

FUNDAÇÃO GETÚLIO VARGAS  
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

RENATO PIOVESANA GOMES

**Competitive Dynamics of Corporate Political Activity**

SÃO PAULO

2022

FUNDAÇÃO GETÚLIO VARGAS  
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

RENATO PIOVESANA GOMES

**Competitive Dynamics of Corporate Political Activity**

Dissertação apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas, como requisito para obtenção do título de Mestre em Administração de Empresas

Campos de conhecimento: Dinâmica Competitiva  
Atividade Política Corporativa

Orientadora: Prof. Dr. Marina Gama

SÃO PAULO

2022

Gomes, Renato Piovesana.

Competitive dynamics of corporate political activities / Renato Piovesana Gomes.  
- 2023.  
38f.

Orientador: Marina Amado Bahia Gama.

Dissertação (mestrado CMAE) – Fundação Getulio Vargas, Escola de  
Administração de Empresas de São Paulo.

1. Negócios e política. 2. Empresários - Atividades políticas. 3. Empresas -  
Relações com o governo. 4. Política comercial. 5. Concorrência. I. Gama, Marina  
Amado Bahia. II. Dissertação (mestrado CMAE) – Escola de Administração de  
Empresas de São Paulo. III. Fundação Getulio Vargas. IV. Título.

CDU 328.182

RENATO PIOVESANA GOMES

Competitive Dynamics of Corporate Political Activities

Dissertação apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas, como requisito para obtenção do título de Mestre em Administração de Empresas

Campos de conhecimento: Dinâmica Competitiva  
Atividade Política Corporativa

Orientadora: Prof. Dr. Marina Gama

Data de Aprovação: \_\_/\_\_/\_\_

---

Prof. Dr. Marina Gama (Orientadora)  
FGV-EAESP

---

Prof. Dr. Paulo Arvate  
FGV-EASESP

---

Prof. Rodrigo Bandeira de Mello  
Girard School of Business - Merrimack College

“A todos os homens de boa vontade incumbe a imensa tarefa de restaurar as relações de convivência humana na base da verdade, justiça, amor e liberdade: as relações das pessoas entre si, as relações das pessoas com as suas respectivas comunidades políticas, e as dessas comunidades entre si, bem como o relacionamento de pessoas, famílias, organismos intermédios e comunidades políticas com a comunidade mundial.”

- São João XXIII, Carta Encíclica Paz na Terra

## **RESUMO**

Nas literaturas de atividade política corporativa e competitividade dinâmica tem evoluído. Porém, ainda existe uma lacuna que envolva ambas as perspectivas teóricas. Esta pesquisa preenche essa lacuna. Usamos revisão de literatura para construir as hipóteses sobre dinâmica competitiva das atividades políticas corporativas. Utilizamos a mesma lógica da dinâmica competitiva do mercado econômico transformado em estratégias de não-mercado. As hipóteses baseiam-se em dois conceitos comuns na literatura de dinâmica competitiva: similaridade de recursos e semelhança de mercado. Também propomos três moderadores que podem afetar estes conceitos: contratos com o governo, pertencimento a mercados regulados e pertencimento a mesmas indústrias. Usamos dados em painel com efeito randômico em regressão logística. Contribuímos para a literatura de dinâmica competitiva e de atividades políticas corporativas.

Palavras-chave: atividade política corporativa, dinâmica competitiva, visão baseada em recurso.

**ABSTRACT**

Literature in both corporate political activity (CPA) and competitive dynamics has evolved. However, there is still a lack in the literature integrating both perspectives. This paper fulfills this gap. We use a literature review to deliver hypotheses regarding the competitive dynamics of CPA. We use the same logic of market factors competitive dynamics transformed into non-market-factor competitive dynamics. The hypotheses rely on two common concepts of competitive dynamics: resource similarity and market commonality. We also propose that three moderators may affect those concepts: contracts with the government, belonging to a regulated market, and belonging to the same industry. We use panel data with random effects in logistic regression. We contribute to competitive dynamics and CPA literature.

Keywords: corporate political activities, competitive dynamics, resource-based view

## SUMMARY

1. Introduction.....	1
2. Primary Goal.....	2
3. Secondary Goals.....	2
4. Research Questions.....	2
5. Literature Review and Hypotheses.....	2
5.1. Corporate Political Activity within Political Markets.....	2
5.2. Competitive Dynamics and Hypotheses.....	4
6. Method.....	10
7. Sample and Data.....	11
7.1. Dependent variable.....	11
7.2. Independent variables.....	11
7.3. Moderators.....	13
7.4. <i>Control variables</i> .....	15
8. Results.....	15
8.1. <i>Robustness Check</i> .....	18
9. Discussion.....	19
10. Conclusion.....	22
11. References.....	22



## 1. INTRODUCTION

The research that has built the knowledge about competitive dynamics was based on market factors (where resources are exchanged) (Barney, 1986) like, advertising competition and price decrease challenges (Vilcassim, Kadiyali, & Pradeep, 1999), innovation (Banbury & Mitchell, 1995; Katila & Chen, 2008), the introduction of new products (Lee, Smith, & Grimm, 2003; Srivastava & Lee, 2005), multinational enterprises (MNE's) (Yu & Canella, 2007), the timing of the response of competitive attacks (Ferrier, Smith, & Grimm, 1999), M&As (Haleblian, McNamara, Kolev, & Dykes 2012), differentiation versus cost generic strategies (Caves & Ghemawat, 1992), research and development (Chen, Katila, McDonald, & Eisenhardt, 2010), and economic recessions (Vassolo, Garcia-Sanchez, & Mesquita, 2017).

However, none of the works on competitive dynamics are in the non-market strategies field (Baron, 1995), so the goal of this research is to feel this gap in the literature. Therefore, the goal of this research is to understand how the competitive dynamics of corporate political activities (CPA) (Getz, 1997). We theorize that as there are competitive dynamics in market factors, there will also be competition in non-market factors. More specifically, we use corporate political activities.

There are many ways that firms engage with CPA: corporate political donations to political campaigns (Boas, Hidalgo, & Richardson, 2014), political connections of the board (Goldman, Rocholl, & So, 2009), trade associations lobby (Fagan-Watson, Elliott, & Watson, 2015; Drope & Hansen, 2006), information provision (Hillman & Hitt, 1999; Bouwen, 2002) among other types. In this paper, we focus on donations to political campaigns.

As happens in market factors competitive dynamics, where an attack on aggressive pricing of Firm A against Firm B can generate a response of Firm B against Firm A, a political attack of Firm A against Firm B can generate a response also with political action of Firm B against Firm A.

First, we present the goals and research question. Second, we introduce the CPA concept and what has been developed in research. Third, we present the theory regarding competitive dynamics based on the awareness-motivation-capabilities

framework and the hypotheses built based on CPA. Fourth, we show how data is collected and used and the method process.

## **2. PRIMARY GOAL**

The main goal of this paper is to analyze how the competitive environment of corporate political activities operates.

## **3. SECONDARY GOALS**

The secondary goals are:

- a) to analyze possible nuances between regulated and deregulated markets,
- b) to analyze nuances between the executive and legislative power,
- c) to analyze nuances among states,
- d) and to analyze the data to seek new possible findings.

## **4. RESEARCH QUESTION**

The research question is: how do the competitive dynamics operate in corporate political activities?

## **5. LITERATURE REVIEW AND HYPOTHESES**

### *5.1. Corporate Political Activity within Political Markets*

We introduce our paper presenting the theory of political markets (Hillman & Keim, 1995; Bonardi, Hillman & Keim, 2005). On one side of the market, there are demanders of public policies (voters, companies, other entities), and on the other side, those who can provide such policies (politicians, ministries, members of judiciary, and political staff) (Bonardi, Hillman & Keim, 2005). The demanders provide the necessary platform for elected politicians to keep in power: providing information, financial assistance, and votes (Hillman & Hitt, 1999). In this paper, we use literature competition in factor markets applied to political markets.

Companies, as demanders, will try to influence public policies to gain or maintain power through the public policies that politicians work on, but they can do it collectively if they face the same issue and seek the same public policies (Hillman & Keim, 1995). Firms are not alone on the demanders side, so they may compete against

other companies and other organized interest groups to have their needs fulfilled (Truman, 1951).

Therefore, firms must compete in the political markets. Although in economic markets high rivalry among the demanders is usually good for suppliers (Porter, 1980), in political markets, the consequences are not the same. Having a high rivalry on the demand side means that suppliers will frustrate an interest group if they make a public policy for another interest group that belongs to the opposite side (Bonardi, Hillman & Keim, 2005).

For example, recently the Brazilian federal government reduced the national tax on industrialized products to help control inflation. Some companies that gain subsidies from the government based on the same tax started lobbying with the judiciary arguing that they lost their competitiveness when their competitors also started to receive the same benefits. The judiciary, then, decided to suspend the tax reduction for those companies that did not have the subsidy (Vivas & Falcão, 2022).

In this case, the federal government (supplier) moved by the desire to control inflation and gain votes (demanders) decided to reduce the tax. However, the companies with subsidies (demanders) pressured the judiciary (supplier) to suspend the federal decision. Therefore, at first, companies with subsidies were frustrated, and later, companies without subsidies.

Political market literature goes around four issues, institutions, information, and interests (Lenway, Schuler, Marens, Werner, & Green, 2022). For the issue approach, there are two ways research is done: either by selecting a specific issue Kolk & Pinkse, 2007; Holburn & Bergh, 2014) or around how issues take part in CPA (Keim & Zeithaml, 1986; Bonardi & Keim, 2005). Regarding institutions, the focus is to understand how companies use institutions like general government, legislative power, regulatory agencies, and executive power (Lux, 2016; Kolk & Tsang, 2017; Mithani, 2019; Parker, Parker & Dabros, 2013; Ozcan & Gurses, 2018; Werner, 2017).

In respect of the information, articles are about providing information to political actors, information signals, and technical information (Frankel & Hojbjerg, 2012; Flammer, 2018; Rehbein & Lenway, 1994). Related to interests, are those themes related to interests of industries, countries, and other actors in political markets (Hadani & Coombes, 2015; Clougherty, 2003; McDonnell & Werner, 2016). This paper fits this

last block, as we seek what are the interests and motivations to attack and respond using political resources.

The competition around a corporation's political agenda is transformed into different types of corporate political actions (Getz, 1997). Companies push agendas on public policies, to limit rivals' access to a resource or to allow more competitors to access it (Capron & Chatain, 2008). Dahan (2005), states that sustainable competitive advantage is guaranteed when companies have a "public-policy advantage". Therefore, "public-policy advantage" becomes a real resource that is hard to imitate (Bonardi, 2011), instead of common political action like hiring a lobby office or donating to election campaigns (Milyo, Primo, & Groseclose, 2000). Therefore, we state that in this study we consider corporate political actions as resources.

Companies use different types of mechanisms to get involved with politicians such as lobbying, coalition formation, joining trade associations, reporting research and survey results, corporate donations to political campaigns, bribery, and politicians being hired to be part of the board, among other types (Getz, 1997). The larger the corporation, the higher are the chances of engaging in CPA (Lux, Crook, & Woehr, 2011).

Corporations engage in CPA to achieve profit maximization through the gain of contracts with the government more than through the regulation process by the government (Mitchell, Hansen, & Jepsen, 1997). These mechanisms such as the lobby, donations to political campaigns, and political connections, among other types of CPA are related to better levels of performance and are key that companies engage in CPA if they want to improve performance (Lux et al., 2011).

Corporate donations to political election campaigns generate more contracts with the government (Boas et al., 2014). A firm's experience in dealing with politicians is related to better levels of performance as they built political capabilities (Bonardi, Holburn, & Bergh, 2006). Executives working as politicians, or working for one, generate results as firms have political connections (Hillman, Zardkoohi, & Bierman, 1999).

Companies rely on three aspects when deciding to do CPA (Rehbein & Schuler, 1999). First, the political environment, regards how firms face the political arena (Keim & Baysinger, 1988). Second, the economic environment can stimulate firms to engage

in CPA when the economy is adverse (Grier, Munger, & Roberts, 1994). And third, industry structure is about the costs and returns of CPA that firms have depending on industry characteristics (Grier et al., 1994) like industry concentration (Salamon & Siegfried, 1977) or industry regulation, where the more regulated, the higher the chances of getting positive results from CPA (Hadani & Schuler, 2013). Therefore, companies discern these aspects before taking political action (Rehbein & Schuler, 1999). On the other hand, companies allow themselves to be influenced by political connections (Costa, Bandeira-de-Mello, & Marcon, 2013).

When firms decide to access other firms' resources, they build alliances (Das & Teng, 2000). There are two main reasons for companies to engage in a strategic alliance: obtain resources (creating competitive advantage) or retain resources (maintaining competitive advantage) (Das & Teng, 2000). So, when companies join associations to lobby (Bombardini & Trebbi, 2012), they share their resources to achieve better results for the whole sector.

## *5.2 Competitive Dynamics and Hypotheses*

Rivalry is intensified when there is low growth in the industry, low levels of differentiation, and high fixed costs, among others (Porter, 1980). However, such rivalry happens at the firm level, as a chain of actions and responses that are based both on the competitive scenario and in firm-specific conditions: the Competitive Dynamics (Baum & Korn, 1996; Chen, Smith, & Grimm, 1992).

Within the competitive dynamics, an approach is the AMC (awareness, motivation, and capability), which means that to respond to rival's actions, companies must be aware of that action, must be motivated to act, and capable of doing so (Chen, 1996).

Awareness is the first step for a reaction of the attacked company. It implies choosing whom a company is choosing to compete with, otherwise would not be able to be aware of the attack (Gur & Greckhamer, 2019). At this step, when a firm recognizes a threat, managers will have vaguer communication and harder to understand their thoughts (Guo, Yu, & Gimeno, 2017). On the other hand, a lack of awareness impedes a company to know if the other one is a competitor or collaborator as their relationship increases (Sytych & Tatarynowicz, 2014). However, even coming

from different sectors, with the diversification of portfolios and asymmetric pressure, at one point, firms may become competitors (Downing, Kang, & Karman, 2019).

Companies may have the awareness of a threat and the capabilities to respond but do not have the motivation to do so (Bennett & Pierce, 2016). Motivation can come from rivals' cues in increasing competitiveness, like increasing R&D (Chen, Tribbitt, Yang, & Li, 2017) and the desire to catch up with international competitors (Cui, Meyer, & Hu, 2014). On the other hand, the incentives can come from internal capabilities that the company already has, like sustainability (Schniederjans & Khalajhedayati, 2020). The company must give the right incentives for transforming the motivation into action (Vroom, 1964). The hypotheses of this paper are related to the motivation part of the framework.

After a firm is aware and motivated to attack, it must have the capability of doing so (Chen, 1996). According to Chen and Miller (2012), RBV fits well with the theoretical perspective of capabilities. Therefore, firms that have resources that are valuable, rare, imperfectly imitable, and that have no substitutes (VRIO) (Barney, 1991) are more capable of responding to a rival's attack. Firms can change, adapt, join, separate resources, and dynamically change resources (Teece, Pisano, & Shuen, 1997) to better compete against attacks. Due to the lack of research on competitive dynamics regarding non-market-based factors, we rely our hypotheses on market factors research, adapting to the non-market field.

There are two concepts within the AMC framework which are resource similarity, which is the "extent to which a given competitor possesses strategic endowments comparable in both type and amount to those of the focal firm" and market commonality, which is the "degree of the presence that a competitor manifests in the markets it shares with a focal firm" (Chen & Miller, 2012: 149).

However, resource similarity can be understood as the two sides of the same coin: cooperation and competition. An acquisition is more likely to happen when there is resource similarity, instead of alliances (Wang & Zajac, 2007), because of the competitive tension between the firms. In acquisitions resource similarities in P&D projects pipeline are preferred by the acquirer, instead of resource similarities in the pipeline (Yu, Umashankar, & Rao, 2016). While firms with resource similarity feel more vulnerable in the marketplace when competing, but when cooperating, they can have

economies of scale and share risks in R&D investments (Peng, Pike, Yang, & Ross, 2012).

Such movements also happen with political resources. Companies can cooperate and share their political resources using trade associations (Fagan-Watson et al., 2015; Drope & Hansen, 2006; Bombardini & Trebbi, 2012) or operate alone and compete at the firm level, like political connections (Hillman et al., 1999) or corporate donations to political campaigns (Boas et al., 2014).

For our hypothesis regarding resource similarity, we are in line with Bonardi (2011) that donations to political campaigns and junctions to trade associations are similar resources among heterogeneous firms because they are capital-intensive (Milyo et al., 2000). While the political connection is a hard-to-imitate resource (Bonardi, 2011). In a scenario of resource similarity, the mechanism is that greater are the chances of the rival to respond to the attack of the focal firm (Chen, 1996). However, a firm does not necessarily respond to a rival's attack in the same way it was attacked (Ferrier, 2001). If a firm attack uses marketing, a rival can respond using a different type of attack, like a price decrease (Ferrier, 2001). Therefore, we present the following hypotheses:

H1: The higher the resource similarity, the more likely companies will attack and respond using political resources.

According to past literature, there are specific sets where CPA can be intensified: companies in the regulated sector (Hadani & Schuler, 2013), seek contracts with the government (Boas et al., 2014), and if they have the same interests as the government (Bombardini & Trebbi, 2012). Therefore, we develop additional hypotheses as moderators based on those environmental sets.

In line with Hadani and Schuler (2013), companies in regulated markets are associated with better levels of market value when investing in political actions. As political donations are easily imitable and can be done by any company with financial resources (Bonardi, 2011), rivalry in the political market (Kingsley, Bergh, & Bonardi, 2012) when using such a "political product" can be intensified (Porter, 1980). We, then, state that belonging to a regulated market is a moderator of attacks, presenting the following hypotheses:

H1a: The higher the resource similarity, the more likely companies will attack and respond using political resources. And companies will attack more if they belong to a regulated market.

In the Brazilian political market, returns on corporate donations also happen with contracts increase with the government (Boas et. al, 2014). Companies will compete to gain more contracts. This is stronger in Latin American countries because great regional players in oligopolistic markets will try to conserve their superiority in those markets (Schneider, 2013). The more a market has contracts with the government, the more the firms in that market will be attracted to donate to political campaigns. We, then, state that belonging to a market with government contracts is a moderator of attacks, presenting the following hypotheses:

H1b: The higher the resource similarity, the more likely companies will attack and respond using political resources. And companies will attack more if they belong to a market with high levels of contract with government.

The political market has a different aspect for firms, compared to the economic market: coalition (Bonardi, 2012). Bonardi (2012) states that with a coalition around the same issue, firms can see their costs drop once companies could make horizontal political action integration with competitors. A coalition among companies that are in political markets is common to reduce costs and gain efficiency (Nelson & Yackee, 2012; Junk, 2019; Hillman, Long, & Soubeyran, 2001). Consequently, we argue that firms will seek efficient investments in the donation and will not attack another company with the same issue if this other company is already increasing donations to political campaigns. Therefore, we present the following hypotheses related to resource similarity:

H1c: The higher the resource similarity, the more likely companies will attack and respond using political resources. And companies will attack more if they belong to the same industry.

The market commonality is one of the components of competition, along with sharing the same customers with product similarities (Grimm, Lee, & Smith, 2006). As a firm enters new markets, they tend to increase or decrease competitiveness with prior rivals and can face new market commonality with new ones (Skilton & Bernardes, 2015). That is why new entrants face fewer direct attacks, as they may have not had



prior market commonality with rivals before entering the new market (Peteraf & Bergen, 2003). Firms interact against competitions, increasing market commonality with competitors that have no similar resources and decreasing market commonality with competitors that have similar resources (Withers et al., 2018).

The effects of market commonality in the market factors competition are the same as non-market-based factors. Companies will have more competitive tension in the political arena as they have more market commonality. New entrants do not face as much attack from political actions (Getz, 1997) of their rivals. Firms will increase market commonality with competitors that have similar political resources (Bonardi, 2011) and decrease market commonality with competitors that have similar political resources (Bonardi, 2011).

However, for the hypotheses of market commonality, we deliver the mutual forbearance approach as the mechanism. The higher the multimarket contact firms, the less intense will be the competition (Gimeno & Woo, 1996). When competing in the same markets, firms will face mutual forbearance, because once a firm attacks, the rival responds in other markets (Edwards, 1955). Therefore, the more two firms share the same market, the less will be the attack and responses with political actions, so pre-present the following hypotheses:

H2: The higher the market commonality, the less likely companies will attack and respond using political resources.

As priorly mentioned, some moderatos may influence attacks and responses: companies in the regulated sector (Hadani & Schuler, 2013), seek contracts with the government (Boas et al., 2014), and if they have the same interests as government (Bombardini & Trebbi, 2012). We represent the following hypotheses related to market commonality.

According to Hadani and Schuler (2013), companies in regulated markets are associated with better levels of market value when investing in political actions. As political donations are easily imitable and can be done by any company with financial resources (Bonardi, 2011), rivalry in the political market (Kingsley, Bergh, & Bonardi, 2012) when using such a “political product” can be intensified (Porter, 1980). However, as they will seek efficiency at the state level, they will practice mutual forbearance. We,

then, state that belonging to a regulated market is a moderator of attacks, presenting the following hypotheses:

H2a: The higher the market commonality, the less likely companies will attack and respond using political resources. And companies will attack less if they belong to a regulated market.

Companies will attack higher market commonality, though, if the industry the firm is in has high levels of a contract with the government. It happens because their focus is to gain the contracts individually, not collectively. Often, those companies do not operate in a multimarket context, which means they will not practice mutual forbearance. Therefore, they will compete more fiercely if higher the market commonality is.

H2b: The higher the market commonality, the less likely companies will attack and respond using political resources. And companies will attack more if they belong to a market with high levels of contract with government.

Regarding belonging to a coalition, companies will seek efficient investments (Nelson & Yackee, 2012; Junk, 2019; Hillman, Long, & Soubeyran, 2001) even in a multimarket context, practicing mutual forbearance. Therefore, we present the following hypotheses:

H2c: The higher the market commonality, the less likely companies will attack and respond using political resources. And companies will attack less if they belong to the same industry.

## **6. METHOD**

For this paper, we will use the sequences of actions approach of competitive dynamics, which means that I can analyze how one company attacks or reacts to another. However, the limitation of using such an approach is to separate what is in an attack or reaction and how long each one lasts (Chen & Miller, 2012). The key advantage is that we can see if there are patterns of attacks and reactions.

Dyads are a common way to structure the data for competitive dynamics research (Chen, 1996; Chen & Miller, 2012; Cui, Yang, & Vertinsky, 2017), where a panel observation is the combination of a focal company and a rival. In this paper, the dyads are reflected in the market commonality and resource similarity data. Therefore,

the first firm  $a$  will be the focal company, and  $b$ , the rival. Afterward,  $b$  will be the focal company, and  $a$ , be the rival.

In-depth, we combine all companies as focal and as a rival. For example, in the first line of the database, focal firm  $a$  competes against firm  $b$ . In the second line, the focal firm is  $b$  and the rival is  $a$ . In the third line, the focal firm is  $a$ , and the rival is firm  $c$ . In the fourth line, the focal firm is  $c$ , and the rival, is firm  $a$ . This happens so on until all the firms are combined as focal and rival firms.

As we use panel data, the id is not firm, but the dyad is. Consequently, the number of ids and the number of observations is close as the number of different ids drops. If a firm “a” is in the political market in the first election cycle, but not in the others, we will have the ids with the company “a” only in the first election cycle, losing the kids in the other election cycles.

First, we present our model only with control variables. Second, we run the model using an ordinary least square in logistic regression. Third, we decided to use random effects because we want to understand if the results change from company to company.

For the moderators, we add an interaction between the moderator and resource similarity and market commonality separately. To present what are the most influential moderators, we test the interactions using the lincom test, which estimates linear combinations of coefficients after the estimation command.

## **7. SAMPLE AND DATA**

We use the transparency political donations database due to the great transparency of donations to political campaigns in Brazil. This data presents all donations from corporations and citizens to political campaigns. We use the four cycles of state-orientated elections (state deputies, governors, federal deputies, and senators).

### *7.1 Dependent variable*

The dependent variable is the attack and responses of corporate donations to political campaigns. If a company increases the amount of money from one election to another, we will consider an attack or response. For that reason, we will consider it a dummy variable taking the value of “1” for an attack or response, and “0” for an equal

or decrease in the amount of money donated. The political resources of corporate donations to political campaigns are log-modeled to do not have 0 values in our database, as it would invalidate market commonality and resource similarity calculation.

## 7.2 Independent variables

*Corporate donations* to political campaigns are considered an easy-to-copy resource because only demand money from the corporations (Bonardi, 2011). Such donations are publicly available in Brazil, as the companies must declare the donations they do to political campaigns. The 2018 election was the first after the Brazilian Supreme Court prohibited corporate donations to political campaigns. For that reason, our analysis is up to 2014, the last election allowed to be funded with a corporate political donation.

*Resource similarity of political markets.* There are different ways to measure resource similarity. One example could be the measure from different areas of the company: procurement, warehouse, transportation, distribution, and plants (Peng, et al., 2012). A second example could be the R&D pipeline, used by Yu, Umashankar, and Rao (2015), they were measured as the weighted summations of products and pipeline closeness score between two firms. And a last example, how close are two firms are to each other based on their sector similarity (Wang & Zajac, 2007). This measure is then, transformed to meet the goals of this paper. Our *resource similarity of political markets* is measured as the political donation network, in a similar manner of Market Commonality as explained by Chen (1996), but in this case, we compare how far one company is from other if based on the parties to which they donate. Therefore, we measure resource similarity in the following way:

$$RS = \sum_{i=0}^n \left[ \left( \frac{P_{ai}}{P_a} \right) * \left( \frac{P_{bi}}{P_i} \right) \right]$$

Where:

RS is the resource similarity of corporate donations to electoral political campaigns;

$P_{ai}$  is the number of donations that  $a$  company has make to candidates in party  $i$ ;

$P_a$  is the number of donations that  $a$  company has make across all parties;

$P_{bi}$  is the number of donations that  $b$  company has make to party  $i$ ;

$P_i$  is the number of donations that all companies have done to party  $i$ ;

$i$  is a party among all the parties available.

*Market Commonality of political markets.* In economic markets, market commonality can be measured as market share and networking centrality (Skilton & Bernardes, 2014). However, our *market commonality of political markets* is measured using the donations database to each candidate, which presents all formal donations to political campaigns done in Brazil, the donator, the politician that received the donation, the party they belong to, and to which state they are running. We will use the number of donations to measure market commonality, adapted from Chen (1996). The goal of this measure is to understand how the political market commonality of companies. In other words, the geographic overlap of corporate donations between two companies in the political market. Therefore, we measure market commonality in the following way:

$$MC_{ab} = \sum_{i=0}^n \left[ \left( \frac{P_{ai}}{P_a} \right) * \left( \frac{P_{bi}}{P_i} \right) \right]$$

Where:

$MC_{ab}$  is the market commonality that company  $b$  has with the focal company  $a$ ;

$P_{ai}$  is the number of donations that  $a$  company makes to candidates in state  $i$ ;

$P_a$  is the number of donations that  $a$  company has across all the country;

$P_{bi}$  is the number of donations that  $b$  company has in state  $i$ ;

$P_i$  is the number of donations in all companies in city  $i$ ;

$i$  is a state among all the states available

As resource similarity and market commonality seem to have the same calculus, we would like to clarify that resource similarity has to do with parties receiving donation overlap and market commonality has to do with geographic overlap among state-level donations.

### 7.3 Moderators

*Regulated Markets.* We consider regulated markets as a dummy variable: either the sector is regulated and receives one, and zero otherwise. As a moderator, we make the interaction between belonging to a regulated market and market commonality and resource similarity. According to Fan, Wong, and Zhang (2012), heavily regulated sectors are natural resources, electricity, finance, and public utilities. Therefore, we

consider those markets as regulated as well. They also used a dummy variable for regulated sectors.

*Contract with government.* We gather this data since 2013, from *the Transparency Website*, which lists all the contracts of the federal government with private companies. We make an interaction between the financial volume of the contract and political market commonality and political resource similarity. We gather all contracts with the government by sector: the higher the amount of money the government spends in a sector, the more likely companies will desire to have a part of this amount, so the variable is the total amount of money by sector since 2013. We log-modeled the data because we wanted to deal with the difference in the amount of money among industries, as they are highly discrepant.

*Same Industries.* In the competitive dyad, we consider the same industry if both companies belong to the same sector. If they do, we consider “1” and we consider “0” otherwise. This measure is a proxy of common interests in the political market and the formation of a coalition around the same issue (Fagan-Watson et al., 2015; Drope & Hansen, 2006; Bombardini & Trebbi, 2012). We make interaction between “same industry” and political market commonality and political resource similarity.

#### *7.4 Control variables*

As our main variables are related to politics, firms, and macroeconomics. We will use control variables in those three areas. For politics, we control how many donations were done by each firm for each party, each state, and for each role in dispute as continuous variables. Those variables come from the Superior Electoral Tribunal (TSE) database, a publicly available donations database in Brazil, which lists all donations (personal and corporate) to candidates in a specific election.

The continuous variable for each region is to control the size of representativeness of each region (Boas et. al, 2014). For example, São Paulo that is in the southeast has over 34 million voters, while Roraima, the smallest electoral college, has around 366 thousand voters, and is in the north (G1, 2022). Regions with more voters, should attract more donors. We also control for the roles in dispute for the same reason (Boas et. al, 2014): higher the sphere, more likely to receive more donations.

For the focal firm in the dyad, we control the number of employees (log-modeled data) and the number of branches. We collected these data from RAIS (Relação Anual de Informações Sociais), a database from the federal government that contains information such as the number of employees, number of branches, industry, year of foundation for all formal companies in Brazil. We use the years of elections in our model (2002, 2006, 2010, and 2014). We gathered the data using CNPJ (Brazilian corporate tax code) that was in both databases.

And for macroeconomics, we control for population and GDP, which are available in IBGE (Instituto Brasileiro de Geografia e Estatística), a Brazilian government entity responsible for collecting, producing, organizing, consolidating, and analyzing the most relevant statistical information in Brazil.

## 8. Results

We introduce the results by presenting the descriptive data for the main variables. Those results are in Table 1. Though resource similarity and market commonality have a similar calculus, their average is very different between two. It happens because the number of parties is higher than the number of states. As calculus is the multiplication of two fractions that are always below zero, the calculus of resource similarity generates lower values compared to market commonality, because the dominator is higher. And in table 2 we present the correlation of the main variables.

Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
MPr	10748	.001	.006	-	.077
MCab	10748	6.073	32.549	-	2080.55
distrital deputy	10748	.102	4.485	-	439
state deputy	10748	3.117	16.624	-	1.307
federal deupty	10748	2.594	12.536	-	960
governator	10748	.603	2.465	-	83
senator	10748	.296	1.628	-	68
branches	10748	10.163	82.883	1	4.323
GDP*	10748	3.506.000	1.602.000	1.489.000	5.779.000
log contract volume	10748	2.742	5.887	-	25.897
south	10748	1.628	7.62	-	446
north	10748	.336	3.853	-	259
northeast	10748	.975	6.765	-	273
southeast	10748	3.286	26.393	-	2.264
midwest	10748	1.454	11.086	-	540
logemployees	10748	4.205	2.226	.693	23.019

\*per million

**Table 1: descriptive statistics**

We present the results of the first model in Table 3. These results are run with random effects. The results present that firms are more likely to attack if they increase their political resource similarity ( $\mu=2.847$ ;  $p<0.01$ ), supporting hypothesis H1. Independent of resource similarity and market commonality, firms in regulated industries are less likely to attack ( $\mu=-0.00912$ ;  $p>0.10$ ). However, the higher the political resource similarity between firms in a regulated industry, the less likely companies will attack ( $\mu=-2.994$ ;  $p>0.10$ ), not supporting hypothesis H1a.

Analyzing solely the volume of contracts with the government, companies in industries with a high volume of contracts with the government are more likely to attack ( $\mu=0.00161$ ;  $p<0.05$ ). When the variable of the log-modeled volume of contracts in interaction with resource similarity, we find that companies are less likely to attack if they belong to an industry with higher levels of a contract with the government ( $\mu=-0.155$ ;  $p<0.10$ ), not supporting H1b. Therefore, they practice mutual forbearance.

Correlation Matrix

	rs	mc	logempl	logcont	so	no	noeast	soeast	mid	bra
resourcesimilarity	1									
marketcommonality	-0.0284	1								
logemployees	-0.1219	-0.0322	1							
log contract volume	-0.0077	-0.0244	0.0708	1						
south	-0.0286	0.2194	0.0627	0.0087	1					
north	-0.0017	0.0991	-0.0433	-0.0128	-0.0042	1				
northeast	-0.0135	0.3325	0.0102	-0.0076	0.0467	0.0365	1			
southeast	-0.0138	0.8075	0.0040	-0.0018	0.0233	0.0122	0.0957	1		
midwest	-0.0099	0.2650	0.0207	0.0084	-0.0073	0.0006	0.0208	0.3009	1	
branches	-0.0137	0.0247	0.1943	0.1287	0.0497	0.0142	0.0718	0.0475	0.0432	1

**Table 2 – Correlation matrix**

Independent of resource similarity and market commonality, firms in the same industry practice mutual forbearance. In the dyads with both companies belonging to the same industry, they are less likely to attack each other ( $\mu=-0.965$ ;  $p<0.01$ ). However, when they increase resource similarity, companies in the same industry are more likely to attack ( $\mu=163.9$ ;  $p<0.01$ ), supporting H1c.

	1	2	3
Competitive Dynamics of Corporate Political Activity Model	Attack	Only Cash Donations	Midwest
Resource Similarity	2.847***	3.789***	2.923***



	(0.344)	(0.557)	(0.737)
Market Commonality	-0.00241***	-0.00302***	-0.00339***
	(0.000563)	(0.000804)	(0.000876)
1.Same Industry	-0.965***	-0.931***	-0.674***
	(0.0347)	(0.0504)	(0.0615)
1.Same Industry#c.Resource Similarity	163.9***	160.6***	-558.6***
	(6.127)	(8.884)	(136.6)
1.Same Industry#c.Market Commonality	0.0362**	0.00908	0.106***
	(0.0160)	(0.0170)	(0.0184)
1.Regulated Market	-0.00912	-0.0380*	-0.0308
	(0.0215)	(0.0229)	(0.0374)
1.mercado_regulado#c.Resource Similarity	-2.994	-4.026	-7.356
	(5.216)	(6.087)	(7.505)
1.mercado_regulado#c.Market Commonality	0.00188	0.00307	0.00307
	(0.00225)	(0.00262)	(0.00416)
Log Contract Volume	0.00161**	0.00235**	0.00246*
	(0.000769)	(0.000934)	(0.00148)
c.Resource Similarity#c.Log Contract Volume	-0.155*	-0.242*	-0.268
	(0.0936)	(0.139)	(0.179)
c.Market Commonality#c.Log Contract Volume	-0.000509***	-0.000712***	-0.000534***
	(0.000114)	(0.000161)	(0.000142)
Log number of employees	-0.0214***	-0.0228***	-0.0248***
	(0.00193)	(0.00315)	(0.00362)
<b>Controls</b>			
Political Parties	Yes	Yes	Yes
Roles in Dispute	Yes	Yes	Yes
Regions	Yes	Yes	Yes
Company variables	Yes	Yes	Yes
Economics variables	Yes	Yes	Yes
Industry control	Yes	Yes	Yes
Time control	Yes	Yes	Yes
Random Effects	Yes	Yes	Yes
Observations	8,450	6,482	2,218
R-squared	0.064	0.064	0.085
Number of id	6,875	5,209	1,796

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table3: logistic regression**

Companies are less likely to attack higher market commonality ( $\mu=-0.00241$ ;  $p<0.01$ ), supporting the hypothesis H2. Consequently, overall companies practice mutual forbearance. The last hypothesis, companies are less likely to attack higher market commonality and belong to a regulated industry ( $\mu=-0.000509$ ;  $p<0.05$ ) supporting H2a.

If the focal company is in an industry with a high amount of money or contracts with the government, more likely they are to attack as market commonality grows ( $\mu=0.00188$ ;  $p<0.05$ ), so it does support hypotheses H2b. They are more likely to attack

as grows market commonality if both companies in the dyad belong to the same industry ( $\mu=0.0362$ ;  $p<0.05$ ) not supporting H2c.

We also run lincom test to check what interactions are more representative. First, related to resource similarity and market commonality, the interaction with belonging to the same industry is the most influential one ( $\mu=166,77$ ;  $p<0.01$  |  $\mu=0.34$ ;  $p<0.05$ ), followed by the log-modelled contracts with government ( $\mu=2.69$ ;  $p<0.01$  |  $\mu=-0.0030$ ;  $p<0.05$ ), and later by belonging to a regulated industry ( $\mu=-0.15$ ;  $p>0.10$  |  $\mu=-0.0005$ ;  $p>0.10$ ).

Interestingly, but less intuitively: the higher the number of employees, the less likely companies are to attack ( $\mu=-0.0214$ ;  $p<0.01$ ). In other words, as a company grows, less likely will attack. It may happen because as companies grow, they start having employees as political resources that can replace corporate donations to political campaigns (Bonardi, 2011; Johnson, Bauer, & Carlson; 2021).

### 8.1. *Robustness Check*

Corporate donors are allowed to donate in different manners: donating cash or offering services and products to candidates, like loaning a company's car fleet or a graphic store printing political materials for free. Those services are in our database as donations, and it contains the amount of money those services are worth. As we have priorly stated, a donation is an easy-to-imitate resource (Bonardi, 2011), and has no differentiation. According to the context of Brazilian categories of donation, in this research we consider all donations done (cash and services).

Nevertheless, between those two categories of donation, the donation of cash is even easier to imitate resources, because a firm may not have the right services or products to offer to a candidate. Therefore, the competition may intensify if we analyze cash-only donations. This model is presented in Table 3, as model number two.

On one hand, the cash-only donors intensify their competition as grows their political resource similarity ( $\mu=3.789$ ;  $p<0.01$ ), in the other, practice more mutual forbearance, higher the market commonality ( $\mu=-0.00302$ ;  $p<0.01$ ). If they belong to the same industry, they may face mutual forbearance ( $\mu=-0.931$ ;  $p<0.01$ ), but as grows resource similarity, grows the attacks ( $\mu=160.6$ ;  $p<0.01$ ). If they belong to a regulated industry, they tend to practice mutual forbearance ( $\mu=-0.0380$ ;  $p<0.10$ ). They will also

intensify attacks if they belong to an industry with higher levels of contracts with the government ( $\mu=0.00235$ ;  $p<0.10$ ) but practice mutual forbearance higher the resource similarity ( $\mu=-0.242$ ;  $p<0.10$ ) and market commonality ( $\mu=-0.000712$ ;  $p<0.01$ ). Overall, the companies that use cash-only donations behave the same way if all donations are included.

So far, we have analyzed datasets with more than half of the observations in the dataset. Now, we narrow our analysis to a smaller set of observations choosing the Brazilian region with the smallest number of voters: the Midwest. According to Michael Porter (1980), the higher the number of companies in one sector, the higher will the rivalry among them. In our case, the higher the number of groups of interests in political markets, the higher the rivalry among them.

Following this logic, the Midwest region has the lowest levels of rivalry as it has 7,38% of Brazilian voters. Consequently, the region may present fewer groups of interest, changing how companies dispute in political markets. From the 8,450 observations we have, 2,218 were donated to Midwest. In other words, we excluded the observations that have not donated anything to the Midwest. The second robustness check is presented as the third model in Table 3.

Donators of Midwest attack more, with higher resource similarity ( $\mu=2.923$ ;  $p<0.01$ ), and practice mutual forbearance with higher market commonality ( $\mu=-0.00339$ ;  $p<0.01$ ). If they belong to the same industry, they attack less ( $\mu=-0.674$ ;  $p<0.01$ ). And even less, the higher the resource similarity ( $\mu=-558.6$ ;  $p<0.01$ ), but the attack more, the higher the market commonality ( $\mu=0.106$ ;  $p<0.01$ ). If they belong to an industry with higher levels of a contract with the government, they tend to attack more ( $\mu=0.00246$ ;  $p<0.10$ ) but practice mutual forbearance higher the market commonality ( $\mu=-0.000534$ ;  $p<0.01$ ). Overall, they follow national behavior. However, they differ in one way: the practice of mutual forbearance if both companies belonged to the same industry, and interacted with resource similarity. It may be explained by the fact that companies have less difficulty in being aware of donations from groups with the same interests as theirs (Gur & Greckhamer, 2019; Bonardi, Hillman & Keim, 2005; Chen, 1996).

## 9. Discussion

Based on the results and the competitive dynamics of economic markets, we explore how is the competitive dynamics of political markets. We confirm that there is

competitiveness among firms within the political markets (Bonardi, Hillman & Keim, 2005; Hillman & Keim, 1995) and that political market commonality and political resource similarities are close to the logic of market factor dynamics (Chen, 1996).

As companies attack and respond using political resources, it means that they are aware, motivated, and capable of attacking and responding in political markets. (Gur & Greckhamer, 2019; Bonardi, Hillman & Keim, 2005; Chen, 1996). In this case, as corporate donations to political campaigns are information publicly available, one company can be aware if another one has donated or not. And companies are easily capable of donating to political campaigns as it is an easy-to-imitate resource (Bonardi, 2011).

That being the case, we focus the discussion on the motivations for attacking or responding in political markets. Our paper suggests that market commonality and resource similarity in political markets influence attacks and responses among companies competing in this market. In other words, firms decide to increase donations from one election to another, based on the political market commonality and political resource similarity.

As happens in factor markets, companies with political resource similarity may choose to attack, increasing the volume of money donated to political campaigns from one election to another if they have similar political resources. This means that one company may frequently compare and seek to have similar resources to other competitors in political markets, therefore, they increase the number of candidates and parties that they donated to using a larger amount of money.

However, firms tend to apply mutual forbearance if they have market commonality. To put it in another way, if a company donates to candidates in the same states, other firms are less likely to donate too. In this case, firms competing in multiple states fear having responses from attacks in political markets. Therefore, companies may prefer to do not to increase the amount of money donated against those companies that also donate to candidates in the same state.

Political market's competitive dynamics may have other motivators compared to market factors: belonging to a regulated market (Hadani & Schuler, 2013), desire to gain or maintain contracts with the government (Boas et. al, 2014), and sharing the same issue because of belonging to the same market (Bonardi, 2012). Those are

moderators considered with interactions to resource similarity and market commonality.

According to Hadani and Schuler (2013), the one key factor that influences returns on CPA is to belong to a regulated market. Solely, belonging to a regulated market does not stimulate an increase in attacks, but when interacted with resource similarity and market commonality, they are more likely to attack. As companies fear having competition against their regulated industry, they increase the amount of money they donate to better influence the politicians.

Second, contradicting the hypotheses companies may attack and respond more if they have higher levels of market commonality and if they belong to regulated markets. This means that they do not practice mutual forbearance, once they may see an increase in donations from other companies, stealing attention from politicians for their public policies to be pushed.

Firms may decide to assemble around the same issue to gain efficiency and cost reduction (Nelson & Yackee, 2012; Junk, 2019; Hillman, Long, & Soubeyran, 2001; Bonardi, 2012). Companies that are in the same industry present general mutual forbearance. However, they are more likely to attack higher resource similarity and market commonality.

Those attacks happen because, even belonging to the same industry, they can feel threatened by other companies in the same territories and with similar resources. They are similar companies: belong to the same industry, donate to candidates in the same states, and donate to the same party. So, the way they can differentiate is by donating more, as it is an easy-to-imitate resource.

As firms may be motivated to donate by seeking to gain contracts (Boas et. al, 2014) with the government, their competitive dynamics in political markets are influenced by it. Higher the amount of money in contracts with the government the industry that they belong to has, the less likely they are to attack higher the resource similarity. It may happen because once the company gains the contract with the government, it reduces the amount of money donated. They are also less likely to attack higher market commonality. This movement may happen, to not stimulate more donations in other states from those who seek to maintain or gain contracts with the government.

## 9. Conclusion

Those findings present a new way of seeing how companies in political markets compete using donations to political campaigns. We find that, like in economical markets, firms will also compete in political markets based on their political market commonality and their political resource similarity.

There are situations when this competitiveness is influenced: when companies belong to the same market and when companies belong to a regulated market. In the case of belonging to the same market, companies will practice mutual forbearance (Gimeno & Woo, 1996; Subramaniam & Cannella, 2009) or because they do not have the motivation to attack, but regarding belonging to a regulated market, companies do have the right motivation and will compete higher the level of political market commonality and political resource similarity.

This paper adds a new perspective to political markets and corporate political activities literature because we look at donations as attacks and responses that happen in a non-economic environment: a political environment. We push theory further showing what are the motivations regarding competitive dynamics in the political market.

This paper has some limitations. First, it only uses one type of CPA (corporate donations to political campaigns), while there are other types of CPA that companies can use in political markets (Getz, 1997). Second, is a limitation regarding how attacks and responses were stipulated, with no clear beginning or ending between attacks or responses (Chen & Miller, 2012). Third, we only use state-level candidates but could have been other nuances within the municipality and national candidates receiving donations from companies.

To conclude we suggest new research about the theme of competitive dynamics of CPA. One suggestion is to use other types of CPA as attack and responses, another is to use other levels of candidates like municipality, and the use of other concepts in competitive dynamics.

## 10. References

Armstrong, C., & Shimizu, K. (2007). A Review of Approaches to Empirical Research on the Resource-Based View of the Firm†. *Journal of Management*, 33(6), 959-986.

- Banbury, C. M., & Mitchell, W. (1995). The Effect of Introducing Important Incremental Innovations on Market Share and Business Survival. *Strategic Management Journal*, 16(S1), 161-182.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120.
- Barney, J. B. (1986). Strategic Factor Markets: Expectations, Luck, and Business Strategy. *Management Science*, 32(10), 1231–1241.
- Baron, D. P. (1995). Integrated Strategy: Market and Nonmarket Components. *California Management Review*, 37(2), 47-65.
- Baum, J. A. C., & Korn, H. J. (1996). Competitive Dynamics of Interfirm Rivalry. *The Academy of Management Journal*, 39(2), 255–291.
- Bennett, V. M., & Pierce, L. (2016). Motivation Matters: Corporate Scope and Competition in Complementary Product Markets. *Strategic Management Journal*, 37(7), 1304-1315.
- Boas, T. C., Hidalgo, F. D., & Richardson, N. P. (2014). The Spoils of Victory: Campaign Donations and Government Contracts in Brazil. *The Journal of Politics*, 76(2), 415-429.
- Bombardini, M., & Trebbi, F. (2012). Competition and Political Organization: Together or Alone in Lobbying for Trade Policy? *Journal of International Economics*, 87(1), 18-26.
- Bonardi, J. P. (2011). Corporate Political Resources and the Resource-based View of the Firm. *Strategic Organization*, 9(3), 247-255.
- Bonardi, J. P., Holburn, G. L. F., & Bergh, R. G. V. (2006). Nonmarket Strategy Performance: Evidence from U.S. Electric Utilities. *The Academy of Management Journal*, 49(6), 1209-1228.
- Bonardi, J.-P., Hillman, A. J., & Keim, G. D. (2005). The Attractiveness of Political Markets: Implications for Firm Strategy. *The Academy of Management Review*, 30(2), 397–413.

- Bouwen, P. (2002). Corporate Lobbying in the European Union: The Logic of Access. *Journal of European Public Policy*, 9(3), 365-390.
- Capron, L. & Chatain, O. (2008). Competitors' Resource-Oriented Strategies: Acting Upon Competitors' Resources through Interventions in Factor Markets and Political Markets. *Academy of Management Review*, 33(1), 97-121.
- Caves, R. E., & Ghemawat, P. (1992). Identifying Mobility Barriers. *Strategic Management Journal*, 13(1), 1-12.
- Chen, E. L., Katila, R., McDonald, R., & Eisenhardt, K. (2010). Life in the Fast Lane: Origins of Competitive Interaction in New vs. Established Markets. *Strategic Management Journal*, 31(13), 1527-1547.
- Chen, M. J. (1996). Competitor Analysis and Interfirm Rivalry: Toward a Theoretical Integration. *Academy of Management Review*, 21(1), 100-134.
- Chen, M. J., & Miller, D. (2012). Competitive Dynamics: Themes, Trends, and a Prospective Research Platform. *Academy of Management Annals*, 6(1), 135-210.
- Chen, M. J., Michel, J. G., & Lin, W. (2021). Worlds Apart? Connecting Competitive Dynamics and the Resource-Based View of the Firm. *Journal of Management*, 47(7), 1820-1840.
- Chen, M. J., Smith, K. G., & Grimm, C. M. (1992). Action Characteristics as Predictors of Competitive Responses. *Management Science*, 38(3), 307-458.
- Chen, T., Tribbitt, M. A., Yang, Y., & Li, X. (2017). Does Rival's Innovation Matter? A Competitive Dynamics Perspective on Firm's Product Strategy. *Journal of Business Research*, 76, 1-7.
- Costa, M., Bandeira-de-Mello, R., & Marcon, R. (2013). The Political Connection Influence on Brazilian Business Group Diversification. *Revista de Administração de Empresas*. 53(4), 376-387.
- Cui, L., Meyer, K. E., & Hu, H. W. (2014). What Drives Firms' Intent to Seek Strategic Assets by Foreign Direct Investment? A Study of Emerging Economy Firms. *Journal of World Business*, 49(4), 488-501.



- Cui, V., Yang, H., Vertinsky, I. (2017). Attacking Your Partners: Strategic Alliances and Competition between Partners in Product Markets. *Strategic Management Journal*, 39(12), 3116-3139.
- Dahan, N. (2005). Can There Be a Resource-based View of Politics? *International Studies of Management & Organization*, 35(2), 8-27.
- Das, T. K., & Teng, B. S. (2000). A Resource-based Theory of Strategic Alliances. *Journal of Management*, 26(1), 31-61.
- DeSarbo, W. S., Grewal, R., & Wind, J. (2006). Who Competes with Whom? A Demand-based Perspective for Identifying and Representing Asymmetric Competition. *Strategic Management Journal*, 27(2), 101-129.
- Downing, S. T., Kang, J. S., & Markman, G. D. (2019). What You Don't See Can Hurt You: Awareness Cues to Profile Indirect Competitors. *Academy of Management Journal*, 62(6), 1872-1900.
- Drope, J. M., & Hansen, W. L. (2006). Does Firm Size Matter? Analyzing Business Lobbying in the United States. *Business and Politics*, 8(2), 1-17.
- Edwards, C. D. (1955). Conglomerate Bigness as a Source of Power. Business Concentration and Price Policy. *In National Bureau of Economic Research Conference Report*, 331-359.
- Fagan-Watson, B., Elliott, B., & Watson, T. (2015). Lobbying by Trade Associations on EU Climate Policy. Policy Studies Institute, London.
- Ferrier, W. J. (2001). Navigating the Competitive Landscape: The Drivers and Consequences of Competitive Aggressiveness. *The Academy of Management Journal*, 44(4), 858-877.
- Ferrier, W., Smith, K.G., & Grimm, C. M. (1999). The Role of Competitive Action in Market Share Erosion and Industry Dethronement: A Study of Industry Leaders and Challengers. *Academy of Management Journal*, 42(4), 372-388.
- Getz, K. A. (1997). Research in Corporate Political Action: Integration and Assessment. *Business & Society*, 36(1), 32-72.

- Gimeno, J., & Woo, C. Y. (1996). Hypercompetition in a Multimarket Environment: The Role of Strategic Similarity and Multimarket Contact in Competitive De-Escalation. *Organization Science*, 7(3), 211-358.
- Goldman, E., Rocholl, J., & So, J. (2009). Do Politically Connected Boards Affect Firm Value? (June 2009). *The Review of Financial Studies*, 22(6), 2331-2360.
- Goldman, E., Rocholl, J., & So, J. (2009). Do Politically Connected Boards Affect Firm Value? *The Review of Financial Studies*, 22(6), 2331-2360.
- Grant, R. M. (1996). Toward A Knowledge-Based Theory of the Firm. *Strategic Management Journal*, 17(S2), 109-122.
- Grier, K. B., Munger, M. C., & Roberts, B. E. (1994). The Determinants of Industry Political Activity, 1978-1986. *American Political Science Review*, 88(4), 911-926.
- Grimm, C., Lee, H., & Smith, K. G. (2006). Strategy as Action: Competitive Dynamics and Competitive Advantage. *Oxford: Oxford University Press*.
- Guo, W., Yu, T., & Gimeno, J. (2017). Language and Competition: Communication Vagueness, Interpretation Difficulties, and Market Entry. *Academy of Management Journal*, 60(6), 2073-2098.
- Gur, F. A., & Greckhamer, T. (2019). Know thy Enemy: A Review and Agenda for Research on Competitor Identification. *Journal of Management*, 45(5), 2072-2100.
- Hadani, M., & Schuler, D. A. (2013). In search of El Dorado: The Elusive Financial Returns on Corporate Political Investments. *Strategic Management Journal*, 34(2), 165-181.
- Haleblian, J., McNamara, G., Kolev, K., & Dykes, B. J. (2012). Exploring Firm Characteristics That Differentiate Leaders from Followers in Industry Merger Waves: A Competitive Dynamics Perspective. *Strategic Management Journal*, 33(9), 1037-1052.
- Hillman, A. J., & Hitt, M. A. (1999). Corporate Political Strategy Formulation: A Model of Approach, Participation, and Strategy Decisions. *The Academy of Management Review*, 24(4), 825-842.

- Hillman, A. J., & Hitt, M. A. (1999). Corporate Political Strategy Formulation: A Model of Approach, Participation, and Strategy Decisions. *The Academy of Management Review*, 24(4), 825–842.
- Hillman, A. J., Zardkoohi, A., & Bierman, L. (1999). Corporate Political Strategies and Firm Performance: Indications of Firm-specific Benefits from Personal Service in the U.S. Government. *Strategic Management Journal*, 20(1), 67–81.
- Hillman, A. L., Van Long, N., & Soubeyran, A. (2001). Protection, lobbying, and market structure. *Journal of International Economics*, 54(2), 383-409.
- Hillman, A., & Keim, G. 1995. International variation in the business-government interface: Institutional and organizational considerations. *The Academy of Management Review*, 20, 193-214.
- Howarth, D. (2010). Power, Discourse, and Policy: Articulating a Hegemony Approach to Critical Policy Studies. *Critical Policy Studies*, 3(3-4), 309-335.
- Johnson, C., Bauer, B., & Carlson, B. (2021). Constituency Building: Determining Consumers' Willingness to Participate in Corporate Political Activities. *International Journal of Research in Marketing*. 39.
- Junk, W. M. (2019). When diversity works: The effects of coalition composition on the success of lobbying coalitions. *American Journal of Political Science*, 63(3), 660-674.
- Katila, R., & Chen, E. L. (2008). Effects of Search Timing on Innovation: The Value of Not Being in Sync with Rivals. *Administrative Science Quarterly*, 53(4), 593-625.
- Keim, G. D., & Baysinger, B. (1988). The Efficacy of Business Political Activity: Competitive Considerations in a Principal-agent Context. *Journal of Management*, 14(2), 163-180.
- Kraaijenbrink, J., Spender, J. C., & Groen, A. J. (2010). The Resource-Based View: A Review and Assessment of Its Critiques. *Journal of Management*, 36(1), 349-372.
- Lee, H., Smith, K., & Grimm, C. M. (2003). The Effect of New Product Radicality and Scope on the Extent and Speed of Innovation Diffusion. *Journal of Management*, 29(5), 753-768.

- Lenway, S., Schuler, D., Marens, R., Werner, T., & Green, C. (2022). The Evolving Political Marketplace: Revisiting 60 Years of Theoretical Dominance Through a Review of Corporate Political Activity Scholarship in Business & Society and Major Management Journals. *Business & Society*, 61(5), 1416–1470.
- Lux, S., Crook, T. R., & Woehr, D. J. (2011). Mixing Business with Politics: A Meta-Analysis of the Antecedents and Outcomes of Corporate Political Activity. *Journal of Management*, 37(1), 223-247.
- Milyo, J., Primo, D., & Groseclose, T. (2000). Corporate PAC Campaign Contributions in Perspective. *Business and Politics*, 2(1), 75-88.
- Mitchell, N. J., Hansen, W. L., & Jepsen, E. M. (1997). The Determinants of Domestic and Foreign Corporate Political Activity. *The Journal of Politics*, 59(4), 1096-1113.
- Nelson, D., & Yackee, S. W. (2012). Lobbying coalitions and government policy change: An analysis of federal agency rulemaking. *The Journal of Politics*, 74(2), 339-353.
- Peng, T. J. A., Pike, S., Yang, J. C. H., & Roos, G. (2012). Is Cooperation with Competitors a Good Idea? An Example in Practice. *British Journal of Management*, 23(4), 532–560.
- Peteraf, M. A., & Bergen, M. E. (2003). Scanning Dynamic Competitive Landscapes: A Marketbased and Resource-based Framework. *Strategic Management Journal*, 24(10), 1027- 1041.
- Porter, M. E. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980.
- Priem, R. L., & Butler, J. E. (2001). Is the Resource-based “View” a Useful Perspective for Strategic Management Research? *Academy of Management Review*, 26(1), 22-40.
- Priem, R. L., & Butler, J. E. (2001). Tautology in the Resource-based View and the Implications of Externally Determined Resource Value: Further Comments. *Academy of Management Review*, 26(1), 57-66.

- Rehbein, K. A., & Schuler, D. A. (1999). Testing the Firm as a Filter of Corporate Political Action. *Business & Society*, 38(2), 144-166.
- Salamon, L. M., & Siegfried, J. J. (1977). Economic Power and Political Influence: The Impact of Industry Structure on Public Policy. *American Political Science Review*, 71, 911-926.
- Schniederjans, D. G., & Khalajhedayati, M. (2021). Competitive Sustainability and Stakeholder Engagement: Exploring Awareness, Motivation, and Capability. *Business Strategy and the Environment*, 30(2), 808-824.
- Sheehan, N. T., & Foss, N. J. (2007). Enhancing the Prescriptiveness of the Resource-based View through Porterian Activity Analysis. *Management Decision*, 45(3), 450-461.
- Skilton, P. F., & Bernardes, E. (2015). Competition Network Structure and Product Market Entry. *Strategic Management Journal*, 36(11), 1688-1696.
- Srivastava, A., & Lee, H. (2005). Predicting Order and Timing of New Product Moves: The Role of Top Management in Corporate Entrepreneurship. *Journal of Business Venturing*, 20(4), 459-481.
- Sytch, M., & Tatarynowicz, A. (2014). Friends and Foes: The Dynamics of Dual Social Structures. *Academy of Management Journal*, 57(2), 585-613.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), 509-533.
- Truman, D. 1951. *The governmental process: Political interests and public opinion*. New York: Knopf.
- Upton, J. W., Ketchen Jr, D. J., Connelly, B. L., & Ranft, A. L. (2012). Competitor Analysis and Foothold Moves. *Academy of Management Journal*, 55(1), 93-110.
- Vassolo, R., Garcia-Sanchez, J., & Mesquita, L., (2017). Competitive Dynamics and Early Mover Advantages under Economic Recessions. *Revista de Administração de Empresas*, 57(1), 22-36.

- Vilcassim, N. J., Kadiyali, V., & Chintagunta, P. K. (1999). Investigating Dynamic Multifirm Market Interactions in Price and Advertising. *Management Science*, 45(4), 499-518.
- Wang, L., & Zajac, E. J. (2007). Alliance or Acquisition? A Dyadic Perspective on Interfirm Resource Combinations. *Strategic Management Journal*, 28(13), 1291-1317.
- Weigelt, C., & Shittu, E. (2016). Competition, Regulatory Policy, and Firms' Resource Investments: The Case of Renewable Energy Technologies. *Academy of Management Journal*, 59(2), 678-704.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.
- Withers, M. C., Ireland, R. D., Miller, D., Harrison, J. S., & Boss, D. S. (2018). Competitive Landscape Shifts: The Influence of Strategic Entrepreneurship on Shifts in Market Commonality. *Academy of Management Review*, 43(3), 349-370.
- Yu, T., & Cannella, A. A. (2007). Rivalry between Multinational Enterprises: An Event History Approach. *The Academy of Management Journal*, 50(3), 665-686.
- Yu, T., Subramaniam, M., Cannella, A. A. (2009). Rivalry Deterrence in International Markets: Contingencies Governing the Mutual Forbearance Hypothesis. *Academy of Management Journal*, 52(1), 127-147.
- Yu, Y., Umashankar, N., & Rao, V. R. (2016). Choosing the Right Target: Relative Preferences for Resource Similarity and Complementarity in Acquisition Choice. *Strategic Management Journal*, 37(8), 1808-1825.