UNIVERSITAT RAMON LLULL

The organisation of the boundary spanning government affairs units

Asier Pereda Macias

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DOCTORAL THESIS

Title	The organisation of the boundary spanning government affairs units
Presented by	Asier Pereda
Center	Esade Business School
Department	Strategy and general management
Directed by	Dr. Andrew Barron Dr. Xavier Mendoza

"Only two groups of people deny that organization matters: economists and everybody else"

James Quinn Wilson

For Maria, Sofia and Martin

Acknowledgements

Writing this thesis would not have been possible without the help of many people. I would like to herein show them my gratitude.

I would like to thank my two supervisors Dr. Andrew Barron and Dr. Xavier Mendoza. They have given me their support and guidance throughout this challenging research journey. I would also like to express my deep gratitude to all the ESADE community and the Toulouse Business School community. Especially, to Ms. Pilar Gallego, Ms. Silvia Espin and Dr. Vicenta Sierra, from ESADE, for their assistance and support, and to Dr. Denis Lacoste, from Toulouse Business School, for inviting me as a visiting PhD student at Toulouse Business School.

I would also like to express my gratitude to my parents, my sister and my entire family. Especially to my wife, Maria, and my daughter and son, Sofia and Martin. They have given me the courage and energy to pursue this research endeavour. Nothing motivates me more than thinking that this research may be a source of inspiration for them in the future.

Finally, this thesis would not have been possible without the intellectual stimuli from my ESADE friends. Thanks to Dr. Ryan Federo, Dr. Roy Mouawad, Dr. Francesa Ferre, Dr. Feranita Feranita, Dr. Jennifer Nguyen, and Dr. Georges Samara for his friendship and intellectual exchanges throughout all these years.

Table of contents

Acknowledgements v

Table of contents vii

List of figures ix

List of tables xi

1. General Introduction **1**

2. Exploring the performance of government affairs subsidiaries: A study of organisation design and the social capital of European government affairs managers at Toyota Motor Europe and Hyundai Motor Company in Brussels **7**

2.1 Introduction 9

2.2 Theoretical and contextual background 12

2.3 Research design and methods 17

2.4 Results 22

2.5 Discussion 37

2.6 Conclusions, limitations and future research 40

2.7 Appendix: Questions used to guide semi-structured interviews 41

2.8 References 43

3. Exploring how firms' strategic political actions are organised to capture and share external information – the case of Alpha Plc **53**

3.1 Introduction 55

3.2 Methodology 66

3.3 Theoretical background 66

3.4 Results 73

3.5 Discussion and conclusion 89

3.6 Limitations and future research 96

3.7 Appendix. Interview guide 98

3.8 References 99

4. How to win friends and influence the right people: designing the corporate government affairs unit **109**

4.1 The importance of designing the government affairs function 111

4.2 The organizational design problem: an informational processing view 113

4.3 Disentangling the information processing requirements of the GA unit 114

4.4 Meeting the information processing requirements 118

4.5 Designing effective, information-processing government affairs unit. 121

4.6 Discussion and conclusions 125

4.7 References 128

5. General Conclusions and Avenues for Future Research **131**

6. References* **136**

*References related to each individual article are listed at the end of each article. References cited in General Introduction, and General Conclusions and Avenues for Future Research, are listed at the end of the thesis (pg.137).

List of figures

2. Exploring the performance of government affairs subsidiaries: A study of organisation design and the social capital of European government affairs managers at Toyota Motor Europe and Hyundai Motor Company in Brussels

Figure 1. Market share (%) of volume car manufacturers in Europe, 1999 - 2014 19

Figure 2. Internal and external networks of Toyota's European GAMs, in 1999 and 2015 28

Figure 3. Internal and external networks of Hyundai's European GAMs, in 2009 and 2015 31

3. Exploring how firms' strategic political actions are organised to capture and share external information – the case of Alpha Plc

Figure 1. Organisational design and information exchange processes of Alpha's UK-based GA unit, 2010-2019 91

4. How to win friends and influence the right people: designing the corporate government affairs unit

Figure 1. The information processing activities of boundary spanning GAs units 114

List of tables

2. Exploring the performance of government affairs subsidiaries: A study of organisation design and the social capital of European government affairs managers at Toyota Motor Europe and Hyundai Motor Company in Brussels

Table 1. Description of case studies and case data 18

Table 2. Interview summaries: Toyota 23

Table 3. Interview summaries: Hyundai 25

2. Exploring how firms' strategic political actions are organised to capture and share external information – the case of Alpha Plc

Table 1. Interview summary data 70

Table 2. Data sources and use 71

Table 3. Interview summaries and representative quotes 74

3. How to win friends and influence the right people: designing the corporate government affairs unit

Table 1. Recommendations for organizing GA units in response to information-processing challenges 126

1

Introduction

Corporate political activity (CPA) is commonly defined as the deliberate attempts undertaken to shape government policy and process in ways that are favourable to firms (Hillman et al., 2004). Recent studies (Frynas et al. 2017; Lux et al., 2011; Lawton et al., 2013, 2014; Mellahi et al., 2016; Puck et al., 2018) highlight the relevance of CPA for practitioners and scholars of strategic management. CPA provides a set of strategic actions that firms can pursue for monitoring and influencing political environments to maximise economic returns from the political environment (Oliver and Holzinger, 2008). Firms use CPA to better understand government policies, which have potential to generate a relevant impact for their business operations by affecting their cost structure, demand conditions or increasing the complexity of their competitive landscape (Lawton et al. 2013). Apart from these inward-facing monitoring based activities, CPA is also used to perform outward-facing representational activities, aimed at influencing the regulatory political environment.

A rich corpus of scholarship has emerged to study different types of CPA (e.g. De Villa et al., 2019), their firm-, industry- and institutional-level antecedents (e.g. Banerjee and Venaik, 2018), and consequences for firm performance (e.g. Rajwani and Liedong, 2015). Despite these studies, our theoretical and practical understandings of many dimensions of CPA remain underdeveloped (Mellahi et al., 2016; Puck et al., 2018). Organisational-level antecedents of CPA remain especially understudied (Lux et al., 2011; Lawton et al., 2013; Puck et al., 2018). We still have surprisingly little scholarly or practical knowledge about how firms can manage and organise their CPA functions effectively at a more micro level. This thesis seeks to explore further this specific aspect of CPA.

In addressing this research gap, the focus of this thesis is on the specific organisational unit which is in charge with formulating and implementing CPA, namely, the government affairs (GA) unit. Furthermore, this thesis relies on previous studies, which have recognized that, within firms, these GA units can be organized as boundary-spanning functions (Adams, 1976; Aldrich and Herker, 1977; Post et al.1982; Meznar and Nigh, 1995). Specifically, these studies see GA units acting as a ‘window out’ of the firm, supporting the activities of the firm in the external political

environment through influence-based activities, by providing external political actors with relevant and detailed information about their firms' internal information and objectives; while also acting as a 'window in' to the firm, GA units monitor the external political environment and bring into the firm relevant information that could have important implications for internal business divisions.

Therefore, in line with previous scholars (e.g. Coen and Vannoni, 2020), we view CPA essentially as an information processing activity. Consequently, this thesis applies insights from organisation design theory (Burton and Obel, 2004; Galbraith, 1995), which is rooted in the information processing perspective (e.g. Galbraith, 1974; Thompson, 1967; Tushman and Nadler, 1978). The information processing view contends that organisation design involves the need for firms to balance information processing capacity with information processing demands (e.g. Galbraith, 1974). Organisation design theory is thus a normative approach that helps managers purposefully configure their firms' units so that their information processing capacities meet their information processing requirements (Burton and Obel, 2018).

Drawing on these above-mentioned views, this thesis aims at answering the following overarching research question:

> *How can firms purposefully organise their boundary-spanning CPA units in ways that enable them to acquire and disseminate information to internal business units and external policymaking bodies effectively?*

As discussed in more detail below, it explores this question through conceptual and empirical exploratory inquiries. In the empirical studies, this thesis explores the research question by adopting the case study methodology. CPA scholars (e.g. Boddewyn 2007) have been advocating for more case study research into CPA, so that the 'black box' of corporate political strategizing can be prized open.

The body of this thesis is formed by a compendium of three publications. The author has contributed in the different research phases of these three publications, such as conceptually framing the studies and formulating their relevant research question, data collection and analysis, and finally presenting and discussing their research findings. The body of this thesis is structured as follows.

The first article aims to extend understandings of organising CPA in multinational enterprises (MNEs). It explores how the social capital of government affairs managers (GAMs), and in turn the political performance of the government affairs (GA) subsidiaries in which they work, is affected by the organisational design of these units. This study conducts a comparative case analysis between two cases: Toyota Motor Corporation (TMC) and Hyundai Motor Company (HMC) in Europe. These two cases represent contrasting cases of CPA performance (Yin, 2013). Data in this study draws from semi-structured interviews with informants possessing direct experience of the development of Toyota and Hyundai's external political relationships in Brussels and in these two companies' annual reports. This chapter's results suggest that GAMs working in relatively decentralised and coordinated GA subsidiaries have higher levels of internal and external social capital, and consequently can be more influential compared to GAMs working for relatively centralised and loosely-coordinated GA subsidiaries.

While the first article explores the organisational antecedents of CPA performance, focusing on influencing activities, the second article focuses attention on exploring specifically how firms can organise their GA boundary-spanning units to increase their monitoring information-processing performance, i.e. to increase their capacity to capture external information and share it with another internal business division. Specifically it explores the following research question: how can firms organise their CPA units to capture external political information and communicate it with relevant internal business divisions? To explore this research question, this chapter follows a single case study methodology focusing on the UK-based GA unit of a large manufacturing firm. The study drew on semi-structured interviews with informants performing boundary spanning roles working in this GA unit and their colleagues in one the firm's business division. Mobilising insights from organisational design

theory, chapter 3 shows that changes in the autonomy, specialisation and formal coordination of the firm's UK-based GA unit have over time positively affected its information processing activities. Interestingly, this study shows that the GA unit has been able to source political information more proactively as its specialisation and autonomy have increased. Its ability to share this information inside the firm has improved as it has become more integrated in the business through formal coordination mechanisms.

Whilst chapters 2 and 3 focus respectively on the influencing and monitoring activities of firms, chapter 4 recognises that firms often perform these two actions in tandem, rather than in mutual exclusion. Conceived as a conceptual and practice-focused paper, it explores how firms can design their government affairs (GAs) units in ways that improve their ability simultaneously to monitor and influence legislative developments in their firms' corporate political environments. Informed by existing research into organizational design, brought to life with illustrative examples of firms' political actions derived from interviews conducted with practitioners in the field, it argues that high-performing GA units need to be designed and built using a blend of mutually reinforcing organisational mechanisms. GA units should be staffed by autonomous managers with mixed skills-sets. Moreover, they should not be constrained by formal rules, but instead given autonomy and support to create lateral relations with other business units. The study provides a "recipe" that managers can follow to create opportunities for the exchange of political information within their firms and enable and motivate GA practitioners to monitor and influence political developments more effectively.

In the remainder of the thesis, each of the three articles is presented, followed by a general conclusion of their findings.

2

Exploring the performance of government affairs subsidiaries: A study of organisation design and the social capital of European government affairs managers at Toyota Motor Europe and Hyundai Motor Company in Brussels

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This article has been published in the *Journal of World Business*.

Reference of the article:

DOI: 10.1016/j.jwb.2016.11.006

Barron, A., Pereda, A. and Stacey, S., 2017. Exploring the performance of government affairs subsidiaries: A study of organisation design and the social capital of European government affairs managers at Toyota Motor Europe and Hyundai Motor Company in Brussels. *Journal of World Business*, *52*(2), pp.184-196.

Quality indicators of the Journal of World Business:

Impact factor: 5.194
Q1 in Business and International Management, Q1 in Finance, Q1 in Marketing

This paper aims to extend understandings of the corporate political activity (CPA) of multinational enterprises (MNEs). It explores how the social capital of government affairs managers (GAMs), and in turn the political performance of the government affairs (GA) subsidiaries in which they work, is affected by their MNE's organisational design. Our empirical focus is the GA subsidiaries of Toyota Motor Corporation (TMC) and Hyundai Motor Company (HMC) in Brussels. Our comparative case-study research suggests that GAMs working in relatively decentralised and coordinated GA subsidiaries have higher levels of internal and external social capital, and consequently can be more influential compared to GAMs working for relatively centralised and loosely-coordinated GA subsidiaries. Our findings respond to calls for more research providing managers with practical guidance on how to organise their international GA functions more effectively. They also contribute to CPA scholarship by specifying and explicating individual- and organisational-level antecedents of CPA that remain understudied in the current literature.

2.1 Introduction

"Hyundai's lobbying activities in Brussels are not as active or developed as, say, Toyota's, even though their lobbyists have access to the same networks" (Author interview with Industry Expert, January 2015).

Corporate political activity (CPA) relates to deliberate attempts to shape government policy and process in ways favourable to firms (Hillman, Keim and Schuler, 2004). Firms pursue political actions to improve their performance (Schuler, Rehbein and Cramer, 2002). CPA can open doors to political decision-makers (Keim and Zeithamel, 1986) and enable firms to influence their political environments (Capron and Chatain, 2008; McWilliams, van Fleet, and Cory, 2002). MNEs engage in CPA to reduce exposure to risk (Frynas and Mellahi, 2003; Keillor, Wilkinson and Owens, 2005), especially in countries with weak regulatory regimes (Khanna and Palepu, 2000; Henisz and Zelner, 2010). CPA can be a source of value creation for firms

operating both nationally and internationally (Bonardi, Hoburn and Van den Bergh, 2006; Getz, 1997; Hillman and Hitt, 1999; Keillor and Hult, 2004).

Scholars have mobilised different theoretical mechanisms to explain CPA performance. One mechanism is social capital (Rajwani and Liedong, 2015). This relates to the resources that individuals or collectives accrue through social structures or networks of relationships (Lin, 2001). Oliver and Holzinger (2008: 505) view 'political social capital' as a resource mobilised by firms to exert influence over external policy actors and defend market positions. Inspired by Granovetter (1985), some scholars examine how political embeddedness (i.e. the bureaucratic, instrumental, or affective ties of MNEs to state actors) impacts on organisational performance (Sun, Mellahi and Thun, 2010). Others mobilise networking, reciprocity and social exchange theories to discuss relations with government regulators and the development of trust between firms and policy makers (Gillespie, Dietz and Lockey, 2014; Lester, Hillman, Zardkoohi and Cannella, 2008). Extant research assumes that firms' linkages with external policy makers lead to political leverage if they are relational in character (Hillman and Hitt, 1999), that is characterised by trust and openness (Adler and Kwon, 2002; Inkpen and Tsang, 2005).

Although prior research recognises the role played by social capital in CPA, some intriguing questions remain. Existing scholarship pays little attention to mechanisms that condition the social capital of individual Government Affairs Managers (GAMs) in MNEs. These are important boundary spanners, charged with linking internal MNE networks with external political networks (Post, Murray and Dickie, 1982). To our knowledge, no CPA scholars have examined the antecedents of GAMs' social capital in the political arena. Adopting an outcomes-focused perspective to examine the causal link between a firm's social capital and its overall political performance is clearly important. However, we consider it equally important to identify determinants of individual GAMs' social capital, explore how these may change over time, and consider how such changes may temporally affect the performance of MNEs' politically active subsidiaries. After all, managers cannot effectively utilise the information that social capital is conducive to increasing political influence unless they have clear indications of how social capital can actually be promoted.

We provide such indications through comparative case-study research focused on the GAMs involved in developing the government affairs (GA) subsidiaries of Toyota Motor Corporation (TMC) and Hyundai Motor Company (HMC) in Europe. These organisations provide interesting comparative cases because, despite both MNEs being non-European and having similar manufacturing volumes and market shares in Europe (OICA, 2015a and 2015b), their GA subsidiaries have achieved different levels of political performance in Brussels. Through these case studies, our research aims to explore how the social capital of locally-recruited GAMs, and in turn the political performance of the subsidiaries in which they work, is affected by their MNE's organisational design.

To manage their relationships with geographically dispersed subsidiaries (including their GA subsidiaries) multinationals like TMC and HMC can use decentralisation and coordination mechanisms (Ghoshal and Bartlett, 1990; Ghoshal and Nohria, 1993). We adopted a multi-level theoretical perspective to explore the impact of these two MNE-level mechanisms on GAMs' social capital and, in turn, re-examined the impact of GAMs' social capital on the performance of their Brussel-based GA subsidiaries. We undertook our research from the perspective of European GAMs. In line with Luo (2003), we consider it important for headquarter managers to understand the views of local managers on organisation design and structure and how they affect relationship building.

Our findings confirm existing research suggesting that social capital has a positive impact on the political performance of firms. However, these findings are secondary to our analysis of the role played by the organisational design of MNEs in the creation of GAMs' social capital. GAMs' attempts at building and maintaining external relationships with policy actors are affected by their relationships with internal colleagues. This 'internal' social capital of GAMs is in itself influenced by the organisational design of their respective MNEs.

These key findings provide practitioners with guidance on how to organise their corporate political actions more effectively. Our research responds to calls for more

knowledge on how firms can potentially improve their political actions through managerial interventions (Hillman, Keim and Schuler, 2004). We also contribute to emerging CPA scholarship, which attempts to capture the organisational complexities facing the GA employees of MNEs (Boddewyn, 2007; Dieleman and Boddewyn, 2012; Sun, Mellahi and Wright, 2012).

Importantly, we also shift attention away from aggregated proxies of firm-level activities to the individuals or groups who are the likely origin of political advantage (Lawton, Rajwani and Doh, 2013). Differentiating ourselves from extant CPA research which tends to neglect the individual-level antecedents of CPA (Mellahi, Frynas, Sun and Siegel, 2016), we essentially unpack and explain the political actions of MNEs at a more complex and individual level (e.g. Baer, Dirks and Nickerson, 2013; Foss and Pedersen, 2014). We decompose the political actions of firms into the actions and interactions of GAMs with their internal colleagues and external policy actors.

In making these contributions, we structure our paper as follows. We begin by establishing the theoretical foundations that underpinned our study. Next we describe our research context and methods for collecting and analysing data. Then, we present our findings and discuss how they contribute to existing research. Finally, we conclude by establishing the limitations of our study and highlighting fruitful avenues for future research.

2.2 Theoretical and contextual background

2.2.1 Social capital

Social capital relates to the goodwill available to individuals or groups whose source lies in the structure and content of actors' social relations (Adler and Kwon, 2002). It is a construct that can be reflected by three specific dimensions: structural, relational, and cognitive (Nahapiet and Ghoshal, 1998). The structural dimension encompasses actors in a network and the constellation of links amongst them. It

captures the density and connectivity of the network, and the frequency of interactions of actors within it. Ties between actors in the network can be classified as either strong (i.e. close and frequent) or weak (i.e. distant and infrequent) (Granovetter, 1985).

The relational dimension of social capital complements the structural dimension by emphasising the qualitative dimensions of interactions. It is concerned with trust, which can impact on the outcomes of interpersonal, intra-organisational and inter-organisational cooperation (Schoorman, Mayer and Davis, 2007). The cognitive dimension of social capital has attracted less research interest (Nahapiet and Ghoshal, 1998). This relates to shared mental modes that facilitate effective collaboration (Cohen and Prusak, 2001). It is concerned with understanding how, for example, a shared context or common language eases interactions. The cognitive dimensions emphasises the extent to which values and norms are shared across members of an organisation, or collaborating organisations.

Social capital and its effects can be studied at different levels of analysis. Some scholars focus primarily on the organisation-level of analysis, and investigate how the configuration, management and evolution of social capital can affect organisational performance (Pennings and Lee, 1999). Others engage specifically with social capital at the individual level, and emphasise individuals' accrued social assets such as prestige, educational credentials and social clubs (e.g., Belliveau, O'Reilly, and Wade, 1996, Burt, 1992, 1997). Still others view the social capital of firms as the compound of the social capital of individual organisational members (Tsai and Ghoshal, 1998). There remains, however, a lack of micro-level research that investigates how individual-level social capital is linked with organisation-level social capital and organisation-level outcomes (Ibarra, Kilduff and Tsai, 2005).

2.2.2 Organisation design

Firms are usually organised by function, products and customers resulting in complex multidimensional organisational structures. As firms expand

geographically, the complexity of their environments increase, leading to further complexity in how they are structured (Ghoshal and Nohria, 1993; Kates and Galbraith, 2010). This has led to multiple classifications within the international management literature. Stopford and Wells (1972) proposed a model defining four MNE structural forms – internal division, area division, worldwide product division and global matrix. The fitness of each structural form is contingent upon the environmental characteristics of the MNE (ibid). Following the same logic, Daniels, Pitts and Tretter (1984) argued that there are five structural alternatives – worldwide product, worldwide function, area, international division and matrix.

Organisational design refers not only to structural considerations that describe how the division of labour is designed (i.e. allocation of formal power and authority, departmentalisation or grouping criteria, job descriptions, and reporting relationships). It also relates to the different mechanisms for coordinating different divisions amongst each other (e.g. standardisation of processes, outputs and skills; cross-departmental relations; lateral and vertical communication) (Kates and Galbraith, 2010; Martinez and Jarillo, 1989). In this vein, Foss, Lyngsie and Zahra (2013) describe organisational design in a parsimonious and comprehensive way as a combination of two main dimensions: decentralisation and coordination.

Decentralisation refers to the distribution of formal decision-making hierarchical authority in an organisation. In the context of the MNE, scholars have argued that (de)centralization is "one of the fundamental dimensions of organization design" (Egelhoff, 1988: 129). It describes the degree of hierarchical authority exerted by headquarters over their subsidiaries' decisions (Ghoshal and Nohria, 1993; Nohria and Ghoshal 1994; Tsai, 2002). Coordination describes the degree to which firms rely on different formal, informal and relational coordination devices (e.g., formalisation and standardisation instruments, lateral relationships, lateral and vertical communication channels).

Following the network view of the MNE (Ghoshal and Bartlett, 1990), the MNE represents a network of geographically dispersed units, the subsidiaries. We adopt

Birkinshaw and Pedersen's (2008) definition of subsidiary as as a discrete value-adding activity outside an MNE's home country. Thus, this view shifts the focus to the subsidiary as the unit of analysis, and the organisational design of the MNE is depicted by the nature of the subsidiaries' relationships with the MNE's HQ and other subsidiaries in the MNE. The nature of this internal nexus of relationships between subsidiaries and headquarters is designed by the blend of coordination and hierarchical (centralization) mechanisms that govern these relationships (Ghoshal and Bartlett, 1990; Ghoshal and Nohria, 1993).

2.2.3 CPA performance in the EU: organising to promote GAMs' social capital

EU lobbying takes place in a system of elite pluralism (Coen, 2007). Access to policy-making forums (whose membership is competitive yet strategically advisable) is restricted. An important resource for accessing these forums is information (Broscheid and Coen, 2003). Lobbying in Brussels is about the ability to provide technical expertise. Elite pluralism also emphasises the importance of collective over individual political action (Aspinwall and Greenwood, 2013). The European Commission and the European Parliament are responsible for respectively drafting and approving technical legislative proposals that promote common European interests. There are currently 2,111 European-level federations and business associations lobbying the European institutions[1]. These associations build consensus positions that channel the different opinions of their members. For EU policy officials, business associations thus represent a key source of information about the aggregated needs and interests of particular sectors in the EU internal market (Bouwen, 2004). Associations supply information to legitimise their access to the policy-making process, with the goal of making their members' collective voices heard in policy discussions and, ultimately, influencing policy outcomes (Chalmers, 2013).

[1] http://ec.europa.eu/transparencyregister/public/homePage.do, Accessed June 9 2016

The main association representing the vehicle manufacturing industry in the EU is the European Automobile Manufacturers Association (French: Association des constructeurs européens d'automobile, abbreviated ACEA). Its members include manufacturers of passenger cars, vans, trucks and buses with production sites in the EU. ACEA's mission is to advocate the common interests of the European automobile industry. It engages in dialogue on behalf of its members with the European institutions and other stakeholders to advance understanding of industry-related issues, and to contribute to effective policy and legislation at both European and global levels[2].

Brussels-based GAMs operate at the interface between their firms and European business associations. As boundary spanners, they act in effect as a 'window in' to the firm, ensuring that internal colleagues receive information about developments in business associations (Post et al., 1982). Simultaneously, they can be a 'window out' of the firm, ensuring that their colleagues' views on policy issues are communicated to other association members (ibid). GAMs are frequently specialists in political communications rather than experts in a specific technical field. Their ability, in this system of elite pluralism, to contribute actively to collective political action bodies is contingent on their relationships with internal colleagues whose expertise GAMs require to participate constructively in discussions on technical, policy issues. This understanding of lobbying suggests that developing both GAMs' external *and* internal social networks may be of importance for influencing rather than simply monitoring policy developments at the EU level. Internal and external views of social capital are not mutually exclusive (Adler and Kwon, 2002). The behaviour of actors is influenced both by external linkages and the fabric of their internal linkages. Obtaining a comprehensive picture of the role played by social capital in CPA performance requires consideration of both types of social capital.

We have limited knowledge on how managers should organize their MNEs to foster the internal and external social capital of their boundary-spanning GAMs and consequently the performance of their GA subsidiaries. Gooderham, Minbaeva and

[2] http://www.acea.be/about-acea/what-we-do Accessed 9 June 2016

Pedersen (2010), building on the assertion that an important antecedent of social capital is the social structure within which an actor is located (Adler and Kwon, 2002), find that hierarchical (i.e. centralised) governance mechanisms undermine the formation of social capital. Thus, we aim to provide a normative explanation that contributes to managerial and scholarly understandings of how to promote firms' political activities. To this end, we adopt a multi-level, longitudinal approach to explore the role of organisation design on GAMs' internal and external social capital and subsequently on their capacity to influence political actors.

2.3 Research design and methods

Informed by existing theory, our data collection and analysis were designed to explore relationships between CPA performance, social capital and organisational design mechanisms. Consequently, our research adopted an abductive (Meyer and Lunnay, 2012) rather than an inductive approach (Strauss and Corbin, 1990). Abduction allows researchers to broaden existing knowledge as well as introduce new ideas (e.g. Habermas, 1978). It provides the flexibility associated with exploratory, inductive research by ensuring that individual's perspectives predominate and that results are grounded in data. It has the added benefit of including theoretical frameworks in the analysis process whilst also considering unintended observations of empirical data which can remain unclear with a deductive approach (Meyer and Lunnay, 2012).

2.3.1 Research setting and context

We focus on the case studies of Toyota Motor Europe's European and Government Affairs Division and the Hyundai Motor Company Brussels Office (HMCBO). Case-study research is appropriate for research studying a phenomenon in its context and involving numerous levels of analysis (e.g. Yin, 2013). The context of this study is complex: it covers both the external policymaking network of the EU and the internal corporate networks in which our two focal GA subsidiaries are embedded. It considers how changes in the

relationships of Toyota and Hyundai's GAMs in these two networks had subsequent effects on the political performance of their GA subsidiaries in Brussels. Scholars have not studied how the GAMs of MNE subsidiaries create and maintain social capital. Thus, our case study design enables us to provide useful insights into a phenomenon previously unexamined.

2.3.2 Choice of cases

Focusing on the Brussels-based GA functions of Toyota and Hyundai enabled us to hold constant factors that might be considered to impact on firms' political performance in general, and their employees' social capital in particular (see Table 1). Both are the Brussels-based GA subsidiaries of non-European MNEs. Their GAMs were Europeans and recruited to represent the interests of MNEs that were developing manufacturing and commercial operations in Europe. In terms of headcount, the GA function of each firm in Brussels was the same size. According to the European Transparency Register, the GAMs of each company had declared interests in comparable areas of European policy, including environmental, competition, trade and transport policy.

Table 1: Description of case studies and case data.

	European & Government Affairs Division, Toyota Motor Europe	**Hyundai Motor Company Brussels Office (HMCBO)**
Location	Brussels	Brussels
Employees	5	5
Annual budget[1]	400,000 € - 499,999 €	600,000 € - 699,999 €
Internal informants	Senior managers	Executive Director
	General managers	General managers
External informants	R&D managers	R&D managers
	Industry experts	Industry experts
Interviews	11	12

Source: European Transparency Register, Accessed 15 May 2016

Both MNEs had unique expertise in specific areas of automotive technology (gasoline-hybrid technology for Toyota, and fuel-cell electric vehicle technology for Hyundai). Compared to other volume car manufacturers, both Toyota and Hyundai (together with its Kia brand) had relatively small market shares in Europe (see Figure 1). However, the firms considered Europe to be a key strategic region for future growth (Hyundai Motor Company, 2014; Kia Motors, 2014; Toyota Motor Corporation, 2014).

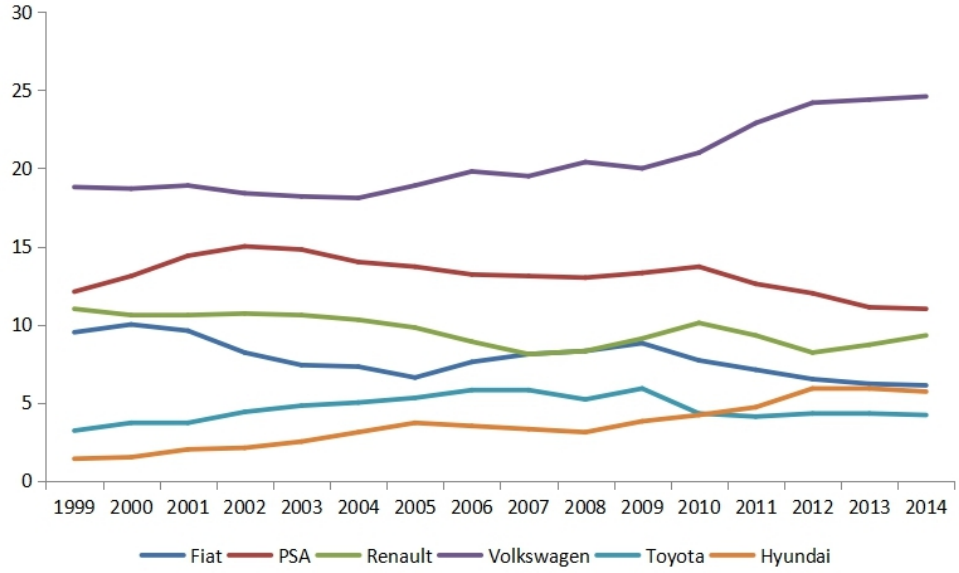


Figure 1: Market share (%) of volume car manufacturers in Europe, 1999-2014.

Source: ACEA. Hyundai data includes both Hyundai and Kia brands

Importantly for our research, our case organisations are embedded in very different corporate contexts. Hyundai and Toyota have distinctive leadership styles that have given rise to specific organisation design characteristics and organisational cultures (Shul Shim and Steers, 2012). Decision-making in TMC is centralized, for both strategic and local operational decisions. HMC is structured and coordinated to encourage employees to feel a close affiliation with their specific corporate division (manufacturing, RandD, sales) (*ibid*).

We note that Toyota opened its Brussels-based GA subsidiary in 1999, and Hyundai ten years later in 2009. This ten-year 'head start' may be crucial in explaining differences in the evolution of GAMs' social capital and political performance. One might argue that, during our period of study, Hyundai's GAMs were experiencing a learning curve as they familiarised themselves with the EU system of lobbying and built relationships. However, our results reveal that HMC staffed its Brussels office from the outset with seasoned EU lobbyists who possessed extensive experience and existing contacts in the areas of EU environmental and transport policy. We show that Hyundai's GAMs, owing to organisational design issues, experienced difficulties in maintaining their pervious political contacts and influencing policy outcomes in Hyundai's favour.

2.3.3 Data sources

Our research draws on semi-structured, in-depth interviews conducted between August 2014 and June 2016. Six informants were current or previous GAMs who possessed direct, first- hand experience of the historical development of Toyota and Hyundai's political actions in Brussels. Two informants had been responsible respectively for establishing Toyota and Hyundai's European GA subsidiaries. Informants commented on the highly sensitive nature of our research, and agreed to participate only on the understanding that interviews would not be recorded, and would not be used to generate direct quotations attributable to specific individuals. Our data-collection experiences mirror the challenges faced by others (e.g. Dieleman and Boddewyn, 2012) who have attempted to examine internal organisational factors and their impact on firms' political actions.

Interviews covered broad issues dealing with GAMs' political performance, their social capital, and the organisational design mechanisms utilised by their MNEs (see the Appendix for a list of questions). Capturing the direct influence of firms over EU policy outcomes is hampered by distinct, context-dependent methodological problems (e.g. Chalmers, 2011).

Because EU-level lobbying is collective in character, it is extremely difficult to attribute policy outcomes categorically to the actions of individual GAMs or firms (e.g. Beyers, Eising and Maloney, 2008). To avoid these methodological issues, we described the effectiveness of each firm's lobbying activities in terms of GAMs' perceived ability to influence the policy positions issued by business associations.

We gathered information on the social capital of European GAMs through questions about the linkages they developed with both internal and external counterparts. Following Tsai and Ghoshal (1998), we asked questions on the structural, relational and cognitive dimensions of GAMs' social capital. We invited GAMs to comment on the number of their internal and external relationships, to talk about the degree of trust that existed in those relationships, and to assess whether GAMs shared with their internal and external contacts a shared vision that facilitated collective actions.

To collect information on organisational design issues, we asked our GAM informants as per Foss et al. (2013) to comment on the level of decentralisation in their MNEs by indicating at which organisational level (HQ versus subsidiary) decision-making authority tended to be vested. We captured insights on coordination issues by asking informants to indicate how often they participated in formal/informal and permanent/temporary mechanisms such as committees and cross-functional work groups (ibid).

Our research is based primarily on the perceptions of Brussels-based GAMs. Perceptual data can be problematic in terms of upward bias. For example, GAMs' perceptions of their influence may not necessarily be the same as their actual influence. To increase the validity and reliability of our data, we therefore interviewed three non-GAM employees from our case companies, three industry experts from European-level business associations to which our focal companies belonged, and two GAMs representing other European auto manufacturers. This triangulation enabled us to cross-check the perceptions of our GAM informants (Yin, 2013).

Our interviews generated over 50 hours of data capturing the evolution of Toyota and Hyundai's lobbying activities in Brussels during the period 1999-2015. To respect guarantees of confidentiality, the identities of our interviewees are necessarily anonymised in this article. We augmented our interview data with information from public sources, including specialist European press and firms' annual reports. This provided additional political, economic and corporate context for our analysis.

2.3.4 Data analysis

The temporal character of our research necessitated a processual analysis of changes in our focal companies' relationship-building activities. Such analytical approaches are rare in CPA research (e.g. Schuler, 2002). Guided by prior studies (e.g. Langley, 1999; Skippari, 2005), we adopted a narrative approach that included the construction of case histories. The analysis of these histories proceeded in four stages. We (i) identified temporal patterns in GAMs' political actions in Brussels, (ii) considered the historical evolution of GAMs' internal and external social capital (iii) undertook a contextual analysis to uncover explanations for temporal variations in their subsidiary's political performance, which included (iv) an analysis of the evolution of the degree of decentralisation and coordination between the European GA's office and the rest of the MNE. Academic colleagues reviewed our data analysis and resolved any discrepancies in the co-authors' interpretations of the interview data. Through this process, we arrived at a set of formally stated observations.

2.4 Results

Tables 2 and 3 provide summarises of the interview data upon which our research is based.

Table 2: Interview summaries (Toyota)

	1999	2015
Organisational design		
Degree of decentralisation of European GA subsidiary	GA subsidiary autonomous from HQ	Increased autonomy from HQ
Degree of coordination of European GA subsidiary	High coordination with HQ via expatriated Japanese colleagues; rare cooperation between GA subsidiary and other European subsidiaries	High coordination with HQ via English as official corporate language; improved cooperation with other European subsidiaries via External Affairs Meeting and Government & Technical Affairs Group
GAMs' internal social capital		
Structural	Formal structural links with HQ staff via Japanese coordinators; infrequent contacts with colleagues in other European subsidiaries	GAM ties with HQ staff loosen; relationships with staff in other European subsidiaries multiply
Relational	High levels of trust between GAMs and HQ staff; less trust between GAMs and colleagues in other European subsidiaries	Further development of trust between GAMs and GEAD staff; growing trust between GAMs and colleagues in European subsidiaries
Cognitive	GAMs, GEAD staff, and colleagues in European subsidiaries had different visions of European lobbying	GAMs and staff in European subsidiaries increasingly sharing objectives and beliefs

(continued on next page)

Table 2 *(continued)*

GAMs' external social capital		
Structural	GAMs engaged in sporadic contact building with MEPs; they had no formal links with members of ACEA	GAMs increasing number of links with members of relevant associations (ACEA, Business Europe, CSR Europe)
Relational	MEPs and ACEA members considered Toyota and its GAMs to be "the enemy"	GAMs' earning trust of ACEA members by promoting their knowledge of Toyota's environmental credentials
Cognitive	GAMs shared with colleagues in other OEMs common vision of lobbying based on sharing information/ working collectively in associations	
Performance of GA subsidiary		
	No political influence	Political influence over environmental policy issues

Table 3: Interview summaries (Hyundai)

	2009	2015
Organisational design		
Degree of decentralisation of European GA subsidiary	Lack of autonomy – GA subsidiary strongly orchestrated from HQ	Continued lack of autonomy – all European subsidiaries remain strongly orchestrated from HQ
Degree of coordination of European GA subsidiary	Coordination between GA subsidiary and other European subsidiaries not a priority: for example, no shared IT system between GA subsidiary and HQ	Continued lack of coordination: European Affairs Committee fails to increase cooperation between GA and other European subsidiaries
GAMs' internal social capital		
Structural	Formal structural links with HQ staff via Korean coordinators; no structural linkages with colleagues in other European subsidiaries	Difficulties building structural ties with colleagues in other European subsidiaries
Relational	Absence of trust between GAMs and HQ staff	Perceived high levels of mutual mistrust between GAMs and HQ staff
Cognitive	Stark differences of opinion regarding content and purpose of lobbying activities	GAMs did not feel cognitively connected to decision-makers in HQ; little sense of shared, common purpose with colleagues in European subsidiaries

(continued on next page)

Table 3 *(continued)*

GAMs' external social capital		
Structural	GAMs had address books of existing contacts in relevant associations (ACEA, Business Europe)	GAMs maintain existing structural links in ACEA
Relational	Existing contacts in these associations were based on trust	ACEA members' trust in GAMs decreasing due to their inability to share relevant information
Cognitive	GAMs shared with colleagues in other OEMs common vision of lobbying based on sharing information/working collectively in associations	
Performance of GA subsidiary	No political influence	

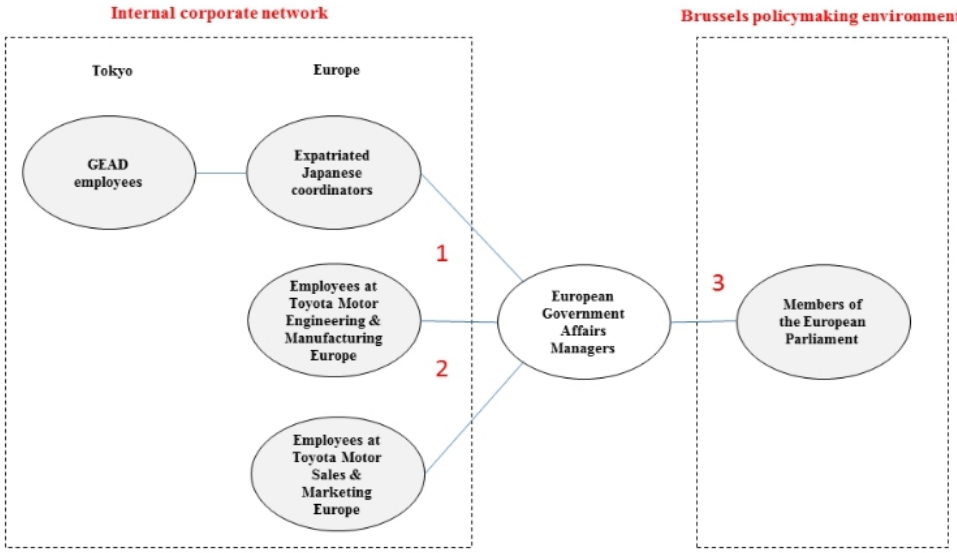
We begin our analysis by comparing the evolution of the internal and external social capital of Toyota and Hyundai's GAMs' social capital. We present the structural character of these linkages in Figures 2 and 3, and provide below a more nuanced analysis of their relational and cognitive dimensions. Next, we indicate how evolutions in the configuration of GAMs' internal and external social capital over this period of time impacted on their subsidiaries' CPA performance. Finally, we report how organisational design issues at Toyota and Hyundai over time either promoted or hampered the ability and motivation of their European GAMs to develop their internal and external social capital.

2.4.1 The internal and external social capital of GAMs

2.4.1.1. Toyota

TMC created its Brussels-based European GA subsidiary in 1999. From the outset, GAMs enjoyed strong, trust-based relationships with colleagues at the centralised GA unit at corporate headquarters, the Global External Affairs Division (GEAD). In the early stages, communication between GEAD and the GAMs was facilitated by Japanese coordinators (see ① in Figure 2). GAMs earned this trust by demonstrating public relations competence and attention to detail, and by quickly and transparently informing GEAD about political developments of corporate relevance (Interview with Toyota GAM, February 2015). Trust between Toyota's European GAMs and GEAD colleagues had developed further by 2015, so much so that Japanese coordinators were no longer required to facilitate communication between them (see ④ in Figure 2) (Interviews with Hyundai GAM, October 2014).

1999



2015

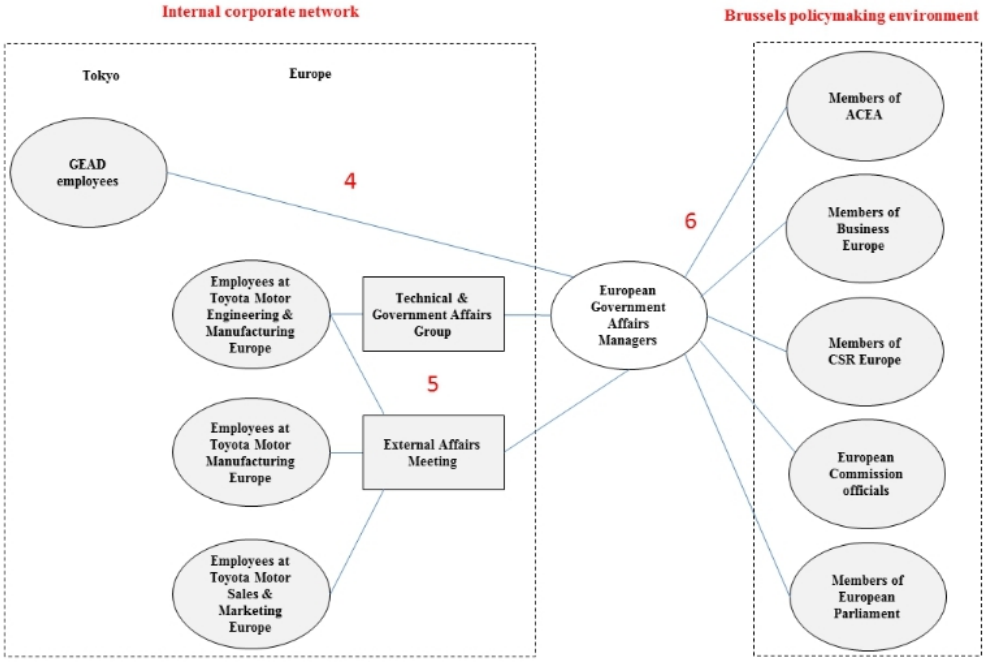


Figure 2: Internal and external networks of Toyota's European GAMs

The number and quality of linkages between European GAMs and their colleagues in Toyota Motor Sales and Marketing Europe and Toyota Motor Engineering and Manufacturing Europe (Toyota's European RandD activities) (see ② in Figure 2)

took time to develop. Initially, GAMs considered that colleagues in other subsidiaries did not understand, or perceive the need for, GA expertise and that they still had to win their trust (Interview with former Toyota GAM, May 2016). GAMs considered they had little 'gas' to put down the 'pipes' they were attempting to develop to political contacts in ACEA (Interview with Toyota GAM, October 2014). By 2015, however, relationships between GAMs and their colleagues in other subsidiaries increasingly became based on trust and shared objectives (see ⑤ in Figure 2). GAMs reported that on-going interactions, within for example the External Affairs Meeting and the Technical and Government Affairs Group, with other functions laid the foundations for a common set of GA goals and beliefs, which guided collaboration and promoted the sharing of information (Interviews with Toyota GAMs, January 2015 and June 2016).

As their quality of their relationships with internal colleagues improved, so did their relationships with external policy actors. In 1999, external structural linkages between GAMs and policy actors in the automotive sector were all but non-existent, despite some sporadic, desultory contact-building with Members of the European Parliament (MEP) (see ③ in Figure 2) (Interviews with Toyota GAMs, August and January 2015). MEPs of certain nationalities, especially German, considered Toyota's GAMs as representatives of "the enemy" that threatened European manufacturers (Interview with Toyota GAM, February 2015). Earning the trust of ACEA members was similarly challenging. GAMs reported that they shared with other OEMs' GAMs a common approach to lobbying (Interview with Toyota GAM, February 2015). However, PSA Peugeot-Citroën and Ford of Europe – volume car makers nervous of a vulnerable European market shares – were anxious about opening up the ACEA to Toyota (Interview with Toyota GAM, October 2014; Interview with Industry Expert, March 2015).

However, the knowledge acquired by GAMs through collaboration with subsidiary colleagues changed this situation by 2015. It enabled them to grow their formal structural linkages with influential European-level business and professional associations (see ⑥in Figure 2). In 2004, they joined CSR Europe (a network of

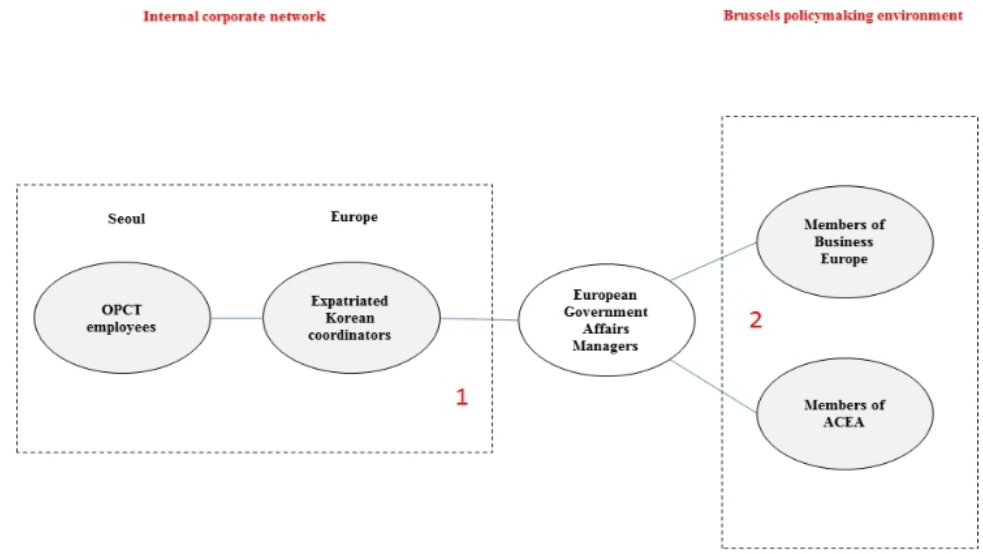
businesses seeking to enhance sustainable growth and positively contribute to society). A year later, they obtained membership of the Advisory and Support Group (ASG) of UNICE (now Business Europe), the federation of national business associations. By 2007, GAMs had also brought TME into ACEA. GAMs' knowledge of Toyota's pre-eminence in gasoline-hybrid technology, promising significantly reduced CO2 emissions, and acquired from their relationships with RandD colleagues, seems to have encouraged ACEA to bring the company into the association (Interview with TME GAM, October 2014, Interview with Industry Expert, April 2015).

By 2015, Toyota's GAMs had also succeeded in earning the trust of their ACEA counterparts. They did so by promoting their company's perceived environmental credentials. This contributed to the company's acceptance by ACEA members (Interviews with Industry Experts, February and March 2015, May 2016). To demonstrate that they shared similar cognitive schemes with their European peers, they also invested considerable time and effort in the 'Europeanisation' of Toyota (Interview with Toyota GAM, January 2015). They stressed that they were themselves Europeans working for a Japanese company that was becoming increasingly European.

2.4.1.2. Hyundai

HMC opened its GA subsidiary in Brussels in 2009. Externally, the social capital of the GAMs recruited by Hyundai to launch its European GA subsidiary varied from that of the GAMs recruited by Toyota. They were seasoned GA professionals with specialisations in EU environment and transport policy. They had worked as parliamentary assistants in the European Parliament, interns in the Commission, and managers in Brussels-based public- relations consultancies and business associations. One had previous experience working in government affairs for another car manufacturer. They had address books of existing trust- based contacts working in organisations such as ACEA and Business Europe that were directly relevant to Hyundai's business (Interview with Hyundai GAM, June 2015) (see ② in Figure 3).

2009



2015

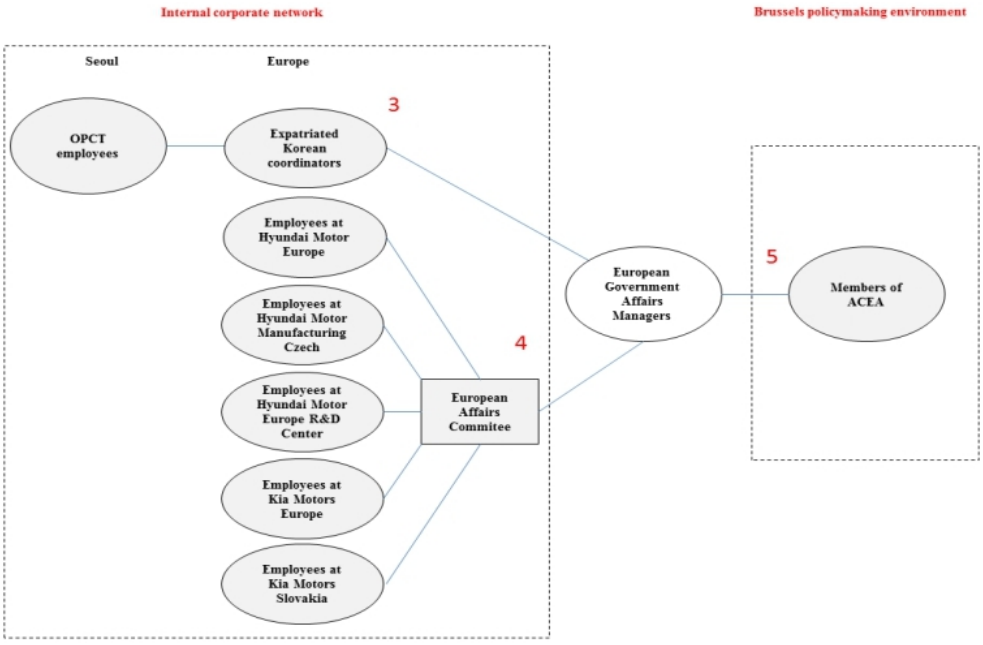


Figure 3: Internal and external networks of Hyundai's European GAMs

Internally, however, European GAMs had no structural linkages with colleagues in HMC's other European subsidiaries. They were formally connected only to the Overseas Policy Coordination Team (OPCT) – HMC's centralised GA unit at corporate headquarters –via expatriated coordinators (see ① in Figure 3). This

relationship was marked by an absence of trust, and stark differences of opinion regarding the content and purpose of lobbying activities. For example, GAMs were not supposed to conduct meetings outside the office without a Korean being present (Interview with Toyota GAM, October 2014). They grasped the importance of using technical expertise to shape the policy positions issued collectively by business associations, but felt that OPCT colleagues did not share this particular view of lobbying. (Interview with GAMs at Hyundai October 2014). In 2011, GAMs had used their existing external social capital in Brussels to bring Hyundai into ACEA (see ⑤ in Figure 3). However, by 2015 ,they were experiencing challenges in managing and maintaining their relationships with ACEA members (Interviews with Hyundai GAM, March, 2015 and Industry Expert, January, 2015). Their attempts at maintaining these existing external relationships were in effect hindered by difficulties in building meaningful internal ties that would help them access information to consolidate external trust (see ④ in Figure 3). For example, they created in 2012 the European Affairs Committee, bringing together the top two executives of HMC's five companies in Europe to discuss matters of mutual interest. Much to the GAMs' disappointment, the committee did not generate the information or momentum necessary for GAMs to engage effort to influence work within the key business associations (Interviews with Hyundai GAMs, October 2014 and February 2015). European GAMs also alluded to the increasingly challenging character of their relationships with OPCT colleagues (see ③ in Figure 3). They perceived high levels of mistrust and they could not rely on them to provide meaningful policy positions or effective negotiating tactics. On the rare occasions that the company did have a position ("we do not like the idea of an EU-Japan trade agreement"), the mandate for negotiation given to the Europeans was considered not immediately constructive ("you will stop the EU securing a trade agreement with Japan") (Interview with Hyundai GAM, October 2014). Ultimately the Europeans did not feel directly connected – either structurally, relationally or cognitively – with their company headquarters or the key decision-makers within it (Interviews with Hyundai GAMs, January 2015 and February 2015).

In summary, Toyota's European GAMs were increasingly able to foster relationships with external policy actors as they developed more and better relationships with

colleagues in other European subsidiaries, such as their RandD colleagues. By contrast, Hyundai GAMs' initial, positive relationships with external policy actors were beginning to weaken. They lacked the internal linkages they considered necessary for gathering information to continue nurturing those relationships. Based on these observations, we suggest that the external social capital of GAMs is influenced by their internal social capital.

2.4.2 GAMs' external social capital and CPA performance of European GA subsidiaries

In the earliest stages, GAMs at neither Toyota nor Hyundai made efforts to influence policy in Brussels. They sought only to establish processes necessary for monitoring political developments in the EU institutions and reporting them to corporate headquarters. They nonetheless appreciated the need to develop their firm's GA functions so that they could in due course seek to exert influence on future regulatory developments. As they set out to develop their GA functions, GAMs at Toyota and Hyundai departed from different starting points. As reported above, their structural, relational and cognitive linkages with internal colleagues were weak. However, the external relationships of Toyota's GAMs appeared less established than those of their counterparts at Hyundai.

By 2015, Toyota's European GAMs had developed a GA function that could be considered superior compared to that of their Hyundai counterparts. Because they had managed, over time, to build structural, relational and cognitive links with colleagues in Europe, especially those working in RandD, Toyota's GAMs were able to contribute to EU environmental policy debates. They had positioned themselves as specialist insiders in the EU system of policymaking (Interview with Toyota GAM, October 2014; Interview with Toyota RandD Specialist, February 2015). From this position, they contributed to policy discussions surrounding environmental issues (Interview with Industry Expert, March 2015), and the EU institutions also consulted them individually on such questions. In sharp contrast, Hyundai's GAMs had practically no political influence in Brussels by 2015. (Interview with Hyundai GAMs, March 2015 and May 2016). GAMs were using ACEA primarily for

information- gathering purposes. They had been unable to transform their historical relations into political leverage for Hyundai. HMC had recruited a strong team of GA professionals in Brussels who were hindered by headquarters staff whose priorities differed from those of ACEA's others members (Interview with Industry Expert, January 2015).

In summary, Toyota's European GA subsidiary has been able to exert influence on in particular environmental policymaking in Brussels. This was because, with the passage of time, its GAMs had earned the trust of ACEA members by promoting Toyota's perceived environmental leadership and by emphasising the company's European credentials. The European GA subsidiary of Hyundai has not been able to exert any political influence compared to Toyota because its GAMs have only superficial, structural links with key policy actors in Brussels. Our comparative data thus suggest that CPA performance of GA subsidiaries is influenced by their GAMs' external social capital.

2.4.3 Organisational design and internal social capital

Why did Toyota's GAMs succeed in building the internal social capital needed to develop external social capital and exert political influence, whilst their counterparts at Hyundai could not? Below, we explore this question by considering the impact of different organisational designs.

2.4.3.1. Toyota

When it founded its GA subsidiary in 1999, TMC managed its European operations in a decentralised way. Its European manufacturing, marketing and RandD activities operated within a model of freestanding and largely autonomous subsidiaries: Toyota Motor Engineering and Manufacturing Europe, Toyota Motor Manufacturing Europe, and Toyota Motor Sales and Marketing Europe. Each of these European subsidiaries had its own strategic goals and activities, and cooperation between them was rare. Within this organisational configuration, the European GA subsidiary enjoyed

relatively high levels of autonomy and its GAMs had low levels of internal social capital. By 2015, the independence of the GA subsidiary, and its degree of coordination with other European subsidiaries, had positively evolved. These evolutions were made possible by changes to organisational structures. For example, TMC merged its three separate European subsidiaries in 2003 to create Toyota Motor Europe (TME). Subsequently, Toyota's European employees were increasingly obligated to stand on their own feet, to become completely profitable, and no longer rely on the support of TMC (Interviews with former Toyota GAM and Toyota RandD Engineer, May 2015).

Increased decentralisation enabled GAMs to multiply and strengthen their links with colleagues in Europe. They were able autonomously to initiate coordination mechanisms aimed at establishing direct, structural connections with colleagues whose knowledge they needed to represent their firm's interests in Brussels (Interview with former Toyota GAM, May 2016). Indeed, the External Affairs Meeting (itself created shortly after the creation of TME in 2003) almost immediately increased the number and frequency of structural ties between GAMs and their marketing colleagues. GAMs were invited to speak at events in regional sales offices in, for example, Dresden, Reykjavik, Stockholm and Warsaw. They also participated in lobbying activities with sales colleagues around Europe (Interview with former Toyota GAM, January 2015).

Integrating colleagues from RandD and manufacturing into the External Affairs Meeting proved more challenging. Following the creation of TME, these remained attached to their specific corporate identities. However, as the new decentralised organisational structure began to take hold, competition between colleagues working in different functions began to fade. This enabled GAMs to consolidate the External Affairs Meeting and develop good internal contacts with all the relevant people in TME's three main subsidiaries and national offices across Europe.

The quantity and quality of linkages between GAMs and their RandD colleagues increased as a result of corporate structuring initiated by Didier Leroy, President and

CEO of Toyota Motor Europe, in 2010. Leroy recognised the need to break down silos in TME and pushed for more cross-functional activities, the objective being to improve the frequency and detail of communication between subsidiaries (Interview with Toyota RandD Engineer, May 2016). The Government and Technical Affairs Group created in 2009 was a beneficiary of this restructuring. It enabled RandD staff and GAMs to make common cause on lobbying. They pooled their common knowledge to organise joint initiatives on road safety and environmental issues (Interview with Toyota GAM, October 2014; Interview with Toyota RandD Engineer, February 2015).

2.4.3.2. Hyundai

In contrast to TMC, HMC's European subsidiaries were in 2009 all strongly orchestrated by senior managers in their respective business divisions at the firm's separate corporate and RandD headquarters. Within this highly centralised structure, Hyundai's political strategy in Brussels was driven by OPCT managers in Seoul, expecting it to be implemented by Europeans in the Brussels office as their agents. Coordination amongst different units was also not a priority. For instance, the Koreans and the Brussels-based GAMs initially did not share a common IT system. As reported above, the internal social capital of Hyundai's GAMs was, like that of their Toyota counterparts, low.

In contrast to Toyota, Hyundai's European GA subsidiary in 2015 continued to lack autonomy and remained loosely coordinated from other subsidiaries. Although a European had been recruited as the Executive Representative of the Brussels office, it was his Korean coordinators who were essentially in charge (Interviews with Hyundai GAMs, October 2014, December 2014 and January 2015). Over time, European GAMs began to view their coordinators as controllers rather than facilitators. From the European GAMs' perspective, (Interview with Hyundai GAM, October 2014) Korean managers gave orders, and these were expected to be followed by the European GAMs to save the face of the issuing manager. They also felt that Korean coordinators introduced an additional, parallel channel of communication that made dialogue with OPCT and other headquarter colleagues more difficult

(Interview with Hyundai GAM, January 2015). The use of Korean as the corporate language also excluded the Europeans from the key internal networks taking decisions and wielding power.

This high degree of centralisation, coupled with underdeveloped coordination devices, prevented GAMs from building internal relationships and exchanging knowledge with their European colleagues. The experiences of the European Affairs Committee, which ultimately failed to promote collaboration or knowledge sharing between HMC employees in Europe, provide a case in point. The committee actually strengthened the centralised control by headquarters staff over European lobbying operations. It was dominated by Koreans, all of whom looked to Korea for instructions. His experiences of working in the European Affairs Committee led one informant to conclude that senior managers in Seoul were actively encouraging the internalisation of adversarial relationships to pit one European subsidiary against another and facilitate control from above. Whilst potentially effective in Korea, he considered this conscious lack of coordination to be ineffectual in Europe.

In summary, European GAMs at Toyota – working in an increasingly decentralised and strongly coordinated context – were more able to take initiatives aimed at developing social capital internally. European GAMs at Hyundai reported that, in their attempts to increase the quantity and quality of their relationships with internal colleagues, they felt constrained by their MNE's highly centralised structure of loosely coordinated subsidiaries. We thus suggest that the internal social capital of GAMs is affected by organisational design issues. Specifically, GAMs working in decentralised GA subsidiaries which are also highly coordinated with other MNE units develop higher levels of internal social capital.

2.5 Discussion

Our study exposes GAMs as boundary spanners whose external social capital is an important antecedent of the political performance of MNEs' GA subsidiaries. This supports existing outcomes-focused studies demonstrating that organisations are

likely to achieve higher levels of policy performance when they establish with external policymaking bodies linkages characterised by trust and openness (Boddewyn and Brewer, 1994; Hillman et al, 2004; Shaffer, 1995). However, research identifying that social capital either facilitates or impedes corporate political actions is arguably of little scholarly or managerial relevance unless it provides managers with guidance on how they can create and maintain social capital in the political arena. We therefore explored beyond our initial, conventional finding to expose the determinants of individual GAMs' external social capital and explore how these may evolve over time.

We expose the need, when studying GAMs and their boundary-spanning activities, to make an important distinction between their external and internal social capital. Demonstrating that both types of social capital are not mutually exclusive (Adler and Kwon, 2002), one of our first important findings is that GAMs' internal social capital is an important antecedent of their external social capital. In the case of Toyota, GAMs perceived for example that they could make an increasing contribution to discussions surrounding EU environmental policy when they had managed over time to develop relationships with their RandD colleagues in Europe.

They could in effect use their internal social capital to acquire information for developing external relationships and building external social capital in business associations, especially ACEA. In sharp contrast, European GAMs at Hyundai considered that they lacked comparatively meaningful relationships with internal colleagues. Consequently, they felt they had insufficient access to the technical knowledge required to maintain their existing external relationships or develop new external relationships more deeply. In essence, GAMs need to be well connected with their internal colleagues in other units in order to have access to the technical expertise required to develop meaningful external relationships with policy actors.

A further, important finding of our research is that the organisational design of an MNE can potentially promote or weaken the internal social capital of individual GAMs' working in its GA subsidiaries. European GAMs at Hyundai reported that, in

their attempts to increase the quantity and quality of their relationships with internal colleagues, they felt constrained by their MNE's highly centralised structure of loosely coordinated subsidiaries. By contrast, European GAMs at Toyota – working in a more decentralised and strongly coordinated subsidiary – were more able to take initiatives aimed at developing social capital internally, especially following the creation of TME in 2003. This finding echoes prior research (Adler and Kwon, 2002; Gooderham et al., 2010) suggesting that an important antecedent of social capital of MNE employees is the social structure within which an actor is located.

Overall, our research suggests that organisational design can explain differences in CPA performance. Scholars have identified organisational structure as an important factor moderating the performance effects of external political ties (Sun, Mellahi and Wright, 2012; Dieleman and Boddewyn, 2012). Our study complements this existing scholarship from both a theoretical and practical perspective.

Theoretically, Sun et al. (2012) combine market transaction and social exchange perspectives, such as resource dependence theory, to argue that a firm's capacity to appropriate value from its political ties is moderated by its organisational features (including size, ownership and structure). Relatedly, Dieleman and Boddewyn (2012) mobilise resource dependence theory to explore how a firm's capacity to protect itself from risks associated with political ties is contingent upon a loosely-coordinated, compartmentalised organisation structure. They recognise, however, that such structures may prevent other units in the MNE from capturing the benefits of accessing relevant business information from external policy actors (ibid). We complement Dieleman and Boddewyn (2012) by further showing how such structures can become a barrier, preventing GAMs from internally accessing information needed to create valuable political ties and influence policymakers. Using concepts gleaned from social capital theory, we suggest that, in the EU context, organisational structures fostering relationships that encourage information sharing are an important antecedent of a firm's capacity to influence policy actors. Concretely, we posit that such organisational structures should be characterised by low levels of HQ control and high levels of coordination between subsidiaries. We

thus emphasise the benefits of increasing the coordination between GA subsidiaries and other units in the MNE.

From a practical perspective, the complementarity between our research and other studies (e.g. Dieleman and Boddewyn, 2012) provides managers with guidance on how to manage the dual challenge of mitigating the risks associated with inevitable dependence relationships with policymakers, whilst simultaneously trying to influence those policymakers. Our study is particularly instructive for managers from emerging MNEs with GA subsidiaries in developed country contexts. Mechanisms such as compartmentalisation may be useful in emerging economies, where the onus is on managing political risks. However, GAMs working in information-based lobbying systems, such as the EU, may benefit from working in an organisation structure characterised by highly coordinated subsidiaries whose employees readily share information with each other.

2.6 Conclusions, limitations and future research

In this paper, we aimed to extend our understanding of the international dimensions of CPA by exploring how the social capital of GAMs, and in turn the political performance of their GA subsidiary, is affected by evolutions in MNE organisational design and structure. Our key findings build on existing CPA research that has considered the notion of social capital.

Specifically, we expose intriguing insights into the interrelationship between organisational design mechanisms and GAMs' social capital, and how these affect CPA performance. First, we find that the quantity and quality of GAMs' external relationships, and in turn the CPA performance of their GA subsidiaries, is influenced by the quantity and quality of their internal relationships with colleagues in other subsidiaries. Second, we find that these internal relationships are affected by organisational design issues. Combined, these findings respond to calls for more scholarly and practical knowledge on how managerial interventions can improve CPA performance (Hillman et al., 2004: Lawton et al., 2013). They also respond to a

theoretical need to understand variations in the social capital of GAMs. Our multi-level and longitudinal perspective also responds to a practitioner need to understand ways of developing GAMs' social capital in the first place.

Rather than providing definitive answers, our study prompts further research. In this vein, we openly acknowledge the limitations of our study, and suggest that these limitations serve as the basis for future scholarly enquiry. One obvious limitation is that of generalizability. Our sample is clearly derived from only two case organisations, both located in Europe, operating in the same industry, and representing MNEs from Asia. Further studies focused on the GA functions of MNEs headquartered outside Asia, operating in other industry sectors, and politically active in other regional contexts are clearly needed to substantiate the generalizability of our findings. Another promising way of reviving interest in the organisation design of CPA may be to investigate further how individual GA subsidiaries in different institutional and industry contexts can be organised to deal with possible dual tensions of managing inevitable dependence relationships with policymakers whilst simultaneously trying to influence them. Rather than focusing on a single subsidiary, future scholars could study this challenge by exploring how the MNE as a whole organises its global, differentiated network of GA subsidiaries.

2.7 Appendix: Questions used to guide semi-structured interviews

General introductory questions

- What is your role?
- How long have you held this position?
- What job did you do before holding this position?

Questions on the organisation of business operations in Europe

- How would you describe the amount of independence of your subsidiary in your MNE?

- Has the amount of independence evolved over time?
- Can you identify a clear change in the degree of autonomy?
- How coordinated is your subsidiary with the rest of the MNE?
- For example, do you receive training at HQ?
- Are you kept informed about technical developments taking place elsewhere in the MNE?
- Do you work with other European subsidiaries, in for example teams or joint committees?
- How has coordination evolved over time?

Questions about relationships with ACEA

- How would you describe your relationship with ACEA and its OEM members of ACEA?
- How have these relationships evolved over time?

General questions about influence over EU regulatory affairs

- How would you describe the influence of your GA subsidiary over EU regulatory affairs?
- How has this influence evolved over time?
- Could you possibly provide some examples?

Questions about relationships with European GA subsidiaries (asked to non-GA informants)

- How would you describe your relationship with your European GA subsidiary?
- How has this relationship evolved since the creation of the GA subsidiary?

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3

Exploring how firms' strategic political actions are organised to capture and share external information – the case of Alpha Plc

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This article has been published in the *Journal of Long Range Planning*

Reference of the article:

DOI: 10.1016/j.lrp.2019.101931

Barron, A. and Pereda, A., 2020. Exploring how firms' strategic political actions are organised to capture and share external information–The case of Alpha Plc. *Long Range Planning*, *53*(5), p.101931.

Quality indicators of the Journal of Long Range Planning:

Impact factor: 4.041
Q1 in Finance, Q1 in Geography, Planning and Development, Q1 in Strategy and Management

Through a case study of the government affairs (GA) activities of a large UK-based manufacturing firm, we explore how the differentiation and integration of boundary-spanning GA units may affect their ability to capture external political information and share it with the rest of the business. Mobilising insights from organisational design theory, we demonstrate that changes in the autonomy, specialisation and formal coordination of the firm's UK-based GA unit have over time positively affected its information processing activities. The unit has been able to source political information more proactively as its specialisation and autonomy have increased. Its ability to share this information inside the firm has improved as it has become more integrated in the business through formal coordination mechanisms. Our study contributes to CPA research by deepening our understandings of the internal management and organisation of firms' political actions, which are overlooked in extant strategy management literature. It provides senior executives with practical guidance on how to configure their political units in ways that add value to firms.

3.1 Introduction

Corporate political activity (CPA) relates to efforts undertaken by firms to influence or manage political entities (Hillman et al., 2004). Strategic management scholars suggest that CPA is a useful tool for creating value by improving a firm's overall performance (Baron, 1995; Bonardi et al. 2005). CPA provides a set of strategic actions for monitoring and influencing that firms can conduct to maximise economic returns from the political environment (Oliver and Holzinger, 2008).

Recent studies (Frynas et al., 2017; Lux et al., 2011; Lawton et al., 2013a; Lawton et al., 2014; Mellahi et al., 2016; Puck et al., 2018) highlight the increasing relevance of CPA for practitioners and scholars of strategic management, and call for a greater integration of political, non-market perspectives in mainstream research. Despite growing interest in the political strategies of firms, our understandings of many dimensions of CPA remain limited. We especially know little about how the CPA function is managed and organised in firms (Lawton et al., 2013b; Puck et al., 2018). Our research seeks to explore further this specific aspect of CPA.

We aim to enhance our understanding of the management and organisation of CPA by applying theoretical insights from the literature on organisational design. Rooted in the information processing perspective (e.g. Galbraith, 1974; Thompson, 1967; Tushman and Nadler, 1978), organisational design theory focuses on the gathering, channelling and processing of information as the primary activities of modern organisations (Nadler and Tushman, 1997). It is a normative approach recommending specific organisational configurations to achieve desired objectives (Burton and Obel, 2018). It encourages scholars and practitioners to consider the organisational levers – such as the division of labour, task specificity, hierarchies of authority and formal organisation – that executives can pull to improve the performance of their information exchange processes (Felin and Powell, 2016).

Our research specifically explores the question: how can firms organise their CPA units to capture external political information and communicate it with relevant internal business divisions? Our focus on firms' political monitoring activities is both relevant and timely. Such activities represent an important dimension of CPA used by firms to

better understand government policies, which have potential to generate increased complexity and costs for their business operations (Lawton et al., 2013a, 2013b). Recent political developments – including negotiations surrounding the UK's withdrawal from the EU, or the electoral successes of the League in Italy and AfD in Germany – have potential knock-on effects for businesses. They highlight the need for managers to include external political monitoring in their knowledge sourcing activities and strategic decision-making (Barron et al., 2016).

We explore our research question through an in-depth case study of the UK-focused government affairs (GA) unit of Alpha Plc (pseudonym) – a UK-based manufacturer of precision technologies. Alpha's London-based GA unit – mandated to scan political developments in Westminster – is an example of a boundary-spanning CPA function which mediates between the UK political environment and the rest of the firm. The unit is geographically isolated from the firm's major business operations, which are dispersed across the UK. Alpha serves markets characterised by high levels of regulatory intrusion, identifies political developments in the UK as a major source of business risk, and depends heavily on the UK government for research funding. The primary data underpinning our research allow us to chart evolutions in the GA unit's organisational design and ability to capture and share external political information during a nine-year period, from 2010 to 2019.

Our analysis exposes change in key organisational design dimensions, including the autonomy and specialisation of the GA unit, and its level of formal coordination with the firm's transportation business division. These evolutions have, in turn, affected the information exchange processes of the GA unit. A simple, unidirectional channelling

process has given way to higher value-adding processes exhibiting more sophisticated work practices.

Our key findings contribute to CPA scholarship by generating new understandings of organisational-level antecedents of firms' political actions that are understudied in extant literature (Lux et al., 2011; Lawton et al., 2013b, Puck et al., 2018). Recent research examines board or senior management team characteristics – such as the political capital of board members (e.g. Sun et al., 2016) or the creation of chief external officers at the executive team level (e.g. Doh et al., 2014) – and their impact on the performance and integration of CPA. In contrast, we explore at a more micro-level how the management and organisation of business units charged with delivering a firm's political strategy can affect CPA performance.

We specifically complement recent studies on the organisation of boundary-spanning CPA units (e.g. Dieleman and Boddewyn, 2012; Sun et al., 2012, Barron et al., 2017). Considering CPA units as agents of influence, these prior studies investigate how their organisation affects the ability to perform outward-facing, representational roles (Ancona and Caldwell, 1992). Our research advances this work by considering CPA units as strategic scouting units (e.g. Monteiro and Birkinshaw, 2017), charged with importing information from the corporate political environment into the firm. We investigate how the organisation of such units impacts the ability to perform strategically important inward-facing, informational roles (Ancona and Caldwell, 1992).

We also expose under-researched internal processes that underpin effective CPA (Hillman et al., 2004; Lawton et al, 2013b) by fine-slicing firms' political-monitoring

activities into a series of increasingly value-adding sub-processes, and exploring how these emerge over time as a consequence of changes in the organisational design of CPA units. In terms of its managerial implications, our study provides senior executives with practical guidance on the organisational mechanisms they can manipulate to improve the performance of their firms' political monitoring activities.

In making these contributions, we begin by establishing the theoretical foundations underpinning our research. Then, we describe our research context and the methods used to collect and analyse empirical data. We subsequently present key findings and discuss how they contribute to existing research. We conclude by setting out the limitations of our research and sketching out promising avenues for future studies.

3.1.1 Corporate political activity

In the field of strategic management, there has been a growing interest in CPA (Lux et al., 2011; Lawton et al., 2013a; Puck et al., 2018) and calls to integrate firms' strategic political actions more systematically in mainstream research (Lawton et al., 2014). Recent studies provide useful insights into the drivers of CPA, be these at the firm- (De Villa et al. 2019) industry- (Mbalyohere and Lawton 2018) or institutional-level (Banerjee and Venaik, 2018), and investigate the performance and other outcomes of CPA (Heidenreich et al. 2014; Jia 2014; Nell et al. 2015). Prior research also indicates that firms engage in CPA for numerous strategic reasons. For example, they may mobilise political actions to respond defensively, such as through engaged or non-engaged approaches (De Villa et al., 2019), to regulatory or political threats that negatively impact firms' strategic choices or performance. Alternatively, firms may use

CPA proactively to change their political environments in ways that create strategic opportunities (Heidenreich et al. 2015; Shirodkar and Mohr 2015a, b). Regardless of whether they use CPA defensively or proactively, firms generally use CPA to better understand regulations and government policies, which have potential to generate increased complexity and costs for their business operations (Lawton et al., 2013a, 2013b).

Whilst we welcome this increased scholarly attention invested in CPA, we recognise that our knowledge and understanding of many dimensions of firms' non-market, political strategies remains rather limited (Frynas et al., 2017; Mellahi et al., 2016; Puck et al, 2018). In particular, we still know surprisingly little about how the CPA function is managed and organised within firms (Lawton et al., 2013b; Puck et al., 2018). Our research seeks to explore further this specific aspect of CPA.

3.1.2 The management and organisation of CPA

Whilst CPA scholarship has explored how organisational characteristics such as a firm size, dependency on government, diversification, ownership and age can affect CPA performance (e.g. Hillman et al, 2004), the internal management and organisation of CPA has been largely overlooked in the strategic management literature. Few studies have sought to prize open the 'black box' of corporate political strategizing to understand the configuration, processes and practices of CPA within firms. CPA research has tended to rely on aggregated proxies of firm-level activity and has overlooked the internal mechanisms governing the design and implementation of firms' political strategies (Lux et al., 2011; Lawton et al., 2013b).

Nonetheless, some scholars have recently begun to build on previous work (Adams, 1976; Post et al.1982, 1983; Meznar and Nigh, 1995) to study the organisation of CPA in terms of a boundary-spanning function (Aldrich and Herker, 1977) – one that establishes a link between firms and the external political environment (Cui et al., 2018; Hadani et al., 2015; Sun et al, 2012). For example, Dieleman and Boddewyn (2012) explore how a loosely-coordinated, compartmentalised organisation structure may be an appropriate design for buffering firms against risks that stem from their political connections. Sun et al. (2012) theorise that the organisational structure of a firm can moderate the value it appropriates from its political ties. Barron et al. (2017) find that multinational enterprises can wield more political influence when their boundary-spanning government affairs subsidiaries have high levels of autonomy and are coordinated with other subsidiaries.

A common feature of these recent studies is that they focus on the external-facing representational role of boundary-spanning CPA functions (Ancona and Caldwell, 1992). They highlight that CPA functions act as a 'window out' of the firm, defending the activities of the firm to the outside world and engaging in influence-based actions to ensure that the views of business units on policy issues are transmitted to policy actors (Adams, 1976; Post et al., 1982, 1983). In so doing, they overlook that boundary-spanning units can simultaneously perform a complementary inward-facing informational role (Ancona and Caldwell, 1992). CPA functions can also act as 'windows in' (Adams, 1976; Post et al., 1982, 1983) to the firm, monitoring the political environment and bringing into the firm intelligence that could have important implications for business divisions (Moss et al, 2012). CPA functions are, in effect engaged in a two-way exchange of information between firms and political actors

(Griffin, 2005). They coordinate the transfer of political information in both directions – from the firm to the external political environment, and from the external political environment to the firm.

Whilst progress has been made in explaining what the boundary-spanning GA unit is, our understanding of how its information-processing activities can be optimally configured and managed remains underdeveloped. Despite recent advances, more in-depth studies are still required to elucidate the internal operational processes and management structures of CPA (Puck et al., 2018). We especially lack knowledge about the processes through which the GA function acts as an intelligence-gathering 'window in' to the firm. Extant research tends to focus on the influencing strategies of firms. It neglects to consider that influence-based actions depend on previous monitoring actions undertaken to keep abreast of political developments. Thus, our research explores how a boundary-spanning CPA unit can be managed and organised to identify threats and opportunities in external political environments and communicate these to relevant actors in their firms.

3.1.3 Organisational design

We apply insights from organisational design theory to develop understandings of how boundary-spanning CPA units can be configured and managed to capture more effectively information on external political developments and integrate this information into strategic decision-making. Organisational design theory is a normative approach that recommends specific organisational configurations to achieve desired objectives (Burton and Obel, 2018). Rooted in the information processing perspective

(e.g. Galbraith, 1974; Thompson, 1967; Tushman and Nadler, 1978), its underlying logic states that "the primary work of modern organisations is the gathering, channelling, and processing of appropriate information" (Nadler and Tushman, 1997: 228).

Two defining dimensions of organisational design research are differentiation and integration (Puranam et al., 2014). Differentiation relates to the internal division of labour, i.e., the allocation of subtasks to organisational members (such as individuals or groups). It denotes the extent to which different members are assigned specialised sets of tasks to cope with their corresponding sub-environments. On the one hand, it captures the extent to which an organisation maps onto the full diversity of its environment through the creation of specialised individuals or sub-units at its boundaries (Felin and Powell, 2016). On the other, it describes the extent to which organisations give these individuals or sub-units autonomy to perform their designated tasks (ibid). Thus, differentiation also refers to whether authority for making decisions is centralised or decentralised in an organisation (Burton et al., 2015, Foss et al., 2013).

Organisational design scholars suggest why senior managers should delegate decision-making authority to specialised, decentralised employees to increase the ability of their firms to process information. If business units and their members are specialised, they can focus more of their limited attentional resources on their area of specialisation rather than on other responsibilities (Perrow, 1977). They are thus likely to notice incompatibilities of action and misallocations of resource and adjust more dynamically to changes in their external business environments (Albers et al., 2016). Delegating decision-making authority to specialised and autonomous business units also

economises on managers' scarce mental resources and reduces the costs of transmitting, receiving, and processing information (Galbraith 1974). Delegation can co-locate decision-making responsibilities with those individual managers who possess the necessary specialist knowledge about what decision should (optimally) be made (Jensen and Meckling 1992). Transmitting this knowledge to hierarchical superiors may be costly and slow. Fast-moving external environments arguably make extensive delegation increasingly necessary as slow decision making is punished in such dynamic environments (Mendelson and Pillai 1999, Zenger and Hesterly 1997).

As explained above, organisational design scholars identify benefits of establishing information-absorbing units and individual specialists at or beyond their boundaries, and giving these units autonomy to perform their information-processing tasks. Firms that fail to differentiate their internal structures may find it impossible to respond to fast-changing environments (Felin and Powell, 2016). However, although increased differentiation can solve problems associated with co-locating information and actions, it also raises the challenges of how best to coordinate those actions. The ability of differentiated business units to share their specialised information with other parts of the firm is often also crucial (Lenox and King, 2004; Foss et al., 2011). In other words, firms need to integrate the information that resides in specialised individuals and teams to achieve the shared purposes of the collective enterprise.

In this context, integration relates to the efforts undertaken by firms to ensure that their specialised and autonomous members are coordinated and jointly contribute to overall organisational performance (Lawrence and Lorsch, 1967; March and Simon, 1958; Thompson, 1967). It relates to the extent to which an organisation introduces systems or

mechanisms for linking together specialised or differentiated individuals or sub-units to convert distributed information into collective intellect (Lawrence and Lorsch, 1967; Felin and Powell, 2016). Such mechanisms can include formalization devices (such as rules, politics and procedures), lateral coordination devices (such as the use of temporary or permanent cross-functional teams, formal committees composed by leaders from different sub-units), or the temporary transfer of managers to other subunits (Foss et al., 2013).

Firms that differentiate but do not integrate face the perils of organisational disorder (Felin and Powell, 2016). Specialised and autonomous business units may be proficient at capturing information from the external business environments but may lack the means to transmit that information to relevant people across the business. Thus, organisational design scholars suggest that firms should be configured in ways to ensure that externally-captured information is transferred to relevant business divisions in a timely manner (Tushman and Nadler, 1978). In essence, firms need to develop coordination devices (such as cross-functional teams, liaison groups, and cross-divisional communication channels) that ensure that information captured by specialised units and their members is integrated in strategic decision-making. In this sense, decentralization and coordination constitute complementary organisational practices that are useful for efficiently accessing and deploying external knowledge in the context of realizing strategic opportunities. We draw on this corpus of research to explore how the differentiation and integration of boundary-spanning CPA units may affect their ability to capture external political information and share with the rest of the business.

3.2 Methodology

Informed by existing organisational design theory, data collection and analysis were designed to explore how interactions between organisational design factors impact upon the ability of CPA units to source and share political information with internal business divisions. Our study adopts an abductive approach (Dubois and Gadde, 2014). Abductive studies enable the extension of existing knowledge as well as the introduction of new ideas (e.g. Habermas, 1978). They afford the flexibility associated with exploratory, inductive research by ensuring that individual's viewpoints predominate and that results are grounded in data. They have the additional advantage of incorporating theoretical frameworks in the analysis process whilst also considering unintended observations of empirical data which can remain unclear with a deductive approach (Dubois and Gadde, 2014).

3.3 Theoretical background

3.3.1 Research design

Our research is based on an in-depth case study focused on the UK Government Affairs unit of Alpha Plc (pseudonym). Single case studies are often used in strategy research – including research reported in this journal (e.g. Aspara et al., 2013; Manzini et al. 2017; Wang et al. 2016; Vecchiato, 2019). They can provide more detailed, probing explanations compared to quantitative approaches (Burns, 2000). Yin (2003) argues they are the preferred approach when research – like ours – asks 'how' and 'why' questions to understand phenomena in a real-world context. Single case studies are especially useful for examining issues that have received insufficient conceptual and empirical attention (ibid). This point is relevant for our research. There is an absence of

case-based studies that investigate the 'black box' of corporate political strategizing and understand the configuration, processes and practices of CPA within firms (Lawton et al, 2013b).

We acknowledge that single case studies make generalisations difficult (Eisenhardt, 1989). However, the objective of our research was to explore an issue that has previously received insufficient conceptual and empirical attention (Yin, 2003), with a view to developing intermediate insights fit for further empirical testing with a broader sample of firms. We also recognise that case-based research can be sensitive to researchers' subjective interpretations. We thus followed the advice of other researchers (Eisenhardt and Graebner, 2007) to reduce researcher bias and increase the objectivity of our study. We used theoretical sampling to identify and access data capable of providing rich insights into the acquisition and sharing of political information in firms. We used multiple researchers, external co-interpreters, and different sources of data to increase the objectivity of our study. In the interests of transparency, we also provide rich interview quotations to demonstrate our interpretations.

3.3.2 Choice of case

We succeeded in securing access to study Alpha's UK-based GA unit and its relationship with the firm's transportation business division. Founded in the late 19th century, Alpha is a large engineering and services company headquartered in London. In 2018, the firm employed a staff of over 50,000 and posted revenues over £15bn – half of which were generated by the transportation division (Alpha Annual Report, 2018). This case study context is pertinent for exploring our research questions. Alpha's

London-based UK-focused GA unit, composed of 3 full-time staff and an office manager in 2019, is mandated to be the political 'eyes and ears' of the firm, scanning the UK policy environment for opportunities and threats.

Whilst the GA unit operates out of Alpha's headquarters in London, the transportation division's business operations are dispersed across the UK. Interviewees in the firm indicated that the transportation division is the one most likely to be subject to government interference. Its manufacturing processes and products are subject to close regulatory scrutiny. Many of the division's customers are government-owned. It also relies on the UK government for RandD funding. In 2018 alone, over a quarter of the business unit's RandD expenditure was financed by the UK government (Alpha Annual Report, 2018).

Focusing on this case-study context enabled us to hold constant several factors that could be considered as rival explanations for any changes in the GA unit's information-processing activities that emerged from our data. It allowed us to interview the same people, working in the same GA unit, monitoring the same political environment, and sharing information with the same business division. We therefore suggest that any changes in information-processing activities observed can be explained by changes in organisational design factors.

3.3.3 Data sources

Following the advice of Yin (2003), our data sources included face-to-face semi-structured interviews, publicly available archival data, and follow-up phone calls and e-

mails. We conducted semi-structured interviews with five current and former government affairs managers (GAMs) at Alpha between September 2016 and March 2019. One informant – the head of the UK GA unit – was interviewed seven times. All interviewees have direct, first-hand experience of how Alpha has practiced government affairs in the UK, both today and in the past.

Our research is partially based on GAMs' perceptions. Perceptual data can be problematic in terms of upward bias. Following Yin's (2003) recommendation, we thus used other data sources to minimise the risk of error in our research. To increase the validity and reliability of our data, we incorporated perspectives of six senior executives working in the transportation division and Alpha's 'International' team (to which the UK-based GAMs reported). We specifically chose to interview these people because they have extensive knowledge and understanding of the organisation of the UK GA unit. Informants in the business division are internal customers of the UK GA unit.

Interviews covered issues dealing with the organisation of the UK GA unit, the nature of its relationships with the business division, and its ability to source external political information and share it with the business division. Questions on organisational design issues were inspired by (Foss et al., 2013). Questions on processes used to source and share political information were inspired by Gooderham et al. (2011) who propose that knowledge sharing in corporations involves both the accumulation and assimilation of new knowledge in receiving units. We provide an interview guide in the appendix of this article.

In total, we conducted 18 interviews with key people involved in the organisation and delivery of GA at Alpha. These generated approximately 20 hours of interview data, capturing evolution in the organisation of Alpha's political monitoring activities between 2010 and 2019 (see Table 1). All interviews were transcribed verbatim. The names of interviewees have been changed to respect guarantees of anonymity.

Table 1: Interview summary data

Interviewee	Seniority at time of first interview	Date	Duration
Richard, former GAM	13 years	September 2016	45 mins
Paul, former GAM	5 years	November 2016	75 mins
David, GAM in Alpha's International division	3 years	December 2016	60 mins
Catherine, head UK Government Affairs	9 years	January 2017 April 2017 September 2017 February 2018 April 2018 February 2019 March 2019	80 mins 75 mins 80 mins 80 mins 70 mins 70 mins 60 mins
Amanda, head of Global Government Affairs	2 years	January 2017	80 mins
Rebecca, GAM	6 years	June 2017 June 2018	75 mins 60 mins
Malcolm, Senior VP Sales in business division	9 years	September 2017	75 mins
John, Senior Sales Manager in business division	5 years	October 2018	60 mins
Brian, Business Development Director in business division	8 years	April 2019	60 mins
Simon, Commercial Strategy Director in business division	14 years	April 2019	60 mins
Alan, Engineering Manager in business division	12 years	April 2019	30 mins
		18 interviews, totalling 19h55m	

When we needed to clarify points made during interviews, we contacted informants again by e-mail or phone. We also used information from public archives, including articles and reports on Alpha's government affairs activities published by the mainstream and specialist public relations press in the UK, the UK government and NGOs, such as Transparency International. This information provided additional political, economic and corporate context for our analysis. Table 2 presents our complete data set and explains how we used it in our analysis.

Table 2: Data sources and use

Source	Type of data	Use of data in the analysis
Interviews	A total of 9 formal face-to-face interviews with current members of UK-based GR unit, conducted between January 2017 and March 2019	Gain a deep understanding of the organisation of the UK-based GR unit, changes in GAMs' working practices, and relationships between GAMs and colleagues in business division
	A total of 9 formal face-to-face or telephone interviews with GAMs working at other locations and key contacts in the business division, conducted between September 2016 and April 2019	Triangulate evidence derived from interviews with UK-based GAMs
Follow-up contacts	21 follow-up calls with interviewees, conducted between February 2017 and April 2019	Obtain feedback on initial findings
Archival	Alpha Company annual reports 2007-2018 23 media reports of Alpha's GA activities 4 government reports on Alpha's GA activities 2 NGO reports on Alpha's GA activities Alpha's Global Lobbying Policy	Gain a deep understanding of Alpha, its markets, and its organisation Triangulate evidence derived from interviews with UK-based GAMs

3.3.4 Data analysis

The empirical data underpinning our research captures changes in the design and information-processing performance of Alpha's UK GA unit over a period of nine years, from 2010 to 2019. The temporal character of our data lends itself to a processual analysis. Such analytical approaches are rare in CPA research (Schuler, 2002; Barron et al., 2017). Based on the data collected and following prior studies (e.g. Skippari, 2005), we adopted a narrative approach that included the construction of a case history. Our analysis of this history proceeded in three stages. First, the two co-authors separately identified temporal changes in the ability of the GA unit to capture political information from external sources and share this information with the business division. Second, we performed a contextual analysis to identify explanations for temporal changes in their GA unit's processes. This contextual analysis included an analysis of changes to the organisational design of the GA unit. Finally, we asked academic colleagues to review our data analysis and resolved any discrepancies in our interpretations of the data.

In analysing our data, we followed an abductive process. Accordingly, our initial interviews were informed by concepts and notions gleaned from prior theoretical literature, but we allowed our thematic focus to evolve as our understanding of the management and organisation of Alpha's UK-based GA unit increased (Dubois and Gadde, 2014). In practice, existing research drew our attention to the broad theoretical linkages between organisation design factors and information-processing activities in firms and our interviews enabled us to explore specifically how these linkages – or others – play out in the real-life setting of Alpha.

Although our analysis was guided by existing literature, we used a system of open coding to describe GA practice at Alpha using the language used by our informants (Corbin and Strauss, 2015). The analysis progressed through an iterative process whereby we invited our informants at Alpha to reflect on and revise our emerging findings. We also asked academic colleagues to review our empirical observations. This managerial and academic feedback enabled us to develop a richer understanding of the factors that facilitate or hamper the ability of Alpha's GA unit to source and share political information and capture how GAMs at Alpha have experienced this ability in their own social reality (Gioia, 2003).

3.4 Results

Table 3 summarizes our interview data. We structure our analysis using a narrative approach. To establish an empirical baseline for our study, we begin by describing the organisational design and information-processing performance of the GA unit in 2010. We then show how the information processing activities of Alpha's UK-based GA unit evolved across three specific phases (phase 1 (2010-2015), phase 2 (2015-2017) and phase 3 (2017-2018)), as a consequence of changes in the unit's organisational design. Changes (in phase 1) in the extent to which Alpha mapped GA unit onto the full diversity of the UK political environment and gave it autonomy to performs its specific tasks (differentiation) played a key role in increasing its ability to capture information on external political developments. Subsequent changes (in phases 2 and 3) in the extent to which Alpha introduced mechanisms to promote collaboration and coordination between the GA unit and the business division (integration) enabled a further upgrading of information-processing. In essence, increased coordination enabled the GA unit to

translate political information into language that business division colleagues would understand, and helped GAMs provide colleagues with strategic advice on how to address political issues.

Table 3: Interview summaries and representative quotes

2010: Initial baseline	
Autonomy of GA unit	Alpha had a dedicated UK-focused GA unit staffed by one 'all-rounder' manager who was highly dependent on CEO *"The GA team operated like a department of the civil service, treating the CEO much in the same way as it would a government minister […] GAMs were very dependent on the CEO to pass them work to do" (Catherine, head of GA unit)*
Specialisation of GA unit	GA unit's responsibilities were not as specialised as they would increasingly become over time *"I worked alone, monitoring developments across the vast number of offices, departments and ministries around Westminster" (Catherine, head of GA unit)*
Formal coordination (lateral linkages between GA unit and business division)	Practically no lateral linkages between the GA unit and the business division *"I occasionally went to visit all the sites. I didn't always quite know what I was looking at, or what I was asking questions about, but I went out to show my face" (Catherine, head of GA unit)*
Information exchange processes	Reactive channelling of unedited political information to CEO and senior leadership team *"We received raw, unedited clippings from Hansard every Friday, and sent them – unabridged – to the CEO. It was just a pile of stuff. It added no value. What's the point of knowing this information on a Friday? The government might sneak something out on a Monday. You don't want that information on a Friday" (Catherine, head of GA unit)* *"I'd use my own contacts rather than the GA unit to keep informed about what was going on politically" (John, Sales Manager)*

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Table 3 (continued)

Phase 1 (2010-2015): Emergence of proactive search process	
Autonomy of GA unit	Increased following the appointment of a new CEO *"We suddenly had more independence. Some people actually thought we were a bit too independent and maybe doing our own thing too much" (Rebecca, senior GAM)*
Specialisation of GA unit	Increased following the recruitment of additional GAM and internal division of tasks *"There was a potential muddling and lack of clarity about the UK GA unit. It wasn't always clear which team member was responsible for which ministry. To avoid tripping over each other, we decided to focus on specific policy areas" (Catherine, head of GA unit)*
Formal coordination (lateral linkages between GA unit and business division)	Increased, but still low: formal meetings between GAMs and senior executives every 8-10 months *"Our contacts with the GA team were still not as regular as they could have been. We were still not incorporating government affairs early into our business planning. We needed a more concerted integration in our sales campaigns" (Malcolm, SVP Sales)*
Information exchange processes	Emergence of increasingly proactive scanning process *"We developed targeted list of search terms, which included technologies that were relevant to the business division, and one-off terms that we flagged up every Thursday when parliamentary business for the following week is announced. We used these terms to start producing a continuous, customised feed of information from parliament"* *"The search process gave me control, as far as possible, over what was likely to be happening in the future. Plus, it allowed me to demonstrate that I was adding value. I could tell my colleagues about things that were going to happen before they happened. It meant that the company would be able to prepare in terms of what it needed to do." (Catherine, head of GA unit)* *"The GA unit identified opportunities for us – like a state visit. They contacted us and asked us how we could use it." (Malcolm, SVP Sales)*

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Table 3 (continued)

Phase 2 (2015-2017): Emergence of translating process	
Autonomy of GA unit	Remained high *"I don't need to work through senior managers to meet the right people and get results" (Catherine, head of GA unit)*
Specialisation of GA unit	Remained high *"Individual GAMs have individual responsibility for relationships with specific government offices." (Rebecca, senior GAM)*
Formal coordination (lateral linkages between GA unit and business division)	Increased further following recruitment of a facilitator who encouraged GAMs to meet senior executives at least every 3 months *"The number of meetings we have can change in response to external political developments, such as in 'moments of great excitement'. But generally speaking, we meet at least once a month" (Catherine, head of GA unit)*
Information exchange processes	Emergence of a translating process for sharing information with business division colleagues *"I don't just ping colleagues an e-mail about a government announcement. I have to read it and understand what the potential implications are for my colleagues. I translate the external information into a simple message. 'You need to care about this. It's going to cost you £5 million.' I have to explain what the tax signified for them' (Rebecca, senior GAM)* *"Rather than passing on Hansard clippings to colleagues, I now spend time identifying topics important for the firm and explaining their importance to colleagues in a language they'll understand. It's not enough to inform colleagues that a certain person has been nominated to a particular position in government. I have to explain the consequences of that nomination for the firm." (Catherine, head of GA unit)*

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Table 3 (continued)

Phase 3 (2017-2019): Emergence of guiding process	
Autonomy of GA unit	Remained high *"I have as much independence in 2019 as I had in 2015" (Catherine, head of GA unit)*
Specialisation of GA unit	Remained high, following recruitment of a third GAM *"There's now a much clearer division of labour within the GA team, with each member responsible for monitoring developments in specific ministries." (Catherine, head of GA unit)*
Formal coordination (lateral linkages between GA unit and business division)	Increased further following creation of dedicated taskforces created in response to given political issues, such as Brexit *"I meet with Catherine as part of the Brexit trade taskforce at least once a month" (Brian, Strategy Director)*
Information processing	Development of a guiding process for sharing information with business division colleagues *"We're moving from a 'I think you should see this' to a 'This is what we should do next' situation. That's when I keep adding value, when I'm taking the pressure off colleagues. I'm saying 'I've done the work for you, you just need to agree to my suggestion, and then I'll get on and do it, and you don't need to worry." (Rebecca, senior GAM)* *"I wouldn't be able to compile risk analysis results or answer my constant 'so what?' questions without the help and guidance provided by the GA team" (Brian, Strategy Director).*

Initial baseline

In 2010, the UK GA unit comprised one GAM - Catherine. She worked alone as an 'all-rounder' trying to follow political developments across all ministries and departments in Westminster. As we develop below, Catherine's responsibilities were not as specialised as they would increasingly become over time. The GA unit had little autonomy. It

depended on the CEO and Alpha's senior leadership team for instructions. Catherine lacked discretion to make GA-related decisions herself (Richard, September 2016; Amanda, January 2017; Catherine, April 2018). The CEO was in fact a prominent figure in numerous politically-active trade bodies in the UK (Alpha Annual Reports, 2007, 2008, 2009):

> "He had a deep, general interest in UK politics and wanted to go to meetings with senior people in government himself" (Catherine, April 2018).

The GA unit was not well integrated with the business division. Catherine toured the UK to visit the business division's numerous operational sites. Despite these efforts, the GA unit's formal, lateral linkages with the business division were practically non-existent. The UK GA team was simply not on most colleagues' radars (David, December 2016; Amanda, January 2017). Those who were aware of the GA unit considered it a distant, isolated HQ function that worked on behalf of the CEO (John, October 2018). GAMs sensed that colleagues in the business division saw GA as a costly function whose utility was limited to helping secure external RandD funding (Paul, November 2016; Catherine, January 2017). Senior managers in the business division corroborated this perception:

> "I didn't know that the GA team existed, let alone understand how it could help me out" (John, Sales Manager, October 2018)

Organised in this way, the GA unit's information exchange processes were underdeveloped. The CEO's preference for handling political issues personally meant that the GA unit had no information-gathering relationships within government

departments (Catherine, March 2019). Instead, it had to rely on publicly available information as its primary source of intelligence. Catherine captured information on developing political issues from newspaper reports or the TV news. She would learn, for example, that a policy document had been produced. Often, though, she had no warning that documents were going to be issued. Each Friday, the unit received unedited, 'raw' clippings from Hansard – the official register of debates in the UK parliament. Clippings included answers to all parliamentary questions tabled earlier in the week. Because Catherine had to follow political developments across all government departments, she was overwhelmed by the information she received.

As she had no frequent or formal linkages with the business division, Catherine would simply send this information – together with her summaries of media reports – to the CEO, not to the business division. The information-gathering process was reactive and largely unidirectional. GAMs admitted that it captured information whose utility was not immediately apparent, neither in terms of timing of delivery not in actual content (Catherine, January 2017). Colleagues in the business division concurred that, in 2010, the GA unit's ability to gather information was 'somewhat piecemeal' (John, October 2018). As one admitted:

> "Rather than obtaining political information directly from the GA unit, I relied on information feeds from an informal network of contacts dotted around the country" (Malcolm, SVP Sales, September 2017).

Phase 1: 2010-2015

Between 2010 and 2015, the differentiation of the UK GA unit increased, both in terms of its autonomy and the extent to which it mapped onto the UK political environment.

In early 2011, Alpha appointed a new CEO whose task was to turn around the firm against a background of numerous profit warnings and a deteriorating financial performance (Alpha Annual Reports 2011, 2012 and 2013). In this difficult business context, GA was not one of the new CEO's priorities and he spent less time than his predecessor getting involved in the firm's political activities (Paul, November 2016). The appointment of the new CEO led to very distinct changes in the management and organisation of the UK GA unit (Catherine, March 2018). Crucially, it gave the GA unit more autonomy over its day-to-day activities. In Catherine's words:

> "The new CEO and his senior leadership team were quite happy for me to get on with managing government affairs in the way I wanted" (Catherine, head of GA unit, April 2018)

GAMs now had more freedom to nurture relationships across Whitehall, which they were subsequently able to use for more proactive information gathering (Catherine, February 2019). Catherine also exploited her new-found freedom to recruit a new GAM – Rebecca – during the summer of 2011. Conscious that she and Rebecca would eventually 'trip over themselves' when seeking to capture external political information (Catherine, February 2019), Catherine introduced a clear division of labour in the GA unit. By 2015, Catherine was

> "responsible for monitoring developments in Downing Street, the Cabinet Office, the Treasury, Foreign Office and Ministry of Defence. Rebecca was following policy discussions in the Home Office and the departments of Transport, Environment and Education (Catherine, March 2019)."

The UK GA unit has thus become increasingly differentiated: specific GAMs plugged into the fuller diversity of the UK political environment and had autonomy to perform their specific monitoring tasks.

Although the autonomy and specialisation of the GA unit had increased by 2015, formal coordination between the UK GA unit and the business division remained limited. Building on her tours of the UK, Catherine began formally presenting the work of the GA team to colleagues in the business division. As Catherine explained:

> "These presentations provided me with opportunities to start understanding the challenges facing the business division (Catherine, April 2018).

They also helped increase the visibility of the GA unit and educated colleagues about the importance of UK GA for the business (Malcolm, September 2017; John, October 2018). However, by 2015, these presentations were being held on average only every 8-10 months (Catherine, September 2017). In between these presentations, members of the GA team contacted sales colleagues in the business division on the back of monthly sales campaign updates sent via e-mail (John, October 2018). However, GAMs were themselves reluctant to use group e-mails or periodical newsletters to publicise their activities, dismissing such communication channels as 'vanity publishing' (Catherine, April 2018).

Organised and managed in this way, the GA unit had by 2015 begun to develop a more sophisticated process for capturing political information. Increased specialisation within the GA unit enabled GAMs to collect external information more effectively. By differentiating their roles, GAMs obtained full ownership and individual responsibility for monitoring specific policy areas and nurturing information-gathering relationships within specific government departments (Catherine, February 2019). Catherine no longer felt overwhelmed by the number of government ministries and policy issues she had to follow on her own.

Although still very much underdeveloped, formalised meetings and e-mail exchanges with the business division helped GAMs to begin developing targeted lists of search terms, including technologies that were relevant to the business division. To avoid being inundated with masses of random information, GAMs used these terms to start producing a continuous, customised feed of information coming from specific departments in Whitehall. As Catherine shared:

> "This emerging 'no surprises' approach to scanning the political environment added rigour to the previous reactive search process (Catherine, April 2017).

Senior managers in the business division appeared to appreciate the GA unit's more targeted scanning process. One (Malcolm, September 2017) explained that Catherine, through her personal connections in Downing Street, had learned in early 2015 about a state visit to London by the Prime Minister of a potential customer's home country. Catherine informed him about the visit, thinking he could use it to overcome an impasse

in stalled negotiations with the customer. Thanks to the intelligence that Catherine had acquired through her relationships, the business division was able to organise for the Prime Minister an extensive factory visit and photo shoot with leading UK politicians during the Summer of 2015.

> "The visit worked like a treat – it concluded with the signing of a memorandum of understanding. The GA unit's increasingly proactive scanning process was instrumental in finally getting the deal over the line (Malcolm, September 2017).

Despite these advances, managers in the business division recognised that integration issues continued to limit the ability of GA unit to share information. Whilst the senior sales executive had welcomed Catherine's efforts in helping him secure the deal with the international customer, he admitted that the GA unit's contribution to his sales campaign had been an exception, rather than the rule. In 2015:

> "Contacts with government affairs were still not as regular or formal as they could have been" (Malcolm, September 2017).

Phase 2: 2015 – 2017

Between 2015 and 2017, lateral linkages between the UK GA unit and the business division increased significantly. Catherine had more frequent contact with key decision-makers in Alpha's business divisions and corporate functions. Informants in the business division confirmed that the frequency of these formal meetings with member of the UK GA team had increased since 2015. Whereas they then used to see Catherine

every 10 months or so, they now met at least once a month (Brian, March 2019; Simon, April 2019).

> "Catherine managed to broaden the bandwidth of people who were are involved in and aware of government affairs. There was now a much more regular drum-beat of communication between the GA unit and the business division" (John, October 2018).

Central to this increased collaboration between the GA unit and the business division had been the appointment in 2016 of Amanda as coordinator of Alpha's global GA activities. Amanda's role was created as part of corporate restructuring aimed at addressing duplications between Alpha's corporate functions and business divisions. This group-wide programme, introduced in response to heightened competition in Alpha's global markets, focused on simplifying the organisation, streamlining senior management, reducing fixed costs and adding greater pace and accountability to decision making (Alpha Annual Reports, 2015, 2016 and 2017). Charged with streamlining GA, Amanda played a key facilitating role, encouraging members of the UK GA unit to meet with colleagues in the business division more frequently (Paul, November 2016; Catherine, February 2019).

> "Thanks to Amanda, my personal network in the business division expanded a lot. I had contacts and working relationships across the division" (Rebecca, June 2017)

Amanda was in effect the glue that had helped the UK GA unit build and bind together its network of internal contacts (Catherine, February 2019).

The arrival of Amanda had no negative consequences on the autonomy of the GR unit. This remained high in 2017.

> "Amanda was a coordinator rather than a 'command-and-control' type of manager. She never gave us direct orders, and she never expected us to seek her permission to speak to the right people and get results" (Catherine, March 2019).

Configured as such, the GA unit was able to hone its emerging searching process by increasing its ability to prioritise political issues. Increased coordination with the business division meant that GAMs now had more formal meetings with senior executives in the business division. These, they claimed, enabled them to enhance their understanding of what the division was doing and assisted them in compiling increasingly specific and targeted search terms that were relevant for the business division. For example, Rebecca explained that:

> "Through more frequent and formal contacts with colleagues in the division, I could understand that artificial intelligence and CO_2 emissions were priorities for their business. I used these two terms to skim-read reports and evaluate whether their contents were important for the business division or not" (Rebecca, June 2018).

Alongside facilitating the GA unit's ability to acquire external information, growing coordination also enabled the GA unit to share externally-captured information with the business division more effectively. The unit's scanning process generated lots of information originating from parliamentary sources and written in specific political language. In 2010, the GA unit would simply channel this political information unabridged to internal colleagues. By 2019, increasingly frequent meetings with colleagues in the business division enabled Catherine and her team to better understand the business division. Being more integrated with the business division, they could add value by reformulating information about these developments in a language that they knew their colleagues in the business division would understand. GAMs at Alpha increasingly saw themselves as 'translators' (David, December 2016; Amanda, January 2017; Catherine, February 2018) or working in a 'translation service' (Rebecca, June 2017) to support the wider company.

Describing her translation process, Rebecca indicated that, when sharing information on the UK government's plans to introduce a new tax to members of the business division's training team, she had to explain what the tax signified for them, rather than simply forwarding them the government announcement (Rebecca, June 2017). Commenting positively on the value that GAMs' translation process brought to the sharing of political information, a colleague colleagues in the business division agreed that

> "The information Catherine brings is genuinely interesting and relevant. She's a good filter – what she communicates to us is 'on the money' in terms of usefulness." (John, Sales Manager, October 2018)

Phase 3: 2017-2019

Lateral linkages between the UK-based GA unit and the business division increased still further between 2017 and 2019 following the creation by Amanda in 2017 of policy-specific taskforces. These sought to coordinate group-wide activities aimed at assessing and minimising the effects of emerging policy issues on business operations. One of these taskforces was established specifically to deal with the political consequences of UK's decision to leave the European Union (Catherine, March 2019; Alpha Annual Reports, 2017 and 2018). Informants in both the GA unit and the business division shared that, in early 2019, they were attending taskforce meetings on Brexit and international trade issues at least once a fortnight (Catherine, March 2019; Brian, April 2019; Simon, April 2019). A third GAM – Ben – joined the London-based unit during the Spring of 2018. His recruitment enabled a further division of labour within the UK GA team.

> "Ben has assumed responsibility for monitoring defence-related policy developments. This allows me to specialise on monitoring developments in the Department for Exiting the European Union (DExEU)" (Catherine, March 2019)

Being more formally coordinated with the business division through this Brexit-related taskforce enabled the GA unit to identify for example, that customs and tariff issues were becoming key priorities for the business division. Catherine was subsequently able to use these search terms to concentrate her external scanning activities when following developments in the Westminster machinery (Catherine, March 2019). Business-division colleagues who participated in the Brexit taskforce commented positively about

the GA unit's improved ability to capture relevant political information. The unit was now able to look through 'the political noise' in Westminster to identify the priorities for the transportation division (Brian, April 2019). Moreover:

> "Catherine paints a valuable global picture of UK politics and has become a lynchpin in taskforce efforts to gather top-level and functional-level information on very specific Brexit-related issues that matter to the division" (Simon, April 2019).

Increased formal coordination with the business division via the Brexit taskforce also enabled the GA unit increasingly to provide colleagues in the business division with strategic advice on how to address political and regulatory issues. Instead of simply informing colleagues about external political developments, Catherine and her colleagues were progressively attempting to offer their colleagues additional instructional guidance (Catherine, September 2017). They were in effect trying to move from a 'I think you should see this' to a 'This is what we should do next' situation (Rebecca, June 2018). Linkages increasingly formalised in the Brexit taskforce had laid the foundations for more trust-based relationships between the GA unit and the business division.

> "People in the business division are now much more likely to come to us for advice. As a team, we're in a better place internally. The people we work with are happy to work with us and trust what we're trying to do. They're less likely now to go off and do their own thing" (Catherine, February 2019).

Colleagues in the business division admitted that

> "We can now rely on the GA unit's support and can count on them to suggest what political actions need to be taken in response to Brexit-related issues (Simon, April 2019).

3.5 Discussion and conclusion

Our research explored how firms can design the organisation of their boundary-spanning CPA units to capture external political information and communicate it with relevant internal business divisions effectively. We found that the information exchange processes of Alpha's UK-based GA unit were extremely limited in 2010 when the unit had relatively low specialisation and autonomy and when it was poorly integrated with the business division. As illustrated in Figure 1, higher value-adding processes exhibiting more sophisticated ways of working emerged over time as the GA unit's organisational design evolved.

Following the appointment of a new CEO in 2011, the GA unit became more autonomous and internally specialised (i.e. its differentiation increased) so that by 2015 it could focus attention on policy developments in specific government ministries and begin scanning the UK policymaking environment in a more targeted and concentrated manner. Following corporate restructuring in 2015 (which introduced a facilitating manager who streamlined Alpha's global government affairs activities), the unit became more formally coordinated with the firm's transportation division. Increased lateral linkages between the GA unit and the business division meant that, by 2017, the GA unit was able to scan political developments more proactively and translate their

significance for business-division colleagues. Developments in the UK political environment – including the UK's decision to leave the European Union – led to further coordination between the GA unit and the business division through the creation of cross-functional task forces aimed at assessing the consequences of Brexit on Alpha's business operations. More frequent interactions with the business division between 2017 and 2019 enabled the GA unit not only to inform colleagues about policy developments but increasingly offer instructional guidance on how to address those developments.

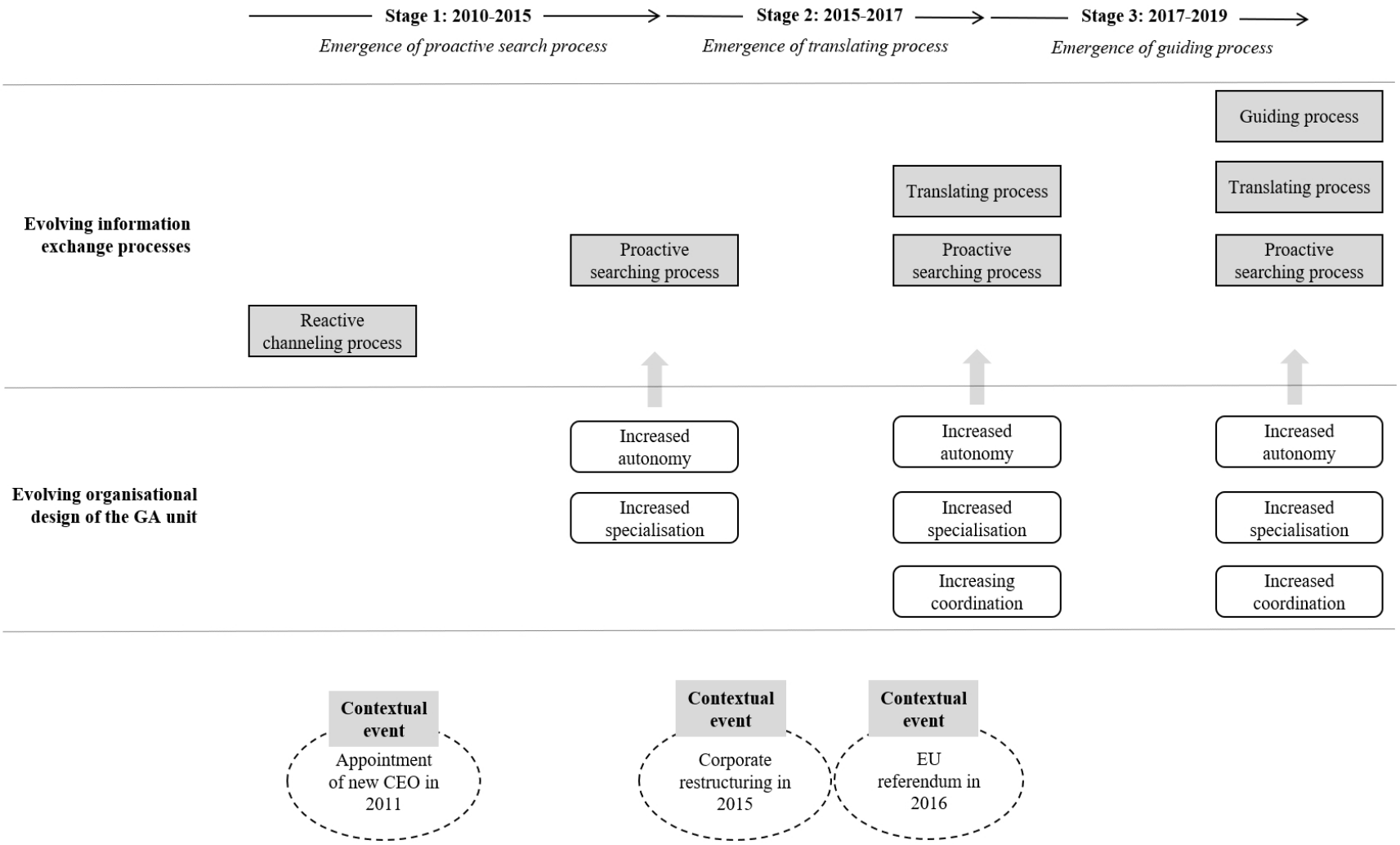

Figure 1: Organisational design and information exchange processes of Alpha's UK-based GA unit, 2010-2019

Overall, we find that GA units need to be autonomous, internally specialised and formally coordinated with the rest of business if they are effectively to access and deploy external political knowledge in the context of recognising strategic opportunities and threats in the corporate political environment. These findings generate new insights into the organisational antecedents of CPA performance, which remain understudied in the extant literature. Over 15 years ago, (e.g. Hillman et al., 2004) reported that corporate political actions can be influenced by factors such as a firm's size, dependency on government, diversification, ownership and age. More recent research indicates that the political capital of board of directors (e.g. Sun et al., 2016) or the configuration of top management teams to include dedicated external affairs managers (e.g. Doh et al., 2014) have consequences for CPA performance. Our work advances this previous research by exploring at a more micro-level how managers can make choices about the design of business units charged with delivering a firm's political strategy can affect CPA performance.

Our research specifically highlights how the organisational design of a boundary-spanning CPA unit influences a firm's political actions. Recent, related research treats boundary-spanning CPA units as agents of influence (e.g. Dieleman and Boddewyn, 2012; Sun et al., 2012, Barron et al., 2017). These studies emphasise the outward-facing representational role of boundary-spanning CPA functions (Ancona and Caldwell, 1992). Complementing this research, we studied the inward-facing informational role (*ibid*) of boundary-spanning CPA units, considering them as scouting units that import information from the corporate political environment into a firm and share that information with other business divisions. This monitoring dimension of CPA has been

recognised by CPA scholars (e.g. Oliver and Holzinger, 2008) but insufficiently unpacked in the extant literature.

Accordingly, a key contribution of our research is to disentangle the process of political monitoring and cast light on the under-researched internal processes that underpin effective corporate political actions (Lawton et al, 2013b). We illuminate an important aspect of this 'window in' dimension of the CPA function: there is no single, generic process of political monitoring. Rather, this activity can be fine-sliced into a series of increasingly value-adding sub-processes. These involve (i) proactively searching for company-relevant political information externally, (ii) translating externally sourced information so that it is understandable to colleagues, and (iii) providing strategic guidance on how to address external political challenges and opportunities.

Importantly, our research illustrates how a boundary-spanning CPA unit can be organised in a way that supports the performance of these value-adding processes. It does so by applying insights from organisational design theory, which has not been systematically applied to the study of CPA. Previous studies that engage with the organisation of CPA (e.g. Dieleman and Boddewyn, 2012; Sun et al, 2012) marshal theoretical perspectives (including resource-dependence theory and agency theory) that encourage firms to design their CPA functions in ways that decouple GA units from the rest of the company. Such designs may be useful whenever there is a need to buffer firms from risks stemming from the external political environment. By contrast, our research – adopting an information-processing perspective informed by organisation design theory – suggests that such decoupling may prevent other business units from

obtaining information about possible opportunities and threats that CPA units can capture in their political monitoring activities.

Whilst our research speaks primarily to the CPA literature, it is also of interest for scholars of organisational design. It confirms the growing corpus of work elucidating the role of organisational design in facilitating a firm's use of external knowledge sources for sensing and seizing business opportunities and threats (e.g. Foss et al., 2013; Felin and Powell, 2016). In line with this existing research, our study highlights the need for firms to create an appropriate organisational design based on autonomy and coordination if they wish to absorb information from external sources when innovating or exploiting opportunities (Foss et al., 2011; Mendelson, 2000). However, building on this previous research, our study also emphasises the importance of internal specialisation in this process. Alpha's UK-based GA unit was better able to control the flow of information coming from Westminster and concentrate on which political developments were important for the firm when it became increasingly internally specialised.

Although not a primary aim of our research, our study also enables us tentatively to propose possible causal mechanisms that may be useful in shedding additional light on the observed aggregate-level relationships between dimensions of organisational design and the exchange of political information between CPA units and business divisions. Fundamental to the Alpha's improved information processing activities has been the ability of its GA unit to search the external political environment in a more targeted way. Increased specialisation was critical in this regard. In line with the attention-based view

of the firm (Ocasio, 2011), we suggest that specialisation positively affected the selective attention of managers, enabling them to focus on significant political developments in specific government ministries at the exclusion of less important developments in others.

Our research finds that specialisation is a necessary yet insufficient factor for explaining why Alpha's GA unit was able to perform higher value-adding information-processing activities. We suggest that increased integration (through improved coordination and collaboration mechanisms) enabled Alpha's UK-based GA function to develop a larger network of more meaningful relationships with colleagues working in the business division. This growing number of contacts essentially created within the firm new and important access points (Tsai and Ghoshal, 1998) that laid the foundations for exchanging information. This chimes with previous research (e.g. Barron et al, 2017) regarding the importance of organisational design in shaping the levels of GAMs' internal social capital in multinational enterprises.

In terms of its managerial implications, we believe our research provides senior executives with practical guidance on the organisational mechanisms they can manipulate to improve the performance of their firms' political strategies. Many firms have created government affairs units as outward-facing units for influencing and managing political entities. However, those units may not be designed effectively to perform inward-facing political monitoring activities. These monitoring activities are crucial for firms to better understand the impact of increasingly complex and dynamic regulatory environments on their business operations.

Our research provides empirical evidence suggesting that a blend of autonomy, internal specialisation and formal coordination is associated with higher political monitoring performance. Being autonomous and internally specialised enhances the ability of those GA units to proactively search the political external environment and recognise strategic opportunities and threats. At the same time, GA units also need to be integrated with the rest of the firm via formal coordination mechanisms. By increasing this integration, GA units are able to translate and explain the importance of externally-sourced political information to relevant business units within the firm, and provide them with guidance on how to address strategic political issues. When configuring their GA units, managers should therefore attend to those organisational design elements that affect their firm's ability to capture external political information and share it with internal business divisions.

Our research suggests that senior executives provide their GA units with autonomy and specialisation, and they should not leave the effective integration of the GA units to self-organising principles and informal relations. Rather, they must consider putting in place formal coordination mechanisms to help these units achieve integration with relevant internal business units.

3.6 Limitations and future research

Our research focuses on how a boundary-spanning GA unit acts as a 'window in' to one business division in one large firm operating in a particular industry and specific political context. We acknowledge the difficulties in generating broad generalisations from single case studies (Eisenhardt, 1989). Further research could use our study as a

guide to investigate other GA units in different political contexts and in other different industries. It would be especially fascinating to explore these organisational questions in multi-divisional, multi-national enterprises whose GA units are responsible for scanning policy for multiple business units operating in diverse institutional settings.

We also acknowledge that the boundary-spanning GA units can act as a 'windows in' and 'window out' at the same time, rather than in mutual exclusion (Ancona and Caldwell, 1992). Notwithstanding the challenges of convincing firms to talk about their external-facing influence-orientated activities, future research may further investigate how changes in the design of a firm's CPA function helps or hampers the ability of its GA units to perform these dual roles in tandem. Thus, it would be interesting for scholars to seek to answer: How can firms organise their CPA units to be able to develop their monitoring- and influence-orientated processes simultaneously?

The explicit focus of our research was on illustrating how changes in the organisation of Alpha's UK-based boundary-spanning CPA unit led to improvements in its information-exchange processes. We highlight the context within which organisational changes took place, drawing attention to changes in senior management, corporate restructuring and external policy events. However, we recognise that reasons behind organisational design changes may be numerous. Future research could thus explore in greater detail the effects of internal and external stimuli on managers' decisions regarding the organisation of boundary-spanning CPA units.

Our research also emphasises the effect of formal organisational design factors that are much more amenable to direct managerial manipulation (Nadler and Tushman, 1997). It

would be interesting to investigate whether the use of these formal factors give rise to an informal organisation, characterised by increased social relations. We thus invite scholars to investigate the evolution of formal linkages between GA units and internal business divisions, and explore whether these evolve into more trustworthy relationships encouraging colleagues to establish, for instance, separate informal meetings to discuss important political issues on an ad-hoc informal basis. Such research would be useful in developing our still-limited understanding of trust-building and boundary spanning in global organisations (Zhang, 2018).

3.7 Appendix. Interview guide

Questions about processing political information

- Please describe the ability of Alpha's UK-based GA unit to capture information on external political developments, and share this information with colleagues in the business division
- Has this ability changed over time?
- Could you illustrate this evolution with an example?

Questions on differentiation

- How much autonomy does Alpha's UK-based GA unit have over its political monitoring activities?
- How has this autonomy changed over time?
- Could you illustrate this evolution with an example?
- How specialised is the UK-based GA unit?
- How has this specialisation changed over time?
- Could you illustrate this evolution with an example?

Questions on coordination between the UK-based GA unit and the business division

- Could you please describe the mechanisms – either formal or informal – that exist to ensure coordination between the UK-based GA unit and the business division?
- How have these coordination mechanisms evolved over time?
- Have changes in coordination mechanisms affected information sharing between the GA unit and the business division?

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4

How to win friends and influence the right people: designing the corporate government affairs unit

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This article has been published in the *Journal of Business Strategy*.

Reference of the article:

DOI: 10.1108/JBS-09-2019-0174

Pereda, A. and Barron, A., 2019. How to win friends and influence the right people: designing the corporate government affairs unit. *Journal of Business Strategy*.

Latest quality indicators of the Journal of Business Strategy:

Impact factor: 1.00

Q2 in Management Information Systems, Q2 in Strategy and Management

"Often, there's not a lot of thought given to how to structure the government relations (GR) department […] Where GR is housed within an organization and how it's linked to other functions often proves critical […] Hiring the right individuals is one key piece of the overall global GR puzzle. Another is making sure that these individuals are fully integrated into the broader company"

Foundation of Public Affairs (2013)

4.1 The importance of designing the government affairs function

Firms' operations can be negatively impacted by geopolitical events. Take the case of Airbus – the Toulouse, France-based aerospace company. The firm is affected by the UK's decision to leave the European Union and the election of Donald Trump as President of the United States. Both events have introduced significant uncertainty with respect to tax and trade policies. The impacts of such geopolitical developments are hard to predict. But, as Airbus admits, their consequences have potential to exert long-term negative effects on the firm's financial performance.

This example demonstrates that the dynamics of modern business require firms to process vast amounts of information in different corporate political environments. Within firms, it is usually the government affairs (GA) function – also called the public affairs (PA) or government relations (GR) function – that is charged with gathering this political information and influencing policy. Despite its growing importance, we know little about how to organize the GA function. A study by McKinsey found less than 30% of executives considered their GA function to be organized effectively (Musters et al., 2013). Few scholars have examined the organizational complexities facing GA units (Puck et al., 2018).

This study attempts to fill this managerial and research gap. We focus on the organization of the GA unit as a boundary-spanning function (Aldrich and Herker, 1977) performing two key information-processing activities. First, GA units can act as a

'window in' to the firm. This involves monitoring public policy developments to identify issues that have important implications for the firm. As a 'window in' to the firm, the GA unit engages in compliance-based strategies to align internal business processes with external political demands or gain advantages by anticipating future policy developments. In this sense, the GA unit resembles a scouting unit that sources external knowledge (Monteiro and Birkinshaw, 2017).

Second, the GA unit can act as a 'window out' of the firm that attempts to shape policy outcomes. In this guise, the GA unit engages in outward-facing, influence-based actions aimed at thwarting regulatory intrusion, or shaping how public policy is drafted. A key way of wielding influence is through information strategies (Hillman and Hitt, 1999). These involve providing political decision-makers with detailed information about firms' policy preferences. They commonly include tactics such as supplying policy actors with technical position papers, or testifying in hearings before government bodies. In this sense, a GA unit acting as a 'window out' reflects a representational boundary-spanning unit focused on defending the firm's specific interests vis-à-vis external policymaking bodies.

Building on organization design theory (e.g. Burton and Obel, 2004; Galbraith, 1995), we explain how to organize the GA unit to develop its "window-in" and "window-out" information processing capacities. We support our arguments using insights from interviews with individuals working in the European political landscape. We advance knowledge about the management of government affairs by incorporating insights drawn from organizational design theory. We provide managers with recommendations on organizational mechanisms that can be introduced to develop information-based political capabilities.

Our paper begins by reviewing organizational design theory. We then describe the information processing activities of GA units. Subsequently, we identify key design challenges that these activities involve. Finally, we provide specific advice on how to design the GA boundary-spanning unit to overcome these challenges.

4.2 The organizational design problem: an informational processing view

Organizational design is the key determinant of an organization's information processing capacity (Lawrence and Lorsch, 1967). Drawing on the information processing view (Galbraith, 1974), organizational design theory sees organizations as information processing entities, which must be designed so that information processing capacities meet information processing requirements.

Organizations are composed of specialized and differentiated sub-units that must work in a coordinated and collaborative way to achieve the overall goal of the organization and process information effectively. Consequently, the organizational design problem has been traditionally decomposed into two essential and complementary processes: differentiation and integration (e.g. Puranam et al., 2014).

Differentiation relates to the segmentation of an organization into sub-systems, with each one developing characteristics that reflect the requirements posed by its relevant external environment (Lawrence and Lorsch, 1967). Integration refers to processes that ensure unity of effort amongst various sub-systems, to accomplish the organization's task (ibid). Integration represents the quality of the collaboration between departments that are required to achieve unity of effort by the demands of the environment.

When applied to the organizational design of the GA unit, we contend that different designs of the GA unit, in terms of its differentiation and integration with other internal units, impact on the development of GA unit's information processing capacities. The organizational design of the GA unit will affect the behavior of its individual members to process political information (Nadler and Tushman, 1997).

4.3 Disentangling the information processing requirements of the GA unit

Information processing requirements of GA units depend on the characteristics of the activities they perform. GA units play a boundary-spanning role which establishes a link between a firm and its external political environment and mediates the flow of information between relevant actors in the focal organization and its task environment. This flow of information is potentially bi-directional. In Figure 1 and below, we suggest that boundary-spanning GA units can on the one hand perform "window-in" information processing activities and on the other, they can perform "window-out" information processing activities. The representational 'window out' and knowledge-sourcing 'window in' activities of a GA unit are not necessarily mutually exclusive.

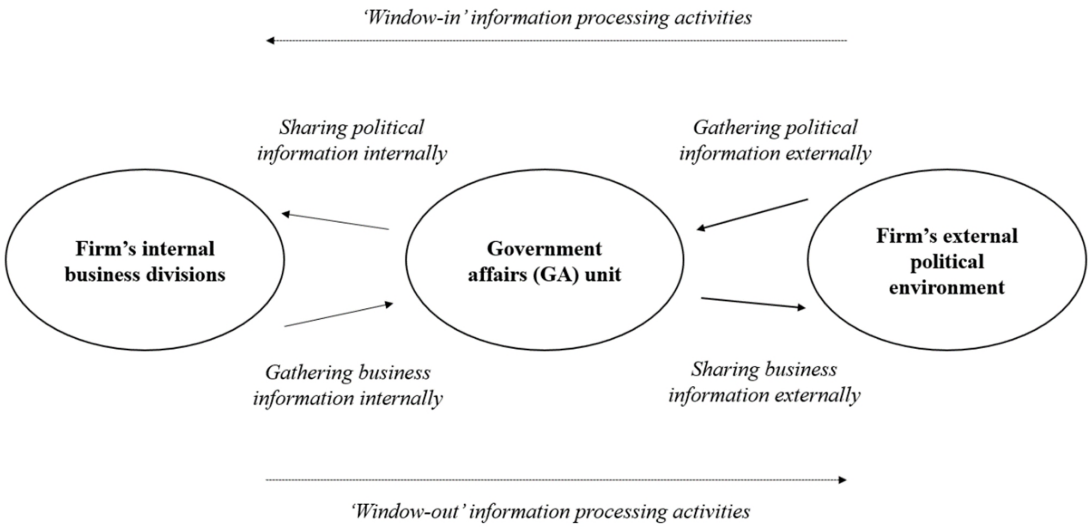

Figure 1: The information processing activities of boundary-spanning government affairs units

4.3.1 Window-in information processing activities

Window-in information processing activities consist of two information processing activities, chiefly (i) gathering political information externally, and (ii) sharing that information with internal colleagues

4.3.1.1. Gathering political information externally

The boundary-spanning GA unit can be involved in external issues monitoring and information gathering. It operates on behalf of the organization, scanning the political environment to identify existing and future political developments that could be threats or opportunities for the firm. This task may be complicated by information being deeply buried in complex and unfamiliar policymaking systems. The decision-making mechanisms underpinning the European Union (EU) provide a case in point.

Policy discussions in Brussels play out across a series of decision-taking venues, including the European Commission, the European Council and the European Parliament. The EU's political institutions are in a state of flux as treaty changes shift the balance of power across the EU institutions. In this complex and dynamic policymaking environment, it is difficult for GA managers to determine which EU institution is the most appropriate source of information on the many dossiers they manage concurrently. For example:

> "*A lot of my monitoring work involves understanding different institutions and recognizing for which different legal, economic and political aspects of the EU they are responsible. We need time to train up new staff in the ever-changing intricacies of EU policymaking, which are increasingly difficult for both seasoned GA staff and new hires to understand.*" [1]

4.3.1.2. Sharing political information internally

Even if GAMs succeed in extracting useful information from policymaking systems, there is no guarantee they can quickly transfer that information to relevant, internal audiences within their firms. GA units can be exposed to vast amounts of external information that may be potentially relevant for the broader business. They need to filter information before summarizing, translating and directing it to the business units that need it. Otherwise, information can 'get stuck' in the GA sub-unit. Indeed:

"*Monitoring and forecasting regulatory developments is one thing. Translating them into a language that design engineers will understand is another*" [2]

"*You might learn to know where to go and find stuff and figure out what's going on. But it's more challenging to filter that information, to determine what's important, for which colleagues, and what they need to do about it.*" [3]

In this sense, acting as a GA boundary spanner is "*as much about knowing the external political environment as it is about knowing the internal workings and demands of your own firm.*" [4]

4.3.2 Window-out influence-based activities

Window-out influence-based activities comprise two information processing activities: (i) sharing business information with external policy actors, and (ii) gathering business information from internal business units.

4.3.2.1. Sharing business information externally

GA units are involved in communicating information from the organization to key external stakeholders. They control flows of political information from both the outside-in and the inside-out. Information strategies, which involves firms providing policy makers with information about policy preferences, constitute an effective weapon in firms' GA arsenals.

Information transmitted by firms to policy actors may take many forms, including statistics, facts, arguments, forecasts, threats and commitments. Informational lobbying can include tactics such as issuing position papers on specific policy issues, or testifying in hearings organized by government bodies. When pursing information strategies, the boundary-spanning GA unit needs to adapt internally acquired information so that it

resonates with policymakers. Communicating with policy-makers and officials is challenging. Indeed:

> "*There's a load of things that need to be considered: to what extent is the audience 'political', to what extent are the decision-makers a set of political decision-makers, what else is going on in the country at the time? Do we want to play politics when our competitors have bigger guns in their arsenal, compared to us? What this means is that you can't have a one-size-fits-all formula. It's a sophisticated activity.*" [5]

4.3.2.2. Gathering business information internally

To share internal information with policymakers, GAMs need to gather it from internal company units. GA units thus need to monitor internal company developments. They gather intelligence across numerous business units and then 'join up the dots' to identify strategic decisions that may be inconsistent with firms' external interests. Put simply, the GA unit can be involved in soliciting valuable information from internal business units to obtain useful and meaningful positions on specific political issues. However, this is by no means an easy task. Indeed:

> "*My internal colleagues are super busy. They don't have the time to read a whole policy paper. They want to read the two most important lines and hear your recommendation.*" [6]

Moreover, GAMs may be specialists in political communications, rather than technical experts. Consequently, they may depend on expertise from internal colleagues to participate constructively in discussions surrounding complex policy issues. For example:

> "*I deal with engineering issues that require a depth of technical expertise. To avoid giving an amateurish lecture myself, I need input from colleagues with knowledge of these things.*" [7]

4.4 Meeting the information processing requirements

As explained above, boundary-spanning GA units perform four interrelated information-processing activities. Our field observations reveal that performing these activities successfully involves responding to multiple organizational challenges. Individual GAMs may not have the necessary ability, appropriate levels of motivation or sufficient opportunities to exchange information.

4.4.1 Ability-related challenges

One challenge is ensuring that GA units are staffed with employees with appropriate abilities. This is not always the case. Individual GAMs may monitor political developments blindly if incapable of understanding their business and have difficulties judging which political developments are relevant for which business divisions. The experiences of UK manufacturing firm PowerCorp (pseudonym) highlights this point [8].

Historically, the firm's UK-based GA unit was run by staff recruited from the UK's civil service. While skilled at communicating with politicians, they could not collect meaningful political information. They simply gathered information reactively, looking at media reports of policy announcements. They lacked capacities to anticipate policy papers that were going to be issued. They shared external political information with internal business units by forwarding them unedited press clippings. These were difficult to digest and contained information that was not relevant for the firm. Colleagues in the wider firm questioned the quantity and the quality of the information received from the GA team.

Moreover, the effective sharing of business-related information with political decision-makers may be hampered if GAMs possess underdeveloped capabilities in political communication. The Brussels-based lobbyist of a French industrial group AltTech (pseudonym) explained that having technical expertise does not necessarily guarantee that GAMs can convey their messages in ways that recognize the nuances of political

debate or appeal to the political sensibilities of politicians [9]. He participated in numerous policy discussions during which GAMs with an engineering background confused policy makers by using jargon and addressing issues in technical detail.

4.4.2 Motivational-related challenges

A second challenge facing GA units is ensuring that GAMs are not only skilled at gathering and sharing political information but also willing to do so. GAMs' desire to perform their boundary-spanning information-processing functions can be hampered by their motivation.

Consider again the example of the GAMs who used to work for PowerCorp. As former public officials, they possessed a 'civil servant' mentality. They treated their CEO as a government minister, and depended on him for instructions. Perceiving their role as a largely outward-facing, HQ-focused one, GAMs were hardly motivated to engage with or solicit information from the firm's business divisions [10]. Similarly, GAMs working at the Brussels representative office of the Korean group IncheonCorp (pseudonym) are evaluated annually on the number of contacts established with actors in the European institutions. Such staff appraisal systems barely incentivize GA executives to invest effort in monitoring political developments or sharing intelligence with business units [11].

We detected low levels of motivation amongst GAMs working for the UK-based GA unit of the Japanese drugs manufacturer Zlymo (pseudonym). The firm introduced what GAMs considered to be burdensome compliance procedures. Any internally-sourced information GAMs needed to share externally had to pass through a cumbersome validation process. GAMs complained that this bureaucratic procedure constrained their reaction times to fast-paced political events [12].

4.4.3 Opportunity-related challenges

The presence of opportunities for exchanging information represents a third challenge facing boundary-spanning GA practitioners. The absence of such opportunities hampers the information-processing activities of GA units. For example, GAMs at IncheonCorp's Brussels office lack opportunities to communicate political information with the firm's centralized GA unit in Korea. Communication between the Brussels office and headquarters is 'filtered' by expatriated Korean intermediaries, who render direct dialogue with headquarter colleagues more difficult [13]. IncheonCorp's Brussels-based representative office also has no formal connections with colleagues working in the firm's European subsidiaries.

The absence of opportunities to exchange information internally are especially apparent in firms where GA units occupy peripheral positions, and may have difficulties accessing employees in core business functions. This is particularly challenging when core business units and senior managers consider the GA unit creates little value for the organization, being a cost rather than a strategic activity [14]. Consequently, GAMs have restricted access to the internal company information that they consider important for wielding political influence [15].

Similarly, externally, GA units can lower their opportunities to exchange information with politicians. In this vein, relations with key policy actors could be difficult to establish or deteriorate when they fail to secure support from their senior managers in key moments. In this regard, the Brussels-based GA subsidiary of IncheonCorp invited the firm's Korean CEO to meet policymakers personally to reiterate a particular policy message. To the GA unit's frustration, the CEO arrived unprepared for the presentation, refused to speak in English, and almost fell asleep during the meeting [16].

4.5 Designing effective, information-processing government affairs unit.

Individual GA managers may not have the necessary skills, appropriate levels of motivation or sufficient opportunities to perform their information-processing, boundary-spanning roles. How can firms remedy these deficits? Following organizational design thinking, we argue that high-performing GA need to be purposefully designed and built, using a blend of organizational mechanisms. Drawing on additional observations from the field, we prescribe a set of mutually reinforcing organizational features that managers can introduce to help GA units build their information processing capacities and meet their information processing requirements.

4.5.1 Recruit government affairs managers with mixed skills-sets

Dominant frameworks in organizational design – including the multicontingency fit model (Burton and Obel, 2004) and the star model (Galbraith, 1995) – highlight people practices as a key dimension of organization design. Such practices are related to the selection, staffing and training of employees to help them build skills to perform their tasks. The skills level of an employee is the result of the accumulated knowledge acquired before the job, which depends on the educational and professional background, and the knowledge acquired while working in the firm, which may be fostered by human resource policies, such as training (Burton et al, 2015).

Our research suggests that GAMs most capable of simultaneously performing 'window in' and 'window out' activities of GA units are those possessing a mixed-skills set – one that combines both technical and political capabilities. A GAM working for the French manufacturing company AeroTech (pseudonym) is a chemical engineer by training. He joined the company in the mid-2000s, working initially on operations topics, before moving to environmental issues and most recently public affairs. This technical ability is complemented by the political expertise the GAM has acquired in a parallel political career. Elected the mayor of his village, the GAM also sits on the local city council. This double competence allows him to 'wear two hats' – he can communicate political

developments with ease to internal colleagues while simultaneously translating complex business information to politicians in a language they understand [17].

Relatedly, PowerCorp have replaced the civil servants who ran its UK GA with GAMs who have different skills-sets compared to their predecessors. They bring to the company many years of experience gained from managing public affairs functions in industry associations and major corporations. Unlike their civil-service-minded predecessors, GAMs today share a business mindset based on an understanding that GA constitutes a business-development activity that creates value for firms. Compared to their predecessors, these business-minded recruits are more motivated to go out in the company and make contacts, through which they can learn about PowerCorp's specific businesses.

4.5.2 Motivate government affairs units to process information through greater autonomy and less formalization

Organizational design theory suggests that autonomous sub-units are more self-motivated to extract knowledge from external environments and then transfer it internally (Foss and Pedersen, 2002). In traditional hierarchical structures characterized by low levels of delegation of decision rights to employees (Galbraith, 1974), initiatives and decisions are centralized. Firms possessing such structures do not provide employees further down the hierarchy with incentives to identify relevant knowledge sources effectively. Such structures may also dissuade staff from building relations with knowledge sources.

Our interviews expose how autonomy increases motivation to process political information. KanBanCorp, a Japanese manufacturer of industrial equipment, has historically managed its Brussels-based European Affairs unit in a decentralized way. The Brussels office enjoys high levels of autonomy, which motivates its GAMs to foster linkages with colleagues working across the firm's European subsidiaries. Through

these linkages, GAMs can acquire internal technical information needed to contribute to EU-level policy discussions.

A further design mechanism that can curb motivation is formalization. This relates to the use of established set of rules or codes, written policies and standard procedures to govern decision making (Burton and Obel, 2004). Formalization hampers individual's entrepreneurial behavior and reduces the motivation to look for disorganized and difficult-to-find information in the external political environment.

Similar to the Zlymo case above, the representational activities of European government affairs unit of Solaris Consulting (pseudonym) were subject to strict compliance rules imposed from headquarters in Dublin. Unlike Zylmo, senior managers recognized that standardized procedures were leading to frustration and negatively impacting how GAM communicated the firm's political messages in London, Brussels and Berlin. Consequently, they relaxed formalized working practices by establishing broad parameters within which individual GAMs should operate. Today, GAMs are more motivated in their jobs as they only need to have their policy messages reviewed by senior-level compliance officers when dealing with topics that have the potential significantly to impact the firm's global operations.

4.5.3 Create opportunities for information exchange through lateral relations and senior management support

Lateral relations refer to direct managerial contact, task forces, cross-functional teams, committees, integrators, and integrative departments to create coordination and collaboration between different internal units. Such mechanisms facilitate the creation of a social community, with shared values and goals, and the development of trustworthy relationships among its members (Andersson et al., 2015). Our observations from the field illustrate the beneficial effect of highly developed lateral relations on information-processing activities.

The Brussels-based GA unit of KanBanCorp is highly coordinated with the firm's marketing and RandD units, through a so-called 'External Affairs Meeting' and a 'Technical and Government Affairs Working Group.' These cross-functional teams allow frequent interactions between GA employees and their colleagues. These interactions have laid the foundations for a common set of GA goals and beliefs, which guide collaboration and promote the bi-directional sharing of information. These cross-functional teams also enable GAMs staff and their colleagues to pool technical and political expertise to provide EU institutions with information on road safety and environmental issues [18].

At PowerCorp, the creation of a so-called 'Public Policy Steering Committee' provides members of the UK-based GA unit with opportunities to learn quickly about emerging technological developments across the firm. This committee, which meets on a monthly basis, is composed of members of the firm's three major business divisions and other corporate functions. Through these intra-firm linkages, the GA unit is aware that information about the UK Budget is mostly relevant to the Chief Executive, the Chairman, and members of the Executive Leadership team. Moreover, they know that parliamentary questions on CO2 emissions are a priority for teams in the business division working on those issues [19]. All in all, knowing the business has enabled the GA unit to adapt its political monitoring processes to scan political developments in Westminster in a more proactive and targeted way, and acquire political information that is highly relevant to the firm. It also helps GA staff to identify quickly whether and for which business divisions these political developments are relevant.

Similarly, the CEO and senior leadership team at PowerCorp are more supportive – rather than directive – of the firm's UK-based GA unit. GAMs see considerable benefit in having this C-suite support. It sends a message to the rest of the company about the importance of GA. The CEO and members of the senior leadership team are in effect internal 'champions' of the GA unit. Senior-level support gives GA a 'license to operate' in the firm and encourages colleagues in other business units to share information GAMs.

4.6 Discussion and conclusions

Political information is a key resource in response to geopolitical dynamics and uncertainties. However, it is usually deeply buried in complex political systems and hard to access. Moreover, it is often difficult for managers to understand the implications of political information for value creation. How a boundary-spanning government affairs unit is designed is crucial to developing an awareness of political issues and building responsiveness capacities.

We propose a set of organization design mechanisms which, combined, provide a 'recipe' (see Table 1) that managers can follow to create opportunities for exchanging political information within their firms, and enable and motivate GA practitioners to monitor and influence political developments more effectively.

First, GA units should be staffed by individuals possessing both technical and political skills. Second, these individuals should be able to work autonomously, and not overburdened by bureaucratic processes. Finally, they should be integrated with the broader business through cross-functional teams, and be supported by senior executives in the firm. Our research builds on existing CPA theory. Few studies explore how organizational structures and practices of a firm influence its CPA performance. Responding to recent calls (Puck et al., 2018), our study casts light onto the organizational complexities associated with the management of boundary-spanning CPA units.

Table 1: Recommendations for organizing GA units in response to information-processing challenges

Challenges of meeting information processing requirements		Information processing requirements affected				Recommendations (mechanisms) for organizing GA unit
		Gathering political information externally	Sharing political information internally	Sharing business information externally	Gathering business information internally	
Ability-related challenges	GAMs have difficulties judging which political developments are relevant for internal business units	x	x		x	Staff GA units with GAMs possessing mixed skills-sets
	GAMs have underdeveloped capabilities in political communication			x		
Motivational-related challenges	GAMs have low motivation to engage with or solicit information from internal business units		x		x	Provide GA unit with greater autonomy Reduce formalization (i.e. reduce use of standardized procedures and compliances rules)
	GAMs have low motivation to look for (and respond to) difficult-to-find information in external political environment	x		x		
Opportunity-related challenges	GAMs lack access to employees in internal business units		x		x	Integrate the GA unit through promoting the creation of lateral relations (cross-functional teams or committees) Ensure that senior executives support and show interest in GA activities
	GAMs have difficulties accessing/ maintaining communication channels with policy actors	x		x		

Our research has limitations. Evidence presented to illustrate our argument is taken from the European context. Future research could usefully corroborate our findings across different policymaking arenas. Our study also stresses formal organizational design factors that are amenable to direct managerial manipulation. Further research could explore the rise of more informal organizational forms – such as organizational cultures – on the boundary-spanning activities of information-processing GA units.

Endnotes

[1] Interview with representative of a European aerospace firm, 10/2014

[2] Interview with representative of Frankfurt-based car manufacturer, 07/2016

[3] Interview with representative of London-based manufacturing firm, 04/2017

[4] Interview with representative of London-based banking group, 10/2009

[5] Interview with representative of London-based manufacturing firm, 09/2017

[6] Interview with representative of London-based manufacturing firm, April 2017

[7] Interview with the Brussels representative of a British manufacturing firm, 10/2009

[8] Interviews with Head of UK Government Affairs, Senior Manager, UK Government Affairs and Senior Sales Director, 04/2017

[9] Interview with Head of European Affairs Unit, 10/2013

[10] Interview with Head of UK Government Relations, London, 02/2018

[11] Interview with Director and Executive Representative, Brussels, 10/2016

[12] Interview with Director, Government Affairs Europe, London, 11/2018

[13] Interview with Director and Executive Representative, Brussels, 08/2016

[14] Interviews with Senior Government Affairs Manager, Brussels, 08/2015, and Head of UK Government Relations, London, 04/2017 and Managing Director, PA Consultancy, Brussels, 05/2016

[15] Interview with Director and Executive Representative, Brussels, 08/2016

[16] Interview with Director and Executive Representative, Brussels, 08/2016

[17] Interview with Environmental Affairs Director, Paris, 09/2018

[18] Interview with Senior Government Affairs Manager, Brussels, 08/2015

[19] Interview with Head of UK Government Relations, London, 01/2017

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5

General Conclusions and Avenues for Future Research

Based on our findings discussed in the chapters above, the general conclusion of this thesis is that, when managing CPA, the organisational design of the units in charge of delivering information-based political activities do matter. Precisely, this thesis focuses on exploring how managers can purposefully organize their firm's CPA units in ways that enable them to effectively monitor the political environment by acquiring external political information and disseminating it to internal business units (i.e window-in boundary spanning activities) and to disseminate relevant internal information to external policy-makers to influence shape policy outcomes (i.e. window-out boundary spanning activities).

In answering this research question, the findings reported in this thesis offer several contributions to existing CPA research. Theoretically, responding to recent calls (Puck et al., 2013), the findings contribute to CPA scholarship by exploring and delineating organisational-level antecedents of CPA performance that remain understudied in the current literature. Drawing on an information-processing view informed by organisational design theory and a boundary spanning approach to CPA, this thesis shows how different managerial interventions to organise the GA function can improve the firm's CPA performance (Hillman et al., 2004; Lawton et al., 2013) by enhancing their GA unit's information-processing capacities.

Chapter 2 deepens our understanding of the mechanisms underlying the effect of different organisational designs factors on CPA performance, with a specific focus on influence-based strategies. The study takes GA subsidiaries of large MNCs as the unit of analysis. It shows that when the GA subsidiary have high levels of autonomy and high level of coordination with other internal business units, the GA subsidiary is able to develop better relationships in terms of quantity and quality with internal business units. Interestingly, this level of relationships, or social capital, help them, in turn, to build better relationships with external policy makers, thereby providing GA units with greater scope for influencing their decisions. This study thus contributes to recent research that treats boundary-spanning GA units as agents of influence, emphasizing primarily the outward-facing influence-based strategies (e.g. Ancona and Caldwell, 1992; Dieleman and Boddewyn, 2012; Sun et al., 2012; Barron et al., 2017)

Chapter 3 complements chapter 2. Rather than focusing on antecedents of outward-facing influence-based CPA, this chapter explores the inward-facing CPA monitoring processes of the GA unit and their emergence as a consequence of changes in organisational design. Moreover, and in line with chapter 2, this study adopts an information-processing perspective to CPA activities, as contributors to value-creation to their companies (Oliver and Holzinger, 2008). In so doing, it complements previous studies (e.g. Dieleman and Boddewyn, 2012; Sun et al., 2012), informed by other theoretical perspectives, such as resource-dependence theory and agency theory, which put their emphasis on how to design the GA unit with the main purpose of protecting the company from political risks. These previous studies suggest that firms implement buffering-based organisational strategies, by decoupling the GA unit from the rest of the company. In stark contrast, chapter 3 suggests that GA units needs to be highly coordinated and integrated with other business units. It also finds that GA units need to be highly specialized in terms of political environments and on the political issues they are dealing with, and that they need to have autonomy to respond in timely manner with changes in their external environments. Configured in this way, the GA unit is consequently able to create value to its company by monitoring effectively their political environments.

Importantly, this chapter also contributes to the existing literature by further elucidating and unpacking the value-adding sub-processes underling the monitoring/window-in dimension of CPA. The study shows that these sub-processes positively evolve from (i) proactively searching relevant information externally to the company (ii) to being able to translate this externally sourced information into a language that can be useful to employees working in the firm's internal business units, and finally (iii) to providing strategic guidance to these units on how to deal with external political threats and opportunities.

Chapter 4 takes a broader view than the two previous chapters to give recommendations about how to organise the GA unit to be able to monitor and influence the political environment simultaneously. To do so, this chapter conceptually disentangles the main information processing activities of the GA unit and their intrinsic information processing requirements. Consequently, applying insights from organisational design

theory, it argues and prescribes the organisational design mechanisms that can be put in place to meet these information-processing requirements. This chapter exposes that high-performing GA units, being able to both monitor and influence the political landscape, need to be designed and built using a blend of mutually-reinforcing organizational mechanisms. First, these units should be staffed by managers with mixed skills-sets. Moreover, executive managers should give GA units high levels of autonomy and support, and help them build lateral relations with other business units. Thus, by conceptually disentangling the key activities and the information-processing requirements of the boundary-spanning GA unit, this chapter contributes to the CPA literature by exposing important, organizational antecedents of the firm's value-creating political strategies.

This thesis responds to calls for more research providing managers with practical guidance (e.g. Hillman, Keim, and Schuler, 2004), especially on the levers that they can pull to manage the organisational complexity of their firm's GA units more effectively. Thus, several recommendations for practitioners can be proposed from this thesis. These are especially relevant when GA units work in information-based political environments, such as the EU. As the main claim, this thesis suggests that managers should move away from the more traditional view of managing their GA units as being just the façade of the company, usually organised in a decoupled way and with limited connection to the rest of the company. Instead, this thesis prescribes that GA units should be highly integrated with the rest of the business units. This integration could be achieved through implementing coordination mechanisms, such as cross-functional teams. Also this thesis encourages managers to give the GA unit both the necessary support and autonomy. This will allow the GA unit to focus and respond to the informational changes on their highly dynamic political environments with a high degree of independence and self initiative. Finally, as argued in chapter 4, the effect of the previous mechanisms could be further enhanced by staffing the GA unit with individuals with mixed (both technical and political) skills-set.

This thesis is thus mainly based on conceptual and exploratory studies. Their findings, arguments and limitations may prompt several avenues for future scholarly enquiry. First, one clear limitation of these exploratory studies is the generalizability of the

results. This thesis draws on observations in a limited set of organisations, industries, and the specificities of the European political landscape. Future studies could support these findings by focusing on GA units operating in other political landscapes, such as the U.S., and in other industry sectors. In this line, and more interestingly, future studies could explore the organisational tensions and challenges of organising the GA function of the large MNC. In this case, rather than focusing on a single GA sub-unit or subsidiary, as the unit of analysis, scholars should consider the GA function of the entire MNC as a whole. This unit will be thus composed of different GA sub-units or subsidiaries, operating in different political environments.

Finally, organisational design scholars have been recently interested on the rise of informal organisations (e.g. Clement and Puranam, 2018) - such as organisational cultures, informal relationships and the different dimensions of social capital between individuals or units (e.g. relational/trust, cognitive alignment) - as a consequence of the implementation of different formal organisational designs. Chapter 3 is clearly a contribution in this interesting research endeavour, but future research is clearly needed.

6

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