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**Business groups in the Netherlands**

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**Introduction**

Until fairly recently, business historians would argue that the Managerial Enterprise, modelled after American big business and having a multidivisional form (M-form), was the final stage of development of all big companies. The existence of alternative models was acknowledged, but generally considered a transitional phase: in the end only the Managerial Enterprise could survive. This idea, convergence on one model, is no longer accepted, because there seems to be a variety of organisational models.<sup>1</sup> Each of these models offers advantages and disadvantages for entrepreneurs. A business group is such a business model and interestingly it seems to exist in different varieties of capitalism or types of business systems. Apparently business groups are not affected by whether we are dealing with a Liberal Market Economy or Coordinated Market Economy or the various forms of business systems Richard Whitley has proposed.<sup>2</sup> Some authors argue that business groups are purposely developed by managers, but others stress the importance of serial entrepreneurs: businessmen who habitually start new activities and are found in all countries. Multiple business ownership of small businesses is not uncommon.<sup>3</sup> We should therefore be careful to conclude that business groups are always related to big business, because a small business having the form of a business group can still be large although this is not necessarily revealed in national statistics. In the course of their history these business groups may become more formally organized, including hierarchies, and at some stage of

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<sup>1</sup> Richard N. Langlois, 'Business groups and the natural state', *Journal of Economic Behaviour & Organization*

88 (2013) 14–26; N.R. Lamoreaux, D.M.G. Raff, P. Temin, 'Beyond markets and hierarchies: toward a new synthesis of American business history'. *American Historical Review* 108:2 (April 2003) 404–433.

<sup>2</sup> P. Hall and D. Soskice (eds). *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage* (Oxford 2000); Richard Whitley (ed.), *European Business Systems: Firms and Markets in Their National Contexts* (London 1992); Richard Whitley and Peer Hull Kristensen (eds), *The Changing European Firm: Limits to Convergence* (London 1996).

<sup>3</sup> Donato Iacobucci and Peter Rosa, 'Growth, Diversification, and Business Group Formation in Entrepreneurial Firms', *Small Business Economics* 25 (2005) 65–82 (67).

development some related business firms of the group can be separated in a new (holding) company and become a new business group of their own.

Business groups are seen a hybrid models between market and firms with not clearly demarcated borders. While some are hierarchical, others are much more loosely structured.<sup>4</sup> A business group is usually comprised of legally independent firms under some form of central control: a person, a family, a group of families or a group of people not necessarily related. Different theoretical explanations are offered for their existence, including the development or lack of development of the market (transaction costs perspective), political factors, social relations (network theory), institutions (institutional voids) and corporate government (agency problems).<sup>5</sup> These explanations either stress negative factors (e.g. underdevelopment of the capital market) or positive features of business groups (e.g. flexibility). While the negative factors can offer an explanation for the existence of business groups in late industrializing or emerging economies, including India, Israel, Turkey, Brazil, these are not convincing in the case of most western countries whose industrialisation happened many decades ago. Yet business groups exist in western countries as well, even in such highly developed countries like Sweden or Belgium.<sup>6</sup> It thus seems that the model of business groups offers many advantages to businessmen. They are flexible with regard to education and reshuffling managers, facilitate internal or cross financing, developing and spreading innovation and technology, disseminating knowledge on marketing and sales, and sharing experiences in the case of internationalisation.<sup>7</sup>

In this paper we will focus on business groups in the Netherlands. There are no scholarly works on Dutch business groups by business historians. This could mean that either there are no business groups in the Netherlands or business historians have simply ignored them because the main unit of analysis in business history is still the company and only occasionally an industry (e.g. shipbuilding, iron and steel, banking). This is also true for national statistical bureaus that usually collect information on legally independent companies or firms and not business groups. Only in more recent years have the national bureaus of statistics began to collect data on business groups, following a guideline of the EU in 2008. This is true also for Statistics Netherlands (CBS) (see section 4).

Despite the lack of publications, some scholars, mostly economists and business administration, argue that there certainly are business groups in the Netherlands. The multi-country study of Belenzon and Berkovitz for instance, records the prevalence of business groups in the Netherlands compared to stand-alone firms: on average 43.9 per cent of firms in their sample of countries was a business group.<sup>8</sup> In the Netherlands this was 67 percent, one of the

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<sup>4</sup> Giulio Cainelli and Donato Iacobucci, 'Business groups and the boundaries of the firm', *Management Decision* 49:9 (2011) 1549-1573.

<sup>5</sup> Daphne W. Yiu, Yuan Lu, Garry D. Bruton and Robert E. Hoskisson, 'Review Paper Business Groups: An Integrated Model to Focus Future Research', *Journal of Management Studies* 44:8 (December 2007) 1551-1580; Mattias Smångs, 'The Nature of the Business Group: A Social Network Perspective', *Organization* 13:6 (November 2006) 889-909.

<sup>6</sup> Mattias Smångs, 'Business Groups in 20th-Century Swedish Political Economy. A Sociological Perspective', *American Journal of Economics and Sociology* 67: 5 (November, 2008) 889-914; G. Kurgan-van Henteryk, 'Structure and Strategy of Belgian Business Groups', in Takao Shiba and Masahiro Shimotani (eds.) *Beyond the Firm. Business Groups in International and Historical Perspective* (Oxford UP, 1997) 88-107.

<sup>7</sup> Martin Sköld and Christer Karlsson, 'Technology Sharing in Manufacturing Business Groups', *Journal of Product Innovation Management* 29(1) (2012) 113-124.

<sup>8</sup> Sharon Belenzon, Tomer Berkovitz, 'Innovation in Business Groups', *Management Science* 56:3 (2010) 519-535; S. Belenzon & T. Berkovitz, Business group affiliation, financial development and market structure: Evidence from Europe (2008). [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1086882](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1086882)

highest scores they recorded (the highest was Sweden: 74 percent and the lowest the United States: 0 per cent). Belenzon and Berkovitz data consists of 1,922 private and public companies in the Netherlands as of 2005: 634 (33 per cent) were counted as stand-alone and 1,288 (67 per cent) as affiliates belonging to a business group.<sup>9</sup> Heugens & Zyglidopoulos also compare the prevalence of business groups around the world but their data on the Netherlands is simply taken from Belenzon and Berkovitz.<sup>10</sup> The high score of the Netherlands is perhaps not surprising given the widespread existence and importance of family firms in the Dutch economy, as recorded by La Porta et al.<sup>11</sup> However, Masulis et al, limiting their research to listed firms find only 5 family business groups out of a sample of 183 listed Dutch firms (there total dataset is 28,635 firms in 45 countries). Of these 5 family business groups, two were horizontal and 3 pyramidal business groups.<sup>12</sup>

Before jumping to conclusions we must carefully look at the data used by Belenzon & Berkovitz and in addition their definition of a business group. A further investigation of the data used by these authors reveals that they have perhaps overestimated the number or prevalence of business groups in the Netherlands. Their data furthermore offers no information on the development or history of Dutch business groups. Belenzon & Berkovitz define a business group very broadly as ‘an organizational form in which at least two legally independent firms are controlled by the same ultimate owner’.<sup>13</sup> The literature on business groups is in general hampered by a lack of consensus on a definition.<sup>14</sup>

To investigate the historical development of Dutch business groups we will use available company histories as are main source for companies in the nineteenth and twentieth century. For the more recent period we use a different method: a sample of wealthy families (‘old capital’) taken from the annual publication (the Top 500) of the Dutch magazine *Quote*. Our main research questions are: did business groups exist in the past? What types of business groups do we find? How did these business groups develop: have become more important or not? What explanation can we offer for this? We will use the definition and typology developed by the organizers of the workshop and concentrate on the different varieties of Type 1 business groups (hierarchy), either diversified, pyramidal, bank-centred or holding. We will not investigate Type II (network or alliance business groups). Given the lack of previous research on business groups in the Netherlands, this paper can only be a very preliminary investigation. We still lack an overview of business groups in the Netherlands since c. 1800, although we have a large number of company histories we can use. After some discussion we selected the following potential cases:

#### Type I: Hierarchies

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<sup>9</sup> Belenzon & Berkovitz, ‘Business group affiliation’, Table III, 26. Firms included had at least one million dollars in annual sales and at least 50 employees. The database used is Amadeus of Bureau van Dijk Electronic Publishing (BvDEP), at present called Orbis.

<sup>10</sup> Pursey P. M. A. R. Heugens and Stelios C. Zyglidopoulos, ‘From social ties to embedded competencies: the case of business groups’, *Journal of Management & Governance* 12: 4 (November 2008) 325-341.

<sup>11</sup> R. La Porta, F. Lopez-de-Silanes and A. Shleifer, ‘Corporate ownership around the world’, *Journal of Finance* 54 (1999) 471–517 (see for instance table II, 492 and 493).

<sup>12</sup> Ronald W. Masulis, Peter Kien Pham, Jason Zein, ‘Family Business Groups around the World: Financing Advantages, Control Motivations, and Organizational Choices’, *The Review of Financial Studies* 24:11 (2011) 3556-3601 (Table 2, 3569-3570).

<sup>13</sup> This is based on Heitor Almeida and Daniel Wolfenzon, ‘A Theory of Pyramidal Ownership and Family Business Groups’, *Journal of Finance* 61 (2006) 2637-2680.

<sup>14</sup> Alvaro Cuervo-Cazurra, ‘Business groups and their types’, *Asia Pacific Journal of Management* 23 (2006) 419-437 (420-422).

<i>Variety</i>	<i>Case</i>
Diversified	Van Hoboken, Internatio and SHV.
Pyramidal	CSM
Bank-centred	NHM
Holding	OGEM, Buhrman (LNP BT), HAL Trust

The diversified, pyramidal and bank-centred varieties are covered in the current paper, although we will present a case on the HAL Trust (Holding) in section 4. The pyramidal business group is difficult to trace, partly because of new legislation introduced in the early 1970s that allowed the establishment of closed corporations: *Besloten Vennootschappen* (BV's).<sup>15</sup> These BV's are not listed on the stock exchange and do not have to publish their annual reports. Several large family firms, like the family Brenninkmeyer of the retail company C&A, chose to become a BV after 1971. As far as the listed companies are concerned, the business group was not used by many enterprises since the late nineteenth century.

The purpose of the present paper is to present some cases for our discussions on business groups. It may well be that our initial selection is wrong and that we have included firms that cannot be considered a business group using the definition provided by the organizers. In the first section we discuss some diversified business groups, while the next section will focus on a pyramidal business group: CSM. Section 3 discusses a bank-centred business group: the Dutch Trading Company (NHM). Section 4 will look at current business groups in the Netherlands using statistics from Statistics Netherlands (CBS) and the dataset Orbis. The case study will be on HAL Trust. This is followed by some concluding remarks.

## 1. Diversified business groups in the Netherlands

Business groups are hardly novel. Many grew out of family firms globally active in trade and transport.<sup>16</sup> It can be argued they used the business group model to cope with the sometimes severe fluctuations in world markets, the insecurity and risks. Some of these business groups existed for a very long time, apparently without much change (Van Hoboken and SHV), while others changed dramatically (Internatio). Over the course of a long period the configuration of a business group, the type and industry of the firms, may change when new companies are bought and others are sold. This makes it hard to classify business groups as being in agriculture, manufacturing or services.

### A. van Hoboken & Company (Van Hoboken & Co)

In the first half of the nineteenth century A. van Hoboken & Sons was one of the largest trading firms in the Netherlands.<sup>17</sup> Its founder, Anthony van Hoboken (1756-1850), started as a dairy

<sup>15</sup> These BV's are comparable to the *Gesellschaft mit beschränkter Haftung* (GmbH) in Germany, the *Private Limited Company* (Ltd) in Great Britain, the *Société à Responsabilité Limitée* (SARL) in France and *besloten vennootschap met beperkte aansprakelijkheid* (BVBA) in Belgium.

<sup>16</sup> Elena San Román, Paloma Fernández Pérez and Agueda Gil López, 'As old as history: Family-controlled business groups in transport services: the case of SEUR', *Business History* 2014); Geoffrey Jones and Judith Wale, 'Merchants as Business Groups: British Trading Companies in Asia before 1945', *The Business History Review* 72:3 (Autumn, 1998) 367-408.

<sup>17</sup> The company archives were completely destroyed in May 1940 when Rotterdam was bombarded by the Germans. B. Oosterwijk, *Koning van de koopvaart. Anthony van Hoboken (1756-1850)* (Rotterdam 1983); A. Hoyneck van Papendrecht, *Gedenkboek A. v. Hoboken en Co., 1774-1924* (Rotterdam 1924); 'Anthony

trader in the 1770s exporting butter and cheese to England. He began trading with the Cape Colony and Dutch East Indies before 1790. In about 1795 Van Hoboken invested in merchant vessels, either buying a part of the shares or all shares. By 1800 he had amassed a fleet of eleven ships and his trading activities included Western Europe, Scandinavia, the Mediterranean, South Africa and the Dutch East Indies. In 1795 he further diversified and bought a distillery to produce jenever (aka Dutch gin). The Batavian Revolution and the occupation of the Netherlands by France (1795-1813) seriously disrupted his business. Van Hoboken redirected his business to neutral countries (e.g. Denmark) and accordingly reflagged his ships. Conditions worsened after Napoleon ordered a blockade on all trade with England (1806). Despite these problems, Van Hoboken managed to survive and the Napoleonic Wars he bought a shipyard to repair his own ships and construct new ones. After 1814 his trading activities expanded to include South America and the Caribbean. He strongly supported King William I in his efforts to stimulate trade between the Netherlands and the Dutch East Indies and the establishment of the *Nederlandsche Handel-Maatschappij* (Dutch Trading Company, NHM) in 1824. From 1831 until 1850 he was commissioner of the NHM.

In 1832 the firm became a partnership that included his three sons: Van Hoboken & Sons. After the death of Anthony van Hoboken, the transition from sail to steam proved too difficult and the shipping business was terminated in 1876: the name was changed in A. van Hoboken & Co. The firm diversified by investing in distilling (Van Hoboken, De Bie & Co.) and more importantly: plantations and mining (Billiton) in the Dutch East Indies. Plantations on Sumatra and Java included N.V. *Cultuur Maatschappij Djelboek* (1897), N.V. *Landbouw Maatschappij Oud Djember* (1894), N.V. *Landbouw Maatschappij Soekasarie* (1910), N.V. *Landbouw Maatschappij Soekokerto-Adjong* (1897), N.V. *Tabakcultuur Maatschappij „Soember Sarie“* (1922, liquidated in 1934). After the 1920s A. van Hoboken & Co. increased its activities as a banking firm. Although it survived the Second World War, the decolonisation of Indonesia and the nationalisation of Dutch property in 1957 were never overcome and in the 1970s the firm was sold to the banking firm of Pierson, Heldring & Pierson (later MeesPierson, and from 1997 owned by Fortis).

#### Internatio (Internatio-Müller and Imtech)

The further liberalisation of the Dutch East Indies for private traders from the 1860s (see case NHM), stimulated the establishment of many new companies. The N.V. *Internationale Crediet- en Handelsvereniging 'Rotterdam'*, better known as Internatio, was established in 1863 by c. thirty businessmen in Rotterdam. According to the charter the company was to work as trader, shipping company, bank, and invest in agriculture (plantations or: cultures). As the name implies it was not limited to the Netherlands and the Dutch colonies.<sup>18</sup> In the beginning Internatio therefore appointed agents to trade with British India, China, Japan and Chili, but this business was stopped in the mid-1860s because of financial losses. From 1865 Internatio focussed mainly

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van Hoboken', in J.J. Moerman and T. Klijnhout-Moerman, *Grote Nederlanders* (Den Haag z.j.); J.P.B. Jonker en K.E. Sluyterman, *Thuis op de wereldmarkt, Nederlandse handelshuizen door de eeuwen heen* ('s-Gravenhage 2000) [English translation: J.P.B. Jonker en K.E. Sluyterman, *At Home on the World Markets: Dutch International Trading Companies from the 16th Century Until the Present*, McGill-Queen's Press - MQUP, 2000].

<sup>18</sup> *Internationale Crediet- en Handelsvereniging 'Rotterdam' 1863-1913. Gedenkboek uitgegeven ter gelegenheid van het 50-jarig bestaan* (Rotterdam 1913); A.C. Mees, *NV Internationale Crediet- en Handelsvereniging 'Rotterdam'. Gedenkboek uitgegeven bij het vijf-en-zeventig bestaan op 28 augustus 1838* (Rotterdam 1938); H. Baudet (ed.), *Trade world and world trade, one hundred years of Internatio* (Rotterdam 1963).

on the Dutch East Indies. It acquired the firm Van Maanen & Co in Semarang which became its main agent. Internatio invested in plantations and traded in colonial products. In 1881 Internatio became one of the first companies to be listed on the Amsterdam stock exchange.

After some difficult years, following the Sugar Crisis of 1884-1885, Internatio was forced to restructure. Most plantations and factories were sold, leaving only the coffee plantation Gereng-Redjo and the tobacco plantation Gawok. When the price of cane sugar rose, Internatio again participated in sugar plantations and factories. Like the NHM it worked on consignment with 11 sugar factories, 7 tobacco companies, 2 coffee plantations and several other cultures. At the turn of the century Internatio had become one of the largest trading companies in the Dutch East Indies. Besides its trading activities and interests in plantations and factories, Internatio acted as agent for several Dutch companies, including the shipping company Rotterdam Lloyd. Increasing competition from foreign producers (i.e. Japan) on the markets in the Dutch East Indies, forced Internatio to adapt by becoming the sole importer of certain industrial products. During the First World War trade between the Netherlands and the Dutch East Indies was interrupted and Internatio increased its presence on other markets, including the United States and Japan. After the war the world economy boomed, but in 1920-1921 a short but severe crisis began. Several trading houses in the Dutch East Indies went out of business. Internatio survived thanks to its large secret reserves amassed during the war. From 1923 the economy recovered until the world economic crisis of 1929. Internatio and other trading houses increasingly diversified by investing in local manufacturing in the 1930s. Already in 1921 Internatio participated in a rice paper factory Padalarang: a joint venture with the paper manufacturing company Gelderland and another Dutch trading house. It also participated in a sugar factory with the British company C. & E. Morton. Internatio started the Preanger Fur Weaver company in 1933 in cooperation with several textile companies from the Netherlands. Four years later it invested in a small cigar factory and a new plant of Chamotte-Unie (Geldermalsen) to produce heat-resistant materials. In these joint ventures Internatio usually handled the distribution and sales.

After the Second World War the decolonisation of Indonesia, particularly the nationalisation of Dutch property by President Soekarno in 1957, required Internatio to completely reorient its business activities. Besides Europe, this included Australia, Africa and South-America. Internatio participated in the founding of the Nederlandse Maatschappij voor Zuid-America (Dutch Company for South America) in 1946, along with several other Dutch trading houses, shipping companies and banks (e.g. NHM). These initiatives were often disappointing and increasingly Internatio concentrated on Western Europe and especially the Netherlands. After 1955 it acquired a number of whole-sale companies specialised in technical products and engineering. The colonial origins of Internatio had almost completely disappeared in the early 1970s. It continued to diversify by investing in a number of factories producing metal wares, industrial gasses, lead and tin products. In 1968 it took over a number of fitters and installers, including Van Rietschoten & Houwens and Van Swaay. By the late 1960s, Internatio had become a diversified company in trade, manufacturing and services.

In 1970 Internatio further diversified after it merged with Wm. H. Müller & Co (founded in 1878), itself a diversified business group in mining, trade, stevedoring, transport and shipping. Internatio-Müller was the fifth largest firm of the Netherlands: in 1972 it had about 14,500 employees, mostly in Europe, and turnover was 2,100 million Dutch guilders. Internatio-Müller's main area of investment was Europe (88 per cent), the remainder being in the United States (6 per cent) and Australia (5 per cent). Because of the geographical shift since 1957, the goods traded changed from colonial products to industrial products and services. The diversified

activities allowed Internatio-Müller to survive the economic crisis of the 1970s, but it demonstrated that combining trade and industry was not easy. In 1990 Internatio-Müller consisted of about 100 different companies in a variety of industries. In the early 1990s it decided to sell its interests in manufacturing and at the end of the decade a number of other unrelated companies. In 1993 c. 35 technology and engineering companies were regrouped in Imtech. Internatio-Müller sold its port related activities (originally owned by Wm. H. Müller & Co.) and the interests in the distribution of pharmaceuticals. The chemical and agribusiness companies (logistics and distribution of chemicals and food) were clustered in Internatio-Müller Chemical Distribution (IMCD) that was sold in 2003. After 2001 Internatio-Müller was no longer listed on the Amsterdam stock exchange but replaced by Imtech. Between 2001 and 2010 Imtech acquired about 55 European technology and engineering companies.<sup>19</sup> Imtech, since 2012 called Royal Imtech, has become a large business group with c. 23,000 employees and an annual turnover in 2010 of 4 billion euro's.

### Steenkolen Handels-Vereniging (SHV)

The Steenkolen Handels-Vereniging (Coal Trading Company, SHV) was founded in 1896 in Utrecht by a number of Dutch coal traders, including the family firms of F. Fentener van Vlissingen and H.A. van Beuningen, to trade in German coal transported by the railways. All seven family firms participating in the SHV were shareholders; these shares were non-tradable and remained in the hands of the families. Throughout its history the SHV disclosed very little information about its investments, structure and business strategy. New companies typically received very general names that made it hard to link them to SHV.

Two families played a major role in the SHV: Van Beuningen en Fentener van Vlissingen. In the head office in Utrecht F.H. Fentener van Vlissingen (1882-1962), son of the founder, was the main figure after 1911 until 1945, while D.G. van Beuningen, son of another founder, was director of the Rotterdam office of SHV from 1902 until 1941. The two families worked closely together and through marriages were personally connected, but after 1945 the relationship between both families deteriorated and in 1954 they split.<sup>20</sup> The SHV was thereafter managed only by the family Fentener van Vlissingen, who is still the major share-holder in SHV.

SHV was the sole sales office for coal producers united in the Rheinisch-Westfälisches Kohlen-Syndikat (RWKS), established in 1893 in Germany. This gave the SHV almost a monopoly in the coal trade in the Netherlands before the Second World War. After 1904 the SHV began using Rhine barges for transporting German coal. To process the fast growing volume of coal, RWKS pressured SHV to innovate its stevedoring business in the port of Rotterdam. The only major competitor of the SHV became the Scheepvaart en Steenkolen Maatschappij (Shipping and Coal Company, SSM), established in 1896 by the Dutch subsidiary of Standard Oil: American Petroleum Company (APC). SSM imported mainly British coal for the Dutch market. Its director, Willem van der Vorm (1873 – 1957), a former APC inspector, became a major shareholder in the SSM in 1906 and later the sole owner. In 1928 the SHV bought the SSM from Van der Vorm, but the deal was not publicized until many years later. After 1902, the NV Staatmijnen (Dutch State

<sup>19</sup> IMTECH, *De rijke geschiedenis van de Europese technische dienstverlener 1860-2010. Imtech N.V. 150 jaar Technologie & Ondernemerschap* (Gouda 2010).

<sup>20</sup> Harry van Wijnen, 'Grootvorst aan de Maas. D.G. Van Beuningen' (Rotterdam 2004); Arie van der Zwam, *Hij overwon iedereen op een vrouw na. F.H. Fentener van Vlissingen 1882-1962* (Amsterdam 2006); Wim Wennekes, *De Aartsvaders. Grondleggers van het Nederlandse bedrijfsleven* (Amsterdam 1993) 501-547; Joh. de Vries, 'Fentener van Vlissingen, Frederik Hendrik (1882-1962)', in *Biografisch Woordenboek van Nederland*. URL:<http://resources.huygens.knaw.nl/bwn1880-2000/lemmata/bwn5/fentener> [12-11-2013]

Mines) became a new major competitor for the SHV, when it began to sell its coal from the mines in Limburg in the Netherlands. SHV responded to the increased competition by establishing two sales companies: Vereenigde Brandstoffenhandel (VB) and Algemene Brandstoffenhandel (AB).

Besides trading coal, the SHV supplied bunker coal to ships in the port of Rotterdam and later also Amsterdam. It operated stevedoring firms in both ports and owned a fleet of Rhine barges. The barges were operated through two legally independent companies: the Nederlandsche Transport-Maatschappij en de Rijnvaart-Vereeniging. These companies further expanded by acquiring other shipping and transport companies. To supply the Rhine barges with food and drink, the SHV established the NV Rotterdamsche Victualiënhandel, later renamed NV Handelscompagnie. During the First World War the number of ships entering the port of Rotterdam declined sharply. The supply of coal from Germany (and Great Britain) almost disappeared, leaving only the coal from the Netherlands itself. After the war the SHV began to import coal from the USA, Canada and South America; the relationship with the German coal producers was re-established in 1924 when they founded a new organisation. The SHV in addition began to trade, wholesale and retail, in oil and liquid gas. In cooperation with ESSO the SHV established the Trading Oil Service with storage facilities in the ports of Rotterdam, Flushing and Antwerp. A whole new activity was fish flour after 1938. The SHV bought a number of companies to produce fish flour that were combined in a new company: Vereenigde Exploitatie Maatschappij. The SHV furthermore invested in phosphate factories, shipyards and towage services, electricity, the KLM (Royal Dutch Airlines), Fokker (aeroplane manufacturer), iron and steel (Hoogovens) and artificial silk (Nederlandse Kunstzijdefabriek: Enka).

After the Second World War, SHV and Caltex established a joint venture, called Calpam, for the sale of fuel oil. This signalled a shift from coal to oil. The SHV established storage tanks for oil managed by the subsidiary the Nederlandse Opslag Maatschappij (NOM). It further diversified by investing in a number of fitters and engineering firms, merged in 1970 in a separate company: Groep Technische Installatie (GTI). In 2002 GTI was sold to the Belgian company Fabricom. From 1968 SHV developed its own self service wholesale grocery business called Makro. By the late twentieth century SHV had become a very large international trading company in energy and consumer products. The majority shareholder in the SHV is still the family Fentener van Vlissingen. According to Van der Zwan, in 2004 the turnover was 13.7 billion Euros and the profit was 317 million Euros. It employed about 30,000 people all over the world.<sup>21</sup>

## 2. Pyramidal Business Groups in the Netherlands

The First World War brought an end to the easy international exchange of products, capital and people. Nationalism and protectionism led to fragmentation of the global economy. Even though the Netherlands were not among the belligerent nations, the country was greatly hampered in its imports and exports. This led to closer collaboration between companies on the Dutch market. In a number of cases, the companies shaped their collaboration through combining their companies by setting up holding companies, while the constituent companies kept some of their independence and in some cases remained listed on the stock exchange. Examples of these holding companies are the Vereenigde Chemische Fabrieken (VCF), the Vereenigde

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<sup>21</sup> Arie van der Zwam, *Hij overwon iedereen op een vrouw na. F.H. Fentener van Vlissingen 1882-1962* (Amsterdam 2006) 384.

Conservenfabrieken en de Nederlandsche Chamotte Fabrieken.<sup>22</sup> These combinations can be seen as business groups, but perhaps they are more rightly seen as trusts or simply horizontal mergers. The same question can be asked with regard to CSM.

### CSM and pyramidal structures

In 1918, the sugar refiners and beet sugar producers decided to bring their companies together in a new holding company, Centrale Suiker Maatschappij (CSM). Initially, the cooperative sugar factories would also become part of CSM. Some newspapers called the CSM the 'sugar trust', and wholesalers feared its dominant position. However, in the end the cooperative sugar manufacturers decided not to join the CSM, though they had a sales agreement for a number of years. CSM as holding included a number of fully owned subsidiaries as well as majority participations in companies (sugar factories) that remained listed on the stock exchange. However, the whole point in the creation of CSM was the possibility of centrally managing the various companies. According to its proponents, the creation of CSM would allow the sugar industry to work more efficiently by concentrating production in a smaller number of larger factories and by sending the beets to the nearest factory instead of transporting them across the country in competition with each other. CSM also set up one central sales organisation. The new company was focused on one product, sugar, and in that respect, perhaps not comparable with business groups, despite its holding structure.<sup>23</sup>

During the 1920s CSM acquired sugar companies in Poland and England and added an international holding to its holding structure. As a consequence, the interests became more diffuse and the financial structure more complex. Interestingly, one of the directors of CSM, who was responsible for the acquisition and managing of beet sugar factories in England, also personally owned beet sugar factories in England. This was well known and at the time, not considered a conflict of interest. After the crash of 1929 CSM struggled with its foreign interests as well as overcapacity on the Dutch market. In the early 1930s the managing directors considered bringing the profitable parts of the company together in a new company and liquidating CSM. However, the board of supervisory directors was against this radical plan. Instead, in 1934 CSM was reorganised and cut to size. The shareholders lost 60 percent of the value of their shares, received 10 percent in cash, while 30 percent remained in the restructured CSM. The restructured company was much smaller and entirely focused on the Dutch market. It survived thanks to the governmental support for the farmers, including the growers of beet sugar. To help the farmers survive the government needed factories to process the beets. From a large business group in its own right CSM had become part of the government supported agrarian complex.<sup>24</sup>

### **3. Bank-centred Business Groups in the Netherlands**

While in Belgium the Société Générale and some wealthy families (Solvay, Coppée, Boël) collaborated to develop the country through investments in mines, iron and steel, railways, manufacturing and colonies (Congo), such cooperation was almost absent in the Netherlands in

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<sup>22</sup> Keetie Sluyterman, *Dutch enterprise in the twentieth century: business strategies in a small open economy* (London and New York: Routledge 2005), pp. 80-82.

<sup>23</sup> Keetie Sluyterman, *Driekwart eeuw CSM: cash flow, strategie en mensen* (Diemen: CSM 1995), 36-41.

<sup>24</sup> Sluyterman, *Driekwart eeuw CSM*, 46-71.

the nineteenth century.<sup>25</sup> The Belgian separation in 1830-1839 probably reduced the number of business groups in the Netherlands and certainly retarded their development because of the deindustrialization. The first Industrial Revolution (coal, steam) had little impact in the Netherlands. Another factor contributing to the delay of the development of business groups was the lack of major investment banks in the Netherlands until the 1870s and 1880s. During the second Industrial Revolution (oil, chemicals, electricity) at the end of the 19<sup>th</sup> century, (new) business groups emerged in the Netherlands formed by industrial companies not predominantly trading firms as in the previous period. This coincided with the development of general merchant banks and investment banks. During the nineteenth century, and certainly after the Belgian separation, the NHM increasingly assumed the role of merchant and investment bank.

### The NHM (1824-1964)

The Nederlandsche Handel-Maatschappij (Dutch Trading Company, NHM) was founded in 1824 to foster prosperity in the Netherlands by stimulating trade between the Netherlands (then including Belgium) and the Dutch colonies in the East and West Indies.<sup>26</sup> From the beginning it received strong support from King William I and later the Dutch government.<sup>27</sup> Because of its close relationship with the Dutch government, it was seen as a national institution and the NHM directors believed it was their duty to stimulate the Dutch economy by setting up new companies of national importance, participating in existing ones and helping companies in dire straits. Until the 1880s the NHM was, however, primarily a trading company that offered some financial services to private businesses. Most large trading companies in the nineteenth century provided similar services to their business relations. The charter of 1824 of the NHM did not allow pure banking activities until after it was adapted in 1874. Thereafter banking activities became more important for the NHM. In 1964 the NHM merged with the Twentsche Bank to form the Algemene Bank Nederland (ABN).

The main office after the Belgian secession in 1830 was in Amsterdam, while in the Dutch East Indies it established a separate office: the *Factorij*. During the first decades the NHM focussed mainly on the Dutch East Indies. Until 1850s she acted as sole agent for the Dutch government. Her position became even stronger after the Dutch government forced indigenous farmers to produce certain goods for a predetermined price: the *Cultuurstelsel* (Cultivation System, c. 1830-1870). The NHM received the products in consignment to be sold at auctions organized by the NHM in the Netherlands. It furthermore chartered the necessary sailing vessels for transport between the Netherlands and the Dutch East Indies. For these services the NHM received a commission; the profits of the sale of the colonial products were added to the treasury. The NHM did not have a monopoly on the trade in colonial products: from the 1820s there were many other private firms from the Netherlands, Great Britain, the United States, and

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<sup>25</sup> G. Kurgan-van Henteryk, 'Structure and Strategy of Belgian Business Groups', in Takao Shiba and Masahiro Shimotani (eds.) *Beyond the Firm. Business Groups in International and Historical Perspective* (Oxford UP, 1997) 88-107.

<sup>26</sup> Ton de Graaf, *Voor Handel en Maatschappij. Geschiedenis van de Nederlandsche Handel-Maatschappij 1824-1964* (Amsterdam 2012). Appendix 2 (on the CD-ROM in the book) contains an overview of all known affiliates, participations and take-overs of the NHM until 1964. J.P.B. Jonker en K.E. Sluyterman, *Thuis op de wereldmarkt. Nederlandse handelshuizen door de eeuwen heen* ('s-Gravenhage 2000) [English translation: J.P.B. Jonker en K.E. Sluyterman, *At Home on the World Markets: Dutch International Trading Companies from the 16th Century Until the Present*, McGill-Queen's Press - MQUP, 2000].

<sup>27</sup> The successor of the NHM, the bank ABN-AMRO, is 100 per cent owned by the Dutch state since the financial crisis of 2007.

other western countries.<sup>28</sup> The NHM did have a privileged position because it traded on behalf of the government that would cover potential losses. After the Belgian separation, the NHM began to stimulate the textile industry in the Netherlands: cotton fabrics manufactured in the Netherlands were sold in the Dutch East Indies. Until 1854 the Dutch state covered the financial risks on these transactions, generating large profits for the NHM. Besides trading on behalf of the government, the NHM traded on its own account and for other private firms.

From the 1860s the NHM lost its privileged position and the market in the Dutch East Indies was further liberalised forcing the company to change its strategy and to diversify its business activities. This was additionally stimulated by the poor results of its tobacco plantations in the 1870s. The NHM not only diversified, but furthermore expanded geographically opening agencies in Singapore, Japan, North America and South America. Some of these new agencies proved successful, at least for a while (e.g. Japan from 1859 until 1880), but others failed after a short period.<sup>29</sup>

After changing its Charter in 1874, the NHM gradually transformed from a trading firm, offering financial services to firms (mainly credit), in a general merchant bank, but the process was not completed until 1884. Trading activities thereafter became less important relative to banking and investments in plantations and factories, either owned by the NHM or by other companies that relied on capital and credit provided by the NHM. In 1875 the NHM became interested in oil, but the explorations proved unsuccessful and were abandoned a year later. Later the NHM participated in mining companies, including coal, bauxite and gold. It invested in a distillery, an indigo factory and two tobacco factories, but these were all discontinued in the early 1880s. More profitable were investments in tobacco plantations on Sumatra. In 1869 it became a 50 per cent shareholder in the Deli Company; most shares were sold in 1887 generating a profit of 2.2 million guilders. The good results of the Sumatra plantations stimulated the NHM to develop its own tobacco plantations (e.g. Edi), but this plantation was demolished by natives in 1876 and liquidated by the NHM in 1880. The NHM furthermore developed its own coffee plantations on Sumatra and participated in others, either directly by buying shares or indirectly through a hypothecation (so called 'relatie maatschappijen'). From the 1880s the NHM plantations were incorporated and thus were legally independent enterprises from the parent company. Besides the Dutch East Indies the NHM owned a cacao and sugar plantation in Surinam until 1886. In 1879 it decided to build a sugar refinery in Surinam in Marienburg. The NHM in 1881 also financed an exploration to mine gold in Surinam, but this venture was stopped after five years. From the beginning the NHM developed a close relationship with shipping companies. This was continued after the introduction of steam from the 1860s. The NHM was a major shareholder in several shipping companies (e.g. Koninklijke West-Indische Maildienst in 1882, the Koninklijke Paketvaart Maatschappij in 1888 and the Java-China-Japan Lijn in 1902) and a sea port in the East Indies (Zeehaven en Kolenstation Sabang).

At c. 1900 the NHM operated as a trader (on its own account, for the Dutch state and other private companies), a general merchant bank and investment bank, besides owning a number of plantations and factories mainly in the Dutch East Indies. The banking activities further expanded after 1900 when the NHM opened new offices in Europe, Asia, and the Americas. The NHM shifted its interests in response to world markets. After 1900 the number of

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<sup>28</sup> Ulbe Bosma, 'Het Cultuurstelsel en zijn buitenlandse ondernemers', *Tijdschrift voor Sociale en Economische Geschiedenis* 2 (2005) 3-28 (3-4).

<sup>29</sup> For the NHM in Japan Ferry de Goey, 'A Case of Business Failure: The Netherlands Trading Company (NHM) in Japan, 1859 to 1881', *Zeitschrift für Unternehmensgeschichte* 58(1) (2013) 105-126.

wholly-owned coffee plantations was reduced and from 1904 all interests in coffee were stopped. They were replaced by investments in tobacco, natural rubber and tea, but mainly sugar plantations. Besides plantations the NHM owned several factories, including 7 wholly-owned sugar refineries in 1900 (in 1916: 9). The NHM interests in sugar were even larger when investments in other factories are included. In 1916 it had a major share in 9 sugar factories.

#### **NHM enterprises in 1902 and 1916**

	<i>NHM owned</i>	<i>Related through hypothecation</i>	<i>Total</i>
	Sugar	Sugar	Sugar
1902	14	22	36
1916	16	23	39
	Other products	Other products	Other products
1902	3	7	10
1916	-	46	46

Source: L. de Bree, *Nederlandsch Indië in de Twintigste Eeuw: Het Bankwezen* (Batavia 1918) 421.

After the First World War the NHM had become a major bank in the Netherlands. This position was reinforced by participating in several large Dutch companies: the Hoogovens (iron and steel) and Royal Dutch Airlines (KLM), besides investments in new shipping companies (e.g. Holland-Zuid-Africa Lijn in 1919). In 1920 it participated in the founding of a dry dock company in Amsterdam (Amsterdamse Droogdok Maatschappij, ADM). In the Dutch East Indies and Surinam the NHM continued to operate and participate in plantations and factories related to coffee, tea, sugar, rubber, and new products like palm oil and copra.

During the economic crisis of the 1930s the NHM was forced to restructure its business activities, particularly because of heavy losses on the cultures in the East Indies. From 1935 the NHM expanded its banking activities in the Netherlands by taking over other banking companies (e.g. Spaarbank in 1938), increasing its number of offices and even expanded its number of plantations in 1938 by taking-over the Serdang Cultuur Maatschappij (SCD). A new activity became insurances from the late 1930s. After the Second World War the NHM continued its policy of participating in other Dutch companies. The independence of Indonesia in 1949, and more importantly the nationalization of Dutch property, meant that the NHM lost the banking activities, plantations and factories. The financial loss for the NHM was about 134 million guilders in 1962, but only 19.5 million guilders was compensated by the Indonesian government. From the 1960s, the NHM focused on developing its banking activities in the Netherlands and other areas, including Pakistan, Saudi Arabia, the United States, Uruguay and Brazil. To expand further the NHM began merger talks with other Dutch banks and in June 1964 the merger of the NHM and the Twentsche Bank was announced. The name of the new bank was Algemene Bank Nederland (ABN). A week later two other Dutch bank announced a merger: the Amsterdam Bank and Rotterdam Bank became AMRO.

#### **4. Families and Business Groups in the Netherlands: the HAL Trust**

Until 2008, national statistics recorded mainly legal enterprises. After 2008, the EU instructed national statistical bureaus to collect information on business groups. According to Netherlands Statistics (CBS) in The Hague, in 2010 there were 1604 non-financial business groups, called

enterprise groups, in the Netherlands.<sup>30</sup> In 2012 their number has risen to 1891.<sup>31</sup> Most business groups were in agriculture and manufacturing (758), followed by trade and catering (653), transport and ICT (229) and personal and business services (251).<sup>32</sup> Statistics Netherlands does not disclose company information and therefore we have used a different approach.

The Dutch magazine *Quote* publishes a yearly list of the 500 wealthiest inhabitants. In 2013 the magazine also includes the Top 50 of families. Because we expect that these families may hold their fortune via business group structures, we investigate the ten wealthiest families. We first tabulate the families and their estimated wealth.<sup>33</sup>

### Top Ten Wealthiest Families in the Netherlands

Rank	Family	Estimated wealth
1	Brenninkmeijer	€ 23b
2	Van der Vorm	€ 5.1b
3	De Rijcke	€ 1.9b
4	Dreesman	€ 1.6b
5	Van Oranje-Nassau	€ 900m
6	Van Oord	€ 830m
7	De Pont	€ 745m
8	Van den Broek	€ 600m
9	De Heus	€ 600m
10	Van Doorne	€ 520m

Source: *Quote 500 families*, pp. 239-241.

The wealthiest family is the Brenninkmeijer family, the founders of the C&A retail company. This firm is notorious for a lack of disclosure and does, for example, not provide revenue information for the C&A stores. The main headquarters are located in Zug, Switzerland and the holding company is Cofra Holding. For this family, it turns out not to be feasible to describe its holding structure and affiliated firms. Undoubtedly, the family holdings qualify as business group, because of the holding structure and diversified activities, which include retail, real estate and private equity investments. The other families in the top 10 are typically holding and controlling their assets via business group structures. The notable exception is nr. 5: the Dutch royal family where *Quote* estimates its wealth to be in real estate, art and investments.

In this section we will zoom in on the second wealthiest family: the Van der Vorm family. This family has a long history in Dutch business. Willem van der Vorm (1873-1975) worked as employee at the American Petroleum Company (APC), a subsidiary of Standard Oil for the Dutch and Belgium petroleum markets founded in 1891. The company was located in Rotterdam (The

<sup>30</sup> Netherlands Statistics uses the following definition of Enterprise Group: An association of enterprises bound together by legal and/or financial links. Explanation: A group of enterprises can have more than one decision-making centre, especially for policy on production, sales and profit. It may centralise certain aspects of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises.

<http://www.cbs.nl/en-GB/menu/methoden/begrippen/default.htm?ConceptID=500>

<sup>31</sup> This included Dutch business groups active in the Netherlands and foreign countries, but also foreign business groups in the Netherlands and other countries.

<sup>32</sup>

<http://statline.cbs.nl/StatWeb/publication/?VW=T&DM=SLNL&PA=80262ned&D1=0&D2=a&D3=a&D4=10-12&HD=140225-0923&HDR=T.G1&STB=G2.G3>

<sup>33</sup> "Quote 500" issue of *Quote Magazine* (2013) 239-249.

Netherlands). In 1896 APC established a Dutch company: Scheepvaart & Steenkolen Maatschappij (SSM) to sell mainly British coal in the Netherlands. The purpose was to compete with the dominant SHV (see section 2). In 1905 Van der Vorm bought a number of SSM shares and was appointed director of the SSM. He kept this position until 1944, although APC sold its remaining shares to SHV in 1928. The deal was kept secret until many years later. Van der Vorm, while still director of SSM, furthermore invested in a large number of companies: Argolanda (1926), Spoorijzer (1927), Scheepvaart Maatschappij Frederika (c. 1930). To these were later added Mennens & Co., Nederlandse Gasmaatschappij, Nederlandse Fotografische Industrie and Holland-Electro N.V., Apparatenfabriek Thermion. On Sumatra he possessed a tea plantation until it was handed over to the Indonesian government in 1953. Perhaps his most important investment was in 1933. He participated in a financial syndicate to save the Holland America Line (HAL) from going bankrupt. After 1933 the family Van der Vorm kept its interests in the HAL. After the Second World War, HAL became a diversified company with interests in shipping, stevedoring and tourism. In 1971, the freight division was sold, leaving only the tourism division, including the cruise ships, hotels and tour operators. The headquarters was moved from Rotterdam to Seattle (USA).

In 1988 the Van der Vorm family sold the cruise ship business for approximately 1.4 billion Dutch guilders to Carnival Cruises.<sup>34</sup> The revenues were largely invested in HAL Holding, an investment vehicle for participation in mainly Dutch firms. Currently, the Van der Vorm family holds its accumulated wealth via the exchange-listed company HAL Trust NV. Although it is generally assumed that the family members hold the majority of the shares, the only two disclosed shareholders are First Eagle Investment (0.82%, mutual fund) and Invesco (0.29%). The organization and investment policy is described below.

HAL Holding N.V. is an international investment company based in the Netherlands Antilles. All shares of HAL Holding are held by HAL Trust and form the Trust's entire assets. HAL Trust's shares are quoted on the Amsterdam Stock Exchange (Ticker symbols: HLAN and HLANb).

The Company's Organization:

The Company's strategy is to acquire significant shareholdings in companies. The Company concentrates its attention on North America and Western Europe. This strategy is implemented out of offices in the Netherlands (Rotterdam, Amsterdam) and the United States (Palo Alto, California). Next to its private equity investments, the Company invests funds in real estate in the Pacific Northwest of the United States; these funds are managed from its office in Seattle, Washington. In anticipation of further investments in companies, the liquid assets are temporarily invested in such a manner as to maintain a high degree of flexibility. The offices in Palo Alto and Amsterdam manage a portfolio of publicly traded securities.

The Company's Investment Philosophy:

The Company's private equity group solely invests its own capital, not temporary funds from institutional investors. It does not operate within limited time horizons, nor is it subject to other restrictions common to most private equity limited partnerships.

The Company distinguishes itself from other equity groups by offering the following:

<sup>34</sup> Ferry de Goey, 'The cruise industry in the twentieth century', *Revista de Historia Transportes, Servicios y Telecomunicaciones (TST)* no. 9 (Diciembre de 2005) 90-110.

- Flexibility to invest as controlling or minority owner, in public or private companies, in acquisitions, recapitalizations, or expansion financing, and in common stock as well as other forms of junior capital
- Ability to provide continuing financing for leveraged buy-outs, acquisitions and growth strategies.
- Emphasis on long-term business fundamentals rather than short-term financial engineering.
- Interest in companies with international operations and expansion opportunities
- Backing and consulting the management of companies invested in

Source: ORBIS company profile HAL Trust NV

Via the ORBIS data base we can trace the holdings of this company. A list of 33 direct holdings is found and displayed below.

#### HAL Trust NV

Level	Subsidiary name	Total (%)	No of employees
1.	CORAL SHIPPING HOLDING B.V.	100.00	n.a.
2.	HAL HOLDING N.V.	100.00	30,470
3.	HAL INVESTMENTS B.V.	100.00	32
4.	MERCURIUS GROEP HOLDING B.V.	100.00	n.a.
5.	FLORAMEDIA INTERNATIONAL ESTABLISHMENT	100.00	n.a.
6.	HAL INTERNATIONAL INVESTMENTS N.V.	100.00	n.a.
7.	HAL INTERNATIONAL N.V.	100.00	n.a.
8.	HAL INVESTMENTS NV	100.00	n.a.
9.	HAL REAL ESTATE INVESTMENTS INC.	100.00	n.a.
10.	ORTHOPEIDIE INVESTMENTS EUROPE B.V.	100.00	1
11.	GRANDVISION B.V.	n.a.	n.a.
12.	TRESPA INTERNATIONAL B.V.	WO	689
13.	BROADVIEW INDUSTRIES B.V.	97.40	10
14.	FD MEDIAGROEP B.V.	96.80	268
15.	ATASUM OPTIK AS	95.00	n.a.
16.	AUDIONOVA INTERNATIONAL B.V.	95.00	23
17.	SPORTS TIMING HOLDING B.V.	95.00	n.a.
18.	KONINKLIJKE AHREND N.V.	92.60	1,140
19.	SHANGHAI RED STAR OPTICAL CO., LTD.	78.00	n.a.
20.	FLIGHT SIMULATION COMPANY B.V.	70.00	47
21.	INVESTING B.V.	n.a.	528
22.	PONTMEYER N.V.	67.90	724
23.	ANTHONY VEDER GROUP NV	64.20	n.a.
24.	GISPEN GROUP B.V.	n.a.	331
25.	KONINKLIJKE VOPAK N.V.	48.20	4,314
26.	N.V. NATIONALE BORG-MAATSCHAPPIJ	n.a.	n.a.
27.	ATLAS SERVICES GROUP HOLDING B.V.	n.a.	n.a.

28.	SAFILO GROUP S.P.A.	n.a.	7,950
29.	INFOMEDICS GROEP B.V.	n.a.	n.a.
30.	KONINKLIJKE BOSKALIS WESTMINSTER NV	n.a.	15,653
31.	VISILAB SA	n.a.	75
32.	NAVIS CAPITAL PARTNERS	n.a.	n.a.
33.	SBM OFFSHORE N.V.	n.a.	5,893

Source: ORBIS company profile HAL Trust NV

In the overview it becomes clear that the holding company has diversified its investments with participation in retailing, pharmaceuticals, offshore, construction, transport, etc. However, many of these holdings are holding companies themselves. For example, HAL Holding N.V. owns or has investments in 25 companies, which are also holding companies.

### HAL Holding NV

Level	Subsidiary name
1.	ATASUM OPTIK AS
2.	HAL INTERNATIONAL INVESTMENTS N.V.
3.	HAL INTERNATIONAL N.V.
4.	HAL REAL ESTATE INVESTMENTS INC.
5.	GRANDVISION B.V.
6.	PEARLE EUROPE BV
7.	FD MEDIAGROEP B.V.
8.	MERCURIUS GROEP WORMERVEER BV
9.	AHREND EUROPE B.V.
10.	BROADVIEW INDUSTRIES B.V.
11.	AUDIONOVA INTERNATIONAL B.V.
12.	SPORTS TIMING HOLDING B.V.
13.	ORTHOPEDIE INVESTMENTS EUROPE B.V.
14.	STONEHAVEN 2006 B.V.
15.	SHANGHAI RED STAR OPTICAL CO., LTD.
16.	FLIGHT SIMULATION COMPANY B.V.
17.	HAL INVESTMENTS NV
18.	PONTMEYER N.V.
19.	GIPSEN GROUP BV
20.	KONINKLIJKE VOPAK N.V.
21.	LUTTERMAN GMBH
22.	ATLAS SERVICES GROUP HOLDING B.V.
23.	GRUPO OPTICO LUX, S.A. DE C.V.
24.	VISILAB S.A.
25.	INVESTING B.V.

Source: ORBIS company profile HAL Holding NV

The strategy of the group is to select investments carefully and monitor the companies in the group. The 2012 annual report (page 18) states “The companies in which HAL has interests differ in industry, size, culture, geographical diversity and stage of development. Each company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL

has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks. The companies generally have a supervisory board of which the majority of members is not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's strategy and its implementation as described above, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these risks. These risks are therefore not managed by HAL."

This is an understatement of the management by HAL. For example, in 1996 HAL acquired the market leader in the Dutch optical retail market, Pearle. Based on the philosophy that optical retail is an attractive market because of aging populations and increasing welfare, HAL has been adding optical retailers to its portfolio via a holding company for worldwide optical retailing, GrandVision (HAL owns an estimated 99%). Since 1996 HAL has made over 50 acquisitions and the subsidiaries now operate more than 5000 stores in over 40 countries worldwide. HAL refers to its buy-ups as "add-on acquisitions" and the industry knowledge and market power allows that subsidiaries to perform well.

### **Concluding Remarks**

Using the broad definition of business groups proposed by the organisers, this paper presented some initial findings on business groups in the Netherlands during the nineteenth and twentieth century. Business historians have until now largely neglected the existence of business groups, although economists and scholars from business administration have pointed out that they are present in the Dutch economy, but they do not discuss their history. We furthermore question some of the results they have published.

Dutch businessmen employed the business group model in the past and still do in the present. It seems however, that some varieties of business groups have been used more often than others. In some cases we can also conclude that businessmen used the model for a certain period, before shifting to another model or organizational structure. In recent years the use of the business group by non-financial enterprises has become more popular, if we accept the statistics of CBS (Statistics Netherlands). There may be even more business groups in the Netherlands, because several family firms are legally organized as a closed corporation (BV) since 1971. These BV's normally provide little information on their business structure or investment strategies making it almost impossible for researchers to determine their organisational form.

The prevalence of business groups in the Netherlands demonstrates that they are not limited to emerging economies in Asia, the Middle East or Latin America. And because the Netherlands is considered a developed economy, with a strong rule of law, institutional voids cannot offer an explanation for their existence. Neither can other variables, like lack of capital at the beginning of the nineteenth century or the non-existence of an efficient stock market since the late nineteenth century. Dutch business groups had a strong international orientation, perhaps because of the colonial legacy of the Netherlands. The business group offered an efficient solution for overcoming some problems of internationalization. Families and family

businesses still play a major role in the Dutch economy and it appears that they used the business group to style their entrepreneurial spirit and expand their enterprise.