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## INTRODUCTION TO SPECIAL TOPIC FORUM

# INFLUENCING POLITICS AND POLITICAL SYSTEMS: POLITICAL SYSTEMS AND CORPORATE STRATEGIES

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This special topic forum is intended to encourage scholarship on private firms' influence on politics and political systems from a variety of management disciplinary and intellectual perspectives. The papers in this STF develop counterintuitive theory about the circumstances of those private firms developing different corporate strategies to influence government policy. They suggest that management scholars are only beginning to address this important topic and propose several additional promising research directions.

When first published, our call for papers for this special topic forum sought contributions from the myriad disciplines in the Academy of Management on the topic of business and nongovernmental influence on politics and political systems. However, as broadly as we conceived it, the forum that has evolved focuses on corporate political strategy. This is a burgeoning and important area within corporate strategy, and both of the papers in this forum develop interesting and counterintuitive theory that advances our understanding of the corporate strategies of who seeks to influence government policies, when they do so, and the means they choose for doing so under varying circumstances. The two papers build on previous work and extend our understanding of the growing field of corporate political strategy. The results of the call highlight the growing attention researchers are paying to corporate political strategies—in particular, to the interplay between firm strategy and its relationship with the political environment, as well as to the emerging recognition that firm strategies affect firms' approach to influencing politics and political systems.

The importance of external constituents and stakeholders for organizations in general, and firms in particular, has been studied by man-

agement and organizational scholars for quite some time. Within management scholarship, Hillman has developed important arguments about the key issues that motivate firms' political strategies, emphasizing that firms' dependence on governmental policies motivates their focus on this particular stakeholder (e.g., Hillman, 2003; Hillman & Hitt, 1999; Hillman & Keim, 1995; see also Getz, 1997, and Shaffer, 1995). The two papers in this forum complement this view by advancing the argument that it is important to look at the other side of the question—that is, how firms put together and handle their strategy and sources of competitive advantage in order to influence politics and political systems. The authors develop this path-breaking work in several important ways.

First, in "The Effectiveness of Strategic Political Management: A Dynamic Capabilities Framework," Christine Oliver and Ingo Holzinger develop theory about how differing firm capabilities lead to alternative strategic approaches to political behavior, with an emphasis on the potential of strategic political management to create firm-specific value—value that the firm can appropriate. Drawing on the resource-based dynamic capabilities view of

the firm, they develop a theory of how and when diverse political strategies can and will produce sustainable competitive advantages.

Oliver and Holzinger's paper extends the increasingly important idea of dynamic capabilities beyond internal knowledge management and product development to the cultivation of external social and political capital. Certainly, developing the capability to influence the structure of the competitive field over time is a dynamic capability worth having. Their work points the way for strategy researchers to address both the internal and external capabilities that are most important to firms' strategic competitive advantage. Such a focus is not only important to better understanding firms' competitive strategies in the more transparent developed nations but is particularly important to understanding the relationship-based strategies needed in developing countries (see Peng, 2000, and Xin & Pearce, 1996).

Guy Holburn and Richard Vanden Bergh's "Making Friends in Hostile Environments: Political Strategy in Regulated Industries" develops persuasive yet counterintuitive theory about how regulated firms choose to seek influence either directly, over industry-specific regulatory agencies, or indirectly, over the judicial, legislative, or executive political bodies. In an innovative application of positive political theory, the authors develop compelling arguments for the different strategies regulated firms will pursue.

This paper makes important contributions to our understanding of corporate strategy, arguing that firms will not always seek to influence the governmental body that is closest to sharing their own regulatory preferences but, in certain circumstances, will seek to influence the most distant group. Their introduction of positive political theory into the strategy literature—following the path pioneered by Henisz and Williamson (1999) and Henisz (2000)—provides an intellectual framework that enables strategy theorists to begin to order and prioritize a firm's external stakeholders and to model how they interact with one another and with the firm. The paper shows the kind of interesting and useful propositions that are possible when we can move beyond simple lists of stakeholders or vague statements that relative dependence will drive strategic attention. Although their analysis is focused on the choice to seek influence

among different governmental bodies, it has wide application to the study of decisions to influence external corporate stakeholders more generally.

Although these papers and other work in political corporate strategy speak to researchers in the field of strategy, they have important implications for those who study governments. Economists, sociologists, and political scientists have noted the influence of privately owned businesses on government policy but have either treated these organizations as large classes (Braam, 1981; Fligstein, 2001; Mizruchi, 1992; for a review see Hart, 2004) or noted, without explaining how, that governments' policy making has been captured by private businesses (Hellman, Jones, & Kaufmann, 2003). The papers in this forum delve inside the "black box" of organizational attempts to influence governments. They propose when firms will seek to influence which governmental bodies under varying conditions and in different ways depending on their firm strategy. Businesses and nongovernmental organizations are far from unified in their attempts to influence governmental policy and firms will differ in their choices given different firm strategies, and these papers go a long way in explaining why.

Finally, while we are pleased that this forum can make these contributions, the small number of papers included means we have only scratched the surface of interesting questions of business and nongovernmental organizations' influence on governments. For example, both of these papers focus on the most stable governments in the rich world. We know that governmental influence is both more personal and more secretive in developing countries (Pearce, 2001). When governments are dominated by personalities, not political parties, and personal social capital trumps formal laws and regulations, how do organizations seek to influence? Redding (1990) argues that when governments are more unpredictable, organizations stay small, to avoid the predatory attentions of lightly constrained government officials. Under these circumstances we would not expect size to be a proxy for power, and we would be forced to theorize about power, not surrogates such as size.

More generally, management scholars can follow in the steps of political scientists and sociologists who have recently turned to the be-

havioral theory of the firm (Hart, 2004) and to organizational learning (e.g., Suárez, 2000) to better understand the interaction between companies and governments, the different political strategies pursued by companies, and the outcomes of such strategies. In future research scholars can also examine the cross-national differences that exist in business-government relationships and their implications for political strategy formulation and implementation. As Vogel (1989) has noted, the United States is, after all, a unique case because of the contempt in which government in general is held by business executives. These and other avenues of future research offer exciting possibilities for theoretical development and empirical work.

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