contributed to the fact that the US subsidiaries behaved like separate kingdoms. No doubt the distinct feeling that America had a leading position in the world further encouraged this independence.[41]

Under the spell of globalisation

In the 1980s and 1990s business in general became more international, and Dutch business fully shared in this trend. The Dutch import and export of manufactured goods in relation to

[38] T. Priest, 'The 'Americanization' of Shell Oil', in: *Foreign multinationals in the United States, management and performance*, ed. G. Jones and Gálvez-Muñoz (London and New York: Routledge, 2002), 188-205.
[39] Franko, *European multinationals*, 134-144.
[40] Blanken, *Industriële wereldfederatie*, 259-262, 300-303; Klaverstijn, *Samentwijnen*, 93-140.
[41] This certainly was true for Shell Oil, Philips North America and Unilever in the US: I.J. Blanken, *Onder Duits beheer*, vol. 4, Geschiedenis van Philips Electronics N.V. (Zaltbommel: Europese Bibliotheek, 1997), 253-358; M. Metze, *Kortsluiting: hoe Philips zijn talenten verspilde* (Nijmegen: Sun, 1991), 36-54; see further of foreign investment in the US: G. Jones and Gálvez-Muñoz, eds., *Foreign multinationals in the United States, management and performance,* (London and New York: Routledge, 2002).

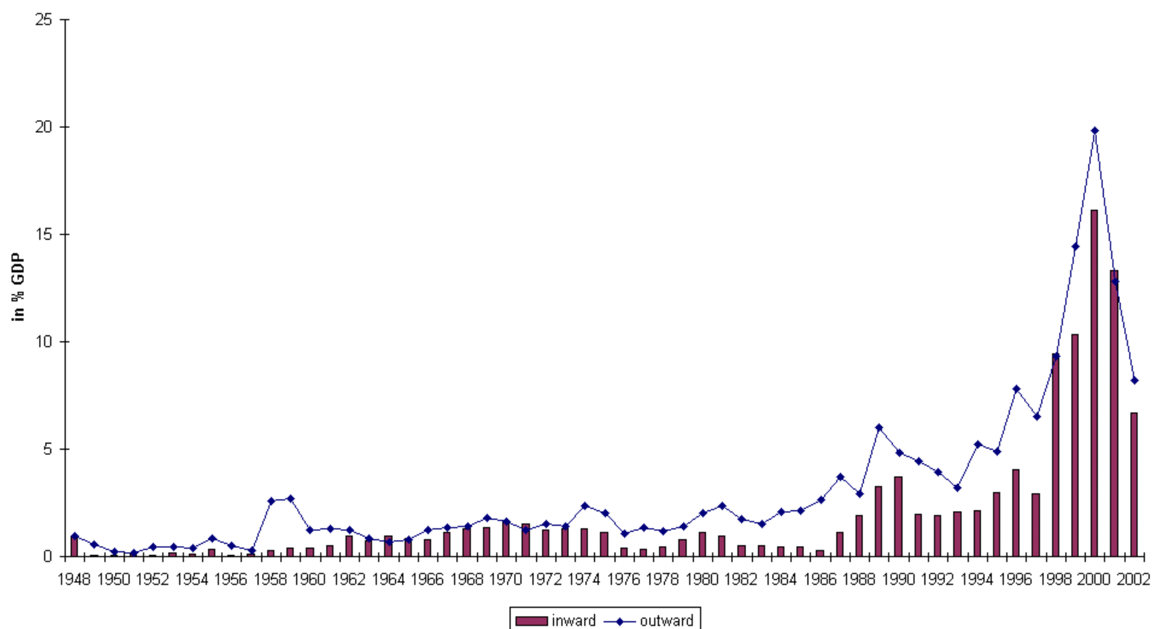
Gross Domestic Product (GDP) was traditionally high, and increased further, thought not to the levels reached in the period before 1914, as graph 2 shows.[42]



The figures for foreign direct investment (FDI) showed an even stronger upward trend, particular in the second half of the 1990s. Graph 3 gives the flow of inward and outward investment as a percentage of GDP between 1948 and 2002.[43] The figures for the first two years of the 21st century are included to underpin the exceptional character of the huge streams of foreign direct investment in the second half of the 1990s.

[42] CBS, *Tweehonderd jaar statistiek* .

[43] CBS, *Tweehonderd jaar statistiek*; Van Nieuwkerk and Sparling, *De betalingsbalans van Nederland: methoden, begrippen en gegevens (1946-1985)* ; *Annual Reports De Nederlandsche Bank*, 1985-2002.



Both flows showed a strong rise with outward investment remaining consistently higher than inward. While the flow of outward investment grew from 2 per cent of GDP in 1980 to 20 per cent in 2000, inward rose from 1 per cent in 1980 to 16 per cent in 2000. The FDI stock rose from 26 per cent of GDP in 1980 to 34 per cent in 1990. During the 1990s, the stock in foreign direct investment increased sharply, reaching a level of 83 per cent of GDP in 2000. Despite the huge increase, the Netherlands had to be content with sixth place in the 1999 world list of foreign direct investor countries, behind the US, UK, Germany, France and Hong Kong.[44] Internationalisation was also visible in the distribution of share ownership. In 1993 no less than 54.8 per cent of the shares in the Netherlands were in foreign hands, compared to 16.3 per cent in the UK, 12.2 per cent in Germany and 5.4 in the US.[45]

During the 1950s and 1960s, the large manufacturing (and oil) companies had dominated the national business scene. At the end of the century Royal Dutch Shell, Unilever, Philips and Akzo (merged with Nobel in 1994) remained the leading multinational companies from the Netherlands. Unilever, Shell and Philips are amongst the thirty most

[44] M. van Nieuwkerk and R.P. Sparling, *De internationale investeringspositie van Nederland*, Monetaire monografieën, no. 4 (Deventer, 1985); R.P. Sparling, *Het externe vermogen van Nederland*, Statistisch Bulletin, Themanummer Februari 2002 (De Nederlandsche Bank, 2002), 14-15, 93
[45] CPB, *Challenging neighbours. Rethinking German and Dutch economic institutions* (Berlin: Springer, 1997), 357.

internationalised firms in the world. In 1996, Unilever and Philips had the largest number of employees abroad of any firm in the world, together employing about half a million people outside their home countries.[46] In the World Investment Report 1999, Unilever and Philips were among the world's top ten transnational companies in terms of degree of transnationality. In this list, companies from small countries dominate for obvious reasons.[47] From the 1970s onwards companies in the service sector, particularly banks and insurance companies such as ABN AMRO, ING Group and Aegon, began to internationalise their activities.

In 1995 the journal *Fortune* published for the first time an integrated list of the 500 largest companies worldwide in manufacturing as well as services, ranked by revenue. Table 1 highlights the Dutch (and mixed-Dutch) companies on this list and their ranking. In 1994 Royal Dutch Shell, Unilever and Philips were still ahead of the service companies, but this was no longer true in 2000. Only Royal Dutch Shell remained among the top 10 world players. The insurance and banking enterprise ING Group and the retailer Ahold surpassed Unilever in the 2000 list. The Dutch-Belgian Fortis and the Dutch ABN-AMRO ranked higher than Philips. The rankings on these lists, however, also became more volatile as a consequence of divestment policies or large mergers.

Table 1: Dutch (or mixed Dutch) companies in *Fortune*'s list of world's largest corporations, ranked in revenues

1994		2000	
10	Royal Dutch Shell	6	Royal Dutch Shell
21	Unilever	24	ING Group
58	Philips Electronics	58	Ahold
88	ING Group	72	Unilever
121	ABN AMRO	73	Fortis
190	Ahold	74	ABN AMRO
244	SHV Holdings	107	Philips Electronics
286	AKZO Nobel	151	Aegon
323	Aegon	242	Rabobank
341	Rabobank	402	AKZO Nobel
384	KNP	426	KNP

Source: *Fortune*, August 1995 and July 2001

[46] R. van Hoesel and Rauneesh Narula, eds., *Multinational enterprises from the Netherlands,* (London and New York: Routledge, 1999) , 20.
[47] *World Investment Report 1999. Foreign direct investment and the challenge of development*, (New York and Geneva: United Nations, 1999), 83. Transnationality is measured by looking at the company's foreign assets compared to total assets, sales abroad compared to total sales and employees abroad compared to total workforce.

The share of the service sector in total Dutch FDI stock went up from 13 per cent in 1975 to 57 per cent in 2000, as shown in table 2.[48] This rise shows that the Dutch companies participated in the general trend in internationalisation of services in response to the liberalisation of markets on a global scale. This liberalisation concerned in particular the financial and insurance markets, but gradually began to include real estate markets, retailing and utilities.

Table 2: Breakdown of the Dutch stock of FDI per sector, in percentage of total

Year	1975	1980	1985	1990	1995	2000
Industry	85	80	66	53	49	43
Agriculture and building	2	2	0	0	0	0
Services total	13	18	34	47	51	57
Trade	*5*	*7*	*6*	*9*	*10*	*10*
Transport	*3*	*2*	*1*	*2*	*2*	*8*
Banking and insurance	*3*	*4*	*13*	*16*	*18*	*18*
Other services	*2*	*5*	*14*	*20*	*21*	*21*

Sources: Sources: M. van Nieuwkerk, and R.P. Sparling, *De internationale investeringspositie van Nederland*, M*onetaire monografieën, no. 4*, Deventer, 1985; R.P. Sparling, R.P., *Het externe vermogen van Nederland*, *Statistisch Bulletin, Themanummer Februari 2002*: De Nederlandsche Bank, 2002.

Table 3 gives a geographical division of the stock of FDI, measured as percentage share of total. Because these percentage figures don't give an impression of the absolute growth in investments, I have added in the last row the total FDI in euros. Stock figures obviously show less movement than the yearly stream of FDI. Nevertheless, we can identify some trends.

Table 3: Geographical division of Dutch FDI stock, percentage share in total

	1975	1980	1985	1990	1995	2000
EU	52	48	34	46	47	50
Other Europe	6	7	6	6	9	10
USA	13	19	41	31	25	26
Latin America, incl. Netherlands Antilles	11	11	8	7	8	4
Africa	1	1	2	1	1	1
SouthEast Asia and	4	4	4	4	6	5

[48] Van Nieuwkerk and Sparling, *Internationale investeringspositie*, 116; Sparling, *Extern vermogen*, 93.

Japan (from 1985)						
Other countries	13	10	5	5	4	4
Total FDI stock in millions of euros	24,305	40,697	59,154	78,689	121,667	323,639

Sources: M. van Nieuwkerk, and R.P. Sparling, *De internationale investeringspositie van Nederland*, M*onetaire monografieën, no. 4*, Deventer, 1985; R.P. Sparling, R.P., *Het externe vermogen van Nederland*, *Statistisch Bulletin, Themanummer Februari 2002*: De Nederlandsche Bank, 2002.

Dutch companies showed a great eagerness to invest in the US during the early 1980s, when the Netherlands and Europe were in the thrall of recession. After mid-1985, however, interest waned somewhat and the stock of FDI in the US diminished from 41 per cent in 1985 to 26 per cent in 2000. However, it remained the single most important country for Dutch FDI. Dutch companies considered their presence in the US market of great importance, not only because it represented a huge, uniform market, but also because it was technologically so advanced. One had to be present in this exciting market to know what the future would hold. Even if the results for the US subsidiaries were disappointing, as was for instance the case for several Dutch trading houses, the companies kept returning to the US because they wished to stay in touch with the latest developments.[49] Nor were Dutch service providers generally unlucky with their investments in the US, quite the contrary, the banks, insurers and retailers found their US subsidiaries very profitable, at least during the 1990s. In the early 2000s, several Dutch companies, which took over relatively large companies in the US during the late 1990s, notably Getronics and Ahold, ran into trouble over their large US acquisitions.

After 1985 the main focus of Dutch FDI shifted back to Europe. Its share increased from 34 per cent in 1985 to 50 per cent in 2000.[50] The manufacturing companies began to restructure their European activities in order to profit from the economies of scale that came within reach when the integration of the European Union really began to take off with the plans for and ultimate introduction of the internal market in 1992. In fact, the benefits of this process of restructuring had already been considered in the 1970s, but the process did not materialise until the 1980s. The stiff competition from Japanese and other Asian companies undoubtedly helped European companies focus on this issue. The service sector showed an even greater eagerness than manufacturing companies to invest in the European Union.

[49] Jonker and Sluyterman, *At home on the world markets*, 355.
[50] Sparling, *Extern vermogen*, 81.

Trading companies, insurance companies, banks, transport and communication companies found their way to European countries, including East Europe.

In the 1970s it was expected that multinational companies would transfer employment to low wage countries. This indeed happened in a number of cases. The textile industry in the Netherlands was largely wiped out through competition from low wage countries and Philips, for instance, moved production units to Asia. Nevertheless, there was not the big runaway movement that trade unions in the Netherlands feared. Often, lower wage costs did not sufficiently compensate for drawbacks such as higher costs in transport, lack of flexibility in production, greater distance from consumer preferences, problems with hiring senior staff and all kinds of trade barriers. Part of the fashionable textile clothing industry even returned to Europe. Investment in developing countries, therefore, remained modest. The stock of Dutch FDI in Southeast Asia rose from 3 per cent in 1985 to 5 per cent in 2000, but even this rise was at least part motivated by the wish to produce close to promising markets. The recent enthusiasm for China is not yet reflected in the stock figures. Initially, Dutch investors played a wait and see game after the fall of the communist regimes in Eastern Europe. However, in the second half of the 1990s Dutch companies began to show a marked interest in this region. Their 3 percent share of FDI stock in 2000 is still modest, but as it was acquired in such a short period it certainly means a promising start.[51]

The international activities were predominantly shaped through mergers and take-overs. During the 1960s manufacturing companies began to prefer acquisitions to starting from scratch. This preference continued during the subsequent decades. For instance, during the period 1986-1992 only 30 to 35 per cent of foreign direct investment focused on start ups. By the mid-1990s, the proportion of start up investment had even decreased to 10-15 per cent of all international investment, the rest being mergers and take-overs.[52] The internationalisation strategy of most companies was very much part of their general company strategy. This moved from the focus on ‘back to core business’, to growth in related areas and further to dominant market positions. Strategic alliances, co-makership and outsourcing were elements in these general strategies, whose ultimate aim was the creation of ‘shareholder value’. All business activities were constantly scrutinised and if performance was disappointing or growth perspectives were considered modest, then it was time for a sell-off. The striving after market dominance worldwide implied a global strategy in brands. For a

---

[51] Sparling, *Extern vermogen*, 69-93.

[52] R. van Tulder, 'Small, smart and sustainable? Policy of challenges to the Dutch model of governance (together) with multinationals', in: *Multinational enterprises from the Netherlands*, ed. R. van Hoesel and R. Narula (London and New York: Routledge, 1999), 282-301, 289.

long time the Dutch multinationals had followed a strategy of promoting local brands in different countries, appealing to national pride. In this sense they were truly 'multi national'. In the 1990s managerial wisdom dictated a global strategy with global brands and production divorced from consumption in the most cost-effective location.

Global strategies of the big four manufacturing companies

The strategy of competing globally required a stronger coordination at the level of business units rather than national organisation. As mentioned above, the US affiliates were famous for their autonomy. The big four all worked hard to get more grip on their US businesses. From the mid-1970s Unilever reasserted control over its failing US businesses. Loss-making activities were divested and entirely new ventures, sometimes with exactly the same activity, were bought. The company no longer hesitated to send in European managers to sort out problems in the US. At the same time the global company obtained better access to innovation and knowledge available in the US. In this process of restructuring, the US businesses became fully integrated in Unilever's worldwide structures.[53] In the US the rights of minority shareholders were strongly protected. It was impossible to attune the US affiliate to the needs of the company as a whole if there were still minority shareholders. Moreover, shareholders became more vocal in the 1980s, in the US as well as somewhat later in Europe. For that reason, Akzo, Philips and Shell all bought out their minority shareholders in their US affiliates. In 1982 Akzo acquired all the remaining shares of its US subsidiary Akzona in order to integrate its activities in the pharmaceutical and specialty chemical fields world-wide. Royal Dutch Shell bought out the minority shareholders of its US affiliate Shell Oil in 1984/85, a move that was hotly contested by the minority shareholders.[54] The majority of shares in Philips' main subsidiary in the US, North America Philips Corporation, were still in the hands of the US Philips Trust, set up just before the Second World War to keep this part of the business out of German hands. The Trust had a large measure of independence from Philips. In 1987, after legal skirmishes, the Trust was ended. At the same time, Philips bought out the remaining shareholders of the North America Philips Corporation, taking full control of its US activities.[55]

---

[53] Jones, 'Control, performance', 472-476.
[54] *Annual reports Royal Dutch*, 1970-2000; Howarth, *Century in oil*, 307-397.
[55] Metze, *Kortsluiting*, 36-54.

Ending the independent position of the US affiliates formed part of a wider strategy to move from a national based organisation to a focus on business units. For Philips this was a problem of long standing, because in the past their local embeddedness had been one of their strengths. However, national variations in product specifications and marketing were no longer considered desirable in the developing global market. The same products should be marketed worldwide, and produced wherever it was most advantageous to the company. This strategy led to a major shake-up of the company in the late 1980s, when the business (product) organisations at long last triumphed over the national organisations. Unilever also reorganised its many fragmented production units in Europe in order to achieve a more favourable scale. In an effort to diminish overhead costs, Akzo took the drastic step of shedding one entire organisational layer by dissolving the divisional structure in 1992. Instead the 35 business units had to report directly to the board of managing directors. In a huge overhaul of its internal organisation, Royal Dutch Shell five business units became the focal point in leading the operating companies, while the national organisations were left with a more modest coordinating role.[56]

The ambition to serve markets world wide went hand in hand with a more focused approach towards the number of activities and brands. In the early 1980s Philips had its portfolio of activities in core and non-core, and into interlinked and stand-alone.[57] After 1987 non-core activities came up for sale. Parts of the core business were lighting, consumer electronics, components, and telecommunication and data systems. Non-core were medical systems, large household appliances, defence systems, and industrial and electronic acoustic systems. Apart from the medical systems, most of the other activities identified as 'non-core businesses' were gradually sold off in the 1990s.[58]

Royal Dutch Shell started a process of diversification during the late 1960s and early 1970s. It diversified into nuclear energy, metals and coal, but none of these activities provided a real alternative for oil. Between 1980 and 2000 all were divested. The chemical business, that also had diversified, returned to the bulk petrochemicals. By contrast, Shell stepped up its investment in the gas sector, which developed into its second core business. It took a leading role in liquefied natural gas (LNG). In the 1990s it showed an increasing interest in renewable energy such as wind and solar energy.

[56] *Annual reports Royal Dutch*, 1970-2000; Howarth, *Century in oil*, 307-397.
[57] Metze, *Kortsluiting* , 240-241.
[58] *Annual Reports Philips*, 1980-2001.

AKZO gradually pulled out of its traditional artificial fibres and focused on chemicals, pharmaceuticals and industrial coatings. The merger in 1994 with the Swedish firm Nobel Industries, which was basically a take over of the Swedish firm by the Dutch company, strengthened the chemicals and coatings activities. In 1998 Akzo Nobel took over its famous English competitor Courtaulds. This was not done with the intention of moving back into textiles but in order to acquire the chemical part of the company, particularly the coatings division. The two textile divisions of Akzo and Courtaulds were merged into a separate company, Acordis, and then sold to investment bankers in 2001.[59]

For Unilever the range of activities became more focused. At the end of the 1990s the company announced that it would dramatically reduce the number of brands from about 1600 to 400 in order to create greater efficiency and concentrate its advertising and marketing efforts. This policy formed a drastic departure from the traditional 'local for local' philosophy and not all consumers were happy to replace what they considered their local brand for a global one, nor were employees happy with the closure of smaller production units. However, Unilever considered the focussing on a limited number of brands essential in its struggle for world dominance with arch-rivals such as Procter and Gamble in soap and personal care products and Nestlé in food products. The vast restructuring programme under the name of 'Path to Growth' met with considerable success in overhauling the brand portfolio and rationalising the supply chain. So far, however, growth has not been achieved.[60]

Whatever value the strategies of the four manufacturing multinationals created, they certainly did not result in rising employment. The combined number of people employed worldwide decreased from 1,029,000 in 1973 to 677,000 in 2000.[61] Nevertheless the four were still in the Dutch top ten in terms of employees, sales and profitability. Growth strategies, however, were to be found in a number of other multinational companies. The brewery Heineken, for instance, followed a consistent policy of expansion through the acquisition of a large number of breweries abroad. In this way it rose to the top-15 of Dutch companies in terms of sales and number of employees, and became one of the world's leading breweries.[62]

---

[59] *Annual reports Akzo and Akzo-Nobel*, 1970-2000.
[60] *Annual reports Unilever*, 1990-2001.
[61] *Annual reports Shell, Unilever, Akzo-Nobel and Philips*, 1973 and 2000.
[62] Het Financieele Dagblad, *Compendium Nederlands Bedrijfsleven* (Amsterdam, 2001).

The rise of the service multinationals

The companies in the service sector chose their own route towards internationalisation. In his study of the evolution of international business, Geoffrey Jones argued that multinational service investment played a strategic role in the creation of the worldwide economy that developed by the late nineteenth century. Yet, as multinational companies, these service firms were less visible than industrial companies because they organised their activities through collaboration or network arrangements rather than through hierarchies. Generalising about the service sector is difficult, because the sector is highly diffuse and organisational structures, ownership structures and modes of internationalisation varied greatly.[63] In the internationalisation of the service sector, banks and insurance companies took the lead.

At the beginning of the 1970s there were four major players in the Dutch banking market, three commercial banks, ABN, AMRO and NMB and one co-operative bank, Rabobank. Of those four, only one, ABN, had offices abroad. The four major Dutch banks all became partners in European banking networks in the late 1960s and 1970s, even though ABN already had 136 foreign offices and 5.200 staff members abroad in 1972.[64] The European banking networks, such as the EBIC-group, the ABECOR-Group and the Inter Alpha Group, however, did not work out as expected. First, they were undermined by the international expansion of the partners under their own names. Secondly, management was complicated and as a result did not function smoothly. Perhaps management hesitated to place their best personnel in the network. The joint ventures, more specifically, tended to behave too autonomously and the benefits for the partners were often unclear. Lending to developing countries, one of the objectives of the joint banks, caused heavy losses during the international debt crisis in the early 1980s, making the benefits recede even further.[65] Therefore, European banks, including the Dutch banks (apart from Rabobank), decided to give up on the Banking Groups and instead gather strength through mergers in order to shape an international presence of own.

---

[63] G. Jones, *The evolution of international business. An introduction* (London and New York: Routledge, 1996), 147-193.

[64] P.K. Jagersma, *Multinationalisatie van Nederlandse dienstenondernemingen* (Tilburg, 1994), 290-365.

[65] G. Jones, *British mutinational banking, 1830-1990* (Oxford, 1993), 330-331; H.E. Büschgen, 'Allgemeine Entwicklungslinien', in: *Europaïsche Bankengeschichte*, ed. H. Pohl (Frankfurt am Main: 1993), 480-484; H. van der Wee and M. Verbreyt, *Mensen maken geschiedenis. De kredietbank en de economische opgang van Vlaanderen, 1935-1985* (Brussel, 1985), 286-290.

ABN merged with AMRO into ABN AMRO in 1991, becoming the largest bank in the Dutch market and reaching 16th position on the world list of banks in that year. The newly merged bank, in the Netherlands arrogantly advertised as '*De Bank' (The Bank)*, formed a second home base for retail banking in the US, followed by the acquisition of a large bank in Brazil in 1998 with the intention of creating a third home base. The NMB merged with the formerly state-owned Postbank in 1989. The NMB-Postbank, making use of the changed regulations with regard to the combination of banking and insurance activities, merged with Nationale Nederlanden, the largest insurer in the Netherlands in 1990, forming the Internationale Nederlanden Group (ING). The banking section, under the name ING Bank, heightened its effort to become a global player. The acquisition of the troubled British merchant bank Barings in 1995 formed a spectacular example of its ambition. The ING Group expanded through foreign acquisitions in the banking and in the insurance sector as well. The co-operative Rabobank was the only one of the four major Dutch banks that maintained an interest in some international networking construction. The Rabobank was part of the network of co-operative banks, the Unico Banking Group, formed in 1977. This Group experienced the same difficulties as the other banking groups, but as a co-operative it was prepared to wait and see a bit longer. The Rabobank followed two strategies in its activities abroad. On the one hand, it tried to create partnerships with co-operative banks from the Unico Banking Group in other European countries to offer its clients retail services abroad. On the other hand, it built up a series of fully owned foreign subsidiaries, relying on its strength in the agrarian sector. In comparison with ABN AMRO and the ING bank, its foreign exposure remained modest.[66]

The internationalisation of the Dutch insurance companies showed a similar pattern. Concentration in the home market went hand in hand with international ambitions. The saturated home market formed a motivation for international expansion, while the financial burden of the international expansion led to further mergers at home to create financially stronger companies. Three leading insurance companies were active abroad: Nationale Nederlanden (since 1990 ING), Amev (since 1991 Fortis) and Aegon. (Both ING and Fortis combined insurance with banking activities, while Fortis was also a Belgium/Dutch merger). Following the client was another important motive for internationalisation. The insurer Nationale Nederlanden even used the petrol stations of Showa Shell in Japan to create an entrance to the Japanese insurance market, an interesting example of how the traditional

[66] K. Sluyterman et al., *Het coöperatieve alternatief. Honderd jaar Rabobank 1898-1998* (Den Haag: SDU, 1998), 246-255.

manufacturing multinationals stimulated the international expansion of the service companies.[67] There was also an element of 'following the leader'. In both the banking and insurance sectors a single company, respectively the bank ABN and the insurer Nationale Nederlanden, acted as first movers. Both had a long experience in working abroad. As far as the target countries were concerned, both banks and insurers were active in Europe, built up an impressive presence in the US and in the late 1980s cast their eyes on the South Asian market. Over time minority shareholding and networking became less important, while acquisitions and majority shareholding were the preferred mode. Interestingly, the insurers frequently took the long way of starting from scratch throughout the 1970s and 1980s, relying on their expertise in the insurance business.[68]

A Dutch service sector which one might not immediately associate with internationalisation due to the limited spread of the Dutch language, is publishing. Nevertheless, by 1985 a quarter of the turnover of the largest publishing houses in the Netherlands was generated outside the country and three Dutch houses, Reed Elsevier, Wolters Kluwer and VNU were included in the top-ten European publishers measured by revenues in 1997. Of these three, Reed Elsevier and Wolters Kluwer were the most internationalised. Elsevier was already active in publishing English language reference books and it had an important position in scientific journals when it acquired two Dutch scientific publishers, including Exerpta Medica in the late 1960s. These acquisitions greatly stimulated Elsevier's international ambitions. Elsevier also took over publishers in professional information, both at home and abroad. The focus on the English-language market was greatly strengthened when Elsevier merged with Reed International in 1993. By contrast, Kluwer remained more European. This was a logical consequence of the fact that it had a strong position in law periodicals, which by their very nature are nationally oriented. Kluwer built up its international presence by acquiring European publishing houses. Their range of publications was brought in line with those of Kluwer, but otherwise the subsidiaries were allowed to run their own business according to local traditions. Many of its publications were in local languages. Like Elsevier, Kluwer increasingly focused on the more profitable market of scientific publications while divesting printing firms, general magazines, books and bookshops. Twice, Elsevier and Kluwer attempted to merge, but so far that hasn't happened. However, in the process Kluwer merged with Wolters to become Wolters Kluwer in 1987.

---

[67] J. Barendregt and T. Langenhuyzen, *Ondernemend in risico. Bedrijfsgeschiedenis van Nationale-Nederlanden 1845-1995* (Amsterdam: Neha, 1995), 398.
[68] Jagersma, *Multinationalisatie dienstenondernemingen*, 168-256.

One of the motives for banks and accountants to internationalise was their wish to follow their manufacturing clients. This argument did not apply to the publishers. However, it may be argued that the publishers followed their example, helped by the fact that managers from the manufacturing multinationals came to hold leading position in publishing houses, bringing with them international orientation and experience.[69]

In the distribution sector one company displayed a spectacular growth in its internationalisation: Royal Ahold. In this case, former managers of Shell played a leading role.[70] In the 1990s Ahold introduced a decentralised organisation, formulated a growth strategy and listed its shares on the New York Stock Exchange in 1993. In the first half of the 1990s Ahold combined a strategy of collaboration in Europe and acquisitions in the USA.[71] In the second half of the 1990s, Ahold focused on joint ventures and new growth areas in Eastern Europe, South Europe and South America. The joint ventures in Singapore and China brought little success and were sold to the partners in 1999. Most of all, Ahold continued its expansion in the USA with large acquisitions, including Stop & Shop, Giant-Landover and US Foodservice. In 2000 Ahold operated over 7,000 shops and employed 350,000 people in 23 countries. (The rapid growth, however, could not be sustained, and in 2003 the company ran into serious trouble with accusations over misleading annual reports and mismanagement.)[72]

In 2000 Spencer Stuart carried out a study with the international consultants Trompenaars Hampden-Turner on transcultural leadership. They interviewed captains of industry to ‘capture lessons learned from some of today’s outstanding cross-border leaders’. The authors wondered whether the ‘extraordinary successes recorded in this book by Dutch companies acquiring abroad’ meant that small companies in very small countries had an advantage in acquiring partners abroad, most especially in the USA’. Their conclusion was that indeed ‘If your companyis to be owned by foreigners then the Dutch are among the most acceptable. (..) Dutch acquirers in this book offer autonomy, understanding, respect, collegiality, friendship and complementarity, with no nationalist agendas. It is a very attractive approach’. Discussing the issue of dealing with cultural differences, one of the

---

[69] D. van Lente, 'Nederlandse uitgevers op de internationale markt, 1960-1990', *Neha-jaarboek voor economische, bedrijfs- en techniekgeschiedenis* 66 (2003); Jagersma, *Multinationalisatie dienstenondernemingen*, 66-156.

[70] Ir. Jan Choufoer from Shell became president of the supervisory board in 1987, and drs. Cees van der Hoeven from Shell, including NAM, became member and later on chairman of the managing board in 1985: J.L. de Jager, *Arm en rijk kunnen bij mij hun inkopen doen. De geschiedenis van Albert Heijn en Koninklijke Ahold* (Baarn: Tirion, 1995), 277-280.

[71] De Jager, *Arm en rijk*, 309-330.

[72] Jeroen Smit, *Het drama Ahold* (Uitgeverij Balans, 2004)

conclusions of the book was: 'Ahold, Buhrmann, Getronics, ING, Numico and VNU all took over US companies of long standing with an identical approach to doing business: bottom-line, market driven, aggressive. More so, those companies, which were sometimes larger than the Dutch acquirer, were left with a lot of autonomy.' Perhaps, with hindsight, the US and Dutch culture were not so similar as the interviewees, including Cees van der Hoeven of Ahold, Cees van Luijk of Getronics and Hans van der Wielen of Numico expected, because their companies ran into great difficulties in particular over their US subsidiaries.[73]

Conclusion

In their choice for countries and regions Dutch multinationals showed no clear preference for geographically nearby countries. Though no figures are available for the 1950s, the evidence from company histories suggests that Asia, Africa and Latin America were taken seen as promising regions for foreign investment. Only after disappointing experiences did companies focus more on Europe and the United States. In the course of 1970s, however, Europe became less attractive because of the economic recession. The United States became the focus of attention until the mid-1980s, after which period Europe regained its prominent position. In the 1990s Eastern Europe began to attract increasing investments, and the same was true for Asia. At the same time, large acquisitions took place in the US. At the beginning of the 21st century Dutch multinationals are eager find their way into the large markets of China, mostly in joint venture with Chinese companies.

Traditionally Dutch multinationals favoured a decentralized organization structure based on national boundaries. This was partly a practical solution for avoiding tariffs or adjusting to national regulations, but it was also a way of dealing with national cultural differences. From the 1970s onwards, Dutch manufacturing multinationals tried to shift the focus from countries to business units, while still hanging on to a policy of decentralisation. Though international management is fully aware of the potential problems of different national cultures and tries to address them, national differences continued to play a disruptive role in the management of foreign subsidiaries. Studying international joint ventures of Dutch multinationals between 1966 and 1994, Barkema and Vermeulen concluded that differences in the cultural backgrounds of partners caused problems and that this was in particular true for differences in incertainty avoidance and long-term orientation. Their results did not show a

[73] Charles Hampden-Turner, Fons Trompenaars, and Allard Everts, 'Drawing some cautious conclusions', in: *Leading cross-border mergers*, ed. Martin Heijman, et. al (www.7d-culture.nl, 2000).

decrease in the effect of cultural distance over the period 1966-1994.[74] However, in the second half of the 1990s the inward and outward investment in the Netherlands became very much higher than before. This raises the question whether the intensified international interaction between companies is having an influence on Dutch business culture and organisation? The Dutch public in the Netherlands is certainly worrying about the direction of the Dutch culture and Dutch business system.[75] Do their concerns indeed reflect a real change?

[74] Harry G. Barkema and Freek Vermeulen, 'What differences in the cultural backgrounds of partners are detrimental for international joint ventures?' *Journal of International Business Studies* (1997): 845-864.
[75] RIVM, *Kwaliteit en toekomst. Verkenning van duurzaamheid.* (RIVM, SDU Uitgevers, 2004).