

INFLUENCING GOVERNMENT: WHAT DO SMALL FIRMS DO?

Dr. Ronald G. Cook
Rider University

ABSTRACT

This study examined the political strategies of successful small firms. The research revealed that first, these small firms follow prerequisite steps to enhance the receptivity of their messages by policymakers. The firms then utilize, with varying degrees of frequency, the following eight political strategies: letter writing, hiring consultants, making personal contact with government officials (testimony at public hearings, and meetings/phone calls with policy makers), participation in an association or chamber, forming a coalition, conducting publicity events (press conferences or media interviews), and being personally involved in the elective/electoral process (either running for office or playing a significant role in another person's campaign). The advantages/disadvantages of each strategy are discussed, and suggestions for future research are offered.

INTRODUCTION

It is well recognized that small business is the most prevalent form of business organization in society today. Data from the US Commerce Department, the US Small Business Administration and private studies all indicate that small firms constitute over 95 percent of the total number of companies (US Department of Commerce, 1990; Dennis, 1993; Executive Office of the President, 1993). However, what may not be as apparent is the fact that these companies also employ almost 54 percent of the workforce, and represent over 53 percent of total US sales (Executive Office of the President, 1993). Overall, small firms are a vital part of a dynamic economy because these firms are often credited with being more flexible, agile, and innovative than larger companies.

Given the small firms' prevalence, government's impact on small business can have substantial effects. This occurs because many laws and regulations, particularly in areas like taxation or workplace safety, apply equally to all firms, regardless of size. Therefore, even though the magnitude of government's impact on an individual small company can be limited, collectively, it is not (Thompson, Wartick, & Smith, 1991).

However, despite the fact that small firms represent a large segment of the economy and are affected by government, the political activities of these companies are relatively unknown (Thompson et al., 1991). There are several reasons for this, including:

1. a lack of adequate information about these firms, partly because many of them are privately owned and, therefore, their records are not available to the public;

-
2. access to these firms is often more difficult than their larger counterparts, as there are fewer people to approach for research entree; and,
 3. the idea that small firms' public policy activities are merely the result of obeying the law, avoiding irresponsible acts, and adjusting to market forces (Spencer & Heinze, 1973; Van Auken & Ireland, 1982; Blumberg, 1975).

With the growth of government's role in the economy, and government regulating areas that were once under the realm of managerial autonomy (Yoffie & Bergenstein, 1985), companies have looked for assistance in adapting to a new environment. Firms increasingly found that they needed to become involved in the public policy process if they were to gain influence with policymakers whose decisions affected their firms. As Irving Shapiro, former CEO of Dupont and former chairman of the Business Roundtable, put it, "... you have zero chance of scoring points unless you get into the game," (1980, p. 30).

Researchers have examined how business has joined in "the game," often by suggesting a framework that firms could use for strategically managing public policy issues (Buchholz, 1988), describing a life cycle model that allowed a firm to obtain the maximum benefit possible from political strategies (Ullman, 1985), or defining business exposure and top management philosophy as keys to managing a corporate social environment (Miles, 1987). Because these and many of the other models of government and business interactions have generally been developed from large firms, they often have requirements that are beyond the resources of the small company. Even in a study that suggests when small firms should become involved in the public policy process, and allowed for resource limitations (Cook & Barry, 1993), it was unclear as to what these firms do once they have made an involvement decision. Therefore, this research examined how small firms responded to rules/regulations, or to public policy issues, and its purpose was to determine what these firms did. In the subsequent sections, the methods, the findings, and suggestions for future research are described.

METHODS

Because much of the phenomenon under study, small firm political strategy, has not been explored, this study utilized a qualitative, grounded theory approach (Glaser & Strauss, 1967). This approach was important to the research design because of the complexity of the relationship between the small firm and government, and because of its ability to uncover valuable insights into the processes and strategies used by small firms in their public policy decisions. As the field is in an exploratory stage (Thompson et al., 1991), formal hypotheses were not developed.

It has been suggested by Wolcott (1992, p. 19) that there are only three data-gathering techniques in qualitative study: watching, asking, and reviewing. In this study, all three techniques were used as information was collected through indepth interviews, participant observation, and innovative methods (Taylor & Bogdan, 1984). Indepth interviews utilized an interview guide approach (Patton, 1990) because it provided consistency regarding the questions without the rigidity of a standardized interview. Innovative methods included

historical data from a variety of sources, including public records, internal documents, and correspondence.

Until now, the term "small business" has been used as though a commonly shared definition existed. In actuality, multiple definitions exist, requiring a more detailed explanation of how the term was used. For example, the US Small Business Administration defines a small business as "independently owned and operated and not dominant in its field of operations" (Hodgetts & Kuratko, 1995, p. 6). Other authors argue that different criteria, like relative size within the industry or the firm's scope of operations, offer a better definition of a small business (Anderson & Dunkelberg, 1993). Because the intent of this research was to examine a broad array of small business types (given its exploratory nature), the numerically based guideline used by the US Department of Commerce was adopted, which defines a small firm as having up to 500 employees. This definition was then modified so a firm must have at least 15 employees to be included in the study. The 15 employee floor was chosen to reflect a size that would help ensure an internal division of authority had occurred-- if the CEO no longer made all internal managerial decisions, she or he would be more likely to find the time necessary to be involved in public policy interactions. Further, in each firm, the CEO was the only person who handled these interactions.

The initial bounding of the territory (Miles & Huberman, 1994) focused on small firms in the central New York area who were active in the public policy process. Sampling of firms was purposeful and intensive rather than random (Miles & Huberman, 1994, p. 27), and firms were chosen with the assistance of local trade associations. The trade associations helped identify "information rich cases" (Patton, 1990, p. 169) -- small business CEO's who had dealt with a variety of public policy issues over time. At the end of each interview, respondents were asked to suggest additional companies which were small, active in the public policy process, and which might offer a complementary perspective on involvement. Later, the shift was to "deviant case" and "maximum variation" sampling (Patton, 1990, pp. 170-72), where an emphasis was placed on finding firms that had utilized different methods, or experienced striking successes or failures in their attempts to influence public policy. Firm selections were also made on the basis of the evolving theoretical framework, using grounded theory sampling logic (Glaser & Strauss, 1967), and continued until theoretical saturation was reached (Glaser & Strauss, 1967, pp. 61-62, 111-12); i.e., new interviews failed to appreciably alter the findings.

Specifically, 31 indepth interviews were conducted. Five were with chamber and association presidents while 26 were with 23 firms. All interviewees were the CEO of their company and the interviews lasted between one and two hours. Table one describes the firms headed by the interviewed CEOs:

Ten participant observations involving over 50 different executives were also held, in which some executives were observed multiple times. These observations collaborated the interviews and occurred at two trade associations' government affairs meetings. By attending these meetings, it was possible to observe business executives' interactions with politicians, who were often invited to appear before the committees and, in general, to observe the

dynamics of joint public policy decision-making among small firms. Observation sessions lasted approximately 90 minutes, including pre and post activities.

The examination of over 200 public documents, position papers, internal memos and newspaper clippings completed the data collection. The data collection process ceased when it became apparent that no additional insights were being uncovered. The period of data collection ran from 1991 through 1993.

Table 1
Firm Characteristics

Industry	Number of firms	Number of employees	Number of interviews
Printing	2	47/34	4
Machinery mfg	2	21/55	2
Equipment mfg	2	18/95	2
Conglomerate	1	440	2
Banking	1	80	1
Food processing	2	380/37	2
Fiber optics	1	25	1
Decorative mfg	1	105	1
Fastener/tools mfg	2	63/50	2
Plastic mfg	1	225	1
Construction	2	44/78	2
Rubber	1	56	1
Retail	2	260/83	2
Restaurant	2	21/34	2
Steel	1	185	1

Data Analysis

To help simplify the analytical process, detailed abstracts of each transcript were made. The transcripts included headings to summarize each topic and heading codes to tag themes and interesting findings. As the transcripts were reduced and coded, the focus was on identifying specific strategies that were pursued by small firms. This led to several related questions, including: "Which level of government is most important to the small firm?", "Which strategies are pursued most often?", "What are the strengths and weaknesses of your choices?" and "How do you improve your chance(s) of success?"

Two broad levels of codes were developed: received and emergent. Received codes (Strauss & Corbin, 1990, p. 50) were derived from the review of the literature and

categorization schemes used by interviewees. They were primarily descriptive (Miles & Huberman, 1994, p. 57), and could be considered start codes. They tended to have a structural character, and included characteristics like the level of government being influenced, age of the issue being addressed, firm demographics, issue results, etc..

The initial pattern codes emerging from the data (see Figure 1) were provided by the informants (Miles & Huberman, 1994, p. 57; Van Maanen, 1979, p. 540). These informant-based, "in vivo" codes (Strauss & Corbin, 1990, p. 69) reflected the frequency of thought provoking phenomena in the data. Repetitive occurrences of informant codes resulted in them being assimilated into analytical codes developed by the researcher (Gioia, Thomas, Clark, & Chittipeddi., 1994). These were then tested against other transcripts for their ability to meaningfully group data. The coded data was assimilated into second order concepts (Van Maanen, 1979), i.e., the specific strategies described below. These factors were then grouped into the overarching dimensions (Gioia et al., 1994) of strategy utilization.

It has been noted that all research faces bias from inevitable human judgments about research design and interpretation (Meyer & Tucker, 1993). In qualitative research, a key consideration is how to ensure that any bias will not overly influence a study's conclusion. One method utilized in this study was discounting the data (Deutscher, 1973). This technique involves examining any data with skepticism until corroborating evidence is found. Interview and observation transcripts were compared to each other, and to memos and official records, to enhance data accuracy. Triangulation (i.e., using multiple methods to develop data regarding the same phenomenon; Jick, 1979) among the data collection techniques helped ensure reasonable confidence in the results. In addition, three faculty colleagues, all having extensive qualitative research experience, examined the fieldnotes to provide cross checks on potential themes and coding schemes. There were no appreciable differences in data pattern identification between the researcher and these colleagues.

The exploratory nature of the study revealed a comprehensive list of political strategies. Firms depicted their interactions with government regarding rules/regulations or public policy issues and did so over a lengthy time span (firms were not restricted to a specific interaction window). The overarching dimensions (see Figure 1) reflected the utilization of these strategies and emerged from the data as an organizing tool to group the strategies, which ranged from the relatively routine to the rarely pursued.

FINDINGS

From the first interview to the last, it was apparent that small business CEOs considered the public policy arena confusing and frustrating. Firms were attempting to make sense of a situation where they had little guidance and often answered queries with a simple "I don't know." Probing helped elicit more information about how small firms dealt with government. CEOs would first choose an issue to become involved with because the issue was perceived by the CEOs as strategic-- a process depicted as examining the impact, timing, and role of the players (Cook & Barry, 1993). This perception was influenced by the CEO's values and cognitive base (Hambrick & Mason, 1984). The strategic nature of an issue, or its urgency (Dutton & Duncan, 1987), captured the importance of an issue to a CEO and, therefore, "the

greater the urgency of a strategic issue, the greater the perceived need to change..." (Dutton & Duncan, 1987, p. 283).

Once the decision had been reached to pursue involvement, CEOs decided what actions to take, i.e., the political strategies. However, in determining this process, political involvement went beyond strategic choices and into improving the receptivity of the messages. Regardless of the strategies chosen or the particular order in which they were pursued, small firms were adamant about first framing an issue utilizing two guiding principles. These principles, called prerequisites to political strategies, encompassed a number of activities which were classified into the following: 1) political involvement must be a high priority for CEOs; and, 2) the issue must be presented in current perspectives.

Prerequisites To Political Strategies

Political Involvement Must be a High Priority for CEOs

Because of the size of the firms studied, the CEO was the only person who conducted political activities for the firm. If the CEO does not consider political action a high priority, when compared to other activities that might occupy the CEO's time, then the effectiveness of the political involvement will be lessened. One of the reasons cited by CEOs for placing a low priority on political activity was the time needed to be even routinely active. Small firms often do not have time for activities that do not bring immediate, tangible results (Thorn, 1982). The interviewees suggested that a successful outcome required political involvement to be a high priority for CEOs, because CEO involvement is recognized as one measure of a firm's seriousness and commitment to an issue (Weinberg, 1988):

Groups should be forcing their members to become involved. The job description of the CEO should include a high level of political involvement.

Because I don't think that the severity of politics has reached the stage where it gathers that share of attention of the CEO. He or she has other things on their agenda, on the platter and they are saying, "politics, uh, okay, I want to get involved so I am going to send so and so to do this."

Yoffie (1988) offered a similar conclusion when he researched the semiconductor industry. Yoffie found that visible, persuasive, and accessible CEOs were a key to that industry's success in its political activities.

The Issue Must be Presented in Current Perspectives

Firms must package their concerns within current perspectives and trends and, therefore, the firm needs to recognize the parameters of policymakers' interests. What are the emerging issues in society? Does the small firm's position reflect those concerns? For example, when economic times are slow, firms can argue that legislation might cost jobs or make them less competitive. When other trends emerge, like concerns over environment or

family, a company needs to link its message to those trends. Two interviewees described this process as:

Business has done a terrible job of presenting itself in a politically smart way. And when we turn that around, present our positions in a better way, we win. For example, when the business community shows government that mandated benefits are going to rule out flex benefits and rule out part time employment, which are extremely beneficial to senior citizens and moms,... they win.

It should come from the leadership, business leaders, associations, chambers... you have to frame the issues correctly, assess the trends and package your message, just like you would hire an ad agency to market your product.

Firms need to understand and adjust to the politician's concerns in order to operate effectively in the political environment. As Weinberg (1988) noted, "the rhetoric style and context of the story are critical to the effectiveness of your argument" (p. 80).

These framing activities helped small firms when they pursued a political strategy by attempting to make their audience more receptive to their ideas. By doing so, CEOs believed that the strategies pursued would have a greater impact due to a firm's careful preparation.

Political Strategies Of Small Firms

When small firm CEOs decide to become involved in a public policy issue, what do they do? Specifically, the CEOs must choose political strategies that they believe will help influence the legislative or regulatory process. As these strategies emerged from the data (see Figure 1), one might expect that larger firms would have a different perspective based on the amount of resources that they can devote to an issue (the interviewed firms ranged from 18 to 440 employees, with 6 firms having more than 100 employees). However, that was not the case. There was no appreciable differences in strategic choices between the larger and smaller firms in this sample.

Overall, the political strategies identified by the interviewees included: letter writing, participation in an association or chamber, making personal contact with government officials (testimony at public hearings, and meetings/phone calls with policymakers), forming a coalition, conducting publicity events (press conferences or media interviews), hiring consultants, and being personally involved in the electoral process (either running for office or supporting another executive within the firm to do the same).

The classification scheme that emerged as an overarching dimension (Gioia et al., 1994) was utilization. Time and time again, executives described the strategies as "routinely done," "occasionally tried," or "rarely pursued." The thought processes of the executives are reflected in the groupings of most, moderate, and least utilized. The most utilized political strategies were letter writing and chamber/association involvement. These strategies were

pursued by the executives in almost every public policy interaction. The next level, called moderately utilized political strategies, included personal contact, coalition building, and publicity strategies. The regularity that the executives employed these strategies was approximately one-half of the most utilized ones. The least utilized political strategies were hiring consultants and personal involvement strategies. They were identified as an option but were rarely pursued.

The interviews also revealed that CEOs often pursued more than one strategy concurrently. When two or more strategies were linked together, one was typically a most utilized political strategy, either letter writing or association/chamber involvement. These two commonly cited strategies were easy to initiate and, therefore, were often conducted first to set the stage for other political strategies. A description of each strategy follows:

Letter Writing

The first of the most utilized political strategies was letter writing. It was used in almost all circumstances, regardless of the particular issue in question. Its common usage can be attributed to the ease in which it can be accomplished and that it was considered affordable by most firms. In addition, letter writing was often the first step before pursuing other political strategies. A typical strategic choice to write a letter was described by these interviewees:

I would normally send letters out to legislators and send copies to the association or any group that was lobbying or putting together an opinion.

In addition to writing a letter to a legislator, I could and would send a copy to the chamber and associations.

As demonstrated by the respondents, often initiating other political strategies begins with a letter writing strategy.

Chamber/Association Participation

The other most utilized political strategy was participation in a chamber or association. To qualify as participation, the firm had to be active in the organization's meetings, functions, and events relating to public policy issues, and not simply belong to the group. Participation in a chamber or association was an important strategy for firms who believed that collectively, they would have more of an impact on public policy issues.

In addition, chamber or association activity was often important when CEOs decided to pursue a media strategy. For example, a firm might hold a press conference and use its influence with a chamber or association to entice it to join in the conference, thereby broadening the firm's base of support and strengthening its message. Chambers and associations offered an opportunity to find other companies with a similar philosophy because the member firms usually suffered from similar problems, as this CEO noted:

Usually it is done by developing a consensus, working with groups... and I am not so original that the problem is unique to me. You go to any meetings, you will see the same issues. There will be a whole group of people in tune with the same problems that you have.

The importance of working with groups and developing consensus was emphasized over and over again by the CEOs. A typical comment from a small firm when utilizing this strategy was:

Because in most cases, if it concerns me it concerns others. If we are going to do anything to change direction, I'm not going to do it by myself. Linkages and groups are important.

Once a firm had written a letter or participated in an association, they often continued their efforts with one or more of the moderately utilized political strategies: personal contact, coalition building, or publicity.

Personal Contact

This activity included testimony by the CEO at public hearings, face-to-face meetings between the CEO and policymakers, or phone conversations among the aforementioned parties. This activity required more participation and planning by the CEO because it was interactive and the CEO had to be able to respond immediately. The most common of the personal contact strategies was the phone call. It was generally a follow up to a letter or fax about an issue and it was the easiest of the personal contact strategies to arrange. A typical use of a phone call was:

Talking about it whenever you get a chance is important to do.... I think it's important to call them [legislators] and try to get a broader awareness.

Face-to-face meetings were less common than phone calls and were often the result of chamber/association involvement, particularly when legislators were invited to participate at a chamber or association function. Typical reactions from small companies regarding face-to-face meetings were:

Well, I go to a lot of political meetings. I go to Washington and Albany to meet the various government people....

I look to see the way the legislation is going and if personal contacts would be helpful in shoring up a senator or assembly person who is wavering.

Testimony at hearings was less common than the other two personal contact strategies for several reasons. First, the opportunity to testify occurred less often. This happened because these hearings were formally arranged affairs (thereby requiring more planning), and because the topic may not be of concern to the firm. Second, testimony becomes part of the public record and CEOs were often more reluctant to comment publicly about their positions. They

believed, in some circumstances, that their viewpoint would come across as callous and, therefore, were afraid of receiving bad publicity. Finally, cynicism was fairly strong here. Firms were wary that these public hearings were just for show. As one firm stated it:

Well generally,...I put very little credence to testimony in front of legislative bodies. That is just a public show for them. They don't hear what you are saying.

Coalition Building

Earlier research described coalition building as involving efforts by a organization to find other groups of voters who may share common political interests on a particular legislative issue (Keim & Zeithaml, 1986). Coalitions were generally formed when a firm had a problem common to an industry or industries, and when it did not want to be alone in the limelight supporting or opposing a particular public policy issue. For that reason, coalitions are often spearheaded by associations or chambers rather than by one firm. They were often discussed during the participant observation sessions. Typically, the discussion would center on a particular issue and how to involve other groups. For example, when discussing the dismal condition of the local economy, CEOs would suggest that, "we try to coordinate with other chambers about how many jobs are being lost." Coalitions were viewed as an important weapon in the public policy arsenal despite the substantial work necessary behind the scenes to gain the support of other companies or organizations. Two executives explained their views on coalition involvement as:

We bring other affected parties together who have concerns and put resources into the coalition to keep it going. Then, as an issue comes up, it is addressed by a group of companies rather than just one.

Particularly, when we are trying to do it on a regional basis, we get people from Rochester getting their legislators, the same thing with Buffalo, Binghamton. It's helpful that way in getting a broader awareness of the impact on a business.

Because of the effort necessary to create and maintain a coalition, it was employed only moderately often as a political strategy.

Publicity

Publicity includes holding a press conference to explain a position on an issue or conducting media interviews. Because there was reluctance to "stand out" publicly on some issues, particularly controversial ones, publicity was more often pursued through coalitions, associations, or chambers rather than a single firm. In these circumstances, a group of firms would be taking a particular position, and not just one company. However, despite the risks

to a firm's image when facing reporters, there is a growing tendency to utilize the power of the press to convey the small business position to legislators and the public.

Publicity was often discussed during the participant observation sessions. At the committee meetings, small firms often conferred about the need for media coverage of an issue and suggested editorial board meetings to help the public understand what the business community was facing. Small firm CEOs also participated in press conferences that were held by the chamber, both as active speakers and as members of the audience. Although a publicity strategy involves substantial time and coordination, and poses a risk to a firm's image, its ability to reach a wide audience made publicity more popular than the resource intensive, least utilized political strategies-- hiring consultants and personal involvement in campaigns.

Hiring Consultants

The first least utilized strategy, which executives labeled "getting hired guns," involves hiring lawyers, accountants, etc., who are knowledgeable about a firm's problem area, and who serve as lobbyists for the small firm. Once retained, the consultant generally works independently to resolve the issue, while periodically reporting back to the CEO. This strategy was viewed as less appealing primarily because of the cost involved. Hiring a professional as a lobbyist also meant that the issue was very important to the firm and fairly specialized. Consequently, the CEO would not feel comfortable about attempting to resolve it without assistance. This strategy does not include circumstances where a CEO might simply consult with an attorney or other professional about how a bill or proposal would affect the firm. One firm describes its hiring of a lobbying firm to work on a technical area as:

We have had a couple of tax issues and we called in a lobbying firm to get technical corrections done. We will hire outside help whenever we need it, and look for people who have the right contacts in Congress.

Primarily because of the cost involved, this strategy was rarely pursued.

Personal Involvement In Campaigns

This is the last least utilized strategy and is defined as having the CEO run for public office or supporting another executive in the company to do the same. Running for office directly, or supporting a key executive to do the same, was a rarely used strategy because of the time commitment and lack of organizational slack common to small firms. The resources necessary to execute this strategy are generally not available in small companies, especially when compared to what might be found in larger organizations. It is difficult for the CEO of a small firm to run the business and campaign directly, or have to spend more time at the firm with additional responsibilities if another key executive were to run for office. CEOs also mentioned that it was difficult to convince business people to run for office, despite the need expressed by many firms to elect business people to government. Part of that reluctance was the stigma generally attached to politicians. The CEOs' viewpoints regarding personal involvement were as follows:

If we had been able to get a qualified candidate then we could begin to make a difference.... Running for government, running for office, is a situation that if more people would be willing to do it, it would be helpful, getting more qualified people.

It would be desirable [putting business people in office] but I doubt it will happen. Most people won't do it, they don't want to associate with those characters [politicians]....

The following chart summarizes the basic political strategies that small firms pursue once an involvement decision has been made and the advantages and disadvantages of each one, as identified by the informants.

Table 2

Political Strategies

Strategy	Advantages	Disadvantages
Most Utilized:		
Letter writing	Affordable, easy to do, often done to set stage for other strategies	May not be read by policymaker
Chamber/association participation	Increase clout by joining with others, affordable	Group may not work on firm's issue, time commitment
Moderately Utilized:		
Personal contact	Interactive responses with policymakers, affordable	Fewer occasions for interaction, more planning needed
Coalition building	Issue is shared, effectiveness is increased	More effort and cost to create and maintain
Publicity	Reach a broad audience, affordable	Preparation time increased, risk to firm's image
Least Utilized:		

Hiring consultants	Have knowledgeable people for issues, saves the CEO time	Costly, often limited to issues of narrow scope
Personal involvement in campaigns	Change policymakers, place business people in office	Costly, time intensive for the CEO

CONCLUSION AND IMPLICATIONS FOR FUTURE RESEARCH

The nature of this exploratory study uncovered almost as many questions as answers. One of these involved the common usage of association/chamber involvement. In The Logic of Collective Action, Olson (1965) demonstrated that because the benefits of political activity were commonized (became a public good) while the costs of political activity were privatized (borne only by those in the group), rational, self-interested individuals will not always act to achieve their common interests. Olson's argument was that since the benefits of political activity were not exclusionary, individual firms could obtain the benefits without paying the costs, thereby becoming free riders. Further, association involvement can mask substantial differences among the firms, thereby causing different positions in what might seem to be a united front. Conventional wisdom that an industry would vigorously oppose any action that interferes with its managerial autonomy does not always hold when individual firms might gain an advantage, long or short term, from governmental intervention. For example, Harris (1985), in a discussion of industry response to coal mining regulation, noted that firms should have opposed the regulation because it would have significantly increased fixed costs. In reality, some firms did not because they could afford the cost of compliance while some of their competitors could not. Bauer, Pool and Dexter (1963) reached a similar conclusion when they found significant variations across firms in terms of preferences regarding tariff policy. Therefore, an interesting dichotomy emerged as a result of joint efforts by small companies. On the one hand, they needed to link together for increased political clout and often used associations/chambers for this purpose. However, because collective action can produce the stresses noted by Olson (1965) and can potentially result in weakened, watered-down positions (Bauer, Pool, & Dexter, 1963), firms often had their own agendas regarding involvement and cooperation with other firms. How associations police their ranks would seem to have a direct bearing on how effective the firms were in communicating their message to policymakers.

Another question concerns effectiveness. Although the objective of this study was to learn what small firms did regarding their public policy interactions, firms were also asked which strategies were the most effective. However, CEOs cited two major problems that prevented them from offering a definitive answer to that query. First, CEOs were often unsure as to which strategies worked, usually citing the complexity of the process and the large number of variables relating to specific issues that influenced the outcome of an interaction. Second, CEOs had difficulty recalling specific instances of successful interactions, often lamenting that "small firms never win." With these limitations in mind, one strategy, publicity, did emerge as potentially being the most effective. However, additional research specifically

aimed towards the now identified strategies, and linked to specific issues and stances, would be warranted before any conclusions should be drawn.

This study did uncover differences between small and large firms regarding government interactions. One of these differences relates to the strategies chosen. Other authors have identified political strategies that larger firms typically pursue as constituency building, creating political action committees (PACs), advocacy advertising, and coalition building (Keim & Zeithaml, 1986). In this study, while coalitions were mentioned by small firms, quite often other strategies were pursued by these companies, in part because of the resource intensive nature of the large firms' choices. Therefore, consistent with these resource limitations, small firms generally believed it necessary to join with other small firms in order to influence government, as increased size was equated with increased political clout. In contrast, larger firms often have the resources to operate alone if they choose (Epstein, 1969). This finding is consistent with Harris's (1985) conclusion that a larger size helps when attempting to influence government.

Another difference between large and small firms relates to the small firm's perception about its ability to accomplish its political objective(s). The CEOs described this ability as a sense of power and control. In a small firm, this sense of power rests individually with the CEO. It is a personal attribute and CEOs of small firms often accomplished political objectives based on who they were and the personal relationships they had developed, rather than on the position that they occupy. For example, one interviewee described his clout, when compared to larger firms, in this manner:

Obviously, they [large firms] have more clout than I do. For years, they can pick up the phone and call and it is "yes sir, no sir," and they get a response. Due to age and time spent on various committees, on a personal level, I have been able to acquire a lot of the same clout....

Therefore, the CEOs' public policy experience, which over time alters their cognitive base (Hambrick & Mason, 1984), allowed them to feel more in control of the situation. When that perception exists, they believed that they could be more effective in their attempts to influence policymakers. This experience could only be garnered if the CEO makes political involvement a key priority; hence its emphasis by the small firms as a prerequisite to pursuing political strategies.

Overall, the findings offer benefits to both practitioners and researchers. This information can help guide small firm CEOs when they become involved in the public policy process, by allowing them to consider the range of alternatives and the respective strengths/weaknesses of each approach. Because the findings also help improve the understanding of how small firms and government interact, researchers will have a clearer picture of these interactions, and guidance into other areas that would be worthy of investigation. Specifically, research in the following areas should prove to be particularly useful:

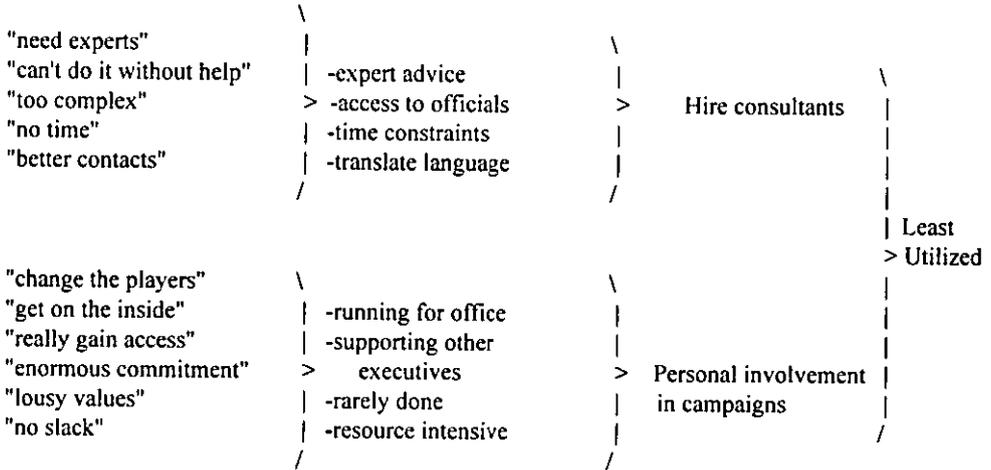
-
- * Identify which political strategy, or combination of strategies, is the most effective. Particular emphasis should be placed on publicity as this study suggests it might offer the most potential.
 - * Determine which political strategy, if any, is best suited for different types of issues.
 - * Determine how the "free rider" philosophy, as expressed by Olson (1965), is overcome when small firms pursue activities like chamber/association involvement.
 - * Determine if the small firm's objective(s) regarding an issue influences its political strategy selection.
 - * Identify if political strategy selection changes based on CEO experience.
 - * Replicate the study in a less regulated region. Many of our interviewees believed that New York was the most regulated state in the country, and this may have influenced their political strategy choices.
 - * Determine if industry type influences political strategy selection.

Given the increasing impact that government has on business, it is essential to enhance the ability of small firms to influence the public policy process. By having these firms' viewpoints considered by policymakers when they make decisions that impact the small company, it should enable these companies to better direct and shape their external environment. And, since the small firm's role in the economy is substantial, what is good for the small firm would ultimately benefit the economy as well.

Figure 1- Sample emergent codes

<u>Overarching Informant code</u>	<u>Analytical code</u>	<u>2nd order concepts</u>	<u>dimensions</u>
"let other firms know"	\		\
"draft off a response"	-letter to firms	\	
"I'll crank it out now"	-letter to officials	Letter writing	
"lay the groundwork"	> -quickest	>	
"they count responses"	-easiest		
"fax is faster"		/	
"I do one a week"	/		
			> Most Utilized
"others must be hit"	\		
"met with the senator at chamber"	-coordinate with firms at chamber	\	
"sit down and iron out differences"	-meet officials at chamber		
"used for information"	> -use chamber for information	> Chamber/association participation	
"hang together or all hang separately"	-share the pain		
"looking to divide"	-ongoing relationships	/	
	/		
"called him up"	\		\
"another ___ hearing"			
"face-to-face if needed"	-interactive responses	\	
"can't get a meeting quick enough"	> -phone call to official	Personal contact	
"met with him to straighten this out"	-attend meeting with official	>	
"take a stand"	-testified at hearing	/	
	/		
"marriage of convenience"	\		
"experienced at lobbying"	-strategic alliances	\	
"politics make strange bedfellows"	-temporary arrangement		
"pro-active"	> -very broad base	> Coalition building	Moderately utilized
"goes beyond firms"	-knowledgeable about processes		> utilized
"multiple players"		/	
	/		
"gotta go public"	\		
"get the word out"	-media interviews	\	
"call up the media and tell our story"	> -press conferences	> Publicity	
"power of the press"	-reach large numbers	/	
"don't preach to the choir"			
	/		

(Figure 1 cont.)



REFERENCES

- Anderson, R. L., & Dunkelberg, J. S. (1993). Entrepreneurship: Starting a new business. New York: Harper and Row.
- Bauer, R. A., Pool, I. D., & Dexter, L. A. (1963). American business and public policy: The politics of foreign trade. New York: Atherton.
- Blumberg, P. I. (1975). The megacorporation in american society: The scope of corporate power. Englewood Cliffs, NJ: Prentice Hall.
- Buchholz, R. A. (1988). Public policy issues for management. Englewood Cliffs, NJ: Prentice Hall.
- Cook, R. G., & Barry, D. (1993). When should the small firm be involved in public policy? Journal of Small Business Management, 31(1), 39-50.
- Dennis, W. J., Jr. (1993). A small business primer. Washington, DC: The NFIB Foundation.
- Deutscher, I. (1973). What we say/what we do: Sentiments and acts. Glenview, IL: Scott and Foresman.
- Dutton, J. E., & Duncan, R. B. (1987). The creation of momentum for change through the process of strategic issue diagnosis. Strategic Management Journal, 8, 279-295.
- Epstein, E. M. (1969). The corporation in american politics. Englewood Cliffs, NJ: Prentice Hall.
- Executive Office of the President. (1993). The state of small business: A report of the President. Washington, DC: US Government Printing Office.
- Gioia, D. A., Thomas, J. B., Clark, S. M., & Chittipeddi, K. (1994). Symbolism and strategic change in academia: The dynamics of sensemaking and influence. Organization Science, 5(3), 363-383.
- Glaser, B. G., & Strauss, A. L. (1967). The discovery of grounded theory: Strategies for qualitative research. Chicago: Aldine.
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. Academy of Management Review, 9(2), 193-206.
- Harris, R. A. (1985). Business responses to surface mining regulation. In L. Preston (Ed.), Research in corporate social performance and policy 7 (pp. 73-102). Greenwich, CT: JAI Press.
- Hodgetts, R. M., & Kuratko, D. F. (1995). Effective small business management (5th ed.). Fort Worth, TX: Dryden Press.
- Jick, T. D. (1979). Mixing qualitative and quantitative methods: Triangulation in action. Administrative Science Quarterly, 24, 602-611.
- Keim, G. D., & Zeithaml, C. P. (1986). Corporate political strategy and legislative decision making: A review and contingency approach. Academy of Management Review, 11, 828-843.
- Meyer, G. D., & Tucker, M. (1993). Entrepreneurial studies as a search for suchness: A qual-quant fusion. Paper presented at the 1993 Academy of Management Annual Meeting, Atlanta, GA.
- Miles, M. B., & Huberman, A. M. (1994). Qualitative data analysis (2nd ed.). Newbury Park, CA: SAGE Publications.
- Miles, R. H. (1987). Managing the corporate social environment: A grounded theory. Englewood Cliffs, NJ: Prentice Hall.

-
- Olson, M. (1965). The logic of collective action: Public goods and the theory of groups. Cambridge, MA: Harvard University Press.
- Patton, M. Q. (1990). Qualitative evaluation and research methods (2nd ed.). Newbury Park, CA: Sage Publications.
- Shapiro, I. S. (1980). Business and the public policy process. In J. Dunlop (Ed.), Business and public policy (pp. 23-33). Cambridge, MA: Harvard University Press.
- Spencer, H., & Heinze, D. (1973). Decision making for social involvement- some criteria and model theoretic. In T. Green & D. Ray (Eds.), Academy of Management Proceedings (pp. 601-607). Mississippi State University: The Academy of Management.
- Strauss, A. L., & Corbin, J. M. (1990). Basics of qualitative research: Grounded theory procedures and techniques. Newbury Park, CA: SAGE Publications.
- Taylor, S. J., & Bogdan, R. (1984). Introduction to qualitative research methods (2nd ed.). New York: John Wiley.
- Thompson, J. K., Wartick, S. L., & Smith, H. L. (1991). Integrating corporate social performance and stakeholder management: Implications for a research agenda in small business. In J. Post (ed.), Research in corporate social performance and policy 12 (pp. 207-230). Greenwich, CT: JAI Press.
- Thoryn, M. (1982). Small business speaks, government listens. Nation's Business, 70(5), 38-40.
- Ullman, A. A. (1985). The impact of the regulatory life cycle on corporate political strategy. California Management Review, 27, 140-154.
- United States Department of Commerce. (1990). US county business patterns. Washington, DC: US Government Printing Office.
- Van Auken, P., & Ireland, R. (1982). Plain talk about small business social responsibility. Journal of Small Business Management, 20(1), 1-3.
- Van Maanen, J. (1979). The fact of fiction in organizational ethnography. Administrative Science Quarterly, 24, 539-550.
- Weinberg, M. L. (1988). The political education of Bob Malott, CEO. Harvard Business Review, 66(3), 74-81.
- Wolcott, H. F. (1992). Posturing in qualitative inquiry. In M. LeCompte, W. Millroy, & J. Preissle (Eds.), The handbook of qualitative research. San Diego, CA: Academic.
- Yoffie, D. B. (1988). How an industry builds political advantage. Harvard Business Review, 66(3), 82-89.
- Yoffie, D. B., & Bergenstein, S. (1985). Corporate political entrepreneurship. California Management Review, 27, 124-139.