

# Firm receptivity regarding marketplace vs political ties

Receptivity  
regarding  
marketplace vs  
political ties

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## Abstract

**Purpose** – Prior research has examined the sociopolitical force as simply a part of all types of environmental pressures, yet we argue that this force calls for a unique examination of marketing's role in firm responses to sociopolitical pressures. Understanding the degree to which firms attempt to manage forces and pressures in the external business environment is key to understanding marketing's role in impeding vs aiding public policy initiatives, and is the problem this research investigates.

**Design/methodology/approach** – Using structural equation modeling, data from 71 firms demonstrate that managing the sociopolitical force is, in fact, distinct from managing the other four market-based forces – consumer demand, supplier power, competition and technological shifts. Managing the sociopolitical force is shown to require fundamentally different skills and resources.

**Findings** – Results suggest that firm sociopolitical receptivity drives attempts to influence this unique external business environmental force, in turn limiting marketplace sociopolitical receptivity. Furthermore, attempts to influence such a unique force relies on resource-light marketing resources, which limits resource-heavy marketing.

**Originality/value** – Managing a political force with marketplace ramifications involves strategy that utilizes marketing, but is driven by relationships with social and political agents. This is truly an environmental management concept distinct from the management of the other four market-based forces. The analysis in this study demonstrates that managing another environmental force (i.e. competition force) involves different receptivity influences and marketing tactic outcomes.

**Keywords** Environmental management, Theories of regulated firms, Relationship marketing, Social ties, Sociopolitical forces, Public policy

**Paper type** Research paper

The purpose of the present research is to better understand firm decisions to strategically respond to threatening government public policy using marketing (e.g. price changes, vendor relationships) vs political strategy tactics (e.g. lobbying, financing political campaigns). In other words, this research seeks to examine the role of marketing in managing the sociopolitical force by distinguishing the unique roles of marketing in such management. As such, this research works to answer two research questions: What are the relative influences of sociopolitical vs marketplace relationships on firm political strategy? And does such firm political strategy rely relatively more on political or marketing activity?

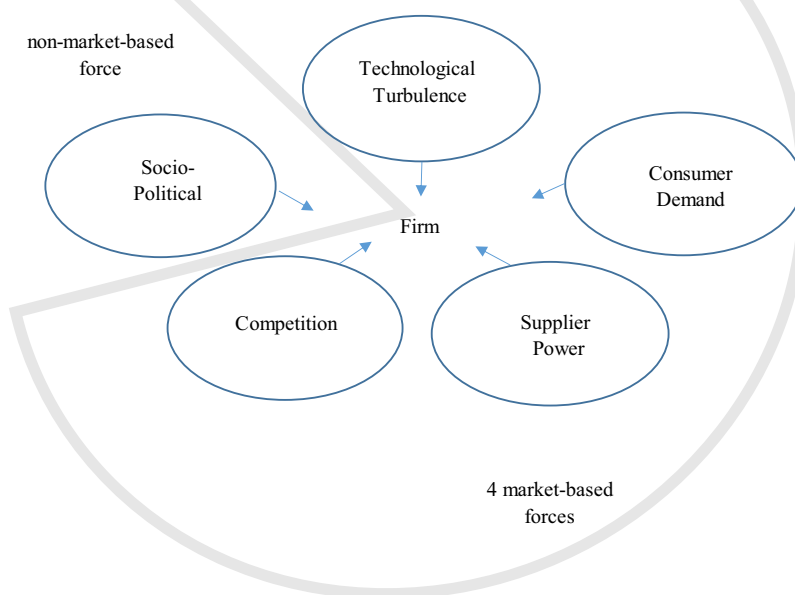
Understanding the degree to which firms attempt to manage forces and pressures residing in the external business environment, i.e. environmental management (Duncan, 1972; Porter, 1979) is key to understanding marketing's role in impeding vs aiding public policy initiatives designed to keep consumers safe and healthy. The present research investigates the problem related to identifying marketing's role in firm strategy for managing such policy. Strategy relying on marketing instead of purely on politics is less likely to thwart safety and health goals. Take, for instance, lists of lawsuits and settlements between competing manufacturers,



mostly window manufacturers, revolving around the Federal Trade Center's (FTC) online reporting of Green Guides (FTC, 2013). The Green Guides are a public policy tool that offers guidance for manufacturers in making and consumers in interpreting substantiated and clear environmental marketing claims. Media reports interpreting these lawsuits indicate that firms use the guidelines to punish competitors' use of deceptive or unsubstantiated claims, which prompts manufacturers to make products safer for the natural environment (e.g. Mahlum and Goodman, 2013; Westervelt, 2012). However, unintended consequences of such policy may encompass, for example, firm strategies regarding monetary contributions to Political Action Committees (PACs) to gain access to key members of Congress and influence legislative decision-making in their favor such as reduced government oversight. Firms are increasingly contributing monetary and nonmonetary resources to political agents and agencies (KPMG, 2015), which often results in the unintended consequence of impeding consumer welfare (e.g. Herper, 2016).

Prior marketing and management literature demonstrates that firms typically rely on market-based strategies (e.g. competition) when responding to social and political pressures (Baysinger, 1984; Lawless and Finch, 1989; Mahon and Murray, 1981; Sharma and Vredenburg, 1998; Zeithaml and Zeithaml, 1984). However, such descriptions are general and most often referring to all types of environmental pressures such as consumer demand and supplier power. Such descriptions do not refer just to sociopolitical pressure, despite the distinct non-market nature of social and political pressures. Contrasting prior literature finds that firm management of sociopolitical pressures involves marketing only to reactively adapt to a policy-altered marketplace rather than proactively thwart the pressure from becoming a threat (Goll and Rasheed, 2011). Such general descriptions of all types of pressures result in equivocal findings (e.g. Goll and Rasheed, 2011; Lux *et al.*, 2011; Zeithaml and Zeithaml, 1984), contradicting prior political literature that describes firms as relying largely on political tactics in managing political pressures. Additionally, while prior marketing literature does not posit differential use (Zeithaml and Zeithaml, 1984), prior political and public policy literature indeed finds differential use of marketing among firms attempting to influence social and political threats as compared to marketplace threats (e.g. Goll and Rasheed, 2011; Lux *et al.*, 2011). Yet, when prior research appropriately examines both marketing and political tactics possibly ensuing from social and political pressures, it examines the impact of narrow types of government public policy (i.e. government domestic market protection, pharmaceutical regulation) across narrow context difficult to generalize to other markets (i.e. international monopolies, pharmaceutical industry, respectively; Bonardi, 2004; Martin *et al.*, 2018). Importantly, political risk is found to vary across industries (Gorostidi-Martinez and Zhao, 2017), positioning research into specific industries difficult to generalize and, thus, narrow examinations.

Because the sociopolitical force is distinct from consumer demand, supplier power, competition, and technological shifts, examinations considering marketing strategy tactics in response to the general environment (e.g. Ashill and Jobber, 2014) offer little clarity. Examining only political strategy tactics in response to sociopolitical pressures (e.g. firm public political stance, Korschun *et al.*, 2016) also offers little clarity in that prior research argues for (Bourgeois, 1984; McKee *et al.*, 1989; Snow and Hrebiniak, 1980) and finds (Sharma and Vredenburg, 1998) that both marketing and political tactics are effective responses. A firm's attempt to manage sociopolitical pressures could entail marketing, political, or a combination of tactics. Marketing elements include product, distribution, pricing and promotion tactics; political elements are the external activity principally directed at affecting electoral or legislative processes. Unlike consumer demand or marketplace competition, not all public policy pressures are marketing related, such as job creation or tax-related policies. As illustrated in Figure 1, government public policy perceived as threatening to a firm's business goals constitutes public policy pressure. In addition, public policy pressure is an



**Source(s):** Adapted from Porter (1979) and Kotler (1986)

**Figure 1.**  
The Firm's external  
business environment

element of the sociopolitical force, which consists of formal and informal social and political pressures arising from the external business environment. A firm's external business environment is comprised of a collection of five forces – end-consumer demand, supplier power patterns, competition, technological shifts and sociopolitical influences (e.g. [Duncan, 1972](#); [Kotler, 1986](#); [Porter, 1979](#)).

The main objective of this research is to examine the role of marketing in managing the sociopolitical force by better understanding the different roles of marketing tactics (i.e. product and pricing tactics) vs marketplace exchange relationships in such management. At a glance, findings across a wide scope of public policies and industries indicate that managing the sociopolitical force is distinct from managing the other four market-based forces (i.e. consumer demand, supplier power, market competition, and technological turbulence). Unlike other forces of the environment, managing the social and political constraints offered by the sociopolitical force requires fundamentally different skills and resources. As such, this research contributes to environmental management literature by suggesting that the role of marketing in sociopolitical management depends on resource availability. Firms must develop these political resources through political relationships and maintain these political resources by limiting resource expenditures on marketing tactics. Next, hypotheses are developed by reviewing environmental management, namely theories of regulated firms, and relationship marketing literature.

## Literature review

### *Exchange view of politics*

The present study posits a positive relationship between firm sociopolitical agent/cy receptivity and its attempt to influence government public policy. This relationship occurs because of the political capabilities that develop when, reciprocally, policymakers and firms exchange important and valuable information and resources. The following literature review supports this sociopolitical receptivity–policy influence attempt relationship.

*Interdependence initiates political exchange.* In the external business environment exists a cycle of supply and demand of government public policy. In this exchange view of politics, legislators supply and firms demand policy (e.g. Hillman and Hitt, 1999; Salisbury, 1969; Schuler *et al.*, 2002). Suppliers and demanders of policy have interdependent needs for information and resources leading to informal relational exchanges, a type of stakeholder management. Stakeholder management reflects motivations to create firm value that, in turn, motivate the firm to engage in social activity (Clarkson, 1995). Firm survival and economic success depends on the firm's ability to create enough value to ensure stakeholders continue as part of the firm's complex system. Primary stakeholders of the firm are those individuals or groups who influence the firm's long-term economic performance (Freeman, 1984), and typically encompass shareholders, investors, employees, customers, suppliers, communities and governments (Clarkson, 1995). Firms manage government agents and agencies, the primary stakeholder of interest in the present study, through informal, relational exchanges, which may include local communities, regulators and legislators.

As firm survival and economic success implies, these demanders of policy (i.e. firms) are incentivized to engage in political exchange to gain access to the political process and reduce their regulatory costs and risk (e.g. Den Hond *et al.*, 2014; Gorostidi-Martinez and Zhao, 2017; Rehbein and Schuler, 2015; Schuler and Rehbein, 2005). When firms engage in these exchanges, they receive valuable, idiosyncratic information from governments that offers a wider knowledge base for more credible external communication (Gorostidi-Martinez and Zhao, 2017), such as for the positioning of their formal or informal lobbying efforts (Schuler and Rehbein, 2005; Schuler *et al.*, 2002). Such relational exchanges also lower costs of policy influence attempts by establishing legitimate firm reputations that lower expectations of political monetary donations. These expectations are replaced by the value politicians see in associating with such legitimacy (Schuler and Rehbein, 2005) or merely reduce regulatory attention (Den Hond *et al.*, 2014). In turn, legislators that supply policy are incentivized to engage in political exchange to gain election or reelection (Hansen, 1991). (Re)election requires legislators to accrue information regarding the policy preferences of their constituents. Yet, legislators experience information asymmetries due to the lack of policy involvement of most constituents. Such asymmetries often require private sector support to resolve, such as funds, access to consumers, or proprietary information regarding buying behavior. All the while, policy suppliers serve fixed terms leading to time limitations that exaggerate their incentives for exchanging politics with firms.

*Political exchange develops political capability.* Because the sociopolitical force is the only force of five (demand, supply, competition, technological turbulence and sociopolitical forces; e.g. Duncan, 1972; Kotler, 1986; Porter, 1979) of a non-market nature (see Figure 1), capabilities for maneuvering and negotiating government pressures require the development of new management capabilities. Firms learn how to negotiate with political actors through political exchanges. Exchange with environmental actors facilitates rare and inimitable management capabilities (Cohen and Levinthal, 1990; Granovetter, 1985), namely niche wisdom (Blois, 1996) and legitimate reputations among sociopolitical actors (e.g. Harvey and Wade, 2019; Sheng *et al.*, 2011). Circularly, these interactions develop a perceived common set of values or goals (Heide, 1994; Jap and Anderson, 2003; Wang *et al.*, 2013; Wuyts and Geyskens, 2005), which stimulate further exchanges (Tsai and Ghoshal, 1998; Wang *et al.*, 2013).

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More importantly, the ensuing common set of values and goals teaches firms about collective goals and appropriate behavior among a network of political actors, facilitating the firm's legitimate reputation over time and exchanges (e.g. [Harvey and Wade, 2019](#); [Sheng et al., 2011](#)). Such legitimacy results in new political capabilities important for firms negotiating public policy processes ([Mahon and Murray, 1981](#)), known as political intelligence ([Post et al., 1983](#)). Political intelligence develops when the firm hears about and develops an increased sensitivity to and knowledge of issues and trends through its contacts in the polity. Consequently, exchanges with politicians and administrators make firms especially receptive to views, issues and concerns of its political and regulatory counterparts. This political receptivity is enhanced when the political exchanges occur through an informal, relational approach ([Hillman and Hitt, 1999](#)).

*Political capability drives policy management attempts.* In essence, the economic rewards that ensue from successful firm influence over government public policy motivates firm influence attempts, but it is the political capabilities specifically that facilitate the chances of success in policy influence. When firms effectively manage stakeholders, particularly sociopolitical actors, they develop rare, inimitable, valuable assets that source competitive advantages and lead to improved shareholder value and financial performance ([Hillman and Keim, 2001](#)). Importantly, effective management of sociopolitical stakeholders facilitates long-term marketplace survival. [Narver \(1971\)](#) describes firm survival in the long run as dependent on the ability to not only maximize wealth, but also avoid long-term sanctions. Furthermore, the ability to avoid environmental sanctions is described as a source of long-term wealth. Such avoidance serves as signals of wealth potential to stockholders. These signals are especially strong when the firm can signal capabilities effective for managing government pressures. This thesis positions sanctions from government sources as relatively difficult to maneuver and negotiate. Yet, the difficulty in political negotiations is alleviated when firms develop political intelligence through the learning offered in political exchange. Moreover, political exchange is a necessary facilitator of a firm's ability to influence government public policy. At a minimum, access to the policy process facilitated by political exchanges is a necessary, though not sufficient, element of policy influence ([Schuler et al., 2002](#)). At a maximum, prior research finds that the greater the firm's political skill and resources, the more likely the firm is to attempt to manage sociopolitical pressures ([Caldeira et al., 2000](#); [Martin, 1995](#); [Rehbein and Schuler, 1999](#)). In other words, the political capabilities that result from enhanced political receptivity over time and across political exchanges drive firms to engage in attempts to influence government public policy to reap marketplace benefits and survive the marketplace in the long run. However, this drive to hone political skills may inhibit receptivity to other environmental actors.

Firms could establish strategic political ties with sociopolitical actors, such as meeting with, hearing perspectives from, or doing favors for local communities, activist groups, regulators or media members. Firms could also establish strategic ties with marketplace actors, such as trade magazine staff, stockholders, product bloggers or suppliers. Establishing ties with marketplace actors could develop marketing capabilities, such as adding new service suppliers to construct a new industry value chain (e.g. [Jaworski et al., 2000](#)).

Despite the advantages that accompany political ties, prior political management literature situates them at a cost to marketing capabilities ([Mahon and Murray, 1981](#)). [Mahon and Murray \(1981\)](#) conceptualize regulated firms as essentially de-learning marketing abilities, i.e. losing expertise in strategic marketing planning when such skills are underutilized. De-learning through skill underutilization occurs because political strategies leave few resources for most marketing activities. Learning about goals and behaviors is important to honing effective attempts to influence policy, but may also divert firm receptivity away from marketplace actors. Firms facing government threats could use

relationships to delay legislation restricting product features (e.g. [Lipton and Sack, 2013](#)) or expedite regulatory agency approval of new service offerings, for example. As further examples, firms use such social ties to learn about legislator support for or opposition to upcoming government bills or regulatory enforcement trends, such as upcoming efforts at enforcing fraudulent advertisement activity (e.g. [Yu and Yu, 2011](#)). Relying on such ties shifts strategic planning away from traditional marketing tactics. Indeed, social ties with political agents potentially blunt important marketplace management relationships, such as firm-government co-branding partnerships (e.g. beverage manufacturers' partnerships with former First Lady's, Michelle Obama, "Drink Up" campaign). In line with the following hypotheses, firms gain the ability to avoid government sanctions through receptive "eyes and ears" for sociopolitical agents and, subsequently, lose such receptivity for market agents.

- H1. A firm's receptivity to (a) sociopolitical agents will be positively associated and (b) marketplace agents negatively associated with its attempt to influence threatening government public policy pressures.

### *Theories of regulated firms*

The blunting of marketing relationships to gain political ability is an element of theories of regulated firms. Prior theories position the sociopolitical force as so unique that developing the political skill necessary to negotiate policy influence comes at a cost to firm skill at negotiating marketplace processes ([Mahon and Murray, 1981](#)). Similarly, the following literature review develops a hypothesis regarding increasing firm attempts to manage the policy process as driving firm reliance on resource-light marketing strategy tactics, such as pricing. Such reliance occurs at a cost to resource-heavy marketing tactics, such as product development. This is due to the tendency of firms to shift resources away from managing the policy outcomes. In essence, this review of extant literature indicates that in response to sociopolitical pressure, firms attempt to manage the public policy process through influencing policy, which leads the firm to shift resources away from marketing tactics for managing marketplace policy outcomes resulting from the pressure. Additionally, this literature review indicates that when firms shift resources away from managing marketplace outcomes, they increase their reliance on resource-light marketing tactics. Therefore, it seems that firm attempts to manage policy pressure will drive firms to increasingly rely on resource-light marketing tactics such as pricing.

As the following literature review details, prior research specifically highlights resource-light marketing tactics of pricing and general, non-personal promotion strategy tactics. Hence, firms use resource-light marketing tactics to be able to operate the resource-heavy politics that are involved in managing the public policy process. For example, decisions to improve a competitive position in the marketplace through a nutritional reformulation of food products in advance of nutrition labeling legislation would require relatively more marketing research, research and development (R&D), manufacturing changes, product label changes, etc. than a change in pricing as another approach to improving a competitive position. In turn, the relatively fewer resources needed in developing pricing strategy tactics allows the firm to exert more focus on altering the policy itself (e.g. lobbying, PACs). This positions resource-light marketing tactics as a proxy for policy influence attempts.

*Firm attempts at managing the policy process.* [Mahon and Murray's \(1981\)](#) theory of regulated firms conceptualizes the degree to which firms use marketing tactics in managing the sociopolitical force as a matter of preserving resources to manage policy pressure vs using resources to adapt to the marketplace changes likely to result from the public policy enactment. Mahon and Murray describe these two strategic responses as requiring different skill sets. One skill set involves political skills to negotiating public policy processes (e.g. forming an industry coalition to disrupt the passage of a bill ([Harris and Lock, 1996](#))) or

using ties with elected officials to reduce regulatory attention), while another involves marketing skills to negotiating likely public policy outcomes (e.g. R&D useful for developing a competitively superior product). In fact, they describe a focus on one strategic response as leading to an underutilization of the skills involved in the other strategic response, similar to a human muscle that deteriorates when underutilized. The organization de-learns expertise in strategic marketing planning when such skills are underutilized.

*Firm shift away from managing the policy outcome.* While Mahon and Murray (1981) merely posit a shift in strategic focus towards political entities at a cost to the focus on marketplace planning, prior research also hints at such, though indirectly (McDaniel and Kolari, 1987; Miles and Snow, 1978; Snow and Hrebiniak, 1980). The pattern suggests that firms use resource-light marketing tactics (i.e. pricing and general, non-personal promotion tactics) when managing sociopolitical pressures. However, much of the literature stream reveals firm-reliance on pricing and general promotion marketing tactics when proactively managing marketplace threats to stable firm operations, rather than sociopolitical threats to the same. It finds that firms with a narrow product mix operating in a small industry niche are successful because their predictable and stable environments allow them to specialize in production efficiency and cost-control activities rather than new product development or innovation (Miles and Snow, 1978). Therefore, firms dependent on stable environments threatened by public policy that alters their competitive basis will likely resort to pricing and general promotion tactics. Firms do so because the strategic focus has shifted, as has the use of resources, toward addressing the threat and away from addressing their niche.

*Firm shift toward resource-light marketing tactics.* McDaniel and Kolari (1987) offer confirmation in finding that firms both defending an industry niche and relying on stable environments do in fact place high importance on pricing tactics. Miles and Snow (1978) further suggest that these firms are likely to emphasize general, non-personal promotion tactics, such as mass advertising over personal selling. Miles and Snow describe firms defending an industry niche as never developing skills in personal selling activities because they place so much emphasis and concern on efficiency. As further confirmation, prior research consistently finds that these defensive firms place little emphasis on product development (Hambrick, 1983; McDaniel and Kolari, 1987; Snow and Hrebiniak, 1980) and marketing research (McDaniel and Kolari, 1987). Such reduced innovation likely occurs because these types of resource-intense marketing activities involve organizational skill development requiring strategic focus and resources.

In addition to a review of prior work in this environmental literature stream suggesting that firms use resource-light marketing tactics when attempting to thwart sociopolitical pressures, the opposing pattern is also reasonable. As such, this research works to confirm the direct negative relationship between firm political and marketing tactic activity. It also attempts to refine the relationship by positing that rather than at a cost to all marketplace planning (tactic deployment), policy influence attempts likely thwart resource-intense marketplace planning to direct precious resources towards political planning (tactic deployment).

- H2. When faced with threatening government public policy pressures, firm attempts to manage the policy process will be (a) positively associated with its reliance on pricing and general, non-personal promotion marketing tactics and (b) negatively associated with its reliance on product improvement and personal selling marketing tactics.

Finally, a model of the role of marketing in firm management of threatening government public policy is shown in Figure 2. The model utilizes Narver's (1971) thesis of corporate responsibility and firm welfare in supporting sociopolitical (market) receptivity as driving firm policy influence attempts. Additionally, it relies on Mahon and Murray's (1981) theory of regulated firms in supporting the diversion of resources away from pricing and general,

non-personal promotion marketing tactics and toward product improvement and personal selling marketing tactics to spare resources for the deployment of political tactics. In an attempt to utilize objective data, pricing and product tactics were the variables tested due to the nature of available secondary data, as is detailed in the following methods section.

**Methods**

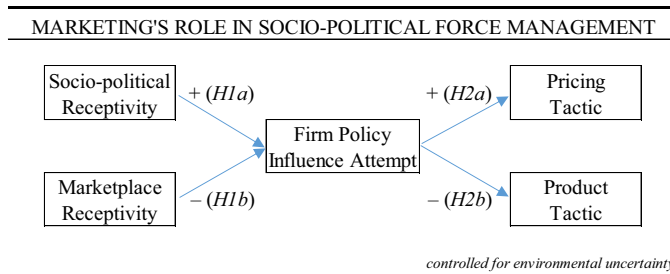
To obtain evidence of actual marketplace strategies involving firm reliance on pricing and general, non-personal promotion tactics or firm reliance on product improvement and personal selling tactics, a sample was developed by recruiting firms with brands frequently evaluated on the aspects of price and product quality by the independent publication, Consumer Reports (CR). The non-profit organization Consumer Union (CU) produces and publishes CR. CR offers objective testing of these hypotheses, through data on pricing and product improvement tactics. To gather data on additional model constructs, four hundred seventy-nine senior-level executives participated in an online survey with 276 completing the survey. Of these 276 respondents, 71 met the two-part qualifying criteria. They were currently employed by a firm owning a brand measured at least twice over the 10 years preceding data collection on both the aspects of product price and quality in a CR publication. In addition, all 71 provided at least one example of government public policy that limited the way their firm does business and the specific firm attempts to influence the described public policy. Such reporting allowed them to act as key informants regarding their firm environmental management strategy. The dataset ( $n = 71$ ) was filtered so that no missing data remained. Limiting policy reported by respondents ranged from regulation to land ownership/management to information disclosure (e.g. "... challenging bad data and information presented by California Air Resources Board staff." "The Federal Energy Regulatory Commission mandates certain changes in the way we conduct business ...").

With the exceptions of "legal," "strategy," "government," and "public affairs" (e.g. *Administrator of the Government Affairs Program*), which together make up less than 10 percent of the sample, the job title of respondents indicate senior-level management (e.g. base titles of director, officer; *Public Relations Director*) and represent marketing, government, public, legal, and information fields. The firms represented in the sample were founded 79 years ago on average. Thirty-six and 65 percent of the sampled firms sell directly to end consumers and are publicly owned, respectively.

**Measures**

*Secondary data*

As is illustrated in the structural (equation) model in [Figure 2](#), firm policy influence attempts are modeled as driving an increase in average product price ([H1a](#)) reported in CR over the 10



**Figure 2.** Marketings Role in sociopolitical force management



years preceding data collection and a decrease in average product quality (H1b) as assessed by CU scientist evaluations over the 10 years preceding data collection. Therefore, price change is the standard deviation of average price percentage change for a given brand (across the brand's products) between each consecutive year, over the ten-year time frame. The use of the percentage change's standard deviation is appropriate given how such a transformation aids in comparing observations sourced from different populations and distributions with different means, as do these secondary observations. Average quality change is the average CU scientist evaluation percentage between each consecutive year, over the ten-year period. Both measures representing percentage change difference scores over time. CU scientists evaluate product quality across several relevant features of a given product (e.g. synthetic ingredients in dog food, percent of package volume, reliability, owner satisfaction). Scientists use strict controls, specific criteria for excellence (e.g. excellent chocolate chip cookie including a buttery taste criterion), and multiple raters where appropriate (Moorman *et al.*, 2012).

Additionally, price reports were adjusted to account for the six-month delay between CR product data collection and CR reporting of findings in publications offered to subscribers (e.g. a January 2016 price published in CR was recorded in the dataset as a price reflecting August 2015 inflation figures). Then they were adjusted for inflation by referring to the Bureau of Labor Statistics' calculations of the US. Department of Labor (Bureau of Labor Statistics, 2018) so that prices reflected 2018-dollar figures. Finally, prior research finds that product quality and price CR measures are valid and reliable (Moorman *et al.*, 2012).

### *Reflective measures*

Average respondent perception of their employing firm's receptivity to five marketplace change agents (i.e. shareholders, customers, competitors, suppliers, trade associations) represented market receptivity (Cronbach's alpha ( $\alpha$ ) = 0.75), and the four societal change agents (i.e. local communities, environmental organizations, regulators/legislators, socially responsible investment funds;  $\alpha$  = 0.75) represented sociopolitical receptivity (see Appendix for all items). Respondents rated the degree to which each group influences their use of firm resources. These two reflective receptivity measures, sociopolitical (H2a) and marketplace receptivity (H2b), are modeled as drivers of firm policy influence attempts, as illustrated in Figure 2. Both marketplace change agents and societal change agents are viewed in terms of how they influence the use of firm resources, specifically facilities. Facility sharing is a common representation of informally exchanged resources with publics for political motivations (De Figueiredo and De Figueiredo, 2002). Additionally, there is a high correspondence between these groups and the external stakeholders identified in prior environmental management literature (e.g. Henriques and Sadosky, 1999), with prior research finding validity between the two receptivity scales (Delmas and Toffel, 2008).

Firm policy influence attempts was measured by five items representing the employing firm's orientation towards managing government public policy threats, with higher numeric responses representing a management orientation favoring attempts to influence threatening government public policy ( $\alpha$  = 0.77; e.g. We attempt to influence government public policy for desirable profit levels.). Prior reflective scales do not exist across prior literature to measure such firm attempts to influence threatening government public policy. Instead, prior researchers examining such policy influence strategy either judge a firm's strategy attempt through secondary data proxies (Lawless and Finch, 1989). Prior researchers alternatively collect primary data but question managers uninvolved in such strategy or customers about the respective firm's activities. Therefore, and across three stages (i.e. item generation, pilot study, factor analysis), a five-item reflective scale was developed. Detailed insight into these stages and the final scale is offered in the Appendix. Operationalization as well as conceptualization of

each of the five modeled variables is available in [Table 1](#). Finally, the model controlled for firm environmental uncertainty using a reflective scale ( $\alpha = 0.78$ ) developed by [Achrol and Stern \(1988\)](#); see [Appendix](#), as it is understood to drive firm response to environmental forces (e.g. [Galbraith, 1977](#); [Pfeffer, 1978](#)). Firm environmental uncertainty was entered into the regression test first, as an antecedent to the two receptivity variables and the firm influence attempt variable, so that the remaining variance in firm attempts to influence policy could potentially be explained by both receptivity variables.

*Data analysis*

In order to simultaneously compare political and market relationships in driving public policy influence attempts, structural equation modeling (SEM) was used to evaluate data based on the research questions. SEM is similar to multiple regression, but is more powerful in that SEM analyzes the relationships among the independent and dependent variables and takes into account additional factors such as interactions between variables and measurement error ([Yang et al., 2010](#)). Specifically, the present research compares sociopolitical and marketplace

Variable	Conceptualization	Operationalization
Sociopolitical receptivity	Political capability (e.g. political intelligence, reputation) that ensues from informal, relational exchanges which may include local communities, regulators and legislators	Average respondent perception of how their employing firm's receptivity to four societal change agents (i.e. local communities, environmental organizations, regulators/legislators, socially responsible investment funds) influences the use of firm resources, specifically facilities ( <a href="#">Delmas and Toffel, 2008</a> )
Marketplace receptivity	Marketplace capability (e.g. strategic marketing planning, adding new service suppliers to construct a new industry value chain) that ensues from informal, relational exchanges which may include stockholders, suppliers and trade magazine staff	Average respondent perception of how their employing firm's receptivity to five marketplace change agents (i.e. shareholders, customers, competitors, suppliers, trade associations) influences the use of firm resources, specifically facilities ( <a href="#">Delmas and Toffel, 2008</a> )
Firm policy influence attempt	Firm engagement in political exchange (e.g. lobby, PAC contributions) to gain access to the political process and reduce sociopolitical pressure (e.g. regulatory costs and risk) and, in turn, increase marketplace benefits in the long-run	Five item original, reflective scale representing the employing firm's orientation towards managing government public policy threats, with higher numeric responses representing a management orientation favoring attempts to influence threatening government public policy (e.g. we attempt to influence government public policy for desirable profit levels)
Pricing tactic	A marketing element involved in a firm's attempt to manage government public policy	The standard deviation of average price percentage change for a given brand (across the brand's products) between each consecutive year, over the past 10 years, as reported by Consumer Reports
Product tactic	A marketing element involved in a firm's attempt to manage government public policy	The average Consumer Union scientist evaluation percentage between each consecutive year, over the past 10 years, as reported by Consumer Reports

**Table 1.**  
Model variables

receptivity influences on firm policy influence attempts (RQ1) as well as compares the tactics ensuing from such attempts (RQ2). Likewise, SEM captures simultaneous comparisons by assessment of holistic SEM model fit to data. Furthermore, SEM is particularly useful in analyzing complex dependencies in social sciences research (Nachtigall *et al.*, 2003) as well as prevalent across prior research examining firm management of environmental pressures (e.g. Banerjee *et al.*, 2019; Rehbein and Schuler, 1999). SEM using *MPlus* analytical software version 7 was used to evaluate the hypothesized model. The model is assessed using the “complex” option of *MPlus*, which nests respondents within the firm in which they are employed and adjusts standard error estimates for the intraclass correlation accordingly. This also protects against Type I errors that could result from participants describing policy influence attempts similar to those of their surveyed colleagues.

To identify the most appropriate model estimation method, the evaluation of data to be modeled followed four steps. Social desirability bias and common method bias were assessed followed by testing homogeneity and conducting a confirmatory factor (CFA) analysis. The chi-square ( $\chi^2$ ) values are reported as an indicator of model fit, which examines how well the covariances estimated in the model correspond to the covariances in the measured variables. The comparative fit index (CFI; Bentler, 1990), goodness-of-fit index, standardized root mean square residual (SRMR), and the root mean square error of approximation (RMSEA; Steiger, 1990) are reported to further assess model fit. Values greater than or equal to 0.90 demonstrate good fit for the CFI (Hu and Bentler, 1999). RMSEA values of less than or equal to 0.10 are considered good fit, and SRMR values less than or equal to 0.80 are considered good fit (Hu and Bentler, 1999). Finally, a robustness analysis is conducted by testing an alternative model that substituted firm strategic reaction to the competitive force in for firm strategic reaction to the sociopolitical force.

## Results

### *Social desirability bias*

Simple correlation tests were conducted between a shortened, ten-item version of the Marlowe-Crowne Social Desirability Scale (MCSDS; Crowne and Marlowe, 1960) adapted by Greenwald and Satow (1970) – and proven adequate by prior testing of shorter versions of the full MCSDS (e.g. Ballard, 1992; Strahan and Gerbasi, 1972) – and the three self-reported, reflective measures of the structural model. No significant correlations were found, suggesting social desirability bias does not exist in this study: societal receptivity ( $r = -0.04$ ,  $p = 0.61$ ), market receptivity ( $r = 0.02$ ,  $p = 0.77$ ), and firm policy influence attempts ( $r = 0.01$ ,  $p = 0.89$ ).

### *Common method variance bias*

Next, by following the procedure laid out by Lindell and Whitney (2001), the hypothesized model was analyzed with the addition of a marker variable. Respondents completed a four-item shopping ambivalence scale (Nowlis *et al.*, 2002) with adjustments in wording and anchors so that frequency anchors adjusted to agreement anchors. The marker variable was thought to have no relationship with, or impact on, any of the variables in the study. The marker variable was linked to all endogenous variables in the study and set to co-vary with all of the exogenous constructs in the study. If the marker variable shows a significant parameter estimate, an issue with common method variance potentially exists (Williams *et al.*, 2010). The results of the marker variable tests indicate that paths between the marker variable and the focal endogenous constructs in the study are non-significant: societal receptivity ( $\beta = -0.34$ ,  $p = 0.07$ ), market receptivity ( $\beta = -0.19$ ,  $p = 0.30$ ) and firm policy influence attempts ( $\beta = -0.04$ ,  $p = 0.69$ ). These findings offer evidence that common method variance bias was not present throughout the data collection process.

*Test of homogeneity*

Finally, in order to determine how well the hypothesized relationships among the variables fit these data, the structural model was assessed by nesting respondents within the firm in which they are employed. The null hypothesis of equal variances across firm groups is rejected because Levene’s test of homogeneity of variances is significant ( $F(47, 23) = 1.50, p = 0.041$ ). Therefore, a nested design of analysis is justified. A sample of  $n = 71$  respondents and 48 firms were used in testing the structural model (see Figure 2) assessed through maximum likelihood parameter estimates (MLR). MLR is the most appropriate estimation technique given that its standard errors and chi-square test are robust to the dependent nature of these data. Descriptive statistics are available in Table 2.

*Measurement model*

The properties of the constructs were evaluated by conducting a CFA. The  $\chi^2$  goodness-of-fit index for the model is 160.41, with 75 degrees of freedom. The measurement fit indexes near or exceed the critical values for a model with good fit (Hu and Bentler, 1999), suggesting the model offers acceptable fit to these psychometric data: CFI of 0.80, RMSEA of 0.10, and SRMR of 0.09. Factor loadings are large (range: 0.53 to 0.79) and significant ( $p < 0.001$ ), supporting convergent validity. The average variance extracted for each construct also exceeds the square of correlations between constructs, confirming discriminant validity (Fornell and Larcker, 1981). In addition, Cronbach’s alphas of 0.70 or above indicate acceptable levels of reliability for each construct. The confirmatory factor analysis offers confirmation that further assessment of the structural model was warranted.

*Structural model and path analysis*

The  $\chi^2$  goodness-of-fit index of 14.403 (df = 9) and its  $p$ -value of 0.11 indicates good model fit to these data. And while the RMSEA estimate of 0.10 meets Hu and Bentler’s (1999) criterion for good fit (i.e.  $\leq 0.10$ ), the CFI and SRMR estimates of 0.87 and 0.76 fall just below Hu and Bentler’s (1999) criteria of  $\geq 0.9$  and  $\leq 0.8$  and for good fit, respectively. Together, these fit indices indicate that the model fits these data well, but not perfectly. Additionally, StdYX path estimates are utilized as they are most appropriate considering the combination of latent and observed variables in the model.

SEM findings are offered in Table 3. While firm policy influence attempt was positively associated with pricing tactic ( $\beta = 0.15, p = 0.03$ ), it was not significantly associated with a product tactic ( $\beta = 0.12, p = 0.12$ ), supporting H1a, but rejecting H1b. However, when firm policy influence attempt was modeled to predict a change in R&D expenses (mean = 3.33, SD = 3.65)

	SR	MR	IA	PC	PD
SR	(0.75)				
MR	0.72**	(0.75)			
IA	0.13**	-0.03**	(0.77)		
PC	-0.19**	-0.24**	1.31	-	
PD	-0.14**	-0.15**	-0.33	-0.36**	-
Mean	3.14	3.29	4.59	0.24	0.40
SD	0.11	0.01	1.34	0.74	0.23

Note(s): “\*\*” Indicates a significant correlation test at the  $p = 0.01$  level

“( )” Indicates Cronbach’s alpha reliability estimates

“SR” sociopolitical receptivity, “MR” marketplace receptivity, “IA” firm attempts at influencing policy, “PC” pricing tactic, “PD” product tactic

**Table 2.**  
Sample characteristics

as reported in the survey by respondents (see [Appendix](#)), this relationship is supported ( $\beta = -0.24, p = 0.03; r = 0.02, p = 0.000$ ). Finally, receptivity to sociopolitical agents is positively associated ( $\beta = 0.48, p = 0.01$ ), and receptivity to marketplace agents negatively associated ( $\beta = -0.52, p = 0.01$ ) with firm policy influence attempt, supporting [H2a](#) and [H2b](#). Because pricing and product tactics, as measured here, serve as marketplace indicators of firm de-learning, rather than as a result of receptivity towards or away from agents with which to form relationships, firm policy influence attempt is not believed to mediate receptivity–tactics relationships. In fact, both receptivity variables hold nonsignificant ( $p > 0.05$ ) relationships with pricing tactics, product tactics, and R&D expenses. Primary survey data significantly predict ( $p < 0.05$ ) secondary marketplace data, establishing predictive validity.

### Robustness analysis

An alternative model was also assessed per [Anderson and Gerbing’s \(1988\)](#) recommendations. The alternative model was plausible, but not likely to fit the data. The structural model illustrated in [Figure 2](#) was reanalyzed after replacing firm strategic reaction to the sociopolitical force (i.e. firm policy influence attempt) with firm strategic reaction to the competition force (i.e. firm competition influence attempt) using post-hoc efforts to survey additional respondents on additional constructs. Forty senior-level executives ( $n$ ) each acted as key informants for separate companies – making a nested design unnecessary – and responded to both firm policy and competition influence attempts (constructs) in a randomized order (of construct presentation) across surveys. As expected, the model did not fit these data well and firm competition influence attempt positively predicts product marketing tactics. In other words, a model that differentiates the role of marketing relationships and tactics in environmental management does not significantly explain empirical data describing the management of a market-based force, i.e. competition. And while the model fit is poor, firm attempts to influence competition pressures – unlike influencing sociopolitical pressures – seems to involve improving product quality offerings to customers ( $\beta = 0.30, p = 0.01$ ). The alternative model’s lack of fit suggests that explanatory external validity is present in this study. The scale items and detailed analysis results are available in the [Appendix](#).

### Discussion

The present research asked, What are the relative influences of sociopolitical vs marketplace relationships (i.e. receptivity) on firm political strategy? And does such firm political strategy (i.e. firm policy influence attempt) rely relatively more on political or marketing activity? Findings indicate that managing the sociopolitical force is distinct from managing the other four market-based forces (i.e. consumer demand, supplier power, market domain competition, technological turbulence), in that managing the sociopolitical force requires fundamentally different skills and resources. Thus, two answers are offered to the business and marketing field. Firm sociopolitical receptivity positively drives firm policy influence attempts while firm marketplace receptivity does not influence such attempts (see first two rows of [Table 3](#)).

Hypothesis		Coefficient	Sig	Decision
<a href="#">H1a</a>	Strategy → Pricing tactic	$\beta = 0.15$	<0.05	Support
<a href="#">H1b</a>	Strategy → Product tactic	$\beta = 0.12$	>0.05	Reject
<a href="#">H1b</a>	Strategy → Product tactic (R&D)	$\beta = -0.24$	<0.05	Support
<a href="#">H2a</a>	Sociopolitical receptivity → Strategy	$\beta = 0.48$	<0.05	Support
<a href="#">H2b</a>	Marketplace receptivity → Strategy	$\beta = -0.52$	<0.05	Support

**Table 3.**  
Hypotheses decisions

In addition, firms decrease marketing activity to free up resources for such influence attempts by increasing reliance on the resource-light marketing of pricing and decrease reliance on the resource-heavy marketing of product changes. Though a direct test is absent, results indicate that firms seem to expend firm resources *either* towards marketing to adapt *or* divert away from marketing to thwart the pressure. These findings are important in resolving equivocal relationships between firm environmental management strategy and marketing tactics which differs in its calls for marketing's differential role in managing sociopolitical vs marketplace threats (e.g. Goll and Rasheed, 2011; Hitt and Tyler, 1991; Hrebiniak and Joyce, 1985; Lawless and Finch, 1989; Lux *et al.*, 2011).

On the one hand, Zeithaml and Zeithaml's (1984) conceptual review of environmental management literature posits that marketing is a pivotal element in most, if not all, of the various ways in which firms attempt to influence all environmental forces and pressures, including pressures residing in the sociopolitical force (i.e. firm commitment to social problems, efforts to influence elected representatives). On the other hand, prior political and public policy literature finds that firms only use marketing strategies to adapt, rather than influence, to pressures of the sociopolitical force. For example, Goll and Rasheed (2011) find that firm strategy in response to public policy pressures revolves around finding a new sense of stability, but firm strategy in response to consumer demand pressures relies on exploring new market domains in search of additional demand. And Lux *et al.* (2011) find that increased political competition (i.e. the number of firms competing over a policy through monetary contributions) is positively related to firm use of political strategies (i.e. campaign contributions, lobbying, executive testimony before legislators and regulators, operating a government relations office, PAC contributions), but market competition is negatively related to the use of political strategies.

But for special empirical consideration of this unique force (see Figure 1), the specific role of marketing in sociopolitical force management, i.e. the differential roles of relationship marketing and marketing tactics, would remain equivocal. While marketing tactics play only a minor role in strategic response to sociopolitical pressures, relationship marketing seems to play a pivotal role in firm response capability. Firms default to the relatively resource-light pricing tactic in maintaining marketplace competitive position to free up vital firm resources, but depend on "eyes and ears" for sociopolitical agents, such as community, legislative or natural environment agents, to develop the necessary political capabilities for responding in the first place. Such receptivity should facilitate the information (e.g. mounting local protest efforts) and resources flowing (e.g. government cash subsidies) from social ties with sociopolitical agents to firms, flows which are vital for effective firm strategy.

Post-hoc analysis confirms the special empirical consideration the sociopolitical force necessitates. When the structural model illustrated in Figure 2 was reanalyzed by modeling receptivity and marketing tactics around firm attempts to influence the competitive force the model did not fit those data and such attempts relied on resource-heavy marketing tactics. In other words, when this research considers an alternate explanation for firm receptivity influencing and marketing tactics ensuing from firm environmental management strategy the model does not fit study data.

Relatively less emphasis on marketing tactics in firm strategies working to directly thwart the threat is a finding contrary to prior marketing research, and emphasis on any type of marketing in such proactive management is a finding contrary to prior political research. For example, in their summary of prior marketing and management literature's description of environmental management strategies, Zeithaml and Zeithaml (1984) posit that marketing is a pivotal element in most, if not all, of the various ways in which firms with proactive management orientations manage environmental forces and pressures, including pressures in the sociopolitical force (i.e. firm commitment to social problems, efforts to influence elected representatives). Yet, the present research finds marketing tactics to play only a minor role in

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strategic response to sociopolitical pressure, a role contingent on tactics that require few firm resources.

However, the present research reveals a specific category of marketing to play a relatively larger role in sociopolitical management, as it finds informal ties with social and political agents – a type of relationship marketing – to drive sociopolitical strategy development. This finding is contrary to prior political and public policy literature that positions firms as largely relying on marketing, but when attempting to adapt to a policy-altered marketplace rather than thwarting the policy pressure before it potentially alters the marketplace. Take, for instance, [Goll and Rasheed's \(2011\)](#) comparisons between environmental management of the sociopolitical force and management of other forces. They find firms respond to threatening government regulation with cost leadership marketing tactics, but respond to customer demand droughts with a change in product scope. In other words, this prior political research finds that firms use marketing tools in responding to public policy pressures to find a new sense of stability, but use marketing tools in responding to consumer demand pressures in search of additional demand in new market domains. The former is a reactionary response to a policy-altered marketplace, and the latter a proactive response to the market-based consumer demand force.

Two endeavors across future research would be insightful. To further support present conjectures that managing the sociopolitical force requires fundamentally different firm strategy skills relative to other forces, future research should also directly compare such strategy attempts to forces beyond just competition. The present research directly compares receptivity and marketing's role in firm attempts to manage the sociopolitical and competition force, leaving the other three market-based forces (i.e. technological turbulence, supplier power, consumer demand) remaining. For example, while prior research examines the use of technology to manage consumer demand (e.g. [Porter, 1979](#)), it has yet to examine sociopolitical receptivity's influence on firm management of data privacy and patent law issues. Do such issues lead firms to similarly (to the present findings) rely on sociopolitical over marketplace receptivity in managing technological turbulence? Additionally, future research may benefit from operationalizations of firm sociopolitical and marketplace receptivity based solely on secondary data. Perhaps secondary data, such as firm grants publicly advertised to sociopolitical agencies, could serve as a proxy for sociopolitical receptivity. Likewise, perhaps secondary reports of actual firm policy influence attempts, such as political financial contributions or court lobbying activity, could alternatively measure the firm strategy examined in the present research. Such secondary data would indicate actual activity occurring in political and marketplace contexts and also negate the need for many of the validity checks undertaken across the present research. Finally, while SEM is useful in assessing model relationships, it does not prove causality ([Nachtigall et al., 2003](#)). Nevertheless, the use of SEM in this study allowed for the assessment of a model that fits study data well. Secondary data reports would further provide evidence for the relationships demonstrated by this study.

In essence, the present research confirms themes presented across both literature streams, while also clarifying the equivocal role of marketing in management of the sociopolitical force specifically. While it does confirm prior marketing and management literature streams in finding marketing as playing a vital role in developing strategy attempts to influence threatening government public policy, such marketing is found to only occur with sociopolitical agents in an attempt to control, rather than adapt to, the threat. As such, it corrects prior political and public policy literature's reactionary tone concerning marketing's role in strategy and clarifies prior marketing and management literature's proactive description of marketing tactics.

These findings are important because they suggest not only that prior conceptualizations of marketing's role in environmental management may depend largely on the force instead of

the more general role it is depicted as having across all five forces (see [Zeithaml and Zeithaml, 1984](#) for an example of a general depiction), but also that firms are overwhelmingly more likely to use political tools over marketing tools in such management. This finding at least relates to consumer health and safety in that predicting firm adaptation to public policy aimed at keeping consumers safe and healthy would, in turn, offer some degree of aid in the prediction of this public instrument working effectively. Unlike product development for more efficient window offerings, an example of firms adapting competitive strategy (i.e. litigation) as a reaction to FTC Green Guides policy, other environmental strategies attempt to thwart policy, and potentially consumer safety and health advances. Unintended consequences of public policy, which attempt to benefit consumers through altered firm strategies for competition, include firm strategies that instead manage the actual policy. Firms contribute money to PACs to gain access to key members of Congress and influence legislative decision-making in favor of the given business or lobby to discourage legislation that limits the way a firm conducts business, for instance.

Prior research finds that when firms focus on the outcome of a threatening public policy and work to adapt to that marketplace outcome, such adaptation is likely to result in consumer benefits, such as R&D or socially innovative products (e.g. [Hambrick, 1983](#); [McDaniel and Kolari, 1987](#); [Snow and Hrebiniak, 1980](#)). While not to the extent of socially innovative products, the present research supports that literature in finding that firms invest in at least resource-light marketing in their attempts to influence policy when receptivity to sociopolitical agents facilitate the capabilities for effective such attempts.

The present research was motivated to investigate the problem related to firm marketing and political activity's role in facilitating and thwarting, respectively, consumer safety and health goals of most public policy instruments. If the sociopolitical force is managed by diverting resources away from marketing to thwart the pressure and, in turn, is unlikely to involve marketing tactics, this study offers public policy leaders insight into contingencies related to policy process success. The present research indicates that management of the sociopolitical force is distinct from management of the other four forces. It seems that firms develop "eyes and ears" (receptivity) for societal agents, such as social activists or regulators. Resulting social ties develop firm capabilities useful for thwarting aims, often involving consumer health and safety, of threatening government public policy. Therefore, increasing public policymakers' ability to identify strategic management of the sociopolitical force, whether across specific product markets, geographic regions, or regulatory trends, may also offer such leaders an ability to draft legislation effective at prompting competitive marketplace strategies likely to result in relatively better, safer products.

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**Scales, scale items**

*Firm policy influence attempts*

(the third item (profit levels) is anchored by *very infrequently* and *very frequently* and the remaining items by *strongly disagree* and *strongly agree*; (r) indicates that answers to the item were reversed before analysis; 5-point Likert answer option scales).

- (1) It is important that we attempt to influence government public policy that affects our business rather than change our business.
- (2) It is important that we attempt to influence government public policy so as to remain competitive.
- (3) We attempt to influence government public policy for desirable profit levels.
- (4) Government public policy constrains the way we do business. (r)
- (5) Government public policy makes it impossible for us to reach our strategic goals. (r)

*Government public policy (as defined to respondents)*

Think of public policy as either formal or informal and either potential or actual government (local, state, federal, international) activities or communications.

*Receptivity*

To what degree do the following groups influence your use of the facilities granted to you by your firm? (5-point Likert answer option scale anchored by *no influence* and *very strong influence*; respondents rate this degree for each group separately)

Marketplace receptivity:

- (1) Shareholders
- (2) Customers
- (3) Competitors
- (4) Suppliers
- (5) Trade associations

Sociopolitical Receptivity:

- (1) Local communities
- (2) Environmental organizations
- (3) Regulators/legislators
- (4) Socially responsible investment funds

*Environmental uncertainty (Achrol and Stern, 1988)*

(5-point Likert answer option scales anchored by *strongly disagree* and *strongly agree*)

Please respond to the following statements for your principal industry (that which accounts for the largest % of sales).

- (1) Our firm must rarely change its marketing practices to keep up with the market and competitors.
- (2) The rate at which products are getting obsolete in the industry is very slow.
- (3) Actions of competitors are quite easy to predict (in same principal industry).

- (4) Demand and consumer tastes are fairly easy to forecast.
- (5) The production/service technology is not subject to very much change and is well established.

*Research and development expenses*

(5-point, Likert answer option scale anchored by *extreme decrease* and *extreme increase*)

Thinking only of the product(s) most affected, please indicate the degree to which this public policy led your firm to change (decrease or increase) research and development.

**Firm attempts at influencing government public policy scale development**

In an exploratory manner, 26 items reflecting sociopolitical pressures constraining the three domains of firm commercial interests (i.e. material, solidary, purposive) Clark and Wilson, 1961; Salisbury, 1969) were initially generated from a related qualitative study and prior environmental management literature (e.g. Baysinger and Woodman, 1982; Bourgeois, 1984; Burns and Stalker, 1961; Child, 1972; Lawrence and Lorsch, 1967; Terreberry, 1968). Forty-one in-depth qualitative interviews with senior-level managers were conducted in a related study examining obstacles to strategic choice firm orientations in managing threatening government. Participants were recruited through a snowball method, beginning with a convenience sample that included members of an author’s PhD granting university’s academic Marketing Advisory Board. The resulting dataset represents firms established 57.4 years ago on average, the market sectors of financial services, food and beverage, health care, and insurance sectors, among others, and relatively more ( $n = 18$ ) large firms (5,000 or more employees).

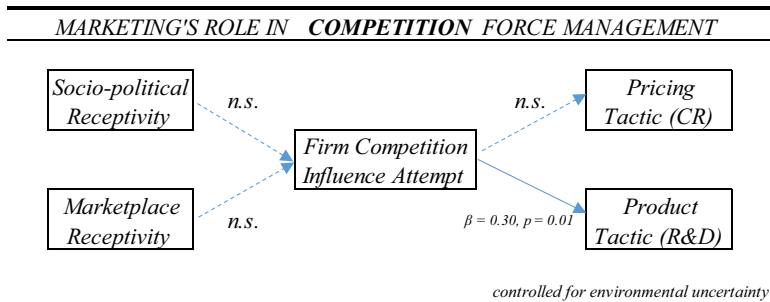
A pilot study consisting of an online survey among 29 colleague professors with prior experience in firm strategy development was conducted. The pilot study sought to understand the reliability of the firm pressure perception reflective measurement. Of the 26 items generated, 18 remained after analyzing the change in Cronbach’s alpha reliability coefficient item-by-item among pilot study data. Churchill (1979) suggests developing a reliability alpha as the first method for purifying constructs, with an alpha close to or above 0.70 as desirable (Nunnally, 1978). This analysis identified eight items to delete for developing the most reliable firm pressure scale.

Final data collection among  $n = 208$  identified an additional 13 items to drop because they did not meet the criteria of both significance and a standardized weight above 0.50 (Hair et al., 2010). Because all three commercial interests are still represented across the remaining five items and discriminant validity is present, it is not believed that a significant portion of the construct domain is lost.

**Post-hoc analysis**

*Firm competition influence attempts*

(the third item (profit levels) is anchored by *very infrequently* and *very frequently* and the remaining items by *strongly disagree* and *strongly agree*; mean = 4.66, SD = 1.26,  $\alpha = 0.7$ ).



**Note(s):**  $n = 40$ , "n.s." non-significant,  $\chi^2 = 14.931 (14)$ ,  $p = 0.53$ , CFI = 1.00  
RMSEA = 0.00 (0.00, 0.14), SRMR = 0.10

- (1) It is important that we attempt to influence our competition rather than change our business.
- (2) It is important that we attempt to influence our competition so as to remain competitive.
- (3) We attempt to influence our competition for desirable profit levels.

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