

FIRM-LEVEL POLITICAL BEHAVIOR AND LEVEL OF FOREIGN MARKET INVOLVEMENT: IMPLICATIONS FOR INTERNATIONAL MARKETING STRATEGY

BRUCE D. KEILLOR, Southwest Missouri State University

GREGORY W. BOLLER, University of Memphis

ROBERT H. LUKE, Southwest Missouri State University

Increasingly, the international marketplace is one characterized by contradiction. On the one hand, the regionalization of markets and the growing interdependencies between nations appears to signal a reduction in barriers to overseas operations. At the same time, fear of losing domestic market control, increasing nationalism around the world, and a rising sense of cultural identity globally inhibit free market access. The purpose of this study is to explore the means by which firms utilize political resources to gain foreign market access. A sample of approximately 1300 U.S. firms was contacted. The results show that political behaviors become an important early component of the marketing strategy mix when firms initiate foreign market operations. Further, as firms become more involved in foreign markets the political behaviors they favor tend to be associated with long term relations rather than being short term in nature (e.g., bribery).

INTRODUCTION

The international marketing environment is marked by a reluctance on the part of countries to provide market access to foreign firms for fear of losing domestic market control, increasing nationalism which inhibits the opening of markets, and an active seeking of new cultural and national global roles (Drucker 1993). Although global economic cooperation is receiving wide-spread attention from policy makers, substantial barriers to international business operations remain. It has been argued that the firm which engages in political behavior is more likely to succeed in the global marketplace (Boddewyn 1988); yet to date little research has addressed this phenomenon (Boddewyn and Brewer 1994). If one accepts the proposition that foreign market access and political imperatives represent key influences on successful international marketing operations, behaviors which focus on managing the political environment become of primary importance (Moran 1985).

The overall purpose of the study is to begin to explore how firms leverage political resources to gain access to foreign markets. We examine: 1) the overall importance firms place on political behaviors relative to traditional marketing strategy resources for gaining market access; 2) the importance of political behaviors relative to a firm's level of internationalization; and 3) the specific types of political behaviors deemed effective for gaining market access.

A MODEL OF FIRM-LEVEL POLITICAL BEHAVIOR IN THE GLOBAL MARKETPLACE

Boddewyn and Brewer (1994) suggest that the form, interactive nature, and intensity of firm-level business political behavior in international markets is the result of the interaction between this political behavior and the prevailing condition of the market environment, coupled with the firm's strategic objectives (see Figure 1).

Interactive conditioning factors (i.e., industry, firm-level, and non-market) refer to the various levels in

the market environment which impact international market operations. Industry characteristics affect firm-level political behaviors through differences in the profitability and structure of an individual industry (Boddewyn and Brewer 1994). Industry characteristics can also influence firm-level political behaviors through the impact a foreign firm may have on the industry in a host nation. At the same time, the non-market environment within the political realm (e.g., the various governmental agencies and levels within these agencies) also influences a given firm's political behavior (Boddewyn and Brewer 1994). Much of this influence is attributable to the fact that these agencies frequently have differing agendas in dealing with domestic versus foreign firms (Yoffie 1993).

FIGURE 1

**A Model of Firm-Level Political Behavior
in International Markets***



Although the industry and non-market environment influence firm-level political behavior in the international marketplace, perhaps the most important influencers are the characteristics of the firm itself (Bartlett and Ghoshal 1992). These authors have argued that the strategic approach used by firms in international markets will result in differentiated political responses implemented by these firms. Thus, it seems appropriate to suggest that a firm's level of internationalization, as reflected by the Upsala Internationalization Model (Johanson and Vahlne 1990; 1977; Johanson and Wiedersheim-Paul 1975), would also play a key role in determining that firm's political behavior. The Upsala Internationalization Model is centered around the assumption that as firms gain more knowledge and experience in international operations they will progress through stages of internationalization.

The first stage of internationalization involves only irregular export activities. This stage is followed sequentially by export via independent agents, export via established overseas sales subsidiaries, and finally foreign direct investment via production/manufacturing facilities. The firm's ability to better understand, and perhaps control, the various uncertain elements in a foreign market through an increase in knowledge will make firms more likely to increase their level of commitment and involvement in a foreign market. This increased commitment and involvement will then be reflected in their primary means of international operations, whether it be on the initial level such as exporting, some intermediate stage (e.g., licensing, joint ventures, strategic alliances), or a high level of commitment such as foreign direct investment (FDI).

Given its behavioristic orientation (Johanson and Vahlne 1990), the internationalization model is uniquely suited to contextualize the role of political behaviors in international business strategy. Unlike the economic-based models, which deal primarily with the macroeconomic market environment and its impact on firms, the internationalization model focuses on the behavior of firms given particular circumstances (Andersen 1993). As firms move to increase their involvement in foreign markets, the political environment of the local market becomes of greater concern (Brewer 1993), prompting the firm to engage in political activities which will ensure access to those markets (Boddewyn 1988).

Political behaviors can be defined as the acquisition and application of power to either overcome the resistance of other entities (Astley and Sachdeva 1984) or create a cooperative partnership with these entities (Yoffie 1987). Thus, firm-level political behaviors comprise the core strategy, and specific implementation tactics, employed by the firm for interacting with the various players in the political environment. Political behaviors can take the form of lobbying, public and government relations, public and industry alliances and associations, and a variety of political incentives (Boddewyn 1988). The objective of lobbying is to accomplish a specific objective such as changing the wording in a particular piece of legislation (Clawson, Neustadt,

and Scott 1992). One common means of achieving these goals is through political contributions. Another approach to lobbying is to offer assistance to elected officials in their preparation of legislation and policy statements. Regardless of the approach adopted, lobbying is generally distinguished by its application for achieving specific, often measurable, political objectives such as the introduction or withdrawal of proposed legislation or the rewriting of legislation in favor of firm interests.

Public and government relations, on the other hand, differ from lobbying by providing a formal internal mechanism through which the firm can interact with the players in the non-market environment. Lobbying focuses on the accomplishment of a single objective where public and government relations tend to be directed at relational goals. Lobbying typically has a stated agenda and addresses specific targets (e.g., legislative bills). Whereas public and government relations have long-term objectives with long-term focus that are less objectively measurable in nature. Public relations differ from government relations in its attempts to ensure that the public at large has an ongoing favorable impression of the firm and its offerings. Government relations, however, is concerned with developing relationships with political decision makers over a period of time (Baysinger and Woodman 1982). In contrast to lobbying, these activities are often targeted at professional, rather than elected, political decision makers. Further, government relations are generally established directly between an individual within a firm and the decision maker.

Politically-based public and industry alliances are unique in their structural characteristics. These activities are distinguished in that they represent an effort on the part of the firm to increase its influence by joining with other individuals or entities possessing the same goals (Astley 1984). An individual firm may determine that their ability to influence a foreign government to increase market access is not substantial enough to achieve the desired result, but by forming an alliance with other firms in the same industry that influence is greatly increased (Yoffie 1987). Such combinations enable individual firms to draw on a wider range of resources, but may reduce

firm-specific advantages (Yoffie 1981). Thus, in the case of gaining market access, alliances generally focus on reducing political imperatives resulting from government policies (Chakravarthy and Perlmutter 1985). By reducing these imperatives the resulting environment takes on the characteristics of a "free" market. Thus, if a firm chooses to engage in political behavior through an alliance with other parties, whether public or industry, it achieves an increased resource base at the expense of total strategic control.

The final form of firm-level political behavior is the offering of incentives. These may take the form of overt bribes or other "gifts" to an individual. In the United States bribery and other forms of gifts in exchange for specific political favors is clearly illegal. In many other nations, however, such activities are normal and expected, especially in the case of a foreign firm desirous of access to a particular market. The Foreign Corrupt Practices Act clearly establishes that American firms engaged in bribery are in violation of U.S. law. However, such practices are not totally unheard of for firms attempting to gain access to foreign markets. It is equally possible that the incentive offered by a firm to the foreign market benefits society at large rather than an individual. One of the primary attractions of Foreign Direct Investment (FDI) to many nations is the possibility of obtaining hard currency. Market access, and often control over that access, can be achieved by an individual firm through direct investment. As Czinkota, Ronkainen, and Tarrant (1995) point out, direct investment can give a foreign firm tremendous levels of control over a particular industry in a host nation.

The final component in the model (see Figure 1) addresses the strategic objectives of the firm. These strategic objectives can be placed into one of three categories: 1) efficiency; 2) market power; and 3) legitimacy (Boddewyn and Brewer 1994). Efficiency objectives refer to the firm's desire to reduce production and transaction costs in order to gain competitive advantage by being able to better meet customer needs. Market power objectives, on the other hand, are directed at obtaining competitive advantage through a firm's manipulation of the market environment to its own advantage (Perrow

1986). The last ingredient, legitimacy or market access, is unique to the international marketing environment.

While efficiency and market power are of fundamental importance in both domestic and international marketing operations, obtaining legitimate market access is unique to foreign firms (Miles 1982). Legitimate market access can be defined as a firm's right to operate in a foreign market as an indigenous firm. This right to operate may be overly restricted through the application of trade barriers, or more subtly controlled through so-called structural impediments (Addison 1989). The foreign firm is not protected by its own national laws in overseas markets, nor is it automatically entitled to the same rights and privileges as local firms under host country laws (Doz 1986). Gaining the same rights and privileges as domestic firms through the use of political behaviors becomes a key component in the strategic mix of international business (Bigelow, Fahey, and Mahon 1990). The degree of legitimacy enjoyed by a firm to a large extent dictates its efficiency and market power. Political behaviors represent the mechanism through which firm-government bargaining for market legitimacy occurs (Astley and Zajac 1990).

RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

This study addresses three specific components of the theoretical framework previously discussed. Figure 2 provides an illustration of the research model utilized in this study.

FIGURE 2
Research Model



One of the unique characteristics of international versus domestic firms is the international business's option of its degree of foreign market involvement; that is, its level of internationalization. Where

domestic market operations are essentially an "either/or" proposition, foreign market operations allow the firm to choose the extent of involvement in, and commitment to, a given overseas market (Johanson and Vahlne 1990). Therefore, this study focused on the relationship between the specific interactive conditioning factor of firm internationalization and the forms of political behaviors used to gain access (i.e., legitimacy) in foreign markets.

The Upsala Internationalization Model (Andersen 1993) used in this study is built around the notion that involvement in international markets, on the individual firm level, is an evolutionary process (Johanson and Vahlne 1990). This evolution, in terms of increased involvement in foreign markets, is a function of changes in expertise within the firm (Johanson and Vahlne 1977). As this expertise increases, whether through objective knowledge gains or through experiential knowledge gains, firms increase their level of foreign market involvement (Johanson and Vahlne 1990).

A key underlying assumption in the model is that the incremental increases in foreign market involvement are based on experience. Thus, a fundamental issue in explaining the movement from the initial stage of internationalization (i.e., exporting) through the intermediate stages (e.g., licensing, joint ventures, strategic alliances) to the final stage (direct investment) is the degree to which the firm is in a position to understand and control forces in the market (Andersen 1993). The firm's level of internationalization becomes of particular importance when one considers the close tie between market access (i.e., the enjoyment of the same rights and privileges as indigenous firms) and political behaviors (Boddewyn 1988). It has been suggested (e.g., Boddewyn and Brewer 1994) that political behaviors are the first step required of firms if legitimate foreign market access is to be gained. Therefore, as firms gain more international experience and become more immersed in international markets, the role of political behaviors in the individual firm's overall marketing strategy mix should become more prominent when compared with traditional strategy variables such as distinctive

product competencies, financial resources, and market research knowledge and expertise. Thus, hypothesis one is stated as follows:

H(1): A firm's level of internationalization is positively associated with the relative importance the firm places on political behaviors for gaining access to foreign markets when compared to traditional marketing strategy variables.

It can be argued that only through an increase in foreign market access does an increase in the firm's level of internationalization become feasible. Therefore, a fundamental objective for firms engaging in political activities internationally would be to increase access, thus allowing for increased foreign market involvement (Brewer 1992). This leads to the next step involving the importance firms place on specific political activities for gaining foreign market access (Boddewyn 1988).

As firms move into higher levels of internationalization, they should attach more importance to particular political activities for gaining foreign market access. These levels of internationalization can generally be categorized into three stages. Initially, Stage 1 would involve export-based foreign market operations where ties and formal commitments within the foreign markets are kept at a minimum. Secondly, the operations of a firm in Stage 2 would be characterized by increasing foreign-based commitments and dependencies in the form of explicit arrangements such as licensing agreements, joint ventures, and strategic alliances. Finally, Stage 3 would refer to firms exhibiting the highest level of commitment to foreign operations through direct investment. This proposed relationship between political activities and level of firm internationalization suggests the second and third hypotheses:

H(2): Firms in Stage 2 of the internationalization process will place higher levels of importance on political behaviors for gaining foreign market access than firms in Stage 1 of the internationalization process.

Operating under the premise that firms who have moved beyond the initial stage of internationalization will place higher levels of importance on political activities, it then follows that firms engaged in the highest level of internationalization, foreign direct investment, will place significantly higher levels of importance on political activities than firms at Stage 2. Hypothesis three can therefore be stated as follows:

H(3): Firms in Stage 3 of the internationalization process will place higher levels of importance on political behaviors for gaining foreign market access than firms in Stage 2 of the internationalization process.

DATA COLLECTION

Sampling

The sampling frame for this study was U.S. firms currently listed in the *Standard and Poor's Corporate Directory* which contains firms engaged in both domestic and international operations. Table 1 shows the distribution of responding firms based on their indicated primary industry category.

TABLE 1
Profile of Sample by Primary Industry Category

INDUSTRY	NUMBER	PERCENTAGE
Transportation	13	7.6
Healthcare	6	3.5
Defense	5	2.9
Communications/Electronics	12	7.0
Agriculture	6	3.5
Finance	19	11.1
Energy/Natural Resources	9	5.3
Construction	7	4.1
Industrial Goods	54	31.5
Other	40	23.5
TOTAL	171	100.0

As Table 1 indicates, a wide range of industry categories were represented in the sample. In order to reach the individual most likely to be involved in

decision making related to gaining international market access through the use of firm-level political strategy, the questionnaires were addressed to either the vice-president/director of international operations, marketing, or strategic planning (Kwon and Konopa 1993). In some cases derivations of these titles (e.g., Vice President International Marketing, etc.) were also employed (Hamel and Prahalad 1983). Because it has been recognized that firms are increasingly likely to engage in long-term political strategy development (Baysinger 1984) the key executive(s) involved in public/government affairs and relations were also contacted.

Measures

The measurement instrument was designed to focus on three issues: 1) the overall importance attached by firms to political behaviors, as compared to traditional marketing strategy variables, for gaining foreign market access, 2) which specific political behaviors deemed important for gaining foreign market access, and 3) the individual firm's level of internationalization. In the case of the first issue, three of the most important variables which can be utilized when developing an overall marketing strategy are: distinctive product competencies, financial resources, and traditional market knowledge and expertise (Kerin, Mahajan, and Varadarajan 1990). A 5-point comparative scale (ranging from 1=much less important to 5=much more important) was employed with respondents being asked to compare the importance of these three strategy variables relative to political activities for gaining foreign market access. These comparative items were then summed to form an aggregate measure with a coefficient alpha equal to .87.

The second issue, regarding the importance attached to specific political behaviors for gaining foreign market access, was investigated using items based on Baysinger's (1984) typology of business political activity and Boddewyn's (1988) discussion of firm-level political behavior in international market operations. Eight specific political behaviors were identified: 1) domestic lobbying, 2) foreign lobbying, 3) public relations, 4) interactions with U.S. government intelligence services, 5) political industry

alliances, 6) political inducements, 7) PAC money, and 8) friendships with U.S. government officials. Respondents were asked to indicate how important, based on a Likert-type scale ranging from 1 (not important) to 6 (very important), these individual political behaviors are for gaining foreign market access.

The third, and final, issue involved the individual firm's level of internationalization. Respondents were asked to indicate the primary means by which their firm engages in international operations. The choices of foreign market entry modes included: exporting, licensing agreements, joint ventures, strategic alliances, and foreign direct investment.

Response Rate

A total of 1297 questionnaires were mailed to potential respondents. Of these, 171 usable questionnaires were returned, resulting in a final response rate of 13.1 percent. Previous research (Kwon and Konopa 1993; Baysinger and Woodman 1982) investigating similar subject matter, using the same basic methodological approach, obtained comparable response rates. In terms of the responding firms' level of internationalization, 47.4 percent were at Stage 1 while 28.7 were at Stage 2 and 23.9 percent at Stage 3 respectively.

A test for nonresponse bias was performed to ensure the generalizability of the results. In order to investigate the possible existence of this bias a time trend extrapolation test was utilized (Armstrong and Overton 1977). The non-response test was conducted by combining the first and last quartile of respondents into an early and late category. Pairwise comparisons were then conducted across a variety of firm characteristics to determine if any significant differences existed. No significant differences were detected based on the firms' years of involvement in international markets, annual sales, company age, domestic industry position, international industry position, or percentage of resources allocated to international operations.

FINDINGS

Political Behavior and Firm Level of Internationalization

The first hypothesis involves the importance placed on political behaviors for gaining foreign market access across firms in different stages of the internationalization process. If firms gradually become more involved in international operations as their expertise increases, the need to increase their right to operate in the same manner as indigenous firms (i.e., their need for market access) will rise correspondingly. This, in turn, suggests that as this need increases, firms will place higher levels of importance on political behaviors in order to gain that access.

The responding firms were divided into three groups based on their primary foreign market entry mode: 1) exporting; 2) licensing, joint ventures, or strategic alliances; and 3) foreign direct investment. These correspond with the stages of internationalization in the Upsala Model (Andersen 1993). Group comparisons were conducted to determine if any significant differences existed across the three groups in terms of the importance placed on political behaviors. A series of comparative questions were employed. Respondents were asked to indicate the importance of political behaviors for gaining foreign market access compared with traditional strategy variables. Table 2 presents the results of this analysis.

TABLE 2
Importance of Political Behaviors and Stage of Internationalization

Group Comparison	Mean	T-Value
Stage 1 (exporting) with Stage 2 (licensing, joint ventures, and strategic alliances)	2.44 3.14	 -3.14*
Stage 1 (exporting) with Stage 3 (direct investment)	2.44 3.01	 -2.92*
Stage 2 (licensing, joint ventures, and strategic alliances) with Stage 3 (direct investment)	3.14 3.01	 0.53

** Based on a range of 1=much less important to 5=much more important
* sig. $p < .01$

Firms at the earliest stage of the internationalization process were shown to place significantly less importance on political behaviors, relative to the other strategic variables, for gaining foreign market access than firms in the intermediate or late stage. Thus, the analysis provides some support for hypothesis one. Additional support for hypothesis one is provided in the data given that: 1) no significant within group variance was detected for the importance attached to political activities, and 2) the firms in the sample were drawn from a wide-range of industries (see Table 1). However, no significant differences were found between the importance placed on political behaviors when firms in the intermediate and late stages of internationalization were compared.

These findings suggest that when compared to other marketing strategy options such as exploiting distinctive product competencies, utilizing financial resources, or employing traditional market research, political behaviors become important early on when firms are involved in international operations. Based on the data obtained in this investigation no definitive conclusions can be drawn related to individual firm performance, although it appears that such a relationship might exist. This also suggests that the approach to strategy development for international markets differs substantially from the process used for domestic market operations. One of the fundamental differences may lie in the early incorporation and integration of political behaviors into the overall strategy of international firms. Thus, international business strategy may be distinguished from domestic business strategy in the recognition by firms of the importance of political behaviors for gaining the access to overseas markets necessary for optimal success.

Forms of Political Behavior and Firm Level of Internationalization

Hypotheses two and three propose that as a firm's level of internationalization increases, its ability to operate on the same level as indigenous firms (and perhaps more freely than other foreign firms) will require the firm to increase the importance placed on political behaviors. Table 3 shows the results of the

Firm-Level Political Behavior

Keillor, Boller and Luke

group differences tests in terms of the importance it places on political behaviors and firms in stage one and stage two of the Internationalization Model.

Of the eight political activities, five were shown to be significantly more important for gaining market access by firms in stage two when compared with firms in stage one. The fact that political action committees (PACs) and friendships with U.S. government officials were not considered to be more important by these firms has theoretical merit. As these companies increase their involvement in a foreign market the importance of political elements outside the U.S. domestic realm become more important. Also of interest is the failure of political inducements to be significantly more important to firms in stage two. This finding suggests that such short-term relationships are considered to be relatively unproductive given a firm's desire to increase its involvement in foreign markets. This may be directly attributable to the transaction-based, exchange oriented, nature of these relationships which do not lend themselves to extended control by the firm. It is also plausible that the question of legality causes these firms to avoid such political activities. Overall, Table 3 provides support for hypothesis two.

TABLE 3
Importance of Political Activities
by Level of Internationalization

Activity	Stage One	Stage Two	T-Value
Domestic Lobbying	2.25	3.07	-2.15*
Foreign Lobbying	2.66	3.66	-2.59*
Public Relations	3.58	4.27	-2.00**
U.S. Intelligence Services	1.75	2.46	-2.60*
Political Industry Alliances	2.87	3.57	-1.95**
Political Inducements	2.31	2.33	-0.06
Political Action Committees (PACs)	1.85	1.95	-0.34
Friendships with U.S. Government Officials	2.22	2.50	-0.89

* Based on a range of 1=not important to 6=very important

Table 4 illustrates the group results when comparing the importance of political behaviors between firms in stage two and stage three of the internationalization process. Access to foreign markets can be restricted through a wide variety of means. These would range from overt trade barriers such as tariffs to less obvious restrictions affecting the level of national treatment accorded to a given firm. Depending upon the form of entry strategy chosen by a firm, the specific restrictions to foreign market access may differ. For example, a firm engaged in pure exporting may be primarily concerned with trade barriers while the firm involved in foreign direct investment (FDI) might focus on revenue repatriation restrictions.

TABLE 4
Importance of Political Activities
by Level of Internationalization

Activity	Stage Two	Stage Three	T-Value
Domestic Lobbying	3.07	3.10	-0.08
Foreign Lobbying	3.66	4.25	-1.51
Public Relations	4.27	3.97	0.85
U.S. Intelligence Services	2.46	2.47	-0.03
Political Industry Alliances	3.57	3.69	-0.31
Political Inducements	2.33	2.69	-0.83
Political Action Committees	1.95	2.33	-1.12
Friendships with U.S. Government Officials	2.50	3.10	-1.63

* Based on a range of 1=not important to 6=very important

As Table 4 shows, none of the relationships were found to be statistically significant. Thus hypothesis three is rejected. However, these results suggest an important theoretical conclusion. The value of, and importance placed on, political behaviors appears early in the internationalization process, and this importance does not diminish as firms become more internationalized. As discussed above, this early recognition of the importance of political behaviors for gaining foreign market access may be one

fundamental difference between international and domestic business strategy, as well as being an important link to success in overseas markets.

CONCLUSIONS AND LIMITATIONS

This study has found that as firms exhibit higher levels of commitment to foreign markets they consider political behaviors to play a more important role in their strategic mix when compared with other more traditional elements such as distinctive product competencies, financial resources, and market research activities. Theoretically, it has been suggested that firms involved in international operations will increase their commitment and involvement through a process known as internationalization (Andersen 1993; Johanson and Vahlne 1990). A number of other studies have provided empirical support for this framework (cf. Welch and Luostarinen 1988). The results obtained in this study show that as firms engage in foreign entry strategies which require higher levels of commitment (e.g., foreign direct investment), political behaviors become an increasingly important component in their marketing strategy mix as they attempt to gain the same rights to operate as local firms.

The study also revealed interesting results in considering the particular political behaviors to which firms in differing levels of the internationalization process attach high levels of importance. One can conclude that if firms place higher levels of importance on political behaviors relative to other components of the strategic mix as they move into higher levels of internationalization, the emphasis they place on individual political behaviors will also increase. This was found to be the case in five of the eight political activities identified in the study. Those three which were not shown to be significantly more important as the level of internationalization increased were: political inducements, political action committees (PACs), and friendships with U.S. government officials. This would seem reasonable, given that these activities require little or no substantial long-term resource commitment on the part of firms and therefore would be appropriate for firms at the early stages of internationalization.

Overall, considering the relationship between political strategy and the internationalization level of a firm, the results show that as firms increase their involvement and commitment in international operations, they place increasing levels of importance on political behaviors to obtain the same operational rights and privileges as indigenous firms. Based on these results, it can be concluded that political behaviors are important components which might be incorporated into any framework dealing with firm-level international marketing strategies. As Boddewyn and Brewer (1994) point out, political behaviors undertaken at the firm level can assist the firm in using some of the unique characteristics of international market operations to its own advantage. Different political environments may allow activities not permitted by the home nation, resulting in a wider range of strategic options being available to the firm. Additionally, political behaviors may enable individual firms to enlist the assistance of one nation's political structure in dealing with another.

This study has several implications for practitioners involved in, or contemplating, operations in international markets. First, firms considering entering into international operations, or extending their level of involvement beyond exporting, need to recognize the importance of engaging in political behavior. In addition, this importance is directly related to their level of internationalization. As firms engage in operations which involve forming partnerships with foreign firms, selling in foreign markets, or even investing in actual overseas physical plant, they need to recognize that impediments to these activities may become more problematic. This research shows that firms that have expanded their international operations beyond exporting acknowledge that political behavior represents an important means by which the problems associated with political imperatives can be overcome. Firms also need to recognize that appropriate political behaviors change as their level of internationalization increases and market access becomes more of an issue.

Previous articles (cf. Boddewyn and Brewer 1994) have suggested that political behaviors play a key role in the development of a successful strategy for

international operations at the firm level. Additional studies have also shown that political behaviors are playing an increasingly important role in the strategies of U.S. firms (cf. Baysinger, Keim, and Zeithaml 1985). Unfortunately little or no research exists which investigates and tests issues related to the extent to which political behaviors are important in international business strategy. The analysis conducted in this study provides some support for the proposition that as firms become more involved in international markets (i.e., internationalized) they place more emphasis on political behaviors targeted toward improving their access to foreign markets.

This study also found that when firms are attempting to gain the same rights of operations as indigenous firms in foreign markets (i.e., market access), political behaviors are considered to be an important component in the marketing strategy mix. Furthermore, relative to traditional elements in the marketing strategy mix such as distinctive product competencies, financial resources, and traditional marketing research, political behaviors may be considered to be at least as important when gaining market access is an important strategic concern. These results provide empirical support for the notion that political behaviors are an important component of international operations (cf. Boddewyn and Brewer 1994) which has been theoretically proposed yet, thus far, has gone untested.

In conclusion, several limitations of this study should be noted. First, the data collected focused on the importance attached to political behavior(s) identified by individual decision makers. Therefore, it is impossible at this juncture to identify a connection between specific political behaviors and business success. A second area, not considered here, is the relationship between political behaviors and particular regions of international market operations. Finally, a third area to consider would be the relationship between domestic and international political activities. The purpose of this study was to explore issues related to the international political behaviors of American firms. One area of interest would deal with how political behaviors differ in the domestic and international markets. It may be that firms choose to engage in one or the other, but not both. Alternatively,

firms which engage in both may have different coordination mechanisms for the two.

REFERENCES

- Addison, Paul (1989), *A Will and a Way: How Foreign Companies Are Making It in Japan*. Tokyo, Japan: Nihon Keizai Shimbun, Inc.
- Andersen, Otto (1993), "On the Internationalization Process of Firms: A Critical Analysis," *Journal of International Business Studies*, (Spring), 209-231.
- Armstrong, J. Scott and Terry S. Overton (1977), "Estimating Nonresponse Bias in Mail Surveys," *Journal of Marketing Research*, (August) 14, 396-402.
- Astley, W.G. and Zajac, E.J. (1990), "Beyond Dyadic Exchange," *Organization Studies*, 11, 481-501.
- _____ (1984), "Toward an Appreciation of Collective Strategy," *Academy of Management Review*, 9, 526-535.
- _____ and P.S. Sachdeva (1984), "Structural Sources of Intraorganizational Power: A Theoretical Synthesis," *Academy of Management Review*, 9, 104-113.
- Bartlett, C.A. and S. Ghoshal (1992), *Transnational Management*, Homewood, IL: Irwin.
- Baysinger, Barry D., Gerald D. Keim, and Carl P. Zeithaml (1985), "An Empirical Evaluation of the Potential for Including Shareholders in Corporate Constituency Programs," *Academy of Management Journal*, 28, 180-200.
- _____ (1984), "Domain Maintenance as an Objective of Business Political Activity: An Expanded Typology," *Academy of Management Review*, 9, 248-258.
- _____ and Richard W. Woodman (1982), "Dimensions of the Public Affairs/Government Relations Function in Major American Corporations," *Strategic Management Journal*, 3, 27-41.
- Bigelow, B., L. Fahey, and J.F. Mahon (1990), "Corporate Political Strategy: Influencing the Rules of the Game," Working Paper 98-08, Boston University, School of Management, Boston.

- Boddewyn, Jean J. and Thomas L. Brewer (1994), "International-Business Political Behavior: New Theoretical Directions", *Academy of Management Review*, 19, 119-143.
- _____ (1988), "Political Aspects of MNE Theory," *Journal of International Business Studies*, Fall, 341-363.
- Brewer, Thomas (1993), "Government Policies, Market Imperfections, and Foreign Direct Investment," *Journal of International Business Studies*, Winter, 101-120.
- _____ (1992), "An Issue-Area Approach to the Analysis of MNE-Government Relations," *Journal of International Business Studies*, Spring, 295-309.
- Chakravarthy, Balaji, S. and Howard V. Perlmutter (1985), "Strategic Planning for a Global Business," *Columbia Journal of World Business*, Summer, 3-10.
- Clawson, Dan, Alan Neustadl, and Denise Scott (1992), *Money Talks: Corporate PACS and Political Influence*, New York, N.Y.: Basic Books.
- Czinkota, Michael R., Ilkka A. Ronkainen, and John J. Tarrant (1995), *The Global Marketing Imperative*, Lincolnwood, IL: NTC Business Books.
- Doz, Y. (1986), *Strategic Management in Multinational Companies*, New York: Pergamon Press.
- Drucker, Peter F. (1993), *Post-Capitalist Society*, New York: HarperBusiness, Inc.
- Hamel, G. and C.K. Prahalad (1983), "Managing Strategic Responsibility in the MNC," *Strategic Management Journal*, 4, 341-351.
- Johanson, Jan and Finn Wiedersheim-Paul (1975), "The Internationalization of the Firm - Four Swedish Cases," *Journal of Management Studies*, 12, 305-322.
- _____ and Jan-Erik Vahlne (1977), "The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments," *Journal of International Business Studies*, 8, 23-32.
- _____ and _____ (1990), "The Mechanism of Internationalization," *International Marketing Review*, 7, 11-24.
- Kerin, Roger A., Vijay Mahajan, and P. Rajan Varadarajan (1990), *Contemporary Perspectives on Strategic Market Planning*, Boston, MA: Allyn and Bacon.
- Kwon, Yung-Chul and Leonard J. Konopa (1993), "Impact of Host Country Market Characteristics on the Choice of Foreign Market Entry Mode," *International Marketing Review*, 10, 60-76.
- Miles, R.H. (1982), *Coffin Nails and Corporate Strategies*, Englewood Cliffs, NJ: Prentice-Hall.
- Moran, Theodore H. (1985), "International Political Risk Assessment, Corporate Planning, and Strategies to Offset Political Risk," in Theodore H. Moran, ed., *Multinational Corporations*, Lexington, MA: D.C. Heath and Company.
- Perrow, C. (1986), *Complex Organizations*, New York: McGraw-Hill.
- Welch, L.S. and Luostarinen R. (1988), "Internationalization: Evolution of a Concept," *Journal of General Management*, 14, 35-51.
- Yoffie, D.B. (1993), *Beyond Free Trade: Firms, Governments, and Global Competition*, Boston, MA: Harvard Business School Press.
- _____ (1987), "Corporate Strategies for Political Action: A Rational Model," in Alfred A. Marcus, Allen M. Kaufman, and David R. Beam, eds., *Business Strategy and Public Policy*, New York, N.Y.: Quorum Books.
- _____ (1981), "Orderly Market Agreements as an Industrial Policy: The Case of the Footwear Industry," *Public Policy*, 29.