Non-Market Strategy Literature Review: The Government Relations Component

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Abstract:
This work presents a contemporary literature review of selected materials regarding the growing non-market strategy field over the last 25 years, as part of the research conducted by the author during his PhD at ESCR – École Supérieure de Commerce de Rennes. The data collection highlights the activity of Government Relations within the non-market environment as one of its key components. The work aims to throw more light on the Government Relations’ area with a strategic intent, with observations on the state of the art and perspectives for future research, considering the subject both as a managerial practice and as a field of study. The work also indicates 6 qualitative case studies to enable further analysis on applied non-market strategies where the Government Relations area had fundamental participation, all with direct participation of the author.

Keywords: Literature review, non-market, strategy, government relations

1. Introduction
Since David Baron’s seminal works (1995a, 1995b) a lot of different activities, using many denominations, have beenincreasinglylisted under the non-market strategy terminology. CPA – Corporate Political Activity (Funk and Hirschman, 2017; Lux, Crook and Woehr, 2011; Griffin et al., 2001; Hillman and Hitt, 1999), CPC – Corporate Political Connections (Cui et al., 2018; Sun, 2018), CSR – Corporate Social Responsibility (Scherer, 2018; Frynas and Stephens, 2015; Baddache and Nicolai, 2013; Margolis and Walsh, 2003; McWilliams and Siegel, 2001; Ihlen, Bartlett and May, 2011), Corporate Diplomacy (Watkins, 2007, 2003), Stakeholder Management (Henisz, 2014; D’Aveni, 2004; Hillman and Keim, 2001; Donaldson and Preston, 1995), Corporate Citizenship (Matten and Crane, 2005; Maignan, Ferrell and Hult, 1999), Corporate Lobby (Jia, 2018; Mathur et al., 2013; Vance, 2012; Farhat, 2007), Political Communication (McNair, 2011), and Business Ethics (Donaldson and Dunfee, 1999) constitute some significant examples.

With the recent challenges for economic development (particularly in emerging countries) and more complex regulatory environments (for instance, due to more information publicly available, technology advancement and innovative disruptions impacts on businesses), the non-market strategy field of study has been receiving more attention, being considered by many authors (e.g. Parnell, 2018; Voinea and Kranenburg, 2017; Bach and Blake, 2016; Lawton, Doh and Rajwani, 2014; Henisz and Zelner, 2012; Bach and Allen, 2010; de Figueiredo Jr., 2010) a key component of a company’s overall strategy. As stated by Martinez and Kang (2014:81), “…non-market strategy is an essential way for entities to get competitive advantage and it is becoming a relevant problem in the studies of strategic management.” However, the complex activity of conducting a strategic Government Relations (Navarro, 2019) has been many times overlooked or notconsidered adequately in depth (i.e. integrated and aligned with companies’ market strategies) by scholars and practitioners as one key component of the non-market environment. Most of times, the interaction with Government has been treated more punctually as a stakeholder’s specific case (Drutman, 2010; McKinsey&Co, 2010; Baumgartner et al., 2009; Salacuse, 2008; Susskind, 2005; Watkins, Edwards and Thakrar, 2000) other than a fundamental part among the many externalities (like media, local communities, NGOs – Non-Government Organizations, activists, unions, etc.) companies need to face to achieve corporate and business goals. As stated by Lawton, Doh, and Rajwani (2014:5):

“Despite some research advances, the nonmarket strategic environment remains relatively uncharted territory for both scholars and practitioners of strategic management. This is particularly true in emerging economies. In particular, the influence of government, a subset of the nonmarket context, is a largely unexplained and indeterminate variable within companies’ strategic decision-making process. Although there is research on state-business relations, less work has been done on how top-management teams factor the external political environment into their strategic decisions and actions”. This concern also reached the academy, as many authors discuss the huge challenge that is to teach on how to interact with Government as a subset of the non-market environment via academic programs (Navarro and Gozetto, 2019; Navarro and Dias, 2018; Griffin and Thurber, 2015; Holyoke, Brown, and LaPira, 2015; Marlowe, 2015; Wippersberg, Wagner, and Lojka, 2015).

In this sense, this work intends to map, group and critically evaluate selected key empirical and conceptual papers among the growing number of publications in the field of non-market strategy over the last 25 years, highlighting the topic...
of the Government Relations component, indicating major findings and existing trends and perspectives, as well as providing insights for future research agendas on gaps and open questions for potential investigation.

2. Methodology

For the review, a systematic approach (Petticrew and Roberts, 2006; Fink, 2005; Tranfield, Denyer and Smart, 2003; Cooper, 1998) was used, in an attempt to reduce bias and provide a critical account of evidence, ensuring rigour and transparency, and minimizing weaknesses inherent in traditional narrative reviews. The aim was to generate a selection of significative published academic materials from 1995 (when the aforementioned Baron’s seminal article was published) to 2019, to form the basis of the literature search towards a holistic picture, applying key words (and the combination of them) such as “Non-market”, “Strategy”, and “Government Relations” on several databases such as Scientific Research1, FGV2, EBSCO3 and Google Scholar4, that are quite comprehensive and index many business literatures.

Also, references indicated on previous recent and relevant literature reviews related to the non-market strategy subject were considered and analyzed (Wrona and Sinzig, 2018; Boddewyn, 2016; Mellahi et al., 2016; Rajwani and Liedong, 2015; Martinez and Kang, 2014; Rajwani, Lawton and McGuire, 2013).

In this context, the focus of this literature review is to explore the strategic aspects of the Government Relations function in an organization as a moderator influencing the cause and effect relation between the effectiveness of companies’ strategies (independent variable) and Government decisions that may have an overall significant impact on the company (dependent variable), as shown on Figure 1:

![Figure 1: Conceptual Framework to Explore the Selected Literature Review](image)

This way, 228 articles, books, papers, monographs, research reports, news and working papers – including empirical and conceptual studies – were selected from the 1995-2019 period, based on title, abstract and full text, appraised for quality and grouped for analysis, including key material citations.

This selection provided valuable insights for this literature review, intended to be a systematic and replicable approach to create a reliable knowledge base that goes beyond the analysis of individual studies (Davies, 2004), aiming to contribute to both theoretical and practical applications on the Government Relations field of study.

3. Analysis of the Literature

3.1. Main Concepts

According to works within the reviewed literature (Scott, 2013; Doh, Lawton and Rajwani, 2012), institutions comprise regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life, being categorized into regulative, normative and cognitive pillars. The ones based on the first pillar have the ability to establish, monitor and sanction rules, whenever necessary to influence future behavior. These regulative activities can either be enforced formally by Governments or can be enforced informally through societal pressure (i.e. other non-market actors, such as NGOs or media).

Political institutions are organizations which create, enforce and apply laws, mediate conflict, and make policies, rules and norms, comprising a recognized structure of principles within which companies operate (Voinea and Kranenburg, 2018), therefore affecting the legal, economic and social environments (McDonnell, 2016).

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1. https://www.scirp.org/
2. https://portal.fgv.br/pesquisas
4. https://scholar.google.com
Interest groups – such as media (Asp, 2014) and NGOs (Marberg, van Kranenburg and Korzilius, 2016) – can be defined as organised collections of individuals motivated by social and ethical concerns which aim to advance a broad set of interests, seeking to influence business practices, as well as political and economic decisions (Baron, 1999). Regulations are standards and rules adopted by administrative agencies that govern how laws will be enforced (Voinea and Kranenburg, 2017), being divided into social (e.g. consumer protection) and economic (e.g. pricing, when there is insufficient or unfair competition). For its turn, regulatory agencies are public establishments that exercise autonomous statutory authority over specific areas of activities, with a regulatory or supervisory capacity (Scott, 2013), performing their functions with transparency, usually independently but with an oversight from Government.

This way, organizations (including companies) are influenced by institutional logics (Greenwood et al., 2011), being their behavior a non-uniformly reflection (e.g. reactive or proactive, passive or resistant) of the degree of conformity to the pressures imposed on them by their environment, depending on the nature and context of the pressures themselves.

In this context, the complex subject of corporate public affairs comprehends several terms in the reviewed literature such as the ones shown on illustrative (non-exhaustive) Table 1:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition/Concept</th>
<th>Selected Reference</th>
</tr>
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<tbody>
<tr>
<td>Public Relations</td>
<td>Management function that establishes and maintains mutually beneficial relationships between an organization and the publics on whom its success and failure depend</td>
<td>Cutlip, 2013</td>
</tr>
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<td></td>
<td>Keeping stakeholders in a positive relationship with the organization in an effort to advance outcomes and achieve its goals</td>
<td>Buchholtz and Carroll, 2012</td>
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<td></td>
<td>Management of the interface between the company and the outside world</td>
<td>Harris and Fleisher, 2005</td>
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<td></td>
<td>Component of strategic management, using communication to build relations with the strategic publics that shape and constrain the mission of the organization</td>
<td>Grunig et al., 1995</td>
</tr>
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<td>Public Affairs</td>
<td>The corporate consideration of the impact of environmental (in its broader sense), political, and social developments on a company and the opinion-leader contact programs which follow</td>
<td>Harris and Fleisher, 2005</td>
</tr>
<tr>
<td>Lobby</td>
<td>The act of directly expressing your views to elected officials in order to influence the action of that person or persons with the goal of affecting the law</td>
<td>Libby, 2012</td>
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<td></td>
<td>Seeking to influence public authorities to take account of private views and interests while deciding the public interest and making regulations about it, aiming to achieve a favorable environment for doing business</td>
<td>Schepers, 2010</td>
</tr>
<tr>
<td>Strategic Government Relations</td>
<td>The process of engagement with public administration representatives at its different levels—city, state, national, multinational and global—aiming to influence decisions towards a perceived value co-creation approach that allows a jointly achievement of strategic objectives for all involved parties and stakeholders</td>
<td>Navarro, 2019</td>
</tr>
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Table 1: Terms, Concepts and References Related to Corporate Affairs in the Reviewed Literature

Considering these definitions, Public Affairs is therefore a specialization within the function of Public Relations. Moreover, Government Relations is then a subset of Public Affairs, being this particular stakeholder considered by many scholars as one of the most influential targeted public, due to their power, authority and legitimacy in a society (Wilcox et al., 2003; Salacuse, 2008; Grosse, 2005).
From both a professional and academic perspective, these subjects are developing fast, with focus on Government in its multiple roles as legitimiser, regulator and promoter at the international, regional, national and local levels, within associations and organisations with special interests, and between communities of scientists, local citizens, opinion makers and public at large (Boddewyn, 2016).

Since mid-90's the public affairs/government relations area moved from a tactical to a strategic level, as several scholars and practitioners pointed out that this is a management function that can add value and create competitive advantage to companies, especially in emerging markets (Seligman and Mello, 2018; Navarro, 2017a; Perkins and Minefee, 2015; Carvalho et al., 2013; Galan, 2012; Ricardo, 2011; Farhat, 2007).

In a broader view, the non-market environment, defined by Baron (2013:xxix) as “the legal, political, and social arrangements in which the firm is embedded, determining the rules of the game for the market environment through government policies and public expectations” structures a company's interactions with its non-market stakeholders, that include – besides Governments – institutions, the academy, NGOs, environmental activists, local communities, interest groups, organized social movements and unions, among others.

Drawing on many main theories – from economy, social, political and management perspectives – such as collective action theory, public choice theory, game theory, transaction costs theory, resource dependence theory, institutional theory, social identity theory, interest group theory, agency theory, behavioral theory, population ecology and stakeholder theory, the reviewed literature explores how companies aims to shape regulatory environments, adapts to demands, adheres to institutional pressures and norms, try to handle institutional contradictions to elevate their sociopolitical legitimacy, and secure critical resources from key stakeholders (Mellahi et al., 2016).

Non-market forces on business environment are defined as the social, political and legal arrangements that structure the company’s interactions outside of, and in conjunction with, markets (Baron, 1995a). Strategy has many definitions (Freedman, 2013; Duggan, 2013; Dixit and Nalebuff, 2008), but specifically here it gives the characteristic that non-market activities can create potential future success or competitive advantages for companies when dealing in an optimized way with externalities (Baron, 2013; Bach and Allen, 2010).

Non-market strategicscan therefore be defined as the coordinated actions firms undertake in public policy arenas (Bonardi et al., 2006), as proactive actions taken by a firm to affect the public policy environment in a way favorable to it (Hillman, 2003), or a company’s concerted pattern of actions to improve its performance by managing the institutional or societal context of economic competition (Lux, Crook and Woehr, 2011). Non-market strategies can be regarded as relational and transactional (Hillman and Hitt 1999).

Relational strategies – such as business associations’ participation and stakeholder cooperation – are defined (Mahon, Heugens and Lamertz, 2004) as proactive practices that can minimise surprises from political institutions, regulatory agencies and social institutions (e.g. interest groups, media), aiming to maximise the alignment of the company with its environment and collective interests through relationship building with key stakeholders in order to improve reputation, mutual trust, information exchange and synergies (Navarro and Dias, 2017; Abratt and Kley, 2012; Baron and Diermeier 2007; Hardy, Nelson and Lawrence, 2003). Relational strategies, thus, may enable firms to anticipate possible future issues or changes in the non-market environment, detecting potential threats or opportunities.

Transaction strategies – such as advocacy advertising, contracting media experts and issuing press releases – are more issue-specific and reactive to a specific target, conducted on an ad hoc basis, without network building purposes (Mahon, Heugens and Lamertz, 2004; Uzzi, 1997). Hence, this type of strategy represents a response to changes in the non-market environment when management is forced to act due to visible effects on the firm. Transactional strategies are often used to complement relational ones, or take place when it is not possible to use relational strategies due to legislation and/or regulation.

Non-market strategies are also usually classified at academic literature into two major categories: political (i.e. CPA, understood as corporate attempts to manage government policy through an engaged or a non-engaged approach – De Villaret et al., 2018) and social (i.e. CSR, a movement where companies realize the value of their externalities and establishes voluntary commitments to them, with the expectation to be positively recognized by key stakeholders – Dorobantu, Kaul and Zelner, 2017).

Despite their common main objective to influence the different externalities that comprise the non-market environment, this division is also accompanied at the practitioner’s level and the segmentation many times appears on companies’ hierarchies. As a result, most contributions to the non-market strategy research field are isolated (De Figueiredo Jr., 2010), even within a compilation (Lawton and Rajwani, 2015), despite recent efforts to integrate CPA and CSR (Wrona and Sinzig 2018; Dorobantu, Kaul and Zelner, 2017; Frynas, Child and Tarba, 2017; Mellahi et al., 2016; Doher et al., 2014).

Another point to consider is that the “strategy” component of non-market forces’ research has received few contributions from the market forces arena. Concepts, models and tools brought to the strategy field by, for instance, renowned authors like Porter (2001, 1996, 1985, 1980), Mintzberg, Ahlstrand and Lampel (2008, 2006), and Prahalad and Hamel (1994, 1990) need to be adapted and complemented once incorporated for use into the non-market environment (Navarro, 2017a; Porter and Kramer, 2011, 2007; Vining, Shapiro and Borges, 2005). Moreover, the necessary integration of market and non-market strategies – despite external (e.g. legislations) and internal (e.g. resources) limitations in this process, as shown by Bonardi (2008) – is still present in few works, although being increasingly recognized more recently (Holburn and Bergh, 2014).

In particular, and as consequence of the aforementioned points, few works explore specifically the influence of Government on different business environments, the strategic companies’ relations with this non-market force.
component, and how management from the C-level can optimize the use of a Government Relations area into their overall strategic decisions and actions (Navarro, 2019).

3.2. The Perspectives of Economy, Social, Political and Management Theories

According to Rajwani, Lawton and McGuire (2013:29), “CPA is not theory in its own right, but it is also not vague or tautological; the value in using the CPA perspective lies in its ability to alter the resource base and institutional dynamics to understand performance”. In this sense, due to the complexity of the subject under study and the multiple views available (Zingales, 2017), a total of 12 theories from the fields of economy, sociology, politics and management were accessed aiming a holistic view (Getz, 2002).

From the economy perspective, 4 theories are used as basis in approaching the issues of CPA. They seek to provide explanations for a company’s motivation to have political participation and selection of political strategies, i.e. business becomes politically active when it needs to represent its interests in the political process, to exchange self-interest with political decision-makers’ interests, and/or to react to its opponents’ political moves (Chen, 2005). Also, business selects its political strategies based on the incentives and constraints perceived by political decision-makers, the calculation of transaction costs involved in political strategies, and its opponents’ strategies.

Collective action theory. As described by Olson (1965), it involves the relationship between the voluntary provision of collective goods by a private individual actor and the size of group he or she belongs to. Without incentives or sanctions, individual actors in large groups would act as “free riders”, i.e. would be unlikely to help pay for collective goods; on the other hand, in small groups collective goods are more likely to be provided.

Public choice theory. Examines how Government works by individual actors, defining every political process as a market-like exchange of self-interests between public officials and private actors (Holcomb, 1994). Each political actor is influenced by self-interests, being their behaviors explained based on the actors’ incentives and constraints associated with a public policy or Government action. This way, public officials supply Government intervention to meet the demands of private actors. Companies that perceive a benefit in potential governmental policy enter the political arena to “acquire” that policy; and firms that perceive a cost in it enter this arena to “acquire” inaction from public officials. Lobbying activities meet here its basis (Alemanno, 2017), in terms of campaign contributions (where allowed by laws), implicit or explicit promises of votes in future elections, or factual information needed by Government officials (OECD, 2014).

Game theory argues that a rational actor makes decisions to maximize its gains of interests in situations of uncertainty by anticipating what other actors in the situations will do or react (von Neumann and Morgenstern, 1947), in a sequential or simultaneous way, depending on the type of “game” (Biswa, 1997). Regarding Government Relations, actors (i.e. companies) attempting to influence public policy make decisions based on what other actors (i.e. competitors or other stakeholders) are doing or are expected to do.

Transaction costs theory relies on finding the most efficient organizational arrangement that ensures minimum transaction costs that result from transferring goods or services across separable interfaces (Williamson, 1985). This way, companies have the option to internalize a function or to contract it out, either of each with risks or costs associated. This relates to a common dilemma that companies face regarding the constitution of a Government Relations area, once decided to effectively engage strategically in this arena: which one is better, to develop within the firm such an area, opt to hire consultants, or do both? (McKinsey & Company, 2013, 2011a; Judd, 2011; Griffin and Dunn, 2004). A company’s choice to adopt an institutional strategy, a sectoral strategy or both finds basis here (Navarro, 2017a), depending on the faced levels of uncertainty, frequency and specificity on each issue/situation. The higher the level of these components, greater are the chances of internalization (Getz, 2002).

For its turn, from the social perspective there are 3 theories that seek to examine the phenomenon of CPA by focusing on the relationships, companies have with others in their environments. They suggest that the company’s motivation to participate in political advocacy is derived from its need to reduce the uncertainties associated with its dependence on Government and to gain legitimacy and favorable political capital from its institutional environment. This perspective argues that the level of the company’s dependence on Government and its institutional resources determine the selection of strategies and tactics in practice.

Resource dependence theory. Kotter (1979) suggests that one organization’s dependence on another for essential resources determines one behavior towards the other and their relationships in predictable ways. For instance, the dependence of companies on Governments (that may impose contingencies and constraints) for favorable regulations or trade rules can contribute to explain their degree of political activity/engagement, as well as their strategic approaches into the political arena aiming to reduce uncertainties. Indeed, as pointed out by Bach and Allen (2010) and Hillman and Hitt (1999), companies that are more dependent on Government decisions are more likely to include in their strategies the establishment of an ongoing relationship (e.g. courtesy visits, periodic meetings) with its representatives. This is particularly a common characteristic in emerging markets (e.g. Brazil), especially on highly regulated sectors like automotive, pharmaceutical, chemical, tobacco, biofuels, among others.

Institutional theory places emphasis on choices made in response to or in compliance with an organization’s institutional environment, comprising the rules, requirements and regulations imposed to the organization (Bluedorn et al., 1994), assuming that compliance with the institutional environment is critical to an organization’s success because it produces operation legitimacy – also known as “licence to operate” (KPMG, 2014) – and gains desired support or reward from the organization’s institutional constituents (i.e. stakeholders). This way, political activity is a mean used by companies to obtain informal and formal institutional resources, including legitimacy and laws and governmental policies favorable to organizational structures or processes (Furubotn and Richter, 2010).
Social identity theory seeks to explain why people tend to classify themselves into social categories associated with organizations and other types of groups, in an effort to understand who they are (Ashforth and Mael, 1989). This way, companies that embodies characteristics considered valuable by its employees, for example, can provide feelings of connectedness, esteem and empowerment (Harrison and Wicks, 2013). As employees invest energy, effort and time in the company, they develop feelings of “ownership”, which provides a sense of responsibility, shared interest, and motivation to work at high levels (Vandewalle, Van Dyne and Kostova, 1995).

From the political perspective, one theory serves as support for the efforts of influencing Governments and helps to understand why companies act in this arena in association with others.

Interest group theory considers that a public policy process is an attempt to reach agreement between competing objectives from multiple formally constructed and legitimate groups (Schattschneider, 1960) that represents the concerns, objectives and/or preferences of their members (e.g. manufacturers associations, syndicates). It also determines that the motive for a particular company to enter the political arena is that other groups with different views are politically active. This way, the presence and activities of business’s opponents are motivators of public action. One important point is, as highlighted by Shaffer and Hillman (2000), that interest group theory is not useful for diversified companies because there is no clearly identifiable firm-interest.

In addition to the economic, social and political approaches, management perspective studies how executives influence the behavior of organizations. There are 4 management theories that have been employed in public affairs research that suggests that companies actively participate in politics because they need to create agents who serve for their interests, or because of their characteristics (Chen, 2005). The selection of CPA strategies is based on the problems, companies have with its agents, the strategizing of its distinct competences in the political arena, and the similarity of its interests and those of other firms in the same operating environment.

Agency theory examines the relations in which one party (called “agent”, e.g. Government representative) acts for another (called “principal”, e.g. company), deals with problems derived from this agent-principal relationship, and employs strategies of the principal to reduce problems (Keim and Baysinger, 1993). It assumes that the motivation to participate is to create agents and to maintain good agency relationships (Getz, 2002) and suggests how the firm might effectively do so. Since it is structurally impossible for companies to make public policy decisions, they try to create agents of governmental officials. While public officials are assumed to represent their constituents, a particular official may not consider a particular firm a legitimate constituent (principal). Political activities directed toward that official may succeed in changing this view. Therefore, agency theory explains political activity as a mean of agent influence and persuasion. One form to seek this alignment is described by Navarro (2019) as “the CONFORT strategy”, i.e. the content the Government Relations professional is presenting; the form, or how he/she is addressing the interlocutor(s); and the timing, or the moment of the approach. Also, as the relationship with many agents is part of the strategic activity of Government Relations, Navarro (2017a:174) states that “a good practice is to elect, wherever possible and after careful analysis, a focal point, in order to facilitate a constantly updated and fast flow of key information from one side of the table to the other”.

Behavioral theory states that an organization’s decision of political engagement and activities is a result of the organization’s characteristics and strategic thinking (Getz, 2002), and asserts that organizational decisions are affected by characteristics of an organization, such as structure, size, culture, resources, routines, policies, organization, philosophy, and history (Cyert and March, 1963). This way, companies filter environmental signals so that decisions about CPA are based on interpretations of the external environment.

Population ecology theory argues that an organization is affected by other similar organizations in its external environment because they all extract similar resources from the same environment (Getz, 2002; Hannan and Carroll, 1992), that will determine both the number and the variety of organizational forms that may successfully co-exist. Diversity in environmental resources permits new or specialized organizational forms to emerge, while large amounts of similar resources results in fewer, generalist organizations which exploit economies of scale (Gray and Lowery, 1997). This theory may explain why companies become engaged, rather than relying upon their trade associations or other collective interest groups: the more interests there are that consider the same public official a “friend”, the more likely that the company will use independent political action to differentiate itself from others (Getz, 2002).

Stakeholder theory: Since Freeman’s seminal work (1984), a significant amount of studies contributed to this theory (Miles, 2017; Laplume, Sonpar and Litz, 2008; Golden, 1998), that comprehends several different narratives and is subjected to multiple interpretations and applications, such as business ethics, CSR, strategic management and corporate governance (Freeman et al., 2010; Gilbert and Rasche 2008; Friedman and Miles, 2006). Stakeholder theory seeks to understand how managers can prioritize and address stakeholders’ claims – including Government (Olsen, 2016) – in an effort to improve the firm’s ability to create value. It states that stakeholders have decisions to make of whether the utility a company provides them is greater than what they give up from other opportunities; thus, companies that make their stakeholders better off will be ones that are able to retain their support and participation over time. This way, companies should proactively pay attention to their stakeholders, providing a way for connecting ethics and strategy (Phillips, 2003). Also, companies that seek to attend the interests of a broad group of stakeholders create more value over time (Freeman, Harrison and Wicks, 2007). Mitchell, Agle and Wood (1997) proposed a theory of stakeholder identification and their salience, based on 3 key attributes – power, legitimacy and urgency – recognizing its dynamic nature (i.e. gain/loss) over time. Other approaches (Harrison and Wicks, 2013) emphasize that a stakeholder-based perspective of value is very important from a managerial perspective because managers tend to focus attention on things that lead to higher performance based on what actually gets measured (Mintzberg, 2010), and this particular point is one of the most valued by Government Relations’ practitioners in order to show internally in companies the strategic aspect of the area.
3.3. Key Findings

Scholars suggest in the reviewed literature that CPA and CSR are complementary, needing to be aligned (den Hond et al., 2014; Boddewyn, 2014); also, that CSR may minimize potential risky effects of CPA (Sun, Mellahi and Wright, 2012). In fact, in order to manage pressures from interest groups, companies try to incorporate issues of concern from these stakeholders into their purpose statements and/or values to reach collective goals, as the influence of interest groups on the legitimacy and performance of firms has been increasing over recent years5.

Several factors and characteristics such as corporate demographics – like size, history/age and market share – can impact non-market strategies. Within the reviewed literature, authors indicate that bigger firms (with more capabilities) have more financial resources to apply individually on CPA and CSR (Cook, 2015; Lux, Crook and Woehr, 2011; Hillman and Hitt, 1999) and, thus, tend to be more engaged on these levels than smaller firms due to budget restrictions (Schuler, 1996), which on their turn often have to rely on collective actions (i.e. sectoral strategies – Navarro, 2017a:58) to be able to undertake political activities at different levels.

Also, it is argued by authors that companies with higher market shares possess an elevated number of different stakeholders and, being more “visible”, need to be more involved with the non-market environment (Marques, 2017; Hillman and Wan, 2005; Cook and Fox, 2000).

Besides those views, there is the rationale that the more time a company is present in a particular market, the more experience, credibility and reputation it has accumulated. This way, a potential higher chance of success in the non-market arena can be achieved (Lambert et al., 2004; Schuler and Rebhein, 1997), as past political experience may have a positive effect on a company’s ability and willingness to perform CPA activities.

Other reviewed studies indicate that companies that belong to a highly regulated industry, perceive a specific political issue as important, find institutional gaps and/or deal with significant uncertainties within the non-market environment tend to engage more in CPA activities (Lux, Crook and Woehr, 2011; Oliver and Holzinger, 2008; Schuler and Rebhein, 1997).

Another component impacting the development of a company’s non-market strategy is its management organization – competencies, systems and structure (Navarro, 2019). Within the researched literature, it is found the reasoning that companies that have a large, skilled and dedicated area to deal with public relations affairs (in a broader sense, i.e. including several non-market components) are more active on the non-market arena (McKinsey & Co, 2013, 2012, 2011a; Rebhein and Schulder, 1999; Schuler, 1996), since more informed employees tend to be concerned to related subjects, such as reputation (Alsop, 2004).

Also, budget allocation and the degree of engagement regarding CPA is pointed by many authors (Ozer, 2010; Wilts, 2006; Schuler and Rebhein, 1997) to be related to C-level decisions (i.e. high hierarchy personnel). The way market strategy levels are defined (Navarro, 2017a) – Corporate, Competitive (or Business) and Functional – appears too on several references as other influencing factor to companies’ non-market activities.

Among these references, several indicate that the presence in multiple sectors and geographies (i.e. Corporate Strategy level) may benefit from diverse synergies when engaging with non-market activities (Cuier et al, 2018; Lux, Crook and Woehr, 2011; Bonardi, Urbizondo and Quelin, 2009; Hillman and Wan, 2005; Blumentritt, 2003; Hillman and Hitt, 1999).

In similar direction, industries more dynamic, where the degree of competition is higher, operating in market niches or closer to consumers (i.e. Competitive Strategy level), tend to foster more CPA and CSR activities from the companies that belong to them, due to a greater concern over externalities, such as higher regulations and selective incentives (Breitinger and Bonardi, 2016; McKinsey & Co, 2011b; Lenox and Eesley, 2009; Hillman, Keim and Schulder, 2004). In particular, disruptive technologies may open up new opportunities for value creation (e.g. sharing economy), but it may take several time before appropriateregulations are introduced (Dorobantu, Kaul and Zelner, 2017; Navarro, 2016), adding considerable complexity to the non-market environment (Laurell and Sandström, 2017). Finally, the more active a company’s functional strategy level is (i.e. the operational methods and activities that add value, connected to the support to the other two strategy levels – Navarro, 2017a), the more intense will tend to be the relationships and interactions with different internal and external stakeholders along its value chain (e.g. logistics, research, manufacturing), thus fostering an increased CPA activity, aiming to proactively capture opportunities and solve issues related to the non-market environment.

Classic market stakeholders, such as the ones included on Porter’s Five Forces Model (1980) – competitors, suppliers, producers of substitutes products/services, clients and new entrants – also influence non-market activities, as discussed in several researched works (Reimann et al., 2012; Lux, Crook and Woehr, 2011; Kassinis and Vafeas, 2006; Vining, Shapiro and Borges, 2005). The more these constituents are politically or socially active, the more a company who interacts with them tends also to be.

The market and non-market present, as pointed out by Bach and Allen (2010), different “currencies”: while the former deals with money, leadership, flexibility, predictability and value, the latter deals with information, coalitions, consistency, uncertainty and values. In this sense, Bach and Allen (2010) propose – building on previous Baron’s work (1995) – a series of sequential questions, known as the “(IA)3 Framework”, to better analyze a company’s non-market

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environment: (i) what is the issue?; (ii) who are the actors with a stake in this issue?; (iii) what are these actors' interests?; (iv) in what arenas does this issue play out?; (v) what information moves the issue in these arenas?; and (vi) what assets do the actors need to prevail in these arenas?

As a result, an active, large and organized group of non-market stakeholders – also named as “shareholders” by Kennedy (2017) – can foster an increase on CPA and CSR activities to be adopted by the company with whom they interact (Voinea and Kraneburg, 2018; Vachani, Dohand Teegan, 2009; Spar and La Mure, 2003; Schuler, Rebhan and Cramer, 2002). In particular, it is found on literature support that complex regulatory environments, with higher levels of governmental regulations, specially in emerging countries, leads to an increase in companies’ non-marketactivities (Lamb and Wann, 2018; Heidenreich, Mohr and Puck, 2015; Puck, Rogers and Mohr, 2013; Lux, Crook and Woehr, 2011; Blumentritt, 2003).

Companies can then advance policies’ outcomes that may form a better business environment aligned with their interests and strategies through regular interactions with institutions (Voinea and Kraneburg, 2018), building long-term relationships (Choi, Jia and Lu, 2014), and therefore contributing for a greater attractiveness to CPA, as it may bring concrete economic implications (White, Fainshmidt and Rajwani, 2017; Glynn and Abzug, 2002), such as the increase or decrease on the cost of doing business in a particular market.

3.4. The Government Relations Component

The rise of globalization, with the proliferation of trade agreements, rules of origin and preference margins; concerns about homeland security; governance rules like the Sarbanes-Oxley Act; and the increased influence and intervention of worldwide Governments on domestic economies after the economic crisis of 2008, were all recent and concrete factors that contributed to reinforce the importance of Government in the context of nonmarket forces. In particular, since the establishment of the World Trade Organization (WTO) in 1994 as a successor to the General Agreement on Tariffs and Trade (GATT) to liberalize international trade on a multilateral basis, obligations regarding transparency and non-discrimination of Governments’ actions concerning products and services and investments were significantly enhanced, including clearer rules for protection of intellectual property rights and stronger dispute-settlement mechanisms. Different important regional integrations, such as European Union (1993 – Maastricht Treaty), NAFTA (1994) and MERCOSUR (1995) were also contemporary from this period. These movements contributed to an increase of the business-governmental relationship, at worldwide and local levels (Boddewyn, 2016; Doh, McGuire and Ozaki, 2015).

Since then, an increasing number of companies, from several different sectors, are becoming more involved in political activities (i.e. Government Relations or CPA), transcending bureaucratic approach (Barron, 2010; Fuchs and Lederer, 2007) and spotlighting the complexity of highly regulated environments in which they operate, such as pharmaceutical, tobacco, alcoholic beverages, weapons, oil and gas, telecommunications, construction, banking and information technology, among others.

As pointed out by Baron and Diermeier (2007), many barriers of entry for new competitors and for substitute products/services are originated, for example, from specific legal rules or Government policies that favor some capabilities over others. Moreover, these rules and their enforcement many times are not fixed and well defined, but are determined, implemented and interpreted by legislatures, government secretaries, regulatory agencies and judicial institutions. In this context, there was also over the last years a growing concern about how these relations take place, specially in order to avoid practices of corruption and its consequences on all actors involved (Khanna, 2018; Mantere, Pajunen and Lamberg, 2009). The 2017 edition of the “Corruption Perceptions Index”, from Transparency International, reinforces the existence of this issue, specially in developing economies, stating that “the majority of countries are making little or no progress in ending corruption”. In particular, the case of Brazil, one of the most prominent emerging economies in the world, recently faced one of the largest anti-corruption operation, known as “Car Wash” (Monteiro and Albuquerque, 2018), which constitutes an example of how the political and institutional environment can significantly affect companies’ decisions to improve internal controls and optimize their relations with Governments.

The reviewed literature (Rajwani, Lawton and McGuire, 2013) suggests that companies’ political resources and capabilities may be exercised in two distinct non-market contexts: endogenous or predictable (Frynas, Mellahi and Pigman, 2006), and exogenous or unpredictable (Lawton and Rajwani, 2011). On the first, companies expect to be confronted by policy decisions, stakeholders, issues or actions, and react to these anticipated situations through use of its political resources (Capron and Chatain, 2008). On the second, companies may not be able to anticipate their involvement, leading them to adapt political resources or risk losing competitive advantage (Oliver and Holzinger, 2008).

One particular case presented in a series of the reviewed works regards to multinational enterprises (MNEs) and their relations with host Governments and cross-border CPA (De Villa et al., 2018; Kobrin, 2015; Bonardi, Urbiztondo and White, Fainshmidt and Rajwani, 2017; Glynn and Abzug, 2002), such as the increase or decrease on the cost of doing business in a particular market.

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2https://www.wto.org/
3https://europa.eu/
4https://www.nafta-sec-ala.pdf
5https://www.mercosur.int/
6https://www.transparency.org/
These companies can deploy an engaged approach to CPA by, for example, lobbying host-government decision makers, providing relevant information and analysis on how new legislations (or changes on the existing ones) can impact the business environment (Navarro, Dias and Valle, 2013), making financial campaign contributions (on those countries where this practice is allowed) or expressing support for a specific political party through advocacy advertising (Hillman and Hitt, 1999). Otherwise, MNEs can present a non-engaged approach to CPA in order to avoid or conform to host-country public policy by evading engagement with the host Government. This can be done, for instance, by avoiding operations in the host market, and complying with host-country public policies without aiming to shape or modify them (Heidenreich, 2012).

Government Relations is therefore considered by some authors in the reviewed literature as a subset of corporate communications and public relations (Pinkham, 1998), focusing on the creation and/or maintenance of a specific set of external stakeholder relationships and policy outcomes (Getz, 2002, 1997). Other scholars (Navarro, 2019, 2017a; Vining, Shapiro and Borges, 2005) take a more broader picture and consider this activity as an important part of the company’s overall strategy.

Despite different approaches, lobbying, public relations and personal/organizational ties to socio-political institutions and factors also found in the reviewed literature referred as “buffering mechanisms” (Sun, 2018) – involve both proactive and reactive activities aiming to influence the non-market environment, shaping it towards company’s advantage, to avoid unnecessary costs or unwanted political interferences (Oliver and Holzinger, 2008), and to obtain (or improve) access/support and timely/relevant information from government officials (Hillman, Keim and Schuler, 2004).

The nature of the relationship with the Government stakeholder is mentioned in the reviewed literature as “one of the most difficult environmental dependencies to control” (Hillman, Withers and Collins, 2009:1412), and some studies indicate that a company’s performance (e.g. economic value) depends on successful links with the political environment, (Lux, Crook and Woehr, 2011), being a strategic positive move both on developed (Bonardiet al., 2006; Hillman, 2003) as emerging (Navarro, 2018; Navarro et al., 2016; Peng and Luo, 2000) countries, where these economies’ dependence on Government is even stronger. Furthermore, in this context effectively implemented proactive strategies are “more likely than reactive and defensive strategies to lead to sustainable competitive advantages” (Mellahi et al., 2016:156).

Companies with a high dependence on Government may have to pursue social (e.g. through CSR) and business objectives in order to align mutual interests (Marquis and Qian, 2014), access critical resources (Kostka and Zhou, 2013), or obtain support of selected key stakeholders (Navarro, Dias and Valle, 2013; Wang and Qian, 2011).

Several moderating effects are presented by scholars on the reviewed literature regarding the relationship between the influence of companies’ strategies (independent variable) and the decisions made by Governments (dependable variable). These may include industry regulations and market dynamism; degree of mutual dependence between companies and Governments; corporate size and geographical spread; reputation and visibility of actions in the non-market arena; stakeholder influence capacity and recognition; institutional stability; transparency; consistency; and diversity of policies (Navarro, 2019; Voinea and Kranenburg, 2017; Young and Makhija, 2014; Hillman and Wan, 2005; Alsop, 2004; Goll and Rasheed, 2004).

4. Strategic Government Relations as a Key Component of Companies’ Non-Market Strategies

The nature of the influence of Government in business environments was captured in Jean Tirole’s 2014 Nobel Prize work Market Power and Regulation13, which examines to what extent should the Government intervene in the marketplace, the impact of expanding regulation, competition theories and studies within the field of industrial organization (Tirole, 2014).

To reinforce the relevance and need to further research this topic, i.e. the importance of Government as a major non-market force and the need to correctly moderate and strategically interact with it to produce aligned results, there are several recent references from scholars and practitioners (Foundation for Public Affairs, 2017; Bonardi and Bergh, 2015; Lawton, Doh, and Rajwani, 2014; Heinz, 2014; KPMG, 2014).

Therefore, new approaches and tools are being developed to specifically help the strategic thinking process and effective implementation in this field, as some recent initiatives in this direction indicate (Navarro, 2019; Wippersberg, Wagner and Lojka, 2015; Scott, 2015).

This is particularly important in a constantly evolving scenario such as represented by the non-market environment, where companies need to be prepared to innovate and be flexible to identify new trends and engage them before they happen (McGrath, 2013), even if this represents pursuing to develop other core competencies instead of relying on current ones.

In this sense, when dealing with non-market forces, especially with Government, usual terms as “Corporate Strategy” need to be re-framed and redefined to better represent the focus on distinct movements and approaches in this arena, such as “Institutional, Sectoral and Transversal Strategies” (Navarro, 2019:3).

Also, being one of the most powerful of non-market forces, translated in practice by regulations and legal aspects (among others), Government represents such a fundamental role in the composition of each of the five market forces as defined by Porter (2001, 1980), that it deserves the status of being treated as a “sixth force” (Navarro, 2017a; Vining, Shapiro and Borges, 2005).

Governmental influence, represented by the Government (or Governments, if considered that in addition to the Federal Executive branch there are States and Municipalities legislating too) can, depending on the industry, increase or decrease the bargaining power of buyers and suppliers; facilitate or hinder the entry of new competitors; promote the

creation or elimination of substitute products or services; and enhance or moderate the rivalry of existing competitors (Navarro, 2017a).

This “sixth force”, therefore, can change the intensity of any of the other five forces, being the main determinants of its influence the degree of control and regulation of the analyzed sector, and the need or not of government licenses to operate (Navarro, Dias and Valle, 2013).

An important point to note is that the increasing use of the Internet over recent years has facilitated the crossing of information and increasing government oversight on companies, further strengthening the influence of this nonmarket force. For the same reason, there has been a greater emphasis on the institutional image of the company in the online environment: what kind of information is available, to which public (especially Governments), how and at what times, for instance.

This external environmental analysis represents an important step as a contribution to the strategist and, as seen, special attention should be given to the non-market forces, in particular the Government influence, further reinforcing the strategic role of the Government Relations area and its professional within companies.

Turning to the strategic analysis of companies’ internal environment, Porter (1985) brought the “Value Chain” model, where a company is seen as a set of activities that are performed to design, produce, market, deliver and support their products and/or services, being divided into nine areas. Regarding astrategic Government Relations perspective, however, a reconfiguration of this generic Value Chain is needed in order to complement the model – after all, where is this area in the original proposal?

As in the case of the five forces model, externalities brought by non-market forces, in particular the Government, can influence the whole set of activities. For example, in a company a new labor law may change Human Resources decisions about hiring and working hours; the obtaining of tax incentives can change the location of a manufacturing plant; changes in customer relationship rules may determine less service time in after sales; regulation of Internet operations may affect sales and corporate marketing; and sector specific legislations can stimulate research and development activities in certain areas over others.

Thus, non-market forces – Government in particular – influence all areas of a company’s value chain, expanding it, being able to generate more or less perceived value (Navarro, 2017a). This way, there is opportunity to search for synergies, i.e. Government influence in supplier’s and customer’s chains may be linked to the company’s value chain.

With this, the mission of the strategist in looking for sources of competitive advantage in the internal environment should be not only to examine each of the traditional “boxes” in the value chain, but also incorporate additional analysis to study how the Government Relations area can influence and contribute to generate higher perceived value for each of them.

5. Conclusions and Future Research

The reviewed literature indicate that strategy integration – i.e. how market and non-market strategies can be incorporated into one major approach (Baron, 1995) – can be seen as a growing field of study, based on still a relatively few amount of empirical as well as conceptual studies, specially regarding emerging economies (Navarro, 2019; Dieleman and Boddewyn, 2012).

Acombination of both market and political strategies is depicted by many scholars as a potential generator of sustained competitive advantages for companies (Lawton, McGuire and Rajwani, 2013), which performances will depend on the ability of managers to influence their regulatory environments and exploit their economic markets (Holburn and Bergh, 2014).

In this context, an effective non-market strategy is an important enabler for companies to achieve superior performance (White, Fainshmidt and Rajwani, 2017; Mellahi et al., 2016; McWilliams and Siegel, 2011; Oliver and Holzinger, 2008), and organizational behavior is seen in many works as a response to the institutional environment, where non-market pressures may influence often more substantially than the ones brought by markets.

Political institutions, regulatory agencies and social institutions (e.g. media and NGOs) have been each responding to different societal needs or to different market and non-market issues (Voinea and Kranenburg, 2018). Therefore, companies’ alignment with the institutional environment in an important part to manage political, regulatory social pressures and priorities. On the view of de Figueiredo (2009:461):

“[CPA] is a growing area in strategic management. Legal and acceptable competitive behavior is determined endogenously by legislators, regulators and judges who are influenced, positively and negatively, by the very same firms the regulations are designed to control. By understanding the theories of how firms affect politics, one can better determine how to gain competitive advantage through political institutions. This is a natural extension of the traditional tools of strategic management. In this sense, it is a robust area for future research and major contributions to understanding firm performance”.

The reviewed literature shows that there are many opportunities for combining and integrating different theories and traditional strategy perspectives to explore the link between non-market strategy and company’s performance, such as agency theory, institutional theory, resource-based view theory, resource dependence theory, stakeholder theory and public choice theory. In this sense, stakeholder influence capacity, i.e. a company’s ability “to identify, act on, and profit from opportunities to improve stakeholder relationships” (Barnett, 2007:803), is identified as an important moderator.

Several factors – internal and external – can be identified throughout the reviewed literature as having influence on companies’ non-market strategy choices, as illustrated on (non-exhaustive) Tables 2 and 3.
<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Description/Examples</th>
<th>Some References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate demographics</td>
<td>Size: the bigger, more CPA</td>
<td>Cook, 2015</td>
</tr>
<tr>
<td></td>
<td>Market share: the higher, more CPA</td>
<td>Marques, 2017; Hillman and Wan, 2005;</td>
</tr>
<tr>
<td></td>
<td>Financial resources: CPA is fostered with more availability</td>
<td>Cook and Fox, 2000</td>
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<tr>
<td></td>
<td></td>
<td>Schuler, 1996</td>
</tr>
<tr>
<td>Management</td>
<td>More skilled, agile and informed teams (involving competencies, systems, structures,</td>
<td>Den Hond, F. et al., 2014; McKinsey&amp;Co,</td>
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<td></td>
<td>hierarchy, cognition of biased executives, reputation) are more active in the non-</td>
<td>2013, 2012, 2011a; Alsp, 2004; Rehbein</td>
</tr>
<tr>
<td></td>
<td>market environment</td>
<td>and Schuler, 1999</td>
</tr>
<tr>
<td></td>
<td>Budget allocation: reduced constraints foster CPA actions</td>
<td>Ozer, 2010; Wilts, 2006; Schuler and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rehbein, 1997</td>
</tr>
<tr>
<td>Market strategies</td>
<td>Definition of strategy levels (Corporate, Competitive and Functional) influences</td>
<td>Navarro, 2017a; Cuier et al., 2018;</td>
</tr>
<tr>
<td></td>
<td>market and non-market integration</td>
<td>Bonardi, Urbiztondo and Quelin, 2009;</td>
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<td></td>
<td></td>
<td>Blumentritt, 2003</td>
</tr>
<tr>
<td></td>
<td>Time present in a particular market: CPA improves chronologically</td>
<td>Lamberg et al., 2004; Schuler and Rehbein,</td>
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<tr>
<td></td>
<td></td>
<td>1997</td>
</tr>
<tr>
<td>Use of disruptive technologies/business</td>
<td>As new opportunities for value creation are generated</td>
<td>Dorobantu, Kaul and Zelner, 2017;</td>
</tr>
<tr>
<td>models</td>
<td>(e.g. sharing economy), more time is needed for the regulatory environment to be</td>
<td>Laurell and Sandström, 2017</td>
</tr>
<tr>
<td></td>
<td>adapted, and more complexity is added</td>
<td></td>
</tr>
<tr>
<td>Valuable market transactions</td>
<td>Companies involved in such transactions (e.g. M&amp;A – mergers and acquisitions) tend</td>
<td>Holburn and Bergh, 2014</td>
</tr>
<tr>
<td></td>
<td>to invest more non-market activities due to increased risk of Government impact and/or</td>
<td></td>
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<td></td>
<td>influence on the regulatory environment</td>
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</tbody>
</table>

Table 2: Some Illustrative Internal Factors That Influence Companies’ Non-Market Strategies

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Description/Examples</th>
<th>Some References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry characteristics</td>
<td>The more competition within an industry, the more non-market strategies tend to be</td>
<td>Breitinger and Bonardi, 2016; Kassinis</td>
</tr>
<tr>
<td>Market forces within the industry</td>
<td>applied to improve corporate reputation</td>
<td>and Vafeas, 2006</td>
</tr>
<tr>
<td>Strategic intents of competitors</td>
<td>Companies whose direct competitors are heavily socially or politically active tend</td>
<td>Wrona and Sinzig, 2018</td>
</tr>
<tr>
<td>Number of active, organized non-market</td>
<td>Large number on the environment leads to an increased amount of non-market activities</td>
<td>Kennedy, 2017; Vachani, Dohand Teegan,</td>
</tr>
<tr>
<td>stakeholders</td>
<td>by companies</td>
<td>2009; Spar and La Mure, 2003; Schuler,</td>
</tr>
<tr>
<td>Government regulations</td>
<td>The more regulated an industry is, the more political strategies tend to be applied</td>
<td>Rehbein and Cramer, 2002</td>
</tr>
<tr>
<td>Perceived environmental uncertainty</td>
<td>CPA increases with higher uncertainty regarding several subjects (e.g. tax incentives;</td>
<td>Lux, Crook and Woehr, 2011; Oliver</td>
</tr>
<tr>
<td>Heterogeneity/Diversification of markets</td>
<td>several business opportunities and/or issues; institutional gaps)</td>
<td>and Holzinger, 2008; Schuler and Rehbein,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997</td>
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</tbody>
</table>

Table 3: Some Illustrative External Factors That Influence Companies’ Non-Market Strategies
Considering the above mentioned factors, among others, scholars show on the reviewed literature that a strategic impact on non-market stakeholders, through network building and representation of interests, for instance, encompassing a mixture of reactive and proactive elements, can have a beneficial effect on a company's performance in the long-run (Chen, Parsley and Yang, 2015; Rajwani and Liedong, 2015).

Within the non-market strategy context, the Government Relations activity, once considered as a key strategic nature by the company's C-level and accordingly integrated (Navarro, 2019), can produce significant long-term positive results for the company (e.g. economic, reputation – Lux, Crook and Woehr, 2011) at local and international markets (De Villa et al., 2018; Kobrin, 2015). Also, there is a growing concern on a mislead use of this area, fostering tighter anti-corruption and compliance measures from companies worldwide (Khanna, 2018; Monteiro and Albuquerque, 2018).

Thus, the strategic use of Government Relations involves both proactive and reactive activities aiming to influence and shape the non-market environment for company's comparative advantage, at the same time ideally avoiding unnecessary costs or unwanted political interferences (Hillman et al., 2009; Oliver and Holzinger, 2008). As for future research, re-balancing of business-government relations is a challenge for management and CPA scholars alike. An inherently interdisciplinary subject, public affairs research is certain to expand. The changing roles of governments, globalisation, and the growth of pressure groups facilitated by the Internet continue to create opportunities and dangers for public affairs professionals and scholars. As stated by Wrona and Sinzig (2018:310), "...to find out more about the impact of nonmarket strategies on firm performance, detailed qualitative case studies need to be applied. Gathering deep insights into single cases can help to find out more about complex structures and dynamic links between performance (treated as the dependent variable) and several interacting independent variables (with non-market strategies only as one of them)." This way, in order to contribute to this topic and foster future research, a series of qualitative case studies are hereby provided on Table 4 to enable further analysis on applied non-market strategies:

<table>
<thead>
<tr>
<th>Case Study/Reference</th>
<th>Abstract/Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarro, 2018</td>
<td>This article analyzes the strategic importance of the Government Relations activity, understood as the legitimate defense of private sector interests vis-a-vis the public sector, bringing a real practical case in the scope of innovation in Brazil in terms of public policies, applied to the building materials industry.</td>
</tr>
<tr>
<td>Navarro and Dias, 2018</td>
<td>This paper presents teaching materials designed to: (a) provide teachers with educational tools about how to address insights on market and nonmarket forces’ strategies integration; negotiation with Government; corporate compliance; mutual gains perspective; decision making process; ethics; uncertainties management; confrontations; relationship and credibility building; communication; strategic thinking. (b) enhance students’ skills on complex negotiations and consensus building; and (c) provoke debates in classroom regarding changes in the Brazilian non-market forces, in particular the influence of Government non-compliance strategies.</td>
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<tr>
<td>Navarro, 2017b</td>
<td>This case is based on real events occurred in Brazil, where the author had direct participation. The main objective is to illustrate the strategic use of the Government Relations function, and how regulatory environments can be shaped and improved to make viable corporate objectives, at the same time meeting Government concerns.</td>
</tr>
<tr>
<td>Navarro, 2016</td>
<td>Using the scenario of September, 2015 for the company Uber in Brazil, this paper analyses from a broad strategic Government Relations perspective what – in the view of the author – could be done to improve its results within this complex regulatory environment. The paper also applies the concepts of strategy levels, stakeholder mapping and strategic thinking and planning methodology to outline a possible summarized working plan for Uber in Brazil regarding Government Relations initiatives.</td>
</tr>
<tr>
<td>Navarro et al., 2016</td>
<td>This work presents five descriptive case studies investigating the relationship between multinational private companies and the Brazilian Government, as the unit of analysis, through action research, direct participation and direct observation. The five cases are presented in the following order: (a) strategy development from Brazil to other markets; (b) identifying policy issues and developing a policy position; (c) advancing legislation in the legislative branch of government; (d) building and partnering with third party organizations; and (e) using creativity to shape a regulatory environment and meet business’ needs.</td>
</tr>
<tr>
<td>Navarro, Dias and Valle, 2013</td>
<td>This paper presents a descriptive case study regarding the negotiations between the German automotive company Bayerische Motoren Werke (BMW) and Brazilian Federal Government with the purpose to implement the company’s first automotive factory in Latin America.</td>
</tr>
</tbody>
</table>

*Table 4: Selected Case Studies on the Impact of Strategic Government Relations on Company's Performance*
6. References


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