

Socio-political Engagement in Business: Building Resilience and Driving Change

Dr. Snigdha Madhusudan Das

Associate Professor

Department of Management Studies

Guru Ghasidas Vishwavidyalaya, Chhattisgarh, India

Email: smdas09@gmail.com

Dr. Kedareshwar Panda

Assistant Professor

Department of Business Administration

College of IT & Management Education, Bhubaneswar, India

E-mail: kedar19x@gmail.com

Dr. Subhashree Nanda (corresponding author)

Independent Researcher, Odisha, India,

e-mail: chikisubhashree@gmail.com ORCID- 0009-0009-0547-126X

Abstract

The socio-political contexts within which firms operate have become increasingly complex. This paper reviews the growing literature on business-socio-political stakeholder relations with a focus on CPA and CSR. The dynamic interrelatedness of socio-political issues and the diversification and higher demands of stakeholders have altered these settings. This increasing complexity is where our concept of Corporate Socio-Political Engagement comes in. And also beyond more common non-market approaches, CSPE offers a comprehensive framework to study the complex relations that enterprises have with actors from the socio-political environment. Using a two-dimensional model, we identify the interaction to which each study pertains (by socio-political actor or problem — political, social, or hybrid) relative to study with respect to interaction. Such an approach sheds light on the symbiotic partnership between business strategy and stakeholder expectations. Lastly, we had recommended CSPE continue to explore the strategic implications of having flexible companies that can adapt to rapidly changing socio-political climates.

Keywords: Corporate Socio-Political Engagement (CSPE), Corporate Political Activity (CPA), Corporate Social Responsibility (CSR), socio-political dynamics

Introduction

In the current dynamic environment, many companies find themselves dealing with complex socio-political landscapes that represent, at least in theory, both significant challenges as well as potential opportunities. They are indirect and direct impacts on the contextual settings of organizations and are the results of uncontrollable environmental events and socio-political actors. There are myriad challenges organisations face to ensure their survival and growth, as you can see in an analysis of daily business news. Q1: How should MNEs reconfigure their supply networks in light of geopolitical uncertainties? What role do they play in combatting global disasters such as climate change? Q2: What are effective tactics for developing market firms to overcome their legitimacy challenges when entering industrialized economies? What steps could firms take to counter criticisms of ESG investments in some U.S. states? Meanwhile, how do corporations expertly respond to both the entrenched civil rights groups, and newer social movements like #MeToo and Black Lives Matter?

Conventional management textbooks, which focus on competition among firms in the marketplace, cannot be counted on to provide answers to such urgent questions. While the academic study of business conduct in nonmarket settings was initiated relatively late, the past three decades have witnessed significant growth in the literature on the topic (Mellahi *et al.*, 2016; Sun *et al.*, 2021b). Having summarized the practician context of the research, the foundations of the collection of work are ultimately based on two core concepts: corporate political action (CPA), and corporate social responsibility (CSR). Studying lobbying, the role of political orientation, CSR as a competitive tool, stakeholder management, philanthropy, and institutions in CSR, researchers have examined a range of topics (Luo *et al.*, 2016; McDonnell and Werner, 2016; Sun *et al.*, 2016; Werner, 2015). However, there remains a gap in understanding how organizations strategically navigate multi-tiered socio-political spheres and interact with diverse socio-political actors in local, national and international domains (den Hond *et al.*, 2014; Doh *et al.*, 2012; Lawton *et al.*, 2014, 2020; Wickert, 2021).

The structure of the introduction article is as follows: First, it outlines key research trajectories in CPA and CSR to establish a foundation for understanding the broader concept of socio-political engagement (CSPE). It then outlines two critical binaries by which relevant research can be evaluated: levels of analysis (institutional, organizational, or individual) and thematic focus (CPA, CSR, or broader socio-political engagement). The paper concludes with an overview contributions and potential avenues for future research on CSPE.

Governance Analysis in Social-Political Contexts and Stakeholder Engagement

This section presents a synthesis of prominent fields of study that help explain how corporations navigate socio-political environments and interface with salient stakeholders. It draws on work in CPA, CSR and SM studies along with expanding research that combines these fields for a holistic view.

A Multi-Theoretical Framework for Corporate Political Activity (CPA)

Built on the fields of political science, economics and sociology, CPA research has evolved over time. One influential perspective in this literature analyzes an alternative to the traditional view, which is often summarized by the term political marketplace (Bonardi *et al.*, 2005; Katic and Hillman, 2023; Mohanty *et al.*, 2024; Lenway *et al.*, 2022), and is fundamentally based on positive political theory (e.g., Riker and Ordeshook, 1973) and public-choice economics (e.g., Buchanan, 1987; Tullock, 1972). Early works like Epstein's *The Corporation in American Politics* (1969), and Barnett & Müller (1974) on multinational influence of governments set the stage for understanding the role of CPA in corporate efforts to shape legal and political contexts. This theory focuses on the microfoundations of decision-making and examines how individual agents make strategic decisions within political situations (Amadae & Bueno De Mesquita, 1999).

The public-choice theory views the political world as a market where various interest groups negotiate and create coalitions to allocate resources and benefits. This perspective, if not as efficient as market-based methods, has been invaluable for CPA research, particularly in studying strategic actions such as lobbying, campaign contributions, and political party affiliations (Lawton *et al.*, 2013a). Early CPA studies largely concentrated on the antecedents and outcomes of these traditional approaches (Hillman *et al.*, 2004; Lux *et al.*, 2011). Newer research calls this narrow focus into question, however, suggesting that informal and informal forms of corporate political participation also demand consideration (Funk and Hirschman, 2017; Werner, 2017).

Early research on U.S. political system is the main focus of this area of study, but foreign business studies have investigated the nature of multinational enterprise-government relationships and political risk management (Sun *et al.*, 2021b). Unlike public-choice theory, these studies tend to utilize transaction-cost economics (TCE) to analyze the bargaining mechanisms between multinational enterprises (MNEs) and host governments, highlighting the contractual exposures associated with location and entry decisions (Williamson, 1985; Fagre and Wells, 1982).

From a sociological perspective, resource dependency theory (RDT, Pfeffer and Salancik, 1978) describes business-government relations as the socially embedded exchange of resources. Such an approach focuses on organizations being dependent on external resources which they need to obtain to be able to survive and shows the role of CPA in reducing political risk (Mellahi *et al.*, 2016). They have integrated theories like agency theory (Sun *et al.*, 2016) and resource-based view (RBV, Frynas *et al.*, 2006) to demonstrate the use of political resources and capacities by corporations to obtain competitive advantage. Yet the processes through which these abilities are developed have received scant analysis (Holburn and Zelner, 2010; Lawton *et al.*, 2013b).

The Role of Social Movements and Institutions

Nonmarket Strategy of the Firm: The Profound Influence of Social Movements on Corporate Strategy Activist organizations have narrowed corporate voice to lawmakers and influenced new political strategies through boycotts or marches against firms (McDonnell and Werner, 2016; Fremeth *et al.*, 2022). These restrictions often forces companies to engage in indirect political activities, such as working with lobbying firms or trade associations (Jia *et al.*, 2023; Shanor *et al.*, 2021; Mohanty *et al.*, 2023a & 2023b).

Institutional factors play a very important role in CPA strategies and outcomes. Doh *et al.* (2012) highlight the importance of exploring how the structure of institutions measures influence nonmarket behavior, and Sun *et al.* They use an institutional multiplicity framework to explore MNEs' engagement with socio-political stakeholders at the home-,

host-, and transnational-level (2021b). However, the use of core concepts of institutional theory—e.g., isomorphism, decoupling and institutional entrepreneurship—have only been infrequently applied in CPA research.

Institution: University of North Texas Corporate Social Responsibility Scholarship

Whereas CPA literature explores how and why corporations respond to governmental actions and other governmental actors (the world of political tactics), CSR research, in parallel, investigates how and why firms act upon and react to primarily nongovernmental stakeholders (the world of social and ecologic activity).

The contemporary debate on CSR can be traced back to Bowen (1953), who raised alarm about the consequences of corporate might for society. He argued that 'businessmen' should accept social responsibilities which he defined as 'the obligations to conduct business so that society will benefit from what the business does pursuing those policies, making those decisions, or following those lines of action which are desirable in terms of the objectives and values of our society' (Bowen, 1953, p. 6). Social movements addressing civil and women rights, environmental conservation, and many other causes in the 1960s influenced businesses to react, and Davis (1960, p. 71) argued that the 'social obligations of businessmen must be commensurate with their social power.' In addition, Frederick (1960) proposed a new philosophy of corporate responsibility that integrated economic and social responsibilities.

In the 1970s, two public papers -A New Rationale for Corporate Social Policy (Baumol, 1970) and Social Responsibilities of Business Corporations (Committee for Economic Development, 1971)-showed greater public and corporate support of CSR. Preston and Post (1975) identified and sought to determine the boundaries of corporate public responsibility or its outer limits regarding the social obligations a firm holds, which defines beyond what the corporation is responsible for. An early detailed definition of CSR, provided by Carroll (1979) reads as follows: 'The social responsibility of business includes the economic, legal, ethical, and discretionary expectations that society has of enterprises at any given point in time' (Carroll, 1979, p. 500).

While some CSR literature was developing around the expectations of businesses to society, in the 1970s and 1980s, social movement scholars were conducting parallel research on the countervailing behavior of movements and organizations as challengers that apply pressure on corporate influence to thwart what is seen by many as increasing 'capture' of public policy and policymakers by firms. So they sought to explain the rise - and the precise strategy - of formal or external challengers to the polity's 'members' and elite, when and why do formal or external challengers to the polity emerge along with which strategies they choose to attack the policy status quo (McAdam, 1982, Tilly, 1978). These initial studies primarily focused on the noninstitutionalized strategies employed by movements to target the state—and later commercial enterprises—for extractive benefits and legitimacy (Gamson, 1990). Subsequently, scholars of social movements documented the targeting of companies by social movement groups and activists in part as a counterweight to the political organization and power of private actors (Berry, 1999) and the political weakening of labor unions (Skocpol, 2003). These movements then put pressure on the companies to behave in a more socially responsible manner, leading to CSR programs at the firm level.

The 1980s and 1990s began to put more emphasis on stakeholders and the responsibilities that companies have to them. Jones (1980) described CSR as a process of decision making that determined corporate behavior, while Carroll (2015) states that as CSR moved toward the 1990s, globalization and the increasing-power of multinationals forced firms to present themselves as positive or at least neutral players in the global game.]] Business for Social Responsibility (BSR), which we founded in 1992, was designed to be a catalyst for goodwill social change and goodwill social change, BSR's pillars were: the conservation and restoration of natural resources; assurance of human dignity and equity; and transparency (Business for Social Responsibility, 2018, para. 2). Building on the previous research of Carroll and others, Wood (1991) sought to define CSP as a polysemous abstraction involving a layer of legitimacy (institutional level), a layer of public responsibility (organizational level) and a layer of executive discretion (individual level). Carroll (1991) provides a useful framework for CEOs to balance their obligations to shareholders alongside their obligations to a wider range of stakeholders, such as more activist government regulators. This resulted in a dramatic expansion of CSR scholarship in the late 1990s with research examining how different categories of stakeholder (e.g. investors, customers, suppliers, communities, employees, governments) affect firm-level corporate social performance (CSP) through social or environmental initiatives, often exploring the link between corporate social performance (CSP) and organizational m outcomes, such as corporate financial performance (CFP) (Burke and Logsdon, 1996).

Baron (2001) was one of the first scholars to characterize 'strategic' CSR as a profit-maximization strategy guided by self-interest and not by a conception of corporate social responsibility (Baron, 2001, p. 9). Strategically, McWilliams and Siegel (2011, p. 1481) argued that CSR involves 'any responsible action that allows a corporation to achieve a sustainable

competitive advantage, regardless of the motivation for taking such action.' This notion would rather fit with the withdrawal of the 'S' within CSR over the years, where CSR has come to represent situations whereby the firm goes beyond the law and is engaged in 'actions that appear to further some social good, beyond the interests of the firm and the requirements of the law' (McWilliams and Siegel, 2001, p. 117). CSR, in this perspective, also is considered as an investment providing performance dividends for the firm (McWilliams *et al.*, 2006; Siegel and Vitaliano, 2007). These benefits can depend on a number of industry and firm specific factors such as the ability of firms to utilize CSR as a differentiated feature (Siegel and Vitaliano, 2007). By 2003, numerous studies had explored the CSP-CFP connection, which was worthy of a meta-analysis (Orlitzky *et al.*, 2003). Both the study and later work generally confirmed a positive relationship between CSP and CFP, but with several caveats and under specific conditions.

The idea of creating value for all stakeholders while at the same time for the enterprise was made popular by Porter and Kramer (2006), who called it 'creating shared value'. They believe that companies should only get into social activities which are very close to what they do for their business. This perspective has received considerable critique from scholars in business and society (e.g., Crane *et al.*, 2014).

Scholarly interest in Corporate Social Responsibility (CSR) has transformed since the early 2000s from a company-centric perspective to a simultaneous focus on both corporations and society (Wickert, 2021). Continuing this trend, researchers have broadened their scope to investigate the institutional underpinnings that shape perspectives and practices of corporate social responsibility (CSR), such as how broader systems of political and economic governance translate into variance in corporate responsibility strategies across firms (Campbell, 2007; Doh and Guay, 2006; Matten and Moon, 2008). This stream also highlighted the relational dimensions of CSR in addition to its drivers and consequences and refocused the discussion on the regional and national differences in developing CSR and analyzed the impact of CSR on varying stakeholder groups and communities.

This has led experts to be intrigued by the re-emergence of government as a key player in not only regulating business, but also determining what purpose and character CSR should take (Kourula *et al.*, 2019). Dr. Wicker has challenged the pro-market orthodoxy that was pernicious in arguing that policy change can be achieved without state intervention (the so-called "private voluntary initiatives") and has documented the reassertion of the power of the state in a number of domains, including but not limited to financial regulation, trade actions, supply chain accountability, and international initiatives on governance such as the United Nations Sustainable Development Goals (Wickert, 2021).

The literature on CSR both from a firm-centric and society-centric perspective has been classified and organized due to two recent evaluations. Aguinis, H., & Glavas, A. (2012). What we know and don't know about the antecedents, mediators, and moderators of corporate social responsibility: A meta-analytic review and future research directions. This is done by political framing of these factors at the institutional level, organizational level and the individual level. In their analysis of antecedents to stakeholder literature, they notably observe that firms face different stakeholders with diverse agendas that are not always aligned, with some agendas overlapping and/or stakeholders working cooperatively in dealing with firms. - More attention to the micro-foundations of CSR.

Mellahi *et al.* (2016) also review CSR (and CPA) research across multiple levels of analysis, although their discussion is framed by key concepts that frame and lead research on nonmarket strategy. They note that, akin to CPA research, CSR scholars have also drawn upon a diverse set of theories such as agency theory, institutional theory, resource based view (RBV), resource dependency theory (RDT) and stakeholder theory. They offer stakeholder and institutional theories as the principal frameworks that help explain the bridging mechanisms that mediate the CSR-organizational outcomes relationship. They call for additional and alternative theoretical perspectives (including those from responsible leadership, social movement theory and social embeddedness perspectives) and the integration of leadership with stakeholder, institutional and Habermasian theories.

As a result, since the second half of the 2010s, the CSR research landscape has developed in a variety of critical directions (e.g., Wang *et al.*, 2016, 2020). Importance of both Institutional and Individual Drivers of the CSR initiative

In the earlier example, the literature highlights the role of CSR in managing institutional complexity and challenges, while more recent studies demonstrate that MNEs engage in sequential and coordinated schedule of CSR across geographic areas with varied and heterogeneous host-country institutional conditions playing a role (Ballesteros and Magelssen, 2022; Hornstein and Zhao, 2018). On this, scholars studied on the involvement of multinational enterprises in philanthropy in different countries (Ali *et al.*, 2019; Zhao *et al.*, 2021), focusing on how firms prioritize and govern their philanthropic activities along sometimes-contradictory stakeholder expectations and institutional agendas (Aluchna *et al.*,

2019). A clear gap in the theoretical mapping of the process by which business strategies deliver results, or do not, creates potential space for researchers to advance CSR research.

The Correlation Between CPA and CSR: Investigating the Convergence of Political and Social Corporate Involvement

There is a growing interest in linking Corporate Political Activity (CPA) and Corporate Social Responsibility (CSR) in the study of nonmarket activities. Surprisingly, most of the comprehensive analyses of the CPA/CSR relationship in this domain emerged after 2010 even though previous studies called for research in this area (Doh & Guay, 2006; Rodriguez *et al.*, 2006) (Mellahi *et al.*, 2016; Sun *et al.*, 2021). Scholars have increasingly investigated alignment, misalignment, and non-alignment of these two approaches, particularly regarding their impact on business reputation (den Hond *et al.*, 2014; Liedong *et al.*, 2015).

Den Hond *et al.* (2014) that company Political Activity (CPA) and Corporate Social Responsibility (CSR) can be grouped into three configurations (alignment, misalignment, and non-alignment) with different effects on company reputation. Alignment, in general interpreted positively, can create significant synergies through the combination of resources and competencies of both initiatives. Such congruence is also considered a contributing factor to projecting a relevant and authentic corporate image to the primary stakeholders. Liedong *et al.* (2015) argued that this convergence reinforces credibility, allowing companies to effectively wade into major policy debates. Studies have examined two facets of this reciprocal relationship: the influence of CSR on political engagement and the influence of CPA on corporate social contributions.

Corporate Political Engagement and the Corporate Social Responsibility Imperative

Corporate Social Responsibility (CSR) programs can influence how a business engages in a political environment through two primary mechanisms: increasing political capital access and risk-reduction from the political environment or regulatory pressures. Corporate Social Responsibility (CSR) might serve as a tactical tool to better align a firm with political actors, strengthen Corporate Political Activity (CPA) outcomes, and reduce the costs of interaction (den Hond *et al.*, 2014; Hadani & Coombes, 2015). CSR programs can build trust and credibility with relevant government stakeholders (Wang & Qian, 2011), and this might be particularly important if the relevant government is the key player in corporate stakeholder management. Rehbein and Schuler (2015) demonstrated the value of corporate community programs in facilitating key components of CPA, such as information dissemination and constituency development, through use of community ties to public authorities.

In some cases, empirical evidence backs the complementary dynamics of CSR and CPA. Werner (2015) found that firms with strong reputations for having socially responsible operations gained increased access to venues of the public-policy-making process in the United States, such as congressional hearings. Hadani and Coombes (2015) argued that corporate giving in politically unstable environments serves as a signal of relationship capital and enables firms to develop relationships with unaffable governments. On the flip side, firms facing activist boycotts or receiving poor branding suffer disruptions in their CPA efforts such as fewer government contracts and less congressional engagement (McDonnell & Werner, 2016).

Particularly in developing economies where political actors tend to exert significant control over economic enterprises, CSR has played a crucial role in establishing legitimacy and accessing policy resources (Beddewela & Fairbrass, 2016; Jia *et al.*, 2019; Sun *et al.*, 2012). Emerging research suggests that CSR can, at times, function as a form of CPA that is hidden from view. Rodgers *et al.* (2019) highlighted the fact that, rather than purely altruistic, CSR programs can reduce the costs of lobbying because they advance political goals indirectly. Liedong (2023) provided further evidence that some CSR initiatives are strategically designed to increase the probability of a politician being elected in exchange for policy favors.

CSR protects you against political risk, at least in volatile or high-risk institutional contexts. The “insurance” function of CSR has been evidenced in contexts where social capital created through the CSR activities shields firms from the adverse effects normalizing political turmoil, including regime changes (Darendeli & Hill, 2016; Siegel, 2007). For example, multinational companies (MNEs) operating in Libya employed corporate social responsibility (CSR) as a risk-mitigation tool in response to sudden political shifts. The academics also caution that CSR cannot completely eliminate political risks and that we need further research to understand why different CSR activities have different efficacies in mitigating risk.

The Impact of CPA on Corporate Social Responsibility

While CSR impact on political involvement has been widely researched, the opposite dynamics (i.e., CPA impact on CSR) has been underexamined. Den Hond *et al.* According to (2014), CPA might complement CSR by guiding CSR priority-setting and enhancing the legitimacy and economic feasibility of CSR initiatives. However, empirical evidence for these systems remains limited.

CPA is usually interpreted as a defensive move to counter legitimacy concerns. Companies with weak environmental policies, for example, could increase their political contributions to achieve favorable regulatory outcomes (Cho *et al.*, 2006). Hadani *et al.* (2018) also suggested that CPA may help companies cope with pressures from socially oriented shareholder activism, potentially increasing the likelihood of favorable outcomes from regulatory agencies like the SEC.

The role of government is very important in formulating CSR activities by the corporations. In China, CSR is often adopted by companies to meet social and environmental objectives mandated by the government. This creates complex trade-offs between economic costs and political benefits (Marquis & Qian, 2014; Luo *et al.*, 2017). Compared with the less connected firms, connected firms are more likely to focus on CSR activities, like charity, that align with governmental priorities and avoid costly environmental projects (Luo & Wang, 2021).

More recent scholarship focuses on how firms strategically manage conflicting pressures from multiple political actors. Zhang *et al.* (2016) analyzed the influence of political identities on business contribution patterns, observing some associations that soothe governmental demands and other that enforces business compliance.

A Pathway to a Comprehensive Framework

While this relationship is gaining increasing understanding, the literature on the interaction of CPA and CSR is fragmented with no overarching framework tying these disparate outcomes together. Understanding the multidimensionality between the action of business in society (social business activity) and the action of business in the extended market (political business activity) requires additional research to formulate a new integrated model that encompasses the various processes and contexts considered so far.

Moving Beyond CPA and CSR: Introducing Corporate Socio-Political Engagement (CSPE)

The field of corporate nonmarket activities is undergoing significant changes as firms increasingly consolidate Corporate Political Activity (CPA) and Corporate Social Responsibility (CSR) agendas. These trends require greater attention from C-suite executives, who now face a growing set of socio-political issues, sometimes demanding that they take official positions on controversial issues (Hambrick & Wowak, 2021). In this shift we can see the emergence of a new, multidimensional framework — Corporate Socio-Political Engagement (CSPE).

CSPE represents a holistic and integrative analysis of the relationships between businesses, their institutional contexts and socio-political actors. Unlike traditional nonmarket strategies, CSPE captures simultaneous or sequential interactions between corporations and their sociopolitical constituents. This framework puts organizations into one of two boxes: an actor that shapes decisions around strategic engagement and an actor that reacts to constraints, perhaps a bit of both.

At its core, CSPE represents a more radical and expansive relationship between organizations and society Stakeholders, and given already high expectations that corporations should adopt higher duty and accountability standards. These expectations span multiple domains, namely Environmental, Social, and Governance (ESG) practices, as well as corporate activism behind controversial issues such as climate change, human rights, LGBTQ+ rights, and social justice movements such as Black Lives Matter (Nalick *et al.*, 2016).

Emerging Socio-Political Issues: The Complexities

What ESG, or environmental sustainability goals for a company or sector, is likely the most recent example of CSPE practiced, said Gibbons. ESG factors are increasingly being incorporated by businesses and investors into their operational frameworks. For instance, at the same time that Larry Fink, CEO of BlackRock, was capturing headlines with a statement on behalf of the Business Roundtable calling for corporate executives and investors to view ESG as central to corporate decision making.

This ESG momentum has drawn everything from hostile condensation. Some stakeholders praise the ESG integration, others decry it as overpoliticised, or untrustworthy due to divergent assessment criteria. And conservative critics have especially challenged the “woke” nature around ESG investment, with regulatory bodies including the U.S. Securities and Exchange Commission (SEC) proposing tougher rules for ESG reporting. At the same time, activist investors and social groups have ramped up their efforts to pressure firms to improve environmental and social outcomes. Student groups have successfully pushed to divest from fossil fuels from campus endowments.

Regulatory systems have advanced in Europe with mandatory sustainability disclosure regulations which are ahead of the US. These multi-faceted dynamics show that socio-political issues facing firms today are far more volatile and interconnected than the traditional frameworks of CPA and CSR capture.

Why CSPE Stands Out in Its Uniqueness

CSPE is different from traditional nonmarket strategies, in that it addresses the growing complexity and scope of the socio-political engagement.

Broader Stakeholder Expectations and Concerns: CSPE addresses the complexity of stakeholder demands and concerns beyond the simplicity of emphasis often identified in CPA or CSR literature. Today, the socio-political scene is a web of overlapping interests between financial, social, and political actors all with competing interests.

Integrated, Holistic Solutions: Where CPA or CSR tends to treat individual, siloed issues, CSPE emphasizes the necessity of integrated solutions that tackle interrelated social and political barriers. To further complicate matters, ESG challenges require firms to simultaneously address the expectations of activist shareholders, regulatory bodies and social movements.

Improving Strategies and Participation: CSPE goes beyond conventional approaches by focusing on new strategies. Examples include CEOs communicating strong political stances to shareholders (Chatterji & Toffel, 2018), multinational companies collaborating with local actors to find ethical alternatives to bribes (Stevens & Newenham-Kahindi, 2021), and firms using narratives to set a strategic alignment with nonmarket actors (Curchod *et al.*, 2020).

The Need for a New Point of View

CSPE provides a richer and deeper understanding of the role of the nonmarket environment, thus refining and extending the findings of traditional nonmarket strategy and political CSR research. Political CSR emphasizes the normative role of corporations in public discourse and decision-making (Scherer & Palazzo, 2011; Scherer *et al.*, 2016) while CSPE suggests that both instrumental and normative positions of corporations in public processes are relevant.

This integrative approach is reflective of the new normal for businesses in the twenty-first century—where companies are now being called upon to actively participate within the socio-political ecosystems of which they are a part. In its call for the CSPE, it highlights the growing responsibilities of companies and that existing frameworks need to be reassessed to better understand how the dynamics between businesses and their socio-political actors is evolving.

Finally, internalisation of CSPE provides a promising framework to understand how firms navigate an often convoluted and contested socio-political context moving forward. CSPE also establishes a great foundation for subsequent learning and application in business strategy by further acknowledging the interplay of issues between social and the political realm.

Bidimensional Approaches for a New Type of CSPE

This framework, which builds on previous discussion concerning the state of research and develops the notion of Corporate Social and Political Engagement (CSPE), is structured across two major dimensions; (1) the target of corporate engagement, including one or more political actors, societal actors, or both, and (2) the unit of analysis where these engagement activities occur. A new illustration of this conceptual framework is provided here (Table 1), which forms a basis for evaluating and categorizing the contributions. Table 2 presents the main findings.

The literature review highlights a lack of studies exploring the hybrid micro-processes that explain CSPE. The macro/meso level focus on firm-wide and environmental concerns, while the micro-level focus on intra-organizational units, people and specific processes within organizations (Wang *et al.*, 2023) hence, most of contemporary studies adopt a macro or meso level perspective regarding this topic.

When interpret the matrix vertically by going straight down each segment, the top/left quadrant contains studies on macro/meso-level research focused on Corporate Political Activity (CPA). This area represents an important subfield of CPA research and encompasses strategic activities such as lobbying and campaign finance (Lawton *et al.*, 2013a). The quadrant in the lower-left looks at intra-firm political strategies, stressing the ways in which organizations structure, deploy, and build their internal resources of power (Oliver & Holzinger, 2008).

The upper-middle quadrant focuses on CSR-related engagement, examining how firms engage social challenges through philanthropy, NGO partnerships, and other strategic actions (Doh & Guay, 2006). The top-right quadrant explores hybrid approaches that combine CPA and CSR, where organizations address institutional pressures (den Hond *et al.*, 2014; Sun *et al.*, 2021b). The quadrants in the bottom half, from left to right address micro-level action (CPA-CSR integration) that occurs inside the organization (lower-right quadrant).

This debate uses these associations as a starting point and threads together the papers, into this broader picture.

Table 1: CSPE's Interplay Across Levels and Domains

Engagement Area	Institutional Complexity, Pressures, and Challenges (Macro)	Organisational Micro-Processes and Intra-Firm Factors (Micro)
CPA: Political Environment/Issues	Benischke & Bhaskarabhatla	Gounopoulos, Loukopoulos, Loukopoulos & Wood
CSR: Social Environment/Issues	Corciolani, Giuliani, Humphreys, Nieri, Tuan & Zajac	Symeou & Kassinis
Integrated CSPE	Blake, Markus & Martinez-Suarez (Macro); Ho, Oh, & Shapiro	Van den Broek; Moschieri, Ravasi & Huy
Emergent Insights	Li, Xia, Zajac & Lin; Röell, Arndt & Kumar	Blake, Markus & Martinez-Suarez (Micro)

Political-Macro Evaluation

Existing studies of Corporate Political Activity (CPA) have primarily focused on a macro view of corporations' relationships with political institutions and actors. Li *et al.* (2023) analyze how firms use language to manage competing pressures from multiple states. Their research highlights the role of verbal pledges or the avoidance of government policy which is often overlooked. This discourse, they argue, may also be a softer form of Corporate Social and Political Engagement (CSPE), essentially closer to a Corporate Social Responsibility (CSR) than a traditional Corporate Political Activity (CPA), such as joining elections or lobbying. The quantitative analysis then examines how Chinese firms are reacting to the Belt and Road Initiative, showing that those firms with a high number of subsidiaries in countries that oppose China were less likely to publicly support the initiative due to the legitimacy challenges they face from these hostgovernments.

Benischke and Bhaskarabhatla (2023) diverge from the common focus of CPA-type work as they engage down the less-explored path of considering how firms incentivize politicians to be favorable in their decision-making. They analyze the idea that firms could use negative incentives to “capture” regulatory agencies. In particular, they focus on the Indian generic pharmaceutical industry, focusing on firms’ responses to price control constraints. Their findings suggest that firms engage in noncompliance due to mimetic pressures, particularly when other firms are taking the same risks. This introduces a novel perspective in nonmarket strategy relating to the importance of understanding both positive and negative incentives embedded within regulatory systems.

This paper by Chi, Dyer and Thomson (2023) provide new evidence on the role CPA: in the US regulatory oversight of Initial Public Offerings (IPOs). Notably, they note that political contributions by IPO issuers and intermediaries have different effects on the oversight of the Securities and Exchange Commission (SEC). While political engagement on the

part of issuers can raise regulatory eyebrows, the involvement of intermediaries encourages transparency and gives regulators less reason to investigate. The implications of this research highlights the importance of context and the respective roles played by business entities in shaping the outcomes of CSPE initiatives.

Table 2: Summerised of the research work

Articles	Primary Topical Focus	Key Stakeholders Targeted or Engaged	Research Setting	Method	Themes	Institutional Pressures and Complexity	Theoretical or Conceptual Perspectives	Firm-Level Actors	Micro-Processes
Li <i>et al.</i> (2023)	Political	Home- and host-country governments	Chinese firms	Quantitative	Rhetorical commitment vs. avoidance	Polythetic pressures, legitimacy concerns due to conflicting political worldviews	Institutional theory	Firms (no within-firm constructs)	Political rhetoric as a subtle form of CSPE
Benischke and Bhaskarabhatla (2023)	Political	Industry regulators	Indian pharmaceutical sector	Quantitative	Regulatory capture and nonmarket strategy	Mimetic pressures, regulatory noncompliance	New institutional theory	Firms (no within-firm constructs)	Noncompliance driven by mimetic pressures
Gounopoulos <i>et al.</i> (2023)	Political	IPO firms, regulators, financial intermediaries	U.S. IPO market	Quantitative	Lobbying, campaign contributions, securities regulation	Influence on regulatory scrutiny by political activities	Agency and reputation theories	IPO firms and financial intermediaries	Political donations influencing SEC scrutiny
Corciolani <i>et al.</i> (2023)	Societal	Large MNEs, socio-political stakeholders	Emerging economies	Quantitative	CSR reporting as a tension between home-country and intern	Institutional theory	Firms (no within-firm constructs)	Framing CSR in response to institutional tensions	
Ho <i>et al.</i> (2023)	Societal	Local communities, host countries	Global mining companies	Quantitative	CSR-social licensing, social contract theory	Rule of law vs. macro-justice in local community engagement	Firms (no within-firm constructs)	Micro-consent-based social contract	

Articles	Primary Topical Focus	Key Stakeholders Targeted or Engaged	Research Setting	Method	Themes	Institutional Pressures and Complexity	Theoretical or Conceptual Perspectives	Firm-Level Actors	Micro-Processes
Symeou and Kassinis (2023)	Societal	MNEs, host states, local/international stakeholders	Global extractive industries	Quantitative	Corporate social performance as a criterion in partner selection	Institutional legitimacy theory	Firms (no within-firm constructs)	Legitimacy demands from societal stakeholders	
Blake <i>et al.</i> (2023)	Integrated/CSPE Strategy	Political regimes, political actors	Populist regimes	Conceptual	Populism, nonmarket strategy formulation	Political risks in populist regimes	Political ties and CSR strategy literatures	Motivated reasoning and confirmation bias in politics	
Röell <i>et al.</i> (2023)	Integrated/CSPE Strategy	Local socio-political stakeholders	Dutch subsidiaries in Indonesia	Qualitative	Institutional embeddedness of foreign subsidiaries	Local and home-country institutional logics	Cognitive framing	Firm-actor interactions in host-country environments	
van den Broek (2023)	Integrated/CSPE Strategy	EU-based institutions, NGOs, politicians	European Commission	Qualitative	Discursive strategy construction	Political actors' discursive strategies in CSR	Institutional and multi-stakeholder approach	Political access and CSR discourse construction	
Moschieri <i>et al.</i> (2023)	Integrated/CSPE Strategy	Local government, local partners	Latin America	Qualitative	Nonmarket strategy, IJV dynamics	Host-country government hostility and expropriation	Obsolescing bargaining theory	Headquarter-subsidiary interactions based on expropriation	

Social-Macro

Similar to the studies on Corporate Political Activity (CPA) and political participation, the literature on Corporate Social Responsibility (CSR) has also adopted a relatively broader, macro-level perspective. In this special issue, Corciolani *et al.* Use of institutional theory to analyse the corporate social responsibility (CSR) reporting of emerging-market multinationals (EMNEs) This study explores the nature of cross-border institutional variety and how emerging market multinational enterprises (EMNEs) overcome the challenges that arise from this, including how global legitimacy relates to local institutional requirements (Sun *et al.*, 2021). This is achieved through strategic manipulation of their CSR reports to demonstrate language anisomorphism, aligning international norms while accounting for local deviations. Resource-dependent MNEs tend to minimise environmental aspects of their operations in CSR documents, while human rights are usually 'watered-down' by MNEs from authoritarian states. This study, in line with Li *et al.* (2023): Extending rhetoric and symbol as a means for understanding Corporate Social and Political Engagement (CSPE).

Ho *et al.* (2023) examine the potential role of local CSR initiatives in helping multi-national mining corporations achieve a social license to operate in local communities. By applying social contract theory, the authors argue that multinational corporations that invest heavily in local corporate social responsibility initiatives can develop positive perceptions among stakeholders that the company exists because of distributive justice. Hence this leads to gaining a social license therefore reducing the liability of foreignness for the company. The document outlines key factors that affect the success of such a social compact, from the legitimacy of the parent corporation to the local legal landscape and, importantly, local polarization within the community. This study contributes to better understanding of the complexity of how local CSR initiatives by MNCs affect their social acceptability.

Symeou & Kassinis (2023): Exploring the role of social performance in the selection of foreign partners by state-controlled entities in the global extractive sectors Drawing on institutional theory and with a focus on social performance of foreign candidates, they show that for SCEs their joint-venture choices can be highly influenced by the social performance of foreign candidates. This preference for socially responsible partners is influenced by factors such as the level of corruption in the home country of the foreign partner, the political legitimacy of the host country, and the presence of global multi-stakeholder initiatives. The link between CSPE and market oriented choices, such as the choice of foreign joint venture partner, is illustrated and we strongly encourage further examination of the socio-political environment of the market by researchers.

Social-Micro

While Ho *et al.* None of the articles in this special issue explore intra-firm notions of corporate social involvement per se as defined by this previous research citing a consent based micro-social interaction theory (Voloch *et al.* For this reason, no articles in this issue are assigned to the Social-Micro category.

Incorporated-Blake *et al.* (2023) offer a conceptual contribution to this special issue about how nonmarket techniques take shape under populist governments. They analyze the link between corporate political connections and CSR efforts, predicting that these efforts reduce the threats posed by populist governments. The article predicts differences in political relationships and CSR activity according to business type (outsiders vs insiders) and the longevity of populist governments. This research contributes to the nonmarket strategy literature by addressing an understudied institutional challenge and offering new insights into how firms may engage with politicians, bureaucrats, and other constituents under populist regimes. Conclusion These findings set the stage for future empirical analyses of CSPE in these political contexts

Röell *et al.* (2023) investigate the behavior of multinational enterprises and their subsidiaries in developing economies as they deal with local socio-political stakeholders. Using institutional theory and a qualitative, inductive approach, the study draws insight from Dutch multinational enterprises in Indonesia, showing that local staff play a key role in achieving institutional legitimacy with political and social actors, in contrast to expats. According to their results, compliance with local institutional practices and the ability to delineate processes within the institutional context of the host country contribute to more effective institutional embedding. Our research highlights the importance of the multi-level, inductive case study method in studying nonmarket activities, with simultaneous attention to both the headquarters of the multinational enterprise and its local subsidiaries.

Using a discursive institutional approach, Van den Broek (2023) investigates how CSR can help to open the gates to policymakers within the European Union for corporations. Unlike the United States, where CSR is often a box to tick for reputation control purposes, van den Broek notes that what CSR really means within the confines of the EU is hotly contested and worth negotiating between companies, lawmakers, and the public. Using archival research, event observation and elite interviews, she identifies four specific discursive strategies that companies deploy to address politicians. The findings of this work offer two key contributions: First, this work highlights how policymakers' interests are crucial in determining the political worth of CSR; second, this work explains how the dynamics of strategic players at the micro-level determines the macro-level outcomes of CSPE.

Integrated Micro

Moschieri *et al.* (2023) study how multinational corporations respond to host governments' unfriendly treatment since perceived expropriations. Using a multiple-case study approach, they examine the role of managers in reconciling institutional complexity, particularly how strategies for accessing and leveraging information affect local and global support for managers. The findings challenge the common assumption that domestic partners in international joint

ventures protect multinational firms from political manipulation. On the other hand, excessive reliance on local partners can increase the risk of a 'liability of insidership'. The study illuminates global corporations' practices for the navigation of relationships with local allies and the negotiation of nonmarket environments, offering important insights to the dynamics of corporate social and political engagement in challenging contexts.

Blake *et al.* (2023) also investigate a potential psychological bias affecting corporate executives in their assessment of the susceptibility of populist governments. Motivated reasoning implies that executives from outsider and insider enterprises might harbor different biases when evaluating the resilience of populist administrations. The research suggests that leaders embrace these biases and adjust their nonmarket strategies accordingly. The psychological determinants of decision-making in a populist context provide an important avenue for further examination in CSPE.

Discussion, Limitations, and Future Research Directions

More specifically, this article set out to provide commentary on the social and political context and a brief overview of key research agendas in the nascent field of corporate-social-political engagement (CSPE). This framework highlights existing accomplishments and elaborates on future paths toward understanding how firms and their leadership teams react to, manage, and leverage the existing social and political challenges. We also introduced a novel conceptual framework for understanding such corporate activities that nest two previously distinct areas of study, Corporate Political Activity (CPA) and Corporate Social Responsibility (CSR).

This article provides a brief overview of existing non-market literature, as well as some new material, such as the introduction of the CSPE construct and its potential applications in the future. However, the scope of our analysis is limited by definition. An extensive literature has developed around the role of social and political actors in corporate governance; many other papers have been important contributions to this area. While we have given a brief overview of the most relevant institutional theories relevant to CPA and the role of stakeholder theory in CSR literature, our analysis of these basic perspectives is limited due to space limitations. There is an increasingly large body of literature that questions the premises underpinning CSR and how easily it can be manipulated by corporations (Crane *et al.*, 2014); whether genuine CSR can ever be decoupled from its more superficial adoption (Weaver *et al.*, 1999); and the distinction between 'real' versus 'ornamental' CSR—topics we did not engage with in depth in the current paper.

Future Research Directions

Building on the framework we proposed in introducing this issue that highlighted three levels of analysis (institutional, organizational, and micro), three main themes of contributions (CPA, CSR, and socio-political engagement), and to highlight emerging fruitful channels of future CSPE scholarship, we add a few thoughts here.

Concordance (or Discordance) of CPA and CSR Previous research (e.g. van Hond *et al.* (2014), has drawn attention to the potential adverse impact of CPA-CSR misalignment, robust empirical insights into this phenomenon still remain limited. Though the current papers, such as those by van den Broek (2023) and Ho *et al.* 2023 in this issue) have also found CSR as a mechanism closely related with CPA, the relationships between the two are not always straightforward. Future research should explore what explains potential misalignments — whether inadvertent, emergent, or deliberate (to give one example of the latter, when firms “promote sustainability while ruining the environment by lobbying for degrading policies”). Understanding these processes is fundamental to grasping the total impact that CSPE has on societal well-being, and research into this topic is therefore highly essential.

Psychological and Ideological Influences on CSPE A number of essays in this collection make the case for the importance of cognitive and psychological frameworks as drivers of business non-wellbeing strategies (Blake *et al.*, 2023; Moschieri *et al.*, 2023; Röell *et al.*, 2023). Future research should explore how the psychological and ideological traits of corporate leaders shape decisions about CSPE, thus connecting micro-level and macro-level research. Research might explore human characteristics of decision makers—like those related to ideology, cognition, motivation, and risk tolerance—as they vary across institutional contexts and affect what types of CSPE as well as what specific CSPE comes into being and operates effectively. Researchers might benefit from the behavioral theories discussed by Powell *et al.* (2011) and Lin *et al.* (2019), and others that inform us about these processes.

Regulatory Capture Benischke, B., & Bhaskarabhatla, A. (2023). (2023) analyses how and whether CSPE can help shape how corporations interact with regulators in India and the USA. Abstract Their findings suggest that understanding corporate social and political engagement (CSPE) across the regulatory stage of an issue life cycle needs careful attention

to institutional differences and multi-level analysis. Another area for possible research activity is that of studying the influence of geographic contexts, such as the national law and supranational legal contexts, on CSPE activity as it applies to individual enterprises; for example, a comparative study of EU and other legal jurisdictions might be a productive area for academic investigation. Lastly, more micro-level research is needed on how particular individual factors (the revolving door, for example) affect firms' interactions with regulators as well as the effectiveness of their CSPE strategy.

Research by Ho *et al.* (2015) the Role of Stakeholders (2023), van den Broek (2023), and Blake *et al.* argue that socio-political stakeholders play a critical role in determining CSPE tactics (2023). Building on social movements theory, future research could study how right-leaning and left-leaning populist movements create conflict within institutions and how corporations may adjust their Corporate Social and Political Engagement (CSPE) in response. This area of research could also look at the targeting of specific companies by populist movements, the success of their activism, and the success of corporate defenses. Social contract theory might help understand the type of contracts formed among different businesses and communities across horizontal institutional contexts (e.g. business stage).

Conclusion

The goal was to foster innovative research into the nature, provenance, management, and regulation of CSPE operations. The book demonstrates how such actions are shaped by a multitude of contextual factors at the institutional, organizational, and human levels. They also critically reflect on potential consequences of such efforts, especially their negative aspects. Through multilevel analyses and multiple theories, these papers offer original contributions to the business-society nexus scholarship. To our belief, we expect that future research will build upon these contributions and offer new insights into CSPE across multiple global contexts.

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