# Aligning for Advantage

## Competitive Strategies for the Political and Social Arenas

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# 1

# Establishing Alignment*

> Those who do not know the lay of the land cannot maneuver their forces.[1]
>
> *Sun Tzu*



In August 2012, Johnson & Johnson (J&J) found itself in a sensitive public relations position. Having previously promised to eliminate one known and one potential carcinogen and several other chemicals from its baby products by 2013, the company announced its intention to do the same for its entire line of personal-care products by 2015. This included such flagship brands as Neutrogena, Aveeno, and Clean & Clear. On the one hand, J&J naturally wanted to promote its position as the first major consumer-products manufacturer to make these fundamental changes, but on the other hand, it had to reassure customers that the existing product formulations were still safe. The success of the initiative, which the company called "Moving Beyond Safety," was especially critical since, as *The New York Times* noted, the company had "experienced serious recalls and quality lapses in recent years."[2]

The J&J example, like countless others before and many since, illustrates the complex and challenging nature of the nonmarket environment and the range of actions—proactive and defensive, preemptive and responsive—that firms pursue to advance their positions within that environment. The challenges that firms like J&J encounter in their social and political interactions directly affect the bottom line of shareholders and customers. Given the increasing share of corporate balance sheets that encompass intangibles such as goodwill—highly volatile elements influenced by reputation and legitimacy—it is no surprise that the stakes for companies like J&J are high. Indeed, it may be that J&J's 2012 announcement and its strategy for phasing out potentially harmful chemicals were based in part on lessons learned from the infamous Tylenol scandal that rocked the company in 1982. At the time, J&J, which had a strong reputation for ethical practices and social responsibility, was lauded for its decision to recall an estimated 31 million bottles of Tylenol after only two bottles were found to have been laced with cyanide. This decision resulted in $100 million in losses and a 30 percent drop in its market share for pain relievers. But J&J recovered, partly because it was viewed as having been highly responsible in its approach to this safety challenge. Since then, however, the company has endured subsequent scandals, including accusations of kickbacks, illegally promoting an epilepsy drug, and rampant quality-control problems at a J&J facility. These provided a clear incentive to regain public trust—something the decision to remove certain chemicals from its entire line was designed to do.

Even entire industries have had to respond to "Tylenol moments" and learn the value of long-term strategic commitments to nonmarket strategy. After the Bhopal disaster in December 1984, when a leak of deadly gases from a Union Carbide pesticide manufacturing plant in India led to the loss of thousands of lives, the global chemical industry took aggressive action to improve its safety and environmental practices. The Responsible Care initiative, launched by the Canadian Chemical Producers' Association in 1985, has grown into a worldwide program with a membership of more than 50 national manufacturing associations. It works toward continual improvement in health, safety, and environmental performance, and promoting transparent risk communication at thousands of chemical sites.[3] Individual companies, such as Dow Chemical, have gone beyond these protocols and used environmental safety and sustainability to further differentiate their products from those of their competitors and garner positive support from government regulators and customers around the world. This example underscores the need for—and potential benefits of—long-term strategic commitments to nonmarket strategy and the range of mechanisms at multiple levels—individual company, national association, and global coalition—through which these strategies become operationalized.



## Why do you Need Nonmarket Strategy?

Business managers have an extensive array of tools and techniques to help them make sense of their industry and market environments. Analysis of such inputs is reasonably clear and unambiguous, and resulting strategy decisions can be pursued with relative confidence in the outcomes. No such confidence exists when moving beyond the market into the gray area that many academic commentators refer to as the nonmarket arena.[4] Here managers begin to resemble 15th-century European explorers sailing west: they have little or no knowledge of their destination, are unaware of many of the trials that will inevitably complicate their journey, and fear that they may ultimately reach the horizon of comprehension, beyond which lies uncharted and potentially dangerous territory.

Managers trained in a specific discipline, such as finance, marketing, engineering, or human resources, may face particular challenges understanding and working with nonmarket actors and influences. Unfortunately, despite some research advances,[5] the nonmarket strategic environment remains relatively uncharted territory for both scholars and practitioners of strategic management. This is particularly true in emerging economies. Indeed, the literature on strategic management lacks a consistent conceptual framework to identify and incorporate nonmarket forces into basic management theory. In particular, the influence of government, a subset of the nonmarket context, is a largely unexplained and indeterminate variable within companies' strategic decision-making processes. Although there is research on state–business relations[6] and, more specifically, the influence of firms on public policy formulation,[7] less work has been done on how top-management teams factor the external political environment into their strategic decisions and actions.[8]

What do we mean by strategy for the nonmarket? Bach and Allen emphasize that nonmarket strategy recognizes that businesses are social and political beings, not just economic agents.[9] Nonmarket strategy considers how managers anticipate, preempt, and respond to actors, influences, and actions emanating from the cultural, social, political, and regulatory arenas. A basic premise of this orientation is that these nonmarket actors affect the strategic direction and market objectives of businesses. Indeed, the rapidly changing global environment of the early 21st century has demonstrated that governments and social actors exert significant—and in many instances increasing—influence over the economic and business environment.[10] Yet many companies are ill-prepared to manage a resurgent state and civil society.[11]



## What is Alignment?

The word *alignment* has its origins in the French verb meaning "to put into line." This notion of corrective positioning is how we approach aligning. We emphasize the need for business managers to place their market and nonmarket strategies in parallel, equally informed and guided by corporate vision, values, and objectives. In other words, if the overarching purpose and intent of an organization are to be effectively and consistently acted upon, what is done in terms of market positioning and industry competition needs to be synchronized with what happens in terms of social engagement and political activism. When, at a corporate level, a company emphasizes the strategic importance of people development, social impact, or sustainability, alignment of the market and nonmarket will be a key determinant of advantage in competitive arenas. Similarly, in certain industry, national, or cultural contexts, the prominence of nonmarket influences and actors may be greater than (or different from) that in others, and these differences must be reflected in market strategy if a company is to achieve and sustain a competitive advantage.

A way to approach and manage this alignment is through the concept of strategic fit. This concept has a variety of interpretations within the field of management. The most widely shared is that fit describes the appropriateness of a company's strategy in terms of its match with the environmental or organizational contingencies facing the business.[12] In other words, business strategy is rooted in the concept of aligning organizational resources with environmental threats and opportunities.[13] Some interpret strategic fit as the degree of alignment that exists between the competitive position, corporate strategy, organizational culture, and leadership style of an enterprise.[14] These interpretations are similar to our approach but do not capture the external nonmarket dimensions. Nor do they explicitly broach the issue of how to align these dimensions with competitive positions and market choices. Therefore, we concur that strategic fit is about the optimal alignment of a company's resources, culture, governance, and positions with the opportunities and threats that exist externally to the business. But we argue that these external threats and opportunities can emanate from both market and nonmarket contexts. The ability to align with and across both the market and the nonmarket is a key determinant of competitive advantage in the modern, multipolar world economy. Previous research indicates that the pursuit of strategic fit has advantageous performance implications.[15] Ensuring fit between market and nonmarket strategies and with the overall corporate strategy and culture can separate the winners from the losers in a business context.



## Aligning Corporate Strategy in the Nonmarket Environment

It is important for business executives to distinguish between corporate strategy and corporate policy. Strategy is about vision, direction setting, marshaling of resources, and aligning business practice with environmental realities. Policy, on the other hand, is generally focused on implementation—the delivery of results and adding value. Understanding and internalizing this distinction will help strategic managers to deal more effectively with contextual complexity and successfully implement an aligned strategy.

In this book we examine and explain the management and mechanisms of nonmarket strategy by identifying and teasing out the process through which senior executives factor the nonmarket environment into their strategic decisions and actions. In doing so, we explore a variety of concepts and techniques and draw on research from economics, sociology, political science, and international relations. For instance, we argue that corporate executives who adapt and apply a structural realist approach from international relations[16] may be better equipped to understand and respond to what Gilpin describes as the reciprocal and dynamic interaction in the world economy between the pursuit of wealth and the pursuit of power.[17] These twin forces complicate and often confound the decision-making process of corporate leaders, as they involve variables outside of the control of the organization and beyond the scope of rational economic actor analysis. As Gilpin further argues, both economics and political science, as separate, compartmentalized disciplines, are inadequate to explain the state–market nexus: economics does not integrate power analysis into its explanatory models, and political science often treats economics as external to or even dependent on the political setting.[18] In short, the autonomy of market forces is missing. Strange argues for a structural approach that seeks to integrate the Marxist concern with production and the realist concern with security into a wider analysis of the world political economy around a concept of structural power.[19] The structural power approach, discussed further in Chapter 3, is a useful conceptual lens for top management teams seeking to make sense of the political nonmarket context of their organizations. Understanding power, its main conduits in the world, and the forces that determine it in international business allows strategic leaders to understand and factor nonmarket forces into corporate strategy.

## Diverse Perspectives on Nonmarket Strategy and the Need for Synthesis

The development and sustainability of competitive advantage constitute a core challenge for all strategic leaders but political and social arenas are often underestimated as a setting for creating and capturing value for the firm and its stakeholders. Research by business scholars on corporate political activity (CPA) and corporate social responsibility (CSR) is the principal mechanism through which academics and other experts explore the ways in which firms pursue their political and social strategies. The literature has contributed greatly to our understanding of the processes and outcomes of companies' interactions with nonmarket environments and has called attention to the effectiveness and impact of various strategies and tactics. In addition, scholars from the fields of political science, international relations, sociology, and economics have long studied the role and impact of the state in its many forms, including the interactions between the state and other civil society actors, such as firms. These core disciplines have laid the groundwork for the CPA and CSR literatures, providing them with rigorous conceptual and theoretical foundations and placing them within broader understandings of social and behavioral science. Here we provide a brief summary of our motivation for writing this book, which stems from some of the unanswered questions in the existing literature.

## The Scholarly and Practical Relevance of the Nonmarket Environment

There is increasing attention[20] being paid to nonmarket strategy and firm-level experiences. Indeed, there is a growing appreciation of the contribution that a nonmarket strategy may play in the development of a firm's overall competitive advantage. For example, literature on political environmental scanning,[21] the resource-based view of politics,[22] and discussions of the potential of business-to-business political strategy as a competitive weapon[23] underscore the growing attention to social and political forces—and the strategies that respond to them—in the academic literature. We are especially motivated by calls that suggest that there is still a need for work that explicitly explores the relationship between a firm, its political stakeholders, and its more traditional strategic management activity,[24] and, in particular, the search for value creation from strategic political management.[25]

At the same time, the number of companies affected by government action or oversight is increasing. Adding to the list of industries for which regulation of activity is already an everyday reality (such as utilities, health, education, airlines and other transport services, and extractive industries covered by ecological regulations) or in which government actors are at the forefront of boundary forming or rule setting (such as biotechnology, pharmaceuticals, and many high-technology and defense sectors), the post-2008 international economic crisis increased the number and range of sectors in which government actively intervenes to re-regulate, stimulate, or support. Banking and finance in particular, as well as automobiles and other heavy manufacturing, are increasingly under government control or influence. Therefore, for a growing number of companies, governmental or oversight bodies are active stakeholders that are interested in the strategy-making process and, hence, able in some form to affect a company's financial performance.

Given these circumstances, businesses need to understand how they can manage such important influences on their strategic directions. This is a challenging area, as the concept of "managing" political—or social—actors and institutions tends to have negative and pejorative associations. A starting point for a more neutral understanding of the role and value of nonmarket strategy is the work of David Baron and his colleagues and disciples.

Baron, writing in 1995, argued that firms should integrate their market and nonmarket strategy in a way that leverages the complementary contributions of each to the process of competitive effectiveness and value creation.[26] Since he made that seminal contribution, the literature on CPA, CSR, and strategy has contributed a great deal to our understanding of how, when, and to what effect business enterprises pursue initiatives and activities that advance their interests with governments and other stakeholders.[27] Relatively little of this literature, however, has expressly considered the importance of aligning strategy directed toward the competitive commercial environment with strategy focused on the political and social arenas.

## Corporate Political Activity as Nonmarket Strategy



The CPA literature has, among other objectives, sought to explain the frequency, variation, and performance impacts of firm-level political action. A wide variety of firms are involved in political activities, in industries as varied as oil and gas, air transport, information technology, tobacco, and pharmaceuticals. These firms have long influenced governments through campaign contributions, direct lobbying, government representatives on company boards, voluntary agreements, political action committees (PACs), and at times even bribery.[28]

Hillman and Hitt made a basic distinction between relational political action—those strategies that seek to use personal connection, networks, and formal lobbying to advance a firm's interests—and financial CPA—providing donations to political campaigns or other kinds of financial support to political actors.[29] But the nonmarket environment has become much more complex and multidimensional, and as research in the nonmarket becomes more multifaceted and fractured, it requires some basic synthesis to understand its various dimensions. Hence, scholarly research in the area of CPA—defined as corporate attempts to shape government policy in ways favorable to the firm[30]—has not kept pace with the prevalence of CPA practice in industry or across political systems. Important progress in understanding CPA has been made, derived from disciplines as diverse as strategic management, marketing, economics, sociology, finance, and political science.[31] However, to some extent, Vogel's observation that the study of corporations and their interaction with government has yet to realize its potential remains valid today.[32] When Vogel wrote those words, the collapse of the Soviet Union and the embrace of more market-led forms of capitalism in the developed world signaled the need to understand a greater role for business in the development and implementation of public policy. But the dominant approach in responding to this need has been to import methods and perspectives that mirror the natural and formal sciences and to relegate ethics and (irrational) human behavior to matters of secondary importance. Fuchs and Lederer similarly note that management studies often adopt a functionalist perspective in regard to CPA, seeing firm political involvement as apolitical and primarily concerned with regulatory compliance.[33]

Another reason for the greater interest in the political activity of firms is that the business–government landscape has changed dramatically. The emergence of new market economies—including those with a significant element of state-led capitalism, such as China or the Gulf states—demonstrates the need for greater comparative understandings of firms and governments in a range of institutional contexts.[34] In the Western context, CPA, while controversial, is largely about legal, firm-level engagement with institutionalized political actors and structures. However, in many countries, weak or incomplete institutionalization can lead to the development of informal—and potentially corrupt—political engagement by firms.[35] As these states develop, their institutional structures may change and, consequently, so too may their patterns of corporate political behavior. But any convergence with Western practices cannot be assumed; the area requires more studies to establish the extent, if any, of convergence.[36]

Overall, the end of the first decade of the new millennium presented CPA scholars with a business–government landscape that was transformed in ways scarcely imaginable ten years earlier. Governments had reasserted their authority relative to markets and seized controlling stakes in firms across a range of industries. The forces of globalization were in disarray and the "runaway world" described by Giddens had lost its momentum.[37] Catching up with events and making sense of this rebalancing of business–government relations is a challenge for management and CPA scholars alike.



## Corporate Social Responsibility as Nonmarket Strategy

The literature on CSR has similarly provided powerful insights into why, how, when, and to what effect firms contribute to the social arena above and beyond what might be required by law. While the literature is extensive, it is also still evolving. Beginning as a normative commentary on the broader role of business in society, the CSR literature has developed in a number of distinct but complementary directions.[38]

In his review of the history of CSR literature, Carroll cites Bowen's work as the basis for modern definitions of CSR, asking "What responsibilities to society may businessmen reasonably be expected to assume?"[39] Bowen proposed an initial definition that was founded on assumptions of the moral and ethical obligations of individuals. These early perspectives on CSR were firmly lodged in broader philosophical and ethical ideas about individual responsibility and obligation, and defined much of the early research and writing on CSR.[40]

Carroll notes another trend in the 1960s and 1970s in which definitions and research focused on managers' obligations beyond what would otherwise be expected. For example, he cites Davis's contention that CSR refers to "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest,"[41] with Frederick arguing that social responsibilities required businesspeople to oversee the operation of an economic system that fulfills the expectations of the public.[42] Finally, Carroll offered perhaps the most comprehensive and holistic definition of CSR when he suggested:

> In my view, CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible... then means that profitability and obedience to the law are foremost conditions to discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent. Thus, CSR is composed of four parts: economic, legal, ethical and voluntary or philanthropic.[43]

While the concept of CSR continued to evolve through the 1970s and 1980s, a critical development occurred when the concept of stakeholder management appeared in the 1960s and 1970s. According to one interpretation, there are four essential elements of stakeholder theory, which are interrelated and complementary: (1) the corporation has relationships with many constituent groups or actors ("stakeholders") that affect and are affected by its decisions; (2) the theory focuses on the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders; (3) the interests of all (legitimate) stakeholders have intrinsic value, and no set of interests is assumed to dominate the other; and (4) the theory focuses on practical and actionable managerial decision-making.[44]

One interpretation of stakeholder theory is that it is concerned with a broader and more expansive view of CSR. For example, stakeholder theory centers on the overall obligations of corporations to society. Various applications of stakeholder theory have addressed its normative and instrumental dimensions. More recently, scholars have sought to establish a "convergent" perspective that considers both these normative and instrumental underpinnings.[45] Further, scholars attempted to develop highly actionable frameworks of stakeholder theory that would allow managers to classify stakeholders according to their relative salience.[46] Throughout this period, the conceptualization of CSR as part of stakeholder theory reaffirmed the instrumental view of stakeholder management and fully included shareholders as a key stakeholder, going so far as to identify them as one of the most critical primary stakeholders of the firm.

Most recently, CSR has evolved even further to be viewed as a strategic or instrumental tool of the corporation. Strategic theories of CSR[47] assert that a company's social practices can be integrated into its business- and corporate-level strategies.[48] Baron, who coined the term "strategic CSR," argued that companies compete for socially responsible customers by explicitly linking their social contribution to product sales.[49] The strategic view of CSR has generated a series of studies (well over a hundred) that have sought to link various aspects of corporate social performance (CSP) to corporate financial performance (CFP).[50] A meta-analysis found that the overall effect of CSP on CFP was positive but small and that as much evidence exists for reverse causality (CFP leading to CSP).[51] These authors concluded that the exhaustive and never-ending efforts to establish a CSP–CFP link would be better directed at understanding why companies pursue CSP, the mechanisms connecting prior CFP to subsequent CSP, and how companies manage the process of pursuing both CSP and CFP simultaneously.

## Insights from the Social Sciences



Finally, we would be remiss not to mention the many insights and contributions from the core social science disciplines of political science, international relations, sociology, and economics, among others. In relation to our discussion, scholars in these fields have focused especially on the role of the state and its constituent institutions;[52] the interactions among states in contributing to national, regional, and global governance;[53] the interactions among states and civil society actors, including corporations;[54] and the dynamic exchanges among policymakers and those who have sought to influence the development of laws, regulations, and other policies by local, national, and international governmental organizations.[55] Given that multinational enterprises (MNEs) have a choice regarding how they want to respond to host government institutions—a point often ignored by mainstream theory—a research program has been conducted to explore how MNEs adapt to and, in some instances, seek to shape their environments.[56]

In fact, scholars of what has been termed "the new institutionalism" highlight that institutional systems vary widely across cultures and geographies.[57] As MNEs operate in different countries around the world, they experience different types and intensities of institutional pressures, and it may be difficult for them to accurately assess and comprehend the needs of these differing entities.[58] The new institutionalism and its variants may be helpful in revealing the appropriate responses based on these conditions.[59]

In addition, an emerging research stream that integrates traditional studies of regulation and governance with more recent attention to CSR has explored the emergent phenomena of growing private regulation (such as voluntary codes, standards, and third-party ratings) and the interaction of these private regulatory initiatives with public regulations.[60] Historically, the state was viewed as the main vehicle through which the regulation of business activity was conducted. Increasingly, however, private regulation is viewed as a supplement or complement to public regulation. As firms become more global, public regimes cannot oversee their increasingly multinational presence. At the same time, there are concerns that private regimes may supplant or even replace public regimes, undermining the role of the state.[61]

## Our Approach

We approach this subject from the perspective of management theory and practice. We draw upon and integrate relevant insights from our own research work and that of our many colleagues within and outside academia. In addition, we leverage our executive engagement, drawing on formal and informal interviews with senior managers, entrepreneurial leaders, and industry experts. We also employ publicly available data from companies, trade publications, and industry databases and associations to compile a rigorously researched book. Representative businesses discussed include airlines (such as British Airways, Lufthansa, and Virgin), carmakers (BMW and Tata), food and beverage producers (Ben & Jerry's, Coca-Cola, Danone, Diageo, Grupo Balbo, Heinz, Nestlé, and PepsiCo), consumer and industrial products companies (DuPont, Johnson & Johnson, Lexmark, Masisa, Saint-Gobain, and Unilever), insurance and banking, and financial service providers (Bank of America Merrill Lynch, Barclays, Equity Bank Kenya, ICICI Bank, and Swiss Re), information and communication technology providers, media giants, electronic equipment manufacturers (Apple, Dell, Google, MCI, Microsoft, Samsung, and others), relief organizations (Doctors Without Borders/Médecins Sans Frontières, and Oxfam America), and extractive or building materials multinationals (BP, CEMEX, and Shell). Furthermore, our own backgrounds in public policy research and practice have informed our analysis, and we have consulted with local, national, and supranational governmental bodies and officials on a range of questions and issues described in the book.

Many authors have made extensive use of case material, but the approach taken in *Aligning for Advantage* is distinct in two respects. The first is a recognition of the differing traditions and contexts of business and management across the world. Company and contextual examples are drawn from North and South America, Europe (including non-EU countries), Russia, Asia-Pacific, and Africa, rather than exclusively from the United States and Western Europe, as is so often the case. This more measured and textured approach to case selection is the source of numerous original and revealing insights. The second is the incorporation of business history cases and illustrations—particularly in Chapter 2—alongside contemporary examples. Doing so provides an opportunity and a challenge: the opportunity is to exploit existing historical examples to test and exemplify the core propositions of *Aligning for Advantage*, while the challenge is to demonstrate the essential timeless nature of the logic and practice of corporate political and social strategy. What emerges is a more compelling and well-founded piece of work.

The perspective we bring as authors of this book is based on many years of studying corporate strategy and business context not only in academic settings but also through active engagement with managers and leaders in private-sector—and public-sector—organizations in many parts of the world. Our roles have included executive educator, consultant, and trusted adviser. It was through listening carefully to, and exchanging ideas with, these entrepreneurs and executives that the perspectives and concepts presented in this book began to take shape.



## Overview of the Book

In Section I and Chapter 1 we provide the motivation for the book, survey the key literature that provides its foundations, and describe what we mean by alignment. In Chapter 2 we consider the roots of modern corporate engagement in the political and social spheres, exploring the historical premises and examples of nonmarket strategy. We also reflect on the contrasting philosophical perspectives on the role of business in society and articulate our own view on this issue. In Chapter 3 we engage especially with the changing regulatory context of nonmarket strategy and theoretical perspectives from political science and international relations in order to discuss the ensuing conceptual complexity of nonmarket strategy. We focus on relevant power constructs and their ability to cut through the intellectual intricacies surrounding nonmarket strategy. We also consider the difference between corporate strategy and corporate policy, and how this distinction can inform our understanding of the distinction between strategy formulation and implementation.

In Section II we build on this discussion, focusing especially on the pathways and mechanisms by which firms can influence the political and social arena and how these activities lead to aligned strategies. Looking at a variety of companies, we discern patterns, teasing out common strategic and leadership characteristics that are the hallmark of aligned companies. In Chapter 4 we address how managers and companies deal with uncertainty around political and social issues and propose a framework for managing in such uncertain environments. In Chapter 5 we explore a longstanding debate about when firms should address public policy and social issues individually or through collective initiatives such as trade associations or other ad hoc coalitions. In Chapter 6 we deal explicitly with the organizational architecture needed to best respond to nonmarket challenges, reviewing different ways firms can organize—and have organized—their approach to public and social policy, and the advantages and disadvantages of these options.

In Section III we introduce a political and social strategy development and delivery framework. Political and social strategy making is depicted as iterative and ongoing, embracing four main processes—sensing, shaping, aligning, and actioning (SSAA). Chapter 7 focuses on the process of sensing to incubate interest. Chapter 8 explores how firms can shape information value, and Chapter 9 details the advantages of—and processes for—aligning with stakeholders. All three chapters consider actioning or executing nonmarket strategy, which is also discussed more explicitly in Section IV.

Section IV addresses issues of balanced implementation, new institutional challenges (particularly in emerging economies), and ideas and insights for the practice of nonmarket strategy leadership. A wide body of thought is brought to bear on the context for choices in leadership and governance, and how this can help design and deliver political and social strategies. The main objective of Section IV will resonate with existing and aspiring leaders intent on improving their corporate political and social principles and practices. Chapter 10 explores the delicate balance necessary in aligning commercial and political/social strategies and objectives. Chapter 11 incorporates the challenges and opportunities posed by emerging and transitioning economies and markets for political and social strategy. In Chapter 12 we conclude the book by underscoring the need for a distinct kind and level of leadership to successfully manage and align political and social strategy with basic competitive strategy.

Together, the four sections of *Aligning for Advantage* provide a complete system for designing and implementing aligned strategies.



## Notes

* Portions of this chapter have been adapted from Lawton, T., McGuire, S., and Rajwani, T. (2013). Corporate political activity: a literature review and research agenda. *International Journal of Management Reviews,* 15(1): 86–105.

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