

Aligning political activity and corporate social responsibility: Enhancing competitiveness through nonmarket processes and practices

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Project description:

This project aims to study the drivers of corporate political activity (CPA) and corporate social responsibility (CSR), as the two pillars of a firms' non-market strategy, and to assess how to best implement both in order to enhance competitiveness. The project would first analyze the drivers of CPA and CSR in the context of strategic intent and objectives. To date, most studies have examined these pillars separately and evidence is still mixed. By using a compendium of theories (e.g., agency theory, resource-based view, knowledge-based view), this study would attempt to advance prior research by developing a comprehensive theoretical framework that comprises the reasons why companies may engage in non-market activities. It could also be interesting (if data was available) to empirically assess the causes underlying non-market strategies by running a panel-data probit (in the chosen dependent variable is dichotomous) or a panel-data OLS (in case it is a discrete or continuous one). After the in-depth study of CPA and CSR activities which would provide readers (e.g., scholars, managers) with a broad picture of what non-market strategy is and its drivers, the project would focus on whether and how companies can implement an aligned non-market strategy. The hypotheses would be tested on a sample of US companies or UK companies (depending on data availability) for the past two decades. In order to test them and control for endogeneity issues, the implemented methodology would be a two-stage model which can account for the potential self-selection biases related to the internationalization decision. By comparing the effect of the non-market strategies followed by the companies in our sample on their performance, the project would allow to extract several conclusions regarding how the alignment, non-alignment and/or misalignment in the implementation of the non-market strategy affects firm competitiveness. Finally, we can highlight that the main contributions of this thesis project are expected to be threefold: 1) theoretical: develop a comprehensive theoretical framework to explain the companies' decision to become active in CPA and CSR and the outcomes of this decision; 2) empirical: there is a need for empirical studies that deal with the interconnectedness of CPA and CSR; and 3) managerial: this work would shed more light on the non-market strategy of firms and would guide managers on how to best implement it to enhance their firms' competitiveness.