
Putting a Face on the Issue

Corporate Stakeholder Mobilization in Professional Grassroots Lobbying Campaigns

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Business scholars pay increasing attention to the expanded influence of stakeholders on firm strategies, legitimacy, and competitiveness. At the same time, analysts have noted that the transformed regulatory and legislative environments of recent decades have encouraged firms to become much more politically active. Surprisingly, relatively little research has tied together these two trends. The present study integrates perspectives on stakeholder management with research on corporate political activity to develop an understanding of the structural sources of stakeholder mobilization in professional grassroots lobbying campaigns. This study employs a unique, original data source to consider how the adoption of grassroots lobbying by a firm relates to its industry, degree of inside lobbying, partisan PAC contributions, and more. This research shows that corporate grassroots lobbying is shaped most significantly by a firm's degree of inside lobbying, as highly active firms take a diversified strategy for gaining influence. Firms in industries with a heavy public presence as well as those concerned with taxation, government appropriations, and economic development also adopt these strategies readily. PAC contributions to Republican, but not Democratic, candidates also heighten firms' propensity to lobby the public.

Keywords: *corporate political activity; stakeholders, grassroots lobbying; civic engagement; political action committees*

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It's never too early to rally your troops. Coalitions can be built among like-minded groups. Others affected by the proposed decision—employees included—should also be approached for their support. A global network of concerned citizens can be tapped via the Internet to counter proposals that would threaten corporate and association interests.

It *is* possible, not only because it *is* being done, but also because those who are doing it have established the precedent. In the United States in the 1960s and 1970s, it was the activists who established grassroots movements for the promotion of laws affecting civil rights, women's rights, environmental protections, and consumers' rights. Now, activists are paving the way for corporate and association grassroots movements to follow.

—Grefe, 2000 (p. 274, italics in original)

A considerable body of evidence suggests that firms are paying increasing attention to the importance of cultivating nonmarket strategies, or their efforts to secure favorable public policy decisions (Baron, 2003; Bonardi, Holburn, & Vanden Bergh, 2006; Hillman, Keim, & Schuler, 2004; Shaffer, 1995). Analysts have recognized that firms often invest a considerable amount of labor and resources in trying to create a more favorable regulatory and legislative environment (Bonardi et al., 2006; Grier, Munger, & Roberts, 1994; Hillman & Hitt, 1999; Schuler, Rehbein, & Cramer, 2002; Shaffer, 1995). Beyond advancing a firm's political interests, it is becoming clear that political strategies can help to offer firms a broader competitive advantage and assist in the creation of value (Oliver & Holzinger, 2008).

However, at the same time, businesses have grown much more concerned not only about regulatory and legislative environments but also about responding to the perceived and expressed needs, interests, and concerns of relevant stakeholders, including community members, suppliers, employees, investors, and industry associations (e.g., Frooman, 1999; Shropshire & Hillman, 2007). Accordingly, firms have increased their engagement in Corporate Social Responsibility (CSR) programs (Vogel, 2005) and are also becoming more likely to engage in partnerships with civic groups and other nonprofit entities like foundations, philanthropic organizations, and organizations active in strengthening communities (Doh & Guay, 2006; Galaskiewicz & Colman, 2006). Following from resource dependency theories, management and organizations scholars have called attention to the considerable leverage organized stakeholders often possess in shaping managerial decision making and related organizational processes (Boyd, 1990; Pfeffer & Salancik, 1978; Scott, 2003).

However, despite the strong external influence of stakeholders on firms, there is much that firms can do to manage stakeholder relationships, ranging from merely expressing interest in hearing community opinions to systematically revising firm governance structures to better accommodate stakeholder input (see Shropshire & Hillman, 2007). Although firms may justify their stakeholder practices on either financial or moral grounds (Berman, Wicks, Kotha, & Jones, 1999), legal developments have made attention to stakeholders increasingly coercive and mandatory for firms (Donaldson & Preston, 1995, pp. 75-77). In this transformed institutional environment—one in which stakeholder groups are increasingly organized and influential—firms benefit by taking a proactive strategy that goes beyond merely responding to external demands and, instead, takes the next step by including stakeholder activism in the firm's political strategy.

A key means of doing this is through stakeholder mobilization in corporate grassroots and constituency-building programs (Baysinger, Keim, & Zeithaml, 1985; Heath, Douglas, & Russell, 1995; Hillman & Hitt, 1999; Lord, 2000a, 2000b, 2003). In particular, firms can activate stakeholders through their engagement in campaigns orchestrated by professional grassroots lobbying firms (PGLFs), which are firms that provide external support in activating relevant stakeholders in corporate political activity; they therefore supplement a firm's in-house public and government affairs operations (on the latter, see Griffin & Dunn, 2004; Meznar & Nigh, 1995). Although PGLFs also provide services to citizens' groups, labor unions, and public sector agencies, the bulk of PGLFs' aggregate client base is composed of businesses and industry associations (Walker, 2009).

In this study, I incorporate findings from studies of corporate political activity (CPA) with stakeholder management perspectives to develop a more thorough understanding of the structural sources of firms' engagement in professional grassroots lobbying campaigns. A considerable literature has examined how firm characteristics and the organization's place in the broader institutional environment shape CPA (see Hillman et al., 2004 for a review); I extend this research by examining not only how the structural characteristics of a firm shape its propensity to seek the political mobilization of its stakeholders but also how stakeholder mobilization relates to other types of CPA such as traditional lobbying and Political Action Committee (PAC) contributions (cf. Hansen & Mitchell, 2000; Tripathi, Ansolabehere, & Snyder, 2002). In line with the arguments of Oliver (1991; see also Clemens & Douglas, 2005), I find that corporate engagement in grassroots lobbying is a strategic response to institutional pressures and that

stakeholders represent a considerable asset to firms rather than merely an external constraint on management autonomy.

I begin by reviewing research on corporate political activity, discussing the variety of tactics available to firms. I then highlight the role that stakeholders play in shaping the firm's political strategy and develop a number of research questions related to the structural sources of firm usage of stakeholder mobilization in their CPA efforts. This is followed by a case study of corporate grassroots lobbying, a profile of the services that PGLFs provide to corporate clients, and a logistic regression analysis of the antecedents of this type of stakeholder mobilization. The conclusion calls attention to the importance of understanding grassroots lobbying as a form of strategic political management.

Corporate Political Strategy

Research on CPA has noted that although we know much about the variety of strategies available to firms in their efforts to influence public policy, Hillman and Hitt's (1999) argument continues to ring largely true: research on the selection of political strategies by firms remains in need of theoretical development and empirical analysis. Although these gaps are beginning to be filled (Bonardi, Hillman, & Keim, 2005; Oliver & Holzinger, 2008), additional attention is needed to understand the strategic mobilization of stakeholders by firms.

Many firms, some have argued, will remain politically inactive by adopting a free-rider strategy (Yoffie, 1987), as firms that stay on the sidelines in a legislative battle may still benefit from the activism of other businesses, following the model of collective action outlined by Olson (1965). However, as the regulatory environment facing business has taken away some degree of its decision-making autonomy since the 1970s (Akard, 1992), businesses started to realize the necessity of political action (Vogel, 1989); industry increasingly lobbies both legislative bodies (Hansen & Mitchell, 2000; Keim & Zeithaml, 1986) and administrative agencies (Bonardi et al., 2006). Although the advance of a regulatory climate more favorable to business since the 1980s would appear to make CPA less likely among firms, the growth of nongovernmental organizations and institutionalization of a legal regime more favorable to stakeholders (Donaldson & Preston, 1995) has made the continuing importance of CPA apparent to a range of business actors. Furthermore, the expansion of public and governmental affairs offices within firms helped to institutionalize a more constant awareness of the external

political environment of industry (Griffin & Dunn, 2004; Meznar & Nigh, 1995; Pinkham, 1998).

Firms, then, are increasingly attuned to the means by which government policies both constrain and enable their strategic capacities; such influence is evident not only in things as basic as firm survival (Keim & Baysinger, 1988) but also through channeling the provision of government contracts and/or subsidies (Hansen & Mitchell, 2000), profitability (Schuler, 1996), shaping the legitimacy of the firm (Baysinger et al., 1985), and helping to structure broader competitive advantages held by the firm (Oliver & Holzinger, 2008). The question for a growing number of firms, then, is not as much *whether* to engage in political activity but precisely *how* (Hillman et al., 2004).

In addressing this question, firms appear to face three sequential decisions.¹ The first regards deciding which general approach will offer the most effective strategy: a “transactional” approach in which the firm builds a strategy primarily on the basis of a particular salient issue, or, instead, a “relational” approach that spans multiple issues and builds relationships over the long term (see Hillman, 2003). The relational approach appears to be on the rise for many firms, and, indeed, the increasing presence of public and government affairs offices within large firms supports this notion. The second decision regards whether the firm should “go it alone” or engage in part of a collective effort among multiple firms to influence policy. Larger firms have greater resources for individual action and may prefer that route; they should also be more likely to take individual strategies in pluralist political systems and when taking a transactional approach to political action (Hillman & Hitt, 1999, p. 832). Finally, after considering the previous two questions, firms must decide what their specific strategy will be. Although there are many ways to group the political tactics of firms, Hillman and Hitt (1999) provide a useful tripartite typology of strategies; these are informational, financial incentive, and constituency-building strategies. Informational strategies include lobbying, sharing research and/or position papers, and providing expert testimony; as such, they provide a legislative subsidy (see Hall & Deardorff, 2006). Financial incentives include PAC contributions, honoraria, job patronage, and paid travel. Constituency-building strategies, which are of especial interest in the present study, involve grassroots mobilization of employees, suppliers, customers, or other stakeholders; they also involve advocacy advertising, public relations, press conferences, and political education programs.

Why, then, have constituency-building strategies, especially those that involve the mobilization of stakeholders on behalf of the firm, become adopted by many firms (Kramer, 2000)? I take up this question in the following section.

Stakeholder Engagement in Firms' Political Activities

Although much theory and research on firms' relationships with stakeholders has highlighted stakeholders' powerful external influence on management, it is clear that such groups also represent a considerable asset to the firm not only in its efforts at building legitimacy but also in supporting their political strategies. Thus, the mobilization of stakeholders on behalf of firms' political objectives suggests that firms often adopt strategic responses to institutional pressures, rather than merely being at the mercy of their external environments (Clemens & Douglas, 2005; Oliver, 1991).

If it is true that firms are increasingly attuned to their relationships with stakeholders, and also that firms seek to maximize the effectiveness of their political strategies, why is it the case that relatively little research (Baysinger et al., 1985; Heath et al., 1995; Hillman & Hitt, 1999; Lord, 2000a, 2000b, 2003) has explored the means by which firms mobilize their stakeholders for political action? Given the increasing emphasis on stakeholders in the literature on business strategy (due, in no small part, to the dramatic expansion of influence of NGOs and increasing media coverage of corporate-targeted social movement activity), it is rather surprising that scant attention has been paid to the role of stakeholders in political activity undertaken on behalf of the firm. There appear to be three major reasons why research on stakeholder management and CPA have, to date, not been brought together in service of understanding the political mobilization of stakeholders.

The first of these is that, most simply, stakeholders are seen as having external control over the firm (Pfeffer & Salancik, 1978; Scott, 2003), and the capacity of management to have agency relative to stakeholders is given less notice. This may be due, in part, to the fact that getting stakeholders involved in a firm's constituency-building program is dependent on the maintenance of positive relationships with relevant constituencies; for example, employees involved in a labor dispute are, of course, unlikely to take political action on behalf of their employer. However, even if political action by stakeholders is shaped by the firm's legitimacy and maintenance of positive external relationships, this does not rule out the possibility that firms will seek to subsidize the political action of certain stakeholders on behalf of the firm.² Scholarly accounts of corporate partnerships with NGOs suggest that stakeholder groups represent both an asset and a constraint on firms; although both parties must be careful in doing so, evidence indicates that management and stakeholder groups exert mutual influence on one another in a delicate balance (Galaskiewicz & Colman, 2006).

Second, firms often conceptualize their political involvement as being distinct from, or even possibly counterproductive to, their CSR programs and civic partnerships, as some believe that firms should stay out of politics (Baysinger et al., 1985, p. 181). This is undoubtedly due, in part, to the concern that CSR activities will be seen with skepticism, or could even backfire, if they appear to be done for political reasons. In addition, there exists evidence that the goals of managing stakeholder relationships and cultivating political influence are contradictory, as Cho and colleagues (Cho, Patten, & Roberts, 2006) find that firms with the poorest environmental performance are often those who spend the most in supporting the campaigns of political candidates; this suggests that political strategies may be taken to compensate for a negative reputation. Firms' political and social strategies, then, are often linked, even if firms would prefer that a boundary be placed between them.

Indeed, others have also argued that firms' social programs have political implications, even if not necessarily intended by the firm. For example, as Hansen and Mitchell (2000) argue, "corporate giving to the arts is likely to have a disproportionate effect on elite perceptions of the corporation and may serve to increase access, in social settings, to policymakers" (p. 892). As firms' legitimacy in social circles—including through activities such as voluntary self-regulation (Maxwell, Lyon, & Hackett, 2000)—often assists in the upkeep of positive governmental relationships, maintaining positive stakeholder relationships should also have political consequences. Mobilizing stakeholders for political action should enhance firm legitimacy (Oliver & Holzinger, 2008, p. 498) and help the firm to gain competitive advantages. Despite the fear that corporate grassroots lobbying programs could evoke a backlash from those who believe that corporations should avoid lobbying and other forms of political activism, firms are beginning to find that stakeholders are often willing to take part in the political efforts of firms, especially on highly salient issues (Bonardi & Keim, 2005; Smith, 2000).

A third reason is that much research on CPA has emphasized direct lobbying by firms and political contributions, often at the expense of examining indirect lobbying through mobilizing the firm's constituencies. It is much easier to study centralized CPA efforts by firms than it is to examine constituency-building efforts systematically, as data on corporate PAC contributions is readily available and widely used (Boies, 1989). Some of the strongest firm-level predictors of PAC contributions include firm size, reliance on government defense and shipment contracts, the frequency of regulatory interactions with government, and expenditures on pollution abatement (Hansen & Mitchell, 2000, p. 897). However, relying too heavily

on PAC data has restricted CPA scholars from developing a more comprehensive understanding of the tactical repertoires firms employ in their political engagement, especially in understanding indirect tactics like grassroots lobbying.

These three limitations in the research—a neglect of firms’ degree of agency in determining their political strategies, the assumption that firms’ social and political strategies are (or should be kept) distinct from one another, and the overuse of PAC data—have led researchers to overlook efforts to align management and stakeholder political interests. Thus, even though we are beginning to have a clearer understanding of the structural determinants of firms’ political strategies as well as the relationship between public affairs programs and firms’ strategic capacities, a much broader understanding of firms’ political mobilization of stakeholders appears warranted.

Research Questions

The present analyses build on earlier work by the author (Walker, 2007, 2009), which established that the growth of professional grassroots lobbying across U.S. regions was influenced most strongly by the founding of citizen groups active in public affairs, and, to a lesser extent, by the mobilization of business trade associations. Whereas the former analyses examined grassroots lobbying efforts by multiple types of institutions (Walker, 2009), the present case narrows the focus to business grassroots lobbying.

Most importantly, among the wide range of tactics for mobilizing stakeholder support by corporations, I expect the following:

Hypothesis 1: Firms will be most likely to adopt those tactics that involve media and public relations, as such tactics involve outside constituencies while not forcing a dramatic overhaul of existing organizational repertoires.

Media and PR strategies not only mobilize stakeholders directly (through such efforts as action alerts, advocacy advertisements, and the like) but also help to build the credibility that is needed for taking a long-term, relational approach to the firm’s political strategy (Hillman & Hitt, 1999, pp. 836-837). Although citizen groups are most likely to engage in grassroots lobbying more automatically because it builds on their existing capacities for member mobilization (Kollman, 1998), paid, professional grassroots lobbying is most common among corporations seeking to expand their influence in civic and public life (Walker, 2007).

Similarly, as in the case of direct lobbying by businesses (Hansen & Mitchell, 2000) it is reasonable to expect the following hypothesis:

Hypothesis 2: Firms that operate in heavily regulated industries, and also those with a significant public presence, should be among the most likely to engage in professional grassroots lobbying.

Although many corporations may lobby the public to maintain their credibility in civil society and require occasional grassroots lobbying toward that end, certain whole industries are seen instead in a negative light (whether because of the high cost of goods seen as essential, or because of their negative impact on public health and/or the environment), especially health care, oil, pharmaceuticals, and fast food. For these industries, their lobbying efforts follow the defensive logic of minimizing the negative effects on the public rather than the positive one of maintaining a reputation. For example, health care industry campaigns often argue that major health reform would limit patient choices; oil industry campaigns issue talking points regarding the adverse effect of increased taxation on motorists.

Corporations are likely to turn to grassroots lobbying campaigns that involve political issues on which they are engaged, and this may be especially true for corporations with a large presence in public life (e.g., a widely recognized brand with many consumers). Yoffie (1987), for example, argues that the salience of a political issue to a corporation is the single most important factor motivating corporate activism, and others have argued that the estimated impact of issue legislation on a firm's performance will drive a firm's political strategy (Schuler & Rehbein, 1997). For firms with a dominating presence in public life, the firm's performance could be adversely affected by events that challenge the firm's reputation, such as when it became known that Nestle Corporation was aggressively marketing its baby formula in the developing world. Therefore, organizations in highly visible industries should be among the most likely to lobby the public because they require public legitimation to maintain normal operations. In such cases, lobbying itself is a public relations strategy directed both at the public and at legislatures and government agencies. By comparison, industries with little presence in public life—such as small businesses—are dependent mainly on local-level public legitimation and should therefore either not lobby individually or should rely mainly on insider strategies.

Firms that operate in industries that are known to face a greater degree of regulation should be more likely to lobby the public to sway legislation. As in the case of corporate political activity more broadly (Grier et al., 1994; Shaffer, 1995), grassroots campaigns may be more likely in industries that have traditionally been regulated to a greater extent, such as telecommunications, energy and other utilities, petroleum, trucking, and transportation.³

In addition to mobilization around regulation, the breadth of that regulation across multiple industries also influences the likelihood of businesses to mobilize the public because such issues tend to promote coalition building across industrial sectors (Smith, 2000). In addition, certain hot button issues that influence multiple industries often drive substantial inside lobbying efforts to such an extent that widespread crowding effects may follow (Baumgartner & Leech, 2001). Under such conditions, the role of the public in the passage of legislation is more consequential, and corporate political strategies cannot leave the matter to their inside lobbyists. Also, pieces of legislation that pertain to broad cross-sections of the business community tend to be those on which the public has strong opinions and on behalf of which members of the public are often quite willing to become active: issues such as federal spending, labor laws, and the expansion or contraction of welfare state programs (Smith, 2000, p. 21).

Third, how does the mobilization of stakeholders by corporations relate to other types of corporate political activity? Although the growth of grassroots lobbying, Cigler and Loomis (1995) maintain, is not just “more of the same” and represents a relatively novel form of political influence, there are good reasons to believe that grassroots lobbying by corporations is an expansion of existing lobbying repertoires. Most important, a number of commentators (e.g., Grefe & Linsky, 1995; Kramer, 2000; Wittenberg & Wittenberg, 1989) have suggested that it is most productive for firms to seek political influence on multiple fronts: the best possible strategy for organizations may be to combine their direct legislative lobbying with the communication of supportive citizens, as this allows legislators who are “on the fence” about supporting corporate positions to fall back on the input they receive from constituents (Browne, 1995). It therefore becomes necessary, especially for corporations with a large public presence, to complement inside lobbying and PAC contributions with grassroots lobbying tactics like developing community coalitions, petition drives, and event staging. Businesses and industry associations, as tactical maximizers in their advocacy campaigns, will use all means at their disposal to win a legislative victory, and mobilizing the public is often seen as quite effective in meeting that end (Heath et al., 1995; Lord, 2000a, 2000b). Those firms that use inside lobbying will, most often, be those that face the highest stakes in the passage of legislation, and will therefore use as many strategies as possible in such efforts.⁴ Thus, the following hypotheses seem likely:

Hypothesis 3a: Firms that engage in a heavy amount of traditional (“inside”) lobbying will be among the most likely to activate stakeholders through grassroots lobbying.

Hypothesis 3b: Firms that give the greatest amounts in corporate PAC contributions will be among the most likely to activate stakeholders through grassroots lobbying.

Finally, a number of firm-level measures related to size and resources are likely to have an influence on a firm's likelihood to mobilize the grassroots. A consistent finding in broader studies of corporate political activity has been that various measures of size, including sales (Brasher & Lowery, 2006; Hansen & Mitchell, 2000; Martin, 1995; Schuler et al., 2002), market share (Schuler, 1996), and the number of employees (Meznar & Nigh, 1995) all have significant influences on firm political engagement. With respect to grassroots lobbying in particular, firms with greater numbers of employees have a larger natural constituency, and may therefore seek to turn their employees' loyalty and concerns over job security, income, retirement benefits, and quality of life into a political asset (Lord, 2000a, p. 297). Therefore, because of the size and known effectiveness of a corporation's constituency,

Hypothesis 4: Larger firms should be more likely to engage in grassroots lobbying efforts.

Grassroots lobbying and other forms of outside constituency building are likely to follow from issue campaigns in which a corporation's natural constituency (Heath et al., 1995; Keim & Zeithaml, 1986, p. 829)—shareholders, suppliers, local community residents, loyal consumers, and, especially, employees (Lord, 2000b)—can be mobilized on an issue, perhaps because of the issue's high degree of salience to these parties (Bonardi & Keim, 2005). Grassroots lobbying campaigns by corporations also at times attempt to mobilize groups and individuals beyond its stakeholders—what might be called an ersatz constituency—when outside support beyond the firm's immediate realm of influence is needed.

To provide initial support for the above four hypotheses, consider the following brief case study of corporate stakeholder mobilization.

“Putting a Face on the Issue”: A Case Study of Corporate Grassroots Lobbying

When industries are threatened with legislation that impedes—or is perceived to impede—the sale or distribution of their product or service, their capacity to provide it, or their autonomy in deciding how to provide it, business

political activity becomes much more likely (Hillman et al., 2004; Shaffer, 1995). Often, to secure a higher probability that their legislation will be supported, industries seek to mobilize the public on their behalf. One clear example of the mobilization of outside constituencies by corporations and the lobbying and public relations firms they hire is found in the industry-backed campaigns against smoke-free bars in California in the mid-to-late 1990s.

In 1994, the California legislature passed Assembly Bill 13, which mandated that all indoor workplaces in California must be smoke-free. This legislation took effect for most workplaces on January 1, 1995, although bars and gaming rooms were allowed a transition period, such that the law did not go into effect for those entities until January 1, 1998 (Glantz & Balbach, 2000). Although Philip Morris, their lobbying firms, and other related associations began lobbying against the legislation well before 1995, their political operations went into full gear in the period prior to the 1998 implementation date. The tobacco industry, in these efforts, relied on three key arguments to make their case: that smoke-free bars would be economically harmful to bars and restaurants, that it would violate the freedoms of business owners and smokers alike and that the legislation would be difficult if not impossible to enforce (Magzamen & Glantz, 2001, p. 245). In making these arguments, Philip Morris and its related industry associations took both an inside and an outside strategy, often with heavy focus on mobilizing constituencies outside the legislature.

For their inside strategy, Philip Morris first sought to have a bill introduced in 1997 that would have extended the exemption for bars until 2001, written by the company's lobbying firm and then introduced by Assemblyman Ed Vincent (D-Inglewood). The bill passed, but passed too late to be enacted before the beginning of the bar smoking ban in January of 1998; even though it was therefore ineffective, it provided support to the tobacco industry's efforts to overturn the law after it went into effect (Magzamen & Glantz, 2001, p. 246). In addition, industry groups sought to activate their allies in the state Senate, especially members of the Assembly Appropriations Committee, in which initial moves were also made to delay the 1998 enactment date. Industry groups also made large contributions to sympathetic representatives, such that in one instance the average state Senator voting in favor of tobacco's position received a mean US\$9,857 campaign contribution, whereas those voting against the industry received only US\$36 on average (Magzamen & Glantz, 2001). While insider tactics such as the latter were initially effective in influencing policy without causing a public stir, public organizations such as the American Heart Association sought to publicize such efforts by Philip Morris and other industry groups by taking out ads in

the Western edition of the New York Times asking, mordantly, “Don’t all workers deserve smoke-free workplaces? The law says yes. Big tobacco says no” (Magzamen & Glantz, 2001). Although the assembly passed this legislation 44-28, it was ultimately killed by the Senate Judiciary Committee following strong grassroots lobbying efforts by the opposition—this time including other powerful health interest groups such as the American Lung Association, the American Cancer Society, and the California Medical Association. In later arguments about the smoking ban, public health groups, alongside the California Labor Federation (AFL-CIO) put forward individual bartenders, waitresses, and club owners who supported the law, to “put a human face on the issue” (Magzamen & Glantz, 2001, p. 247).

But it was not only the health organizations that mobilized outside groups and individuals to influence legislation. The National Smokers’ Alliance (NSA), an advocacy organization founded by the PR behemoth Burson-Marsteller on behalf of Philip Morris (Stauber & Rampton, 1995), effectively a front for that corporation, distributed press releases arguing that the law would lead to noncompliance and lost income for a number of economic sectors. As health NGOs did, individuals on the other side of the issue expressed grassroots opposition: employees and owners of bars and clubs argued that they would lose business and that their rights were being violated (Magzamen & Glantz, 2001, p. 247). Also, in earlier campaigns, Philip Morris had hired a grassroots lobbying firm, The Dolphin Group, to assist in their efforts to fight the ban by contacting smokers and bar owners. In this campaign, they used direct mail to contact their database of smokers (Magzamen & Glantz, 2001, p. 249). Taking this one step further, the NSA sent posters and drink coasters to more than 2,000 bars in an attempt to enlist them in the campaign to stop the smoking ban. The drink coasters themselves could be mailed to state legislators using provided envelopes, and bar patrons were encouraged to fill out these “action coasters” and mail them to express their disapproval to the legislation; coasters used in a later campaign stated “I’m a constituent, not a criminal” (Magzamen & Glantz, 2001). These were followed up by an NSA campaign that sent “action kits” to approximately 3,000 bars, which included window stickers expressing opposition, including more coasters and supplies. By March 1998, records indicate that 4,119 printed cards reached the State Health and Human Services Committee (Magzamen & Glantz, 2001).

All of these stakeholder mobilization strategies combined to produce an emotional appeal and significant media coverage in favor of the repeal. However, the law ultimately held, although there were some early compliance problems due, in part, to the efforts of the Philip Morris and its related

industry groups. Although both public health advocacy groups and grassroots (yet industry-backed) NGOs mobilized dramatic public advocacy campaigns, health groups ultimately prevailed as they were able to build coalitions with labor (and therefore define the issue as one involving not only health but also safe workplace conditions), and by committing resources to a variety of lobbying strategies (polling, advertising, membership mobilization, and inside lobbying; Magzamen & Glantz, 2001, p. 250). In short, although corporate grassroots lobbying was certainly effective in shaping the public agenda—providing a dramatic appeal for action and provoking populist outrage, and influencing the legislature’s perceptions of their constituents’ sentiments—it was not enough to win this particular legislative battle. Perhaps the most important point of the present example is that grassroots lobbying gave the corporation a fighting chance in this legislative battle; if this campaign did not have any “outside” operation, it would undoubtedly have been doomed from the start.

Profile of the Corporations Engaging in Grassroots Lobbying

To gain a sense of which particular firms have been most active in mobilizing stakeholders, Table 1 presents a list of the most frequently occurring corporate clients of grassroots lobbying firms (for details on the collection of this data, see the appendix). This table displays the names of the 19 firms in the data that appeared as clients three or more times⁵ in any of the directory listings that named clients: *Campaigns & Elections Grassroots Lobbying Buyer’s Guides*, *Washington Representatives*, or *O’Dwyer’s Directory of Public Relations Firms*.

It is perhaps not surprising that Philip Morris turns up as the top client of the aggregate group of grassroots lobbying firms, especially given the case study of their public mobilization efforts described earlier. However, tobacco is otherwise not well represented among the top clients of grassroots lobbying firms. Instead, telecom firms dominate the group, as 6 of the top 28 firms listed are in that industry: four of the Baby Bells (Bell Atlantic, Bell South, Pacific Bell, and Pacific Telesis), AT&T, and Nextlink California. Manufacturing, pharmaceuticals, food and beverage, professional/technical service, and energy firms are also well represented in the top group in Table 1. The findings therefore provide some initial support for the argument of Hypothesis 2, in that a number of heavily regulated firms are actively involved in grassroots lobbying.

Table 1
Most Frequently Appearing Corporate Clients
of Professional Grassroots Lobbying Firms

Rank	Name	Occurrences
1	Philip Morris USA	15
2	AT&T	8
3	3-M Corporation	7
4	Chevron Corporation	6
4	Waste Management, Inc.	6
5	General Motors Corporation	5
6	Bell Atlantic	4
6	BellSouth	4
6	Bristol-Myers Squibb Co.	4
6	McDonald's Corporation	4
6	Pfizer Inc.	4
7	Advanced Interactive Systems	3
7	Anheuser Busch Companies	3
7	Aviation Development Services, LLC	3
7	Blue Cross Blue Shield	3
7	Boeing Company	3
7	Coca-Cola	3
7	Dell Computer Corporation	3
7	Enron Corporation	3
7	General Electric Company	3
7	Glaxo Wellcome	3
7	LA Gear	3
7	Nextlink California	3
7	Oracle Corporation	3
7	Pacific Bell	3
7	Pacific Telesis Group	3
7	Sempra Energy	3
7	Wal-Mart	3
7	Walt Disney Company	3

Note: Table lists only those firms that appeared as clients three or more times.

It may at first seem surprising that telecom firms are so well represented among the top clients of grassroots lobbying firms; however, during the period under consideration (i.e., the years in which businesses were listed as clients of grassroots lobbying firms in the data, 1990-2004), the telecom industry in the United States was undergoing substantial transformation. During the period of interest, telecom deregulation was a central focus for industry groups. Consider, for example, AT&T's grassroots lobbying efforts in Texas in 1999. Television ads financed by AT&T show a woman wearing

a denim shirt asking “why it costs more to phone from Midland to Marfa than from Marfa to Honolulu” (Baker, 1999). She says, following up, “No wonder Bell and GTE are fighting to hard to stop competition,” while holding a long distance phone bill in her hand (Baker, 1999). The ads sought to mobilize public action at the state level to fight against regulatory advantages for their competitors. In this case, instead of making their case in Austin, AT&T decided to ask citizens to write their representatives. This example illustrates one of the many ways that telecom groups mobilized public action in this period.

3-M Corporation, known until 2002 as Minnesota Mining and Manufacturing Company, is also one of the top firms engaged in the hiring of grassroots lobbying firms. However, unlike Philip Morris, 3-M’s grassroots lobbying campaigns are less well known. Importantly, 3-M was one of various major corporations to support national health care legislation as early as 1991, well before Clinton’s efforts a few years later.⁶ 3-M also is known for its substantial inside lobbying operations, which the firm mobilized dramatically after it spent approximately US\$110 million over 9 years to develop a CFC-free inhaler for asthmatics, only to find in 1996 that companies continued to be exempt from such regulation, thereby threatening their market share (Skrzycki, 1996). Interestingly, it appears that 3-M’s grassroots efforts were aimed largely at promoting their efforts to be a good corporate citizen and in shaping legislation that would favor their distinct type of corporate environmentalism; this provides further evidence of the connection between a firm’s stakeholder relationships and its political strategy.⁷

Tables 2 and 3 present information regarding the organizational characteristics of the individual firms engaged in grassroots lobbying campaigns: their firm type, employee size, annual revenue, and industry grouping. In general, these data provide support for the argument that those firms engaged in grassroots lobbying are those that are large and exceptionally well-resourced organizations, involved in industries subject to broad governmental regulation.

The size and staggering revenue levels of these corporations is immediately evident in Table 2, in that nearly 66% of client firms have greater than 1,000 or more employees; this compares to the mere 13.4% of firms that are as large in the overall population of corporations.⁸ The data therefore find strong support for Hypothesis 4 at the bivariate level.⁹ As in most organizational populations, the business community in the United States is mostly populated by small firms, although the largest of firms command a quite disproportionate share of the resources. Similarly, it appears that the largest of firms are much more likely to be engaged in efforts to mobilize

Table 2
Profile of Corporate Clients

Variable	%	Valid <i>N</i>
Firm type		
Domestic public	17.8	409
Domestic private	50.1	409
Importer, exporter	19.1	409
International public	3.4	409
International private	5.4	409
Other, NEC	4.2	409
Firm size		
<100 employees	14.8	372
100-999 employees	19.4	372
1,000-9,999 employees	30.4	372
10,000-99,999 employees	26.9	372
100,000+ employees	8.6	372
Firm annual revenue		
<US\$1 million	0.5	370
US\$1-US\$9 million	6.5	370
US\$10-US\$99 million	11.1	370
US\$100-US\$999 million	22.7	370
US\$1-US\$9.999 billion	31.4	370
US\$10-US\$99.999 billion	24.1	370
US\$100 billion+	3.8	370

public activism. As stated earlier, larger organizations have a greater presence in public life—action that influences the decisions of these firms have large consequences for communities both inside and outside the firm’s immediate reach—which encourages such firms to mobilize their ample base of stakeholders in legislative efforts. Importantly, firms with a large number of employees hold a considerable asset: although representatives are less likely to change the *content* of a bill on the basis of a grassroots campaign, congressional staff believe that such efforts may sway a bill’s passage (Lord, 2000b, p. 89). Although only a minority of firms in the overall population—most recent estimates put the figure at around 18%—have annual revenues of greater than US\$1 million, nearly 100% of the client firms have revenue of at least that amount. The modal category, in fact, receives annual revenues between US\$1 billion and US\$10 billion. The client firms, then, are large and well resourced and are primarily domestic private firms, which may be less constrained by stakeholders than public firms.¹⁰ Although one might suspect that firms with the *least* resources would use these stakeholder-based

Table 3
Industry Comparison of Client Firms and U.S. Corporations Overall

Industry Classification	Client Firms (%)	2002 IRS Firms (%)	Difference (Clients – All) (%)
Agriculture	0.5	2.7	-2.2
Mining	2.0	0.6	1.4
Utilities	3.4	0.2	3.3
Construction	2.9	12.3	-9.4
Manufacturing	35.3	5.3	30.0
Wholesale trade	4.4	6.8	-2.4
Retail trade	4.2	11.4	-7.3
Transportation and warehousing	3.7	3.4	0.3
Information	11.8	2.3	9.5
Finance and insurance	6.4	4.3	2.1
Real estate, and rental and leasing	2.0	10.8	-8.9
Professional, scientific, and technical services	12.3	14.0	-1.7
Management of companies and enterprises	1.5	0.9	0.6
Administrative, support, waste management	2.5	4.4	-1.9
Educational services	0.2	0.8	-0.5
Health, social assistance	1.2	6.3	-5.1
Arts, entertainment, recreation	1.5	2.1	-0.6
Accommodation and food services	3.4	5.2	-1.7
Other services, public administration	1.0	6.1	-5.1

Note: Items in bold reflect differences greater than 5%. Industry data based on collapsed NAICS classifications for all firms listed in the Thomson-Gale database ($N = 408$). Data on the corporate population at large come from the *Statistical Abstract of the United States*, using 2002 data from the Internal Revenue Service. Data represent the proportion of IRS returns by collapsed NAICS classification. Available from <http://www.census.gov/compendia/statab/tables/06s0727.xls>

efforts—they are considerably less costly than campaign contributions, for example—it is worth noting that stakeholder mobilization of this sort requires a considerable amount coordination to maintain message consistency; such coordination often requires the assistance of expensive consultants and government affairs professionals (Kramer, 2000).¹¹

With respect to the industry composition of firms (Table 3), interestingly, the data illustrate that manufacturing groups represent more than one third (35.3%) of the individual corporations engaged in grassroots lobbying; by comparison, manufacturing firms represent only 5.3% of firms in

the population of corporations at large. Within manufacturing corporations, certain types are well represented, including firms in chemical industries (39 total, including Monsanto, Dow, and numerous pharmaceuticals including Pfizer and Glaxo Wellcome), food (including Busch, Coca-Cola, Kellogg, and Nabisco), and firms that manufacture electronic equipment (such as Motorola, Sony, Intel, and Corning). Information technology firms are also well represented (11.8%) and include primarily telecom firms (e.g., AT&T, Adelphia, BellSouth, and Verizon) and broadcasting and media entities (ABC, Time Warner, Fox, and Forbes). Finally, professional, technical, and scientific firms (12.3%), including IBM, Oracle, Deloitte & Touche, and other lobbying firms (KPMG, Maximus, Inc.) actively lobby the public, although they are just as well represented among corporations overall (14%). In sum, the industries that are dominant in grassroots lobbying appear to be those that are large, exceptionally well resourced, and come mainly from the manufacturing sector.

Corporate Grassroots Lobbying Tactics

Although all grassroots lobbying firms provide services to clients that assist in the mobilization of the public in politics, there are a variety of ways that firms might carry out such a task. The right-hand columns of Table 4 present the tactical profile of grassroots lobbying firms (regardless of their client base), using the services provided by firms that have corporations as at least half of their aggregate client base (see the appendix on determining firm clients). The left-hand columns of Table 4 show the service offerings of PGLFs in which at least 50% of their aggregate client base is composed of corporations ($N = 79$), out of all firms for which client information was available ($N = 356$).

What the left-hand columns illustrate most directly is that corporate-dominated firms are more likely to provide public relations, Web and software services, and certain types of community outreach services than the other firms in the data. Firms that cater primarily to corporate clients, then, do so to help them cultivate their image before the public as well as to mobilize communities and create coalitions. Indeed, firms that serve corporations are approximately 4% more likely either to help them build community coalitions or to connect with community leaders (“grasstops” organizing). They are also more likely to also provide inside lobbying services, as 43% of all grassroots lobbying firms with a primarily corporate base also provides governmental affairs representation.

Table 4
Comparison of Tactical Usage by Firms Serving Corporations and All Others

Service	% of Firms Serving Corporations	% of Firms Overall	% Difference (Corporations – Overall)
Community outreach			
Community coalition building	31.6	27.81	3.8
Field operations	44.3	49.44	-5.1
Grasstops/treetops	20.3	16.57	3.7
Lobbying/governmental affairs	43.0	39.33	3.7
Petitions and signatures	7.6	14.04	-6.5
Contacting services			
Database or list management	32.9	46.07	-13.2
Demographic targeting	41.8	47.19	-5.4
Direct mail services	34.2	45.22	-11.0
Fax services	3.8	7.58	-3.8
Phone banking	17.7	27.25	-9.5
Polling or focus groups	31.6	37.64	-6.0
Satellite broadcasting	5.1	3.65	1.4
Web and software			
Internet, e-mail, or electronic services	46.8	43.26	3.6
Software/technology	39.2	31.74	7.5
Public relations			
Electronic media ad services	31.6	31.46	0.2
General consulting services	74.7	71.35	3.3
General media ad services	48.1	47.47	0.6
Media training/speech support	31.6	29.78	1.9
News or print ad services	35.4	32.02	3.4
Public relations services	68.4	64.04	4.3
Electoral			
Campaign services	35.4	51.12	-15.7
Initiative/referendum	12.7	18.26	-5.6
Voting-related services	11.4	29.78	-18.4
Organizational assistance			
Events	31.6	27.81	3.8
Fundraising	13.9	24.72	-10.8
Other			
Litigation or legal support services	12.7	8.15	4.5
Mean <i>N</i> services offered (of 26 possible)	8.08	8.73	
<i>N</i>	79	356	

Note: Corporate-serving firms are defined as those with corporations as 50% or more of their aggregate client base.

Interestingly, this table also shows that corporations are less likely to use firms for their technology-related contacting services, such as those related to databases and lists, demographic targeting, direct mail, phone banking, or fax services. These findings suggest that corporations tend to target broad swaths of the public in their grassroots lobbying campaigns, rather than targeted contacts with a preselected group of individuals. This suggests that in situations when corporations do attempt to mobilize their natural constituency of employees, shareholders, and other community members, they do not do so using an outside lobbying firm, favoring instead the usage of their in-house public affairs office.¹² In conclusion, Table 4 provides mild support for the contention of Hypothesis 1 that corporations prefer to employ public relations tactics in their efforts to engage in public life.

Why Corporations Lobby the Grassroots

To explore why corporations use grassroots lobbying, the author, along with a team of undergraduate research assistants, created a unique data source employing information culled from two sources: (1) the clients of grassroots lobbying firms (see the appendix), and (2) data on inside lobbying by corporations who appeared as on their own behalf or as a client of a lobbying firm in the 1996 Lobbyist Disclosure Reports, collected by Frank Baumgartner, Beth Leech, and a team of research assistants (Baumgartner & Leech, 2000). Firms that do no lobbying, or do an insubstantial amount that does not meet the threshold levels reported below, cannot be included in this analysis due to data limitations. However, it should be noted that the preponderance of large corporations engage in at least some forms of inside lobbying (Schlozman & Tierney, 1986).

Passed in the wake of the Republican takeover of Congress in 1994, the 1995 Lobbyist Disclosure Act (LDA) mandated that semiannual reports be filed for a broad range of firms and groups involved in Washington lobbying. The data include the complete set of approximately 19,000 reports filed for the Year 1996. All groups or firms that spent more than US\$20,500 semiannually on total lobbying activities (including the salaries of staff members who engage in lobbying activities) or US\$5,000 paid to a single lobbying firm are required to register; once registered, all firms in the former category must file a separate report for each of 76 potential issue areas about which they lobbied. Because of these criteria for registration, the data

therefore underrepresent groups that rely on volunteers for representation as well as those that lobbied only for a short period or on a single issue (Baumgartner & Leech, 2000). However, because both the US\$20,500 figure for organizations and the US\$5,000 bar for lobbying firms are quite low thresholds to cross, the data source can be taken as a nearly comprehensive source of information about the inside lobbying efforts of a variety of organized interests.

To ascertain factors that make a corporation more likely to add outside lobbying to their repertoire of activity, the research team carried out the following process. First, we collected the names of all corporations appearing in the 1996 LDA either through self-representation or through being a client of a lobbying firm. We then aggregated these cases together into a new data file that grouped each corporation together, such that the unit of analysis is the corporation rather than the LDA report. Each independent variable in the analysis, then, comes from the aggregate LDA reports of each corporation, with the exception of the PAC measures described below. After this aggregation process, we searched each unique corporation's name among the complete list of clients of grassroots lobbying firms, creating a dummy dependent variable for whether each LDA corporation was found as a client of a PGLF (1 = *found as a client*, 0 = *not found*). Interestingly, 8.7% of the 2,407 LDA corporations were found to be clients of grassroots lobbying firms.¹³

Once these data were assembled, it allowed the author to examine which of the firms with an inside lobbying presence also employ a grassroots lobbying firm, thereby suggesting that they engage in efforts to mobilize outside constituencies to sway legislative activity. As nearly all relatively large corporations are known to do some sort of inside lobbying (Kollman, 1998; Schlozman & Tierney, 1986), using the LDA as a baseline source of information about corporate lobbying is a reasonable strategy. The data, however, unfortunately carry the cost of representing only those lobbying efforts that occurred in 1996. Furthermore, it is important to keep in mind that the data on grassroots lobbying refer to all corporations that were listed as clients of firms that were active in lobbying at some point between the years 1990 and 2004. Therefore, the LDA data do not line up as closely for the earliest and latest years of the grassroots lobbying data, and this caveat should be kept in mind when considering the following results.

Table 5 presents the results from an analysis using a variety of predictive measures to explain variance in the likelihood of a corporation to add stakeholder-based lobbying—through the hiring of a grassroots lobbying firm—to

their existing repertoire of inside lobbying activities. Independent measures come from the LDA data as well as corporate Political Action Committee contribution data from the Center for Responsive Politics for the 1998 election cycle.¹⁴ The independent measures include the number of times that the firm appeared in the 1996 LDA data (either as a lobbying firm client or through self-representation on a given legislative issue), the proportion of those appearances in which the firm was self- (rather than lobbyist-) represented, the maximum amount they paid to a firm in any of those appearances, the proportion of their LDA reports in which they contacted House representatives, Senators, or members of the White House administration, the mean number of governmental agencies they claim to have contacted per LDA report, the mean number of issues on which they lobbied in each of their 1996 LDA reports, the total amount of PAC contributions given to Republicans and to Democrats in the nearest election cycle (1998), and, finally, dummy measures regarding whether the firm lobbied on each particular issue.¹⁵

Strikingly, the analyses show that only certain issues are consequential in shaping the hiring of a grassroots lobbying firm to complement a corporation's inside lobbying activities. In the final model, which controls for all of the aforementioned measures, the issue variables that are significant at the $p < .05$ level are those related to the information/communication industry (a 68.2% increase in the likelihood of grassroots lobbying), arts, recreation, and entertainment (a 379% increase), and taxation, appropriations, and economic development (66%). Other issues are also significant at the $p < .10$ level: Defense (a 43% decrease) and issues not elsewhere classified¹⁶ (a dramatic 462% increase). These findings support the argument that certain more heavily regulated industries (e.g., telecommunications) and also those that already have a heavy presence before the public (media and entertainment) are more likely to try to mobilize the public in their political efforts; industries that would not benefit by expanding the scope of conflict, like defense, are significantly less likely to do so. The study therefore finds support for Hypothesis 2.

The powerful finding of issue lobbying in the area of arts, recreation, and entertainment bears further discussion. Although not an industry that is heavily regulated, firms in this sector do have a significant presence in public life; this presence can be used strategically in corporate political activity. Indeed, firms that lobbied in this area and also contracted with grassroots firms include well-known outfits such as ABC and Fox Broadcasting, and casino gaming firms like Gtech and Harrah's. It appears, then, that regardless of the extent of their inside lobbying efforts and

Table 5
Logistic Regression of Corporate Outside Lobbying on Selected Measures From the 1996 Lobbyist Disclosure Act

Independent Variable	Model 1		Model 2		Model 3		Model 4	
	e ^β	SE						
Overall lobbying measures								
<i>N</i> appearances in 1996 LDA	1.144***	0.012	—	—	—	—	1.064**	0.021
% of appearances self-represented	1.008**	0.002	—	—	—	—	1.004	0.003
Max amount paid to a lobbying firm (thousands)	1.000	0.000	—	—	—	—	1.000	0.000
% of appearances contacting house	0.998	0.004	—	—	—	—	0.998	0.004
% of appearances contacting Senate	1.005	0.004	—	—	—	—	1.006	0.004
% of appearances contacting White House	1.004	0.004	—	—	—	—	1.000	0.005
Mean <i>N</i> governmental agencies contacted	0.916	0.095	—	—	—	—	0.934	0.103
Mean <i>N</i> issues per registration	0.992	0.058	—	—	—	—	1.020	0.064
Corporate PAC activity								
Contributions to Democrats in 1998 cycle (thousands)	—	—	1.000	0.004	—	—	0.998	0.004
Contributions to Republicans in 1998 cycle (thousands)	—	—	1.015***	0.002	—	—	1.009***	0.002
Issue lobbying measures: Industry								
Agriculture, forestry, fishing and hunting	—	—	—	—	1.369	0.280	1.107	0.296
Utilities, energy	—	—	—	—	1.581†	0.240	1.192	0.262
Wholesale trade	—	—	—	—	0.682	1.516	0.606	1.494
Retail trade	—	—	—	—	1.691	0.643	1.314	0.702
Transportation and warehousing	—	—	—	—	1.528†	0.234	1.193	0.256
Information	—	—	—	—	2.029**	0.224	1.682*	0.241

(continued)

Table 5 (continued)

Independent Variable	Model 1		Model 2		Model 3		Model 4	
	e ^β	SE						
Finance and insurance	—	—	—	—	1.062	0.243	0.729	0.271
Real estate and rental and leasing	—	—	—	—	1.092	0.387	1.096	0.383
Professional, scientific, and technical	—	—	—	—	1.513	0.286	1.129	0.323
Administrative, support, waste management	—	—	—	—	0.957	0.309	0.886	0.335
Educational services	—	—	—	—	1.050	0.517	0.794	0.568
Health care and social assistance	—	—	—	—	1.764**	0.219	1.119	0.245
Arts, entertainment, recreation	—	—	—	—	5.263***	0.476	4.786**	0.466
Accommodation and food services	—	—	—	—	1.582	0.424	1.520	0.434
Public administration	—	—	—	—	0.990	0.310	0.782	0.346
Issue lobbying measures: Multiple industries								
Taxation, appropriations, economic development	—	—	—	—	2.494***	0.181	1.663*	0.203
Environment and natural resources	—	—	—	—	1.174	0.216	0.923	0.233
Trade policy issues	—	—	—	—	1.875**	0.202	1.260	0.228
Defense	—	—	—	—	0.768	0.267	0.575†	0.297
Labor, workplace issues	—	—	—	—	1.451	0.236	0.891	0.269
General social issues	—	—	—	—	1.141	0.262	1.101	0.275
Government, NEC	—	—	—	—	2.002**	0.234	1.410	0.262
Regulation and consumer issues	—	—	—	—	1.232	0.243	1.106	0.266
Other, NEC	—	—	—	—	5.346†	0.880	5.621†	0.895
Constant	0.031***	0.353	.060***	0.090	0.027***	0.143	0.023***	0.384
<i>N</i>	2,407		2,407		2,407		2,407	
Nagelkerke <i>R</i> ²	.230		.198		.236		.303	
-2 log likelihood	1164.39		1202.12		1156.79		1074.74	

Note: Issue measures are binary variables indicating whether a firm lobbied on a given issue in any of their 1996 LDA appearances.

† *p* < .10. * *p* < .05. ** *p* < .01. *** *p* < .001.

PAC contributions, media and entertainment firms regularly seek to mobilize public support outside the beltway.

Aside from issues, the most powerful predictor in the model is undoubtedly the measure of the volume of lobbying, which is captured by the number of times the firm appeared as a registrant in the 1996 LDA data. For each additional time a firm appeared in the data, that firm became 6.4% more likely to engage in grassroots lobbying. The strongest overall support, therefore, is found for Hypothesis 3a: that corporations are tactical maximizers, such that those firms that do heavy amounts of inside lobbying tend to add grassroots lobbying as an additional support in their advocacy campaigns.¹⁷

Hypothesis 3b, which outlines the expectation that firms with higher PAC contributions will be more likely to engage in outside lobbying, yielded some interesting results. Although additional models (available by request) illustrated that a firm's total PAC contributions are powerful in shaping grassroots lobbying, the results presented in Models 2 and 4 make clear that only contributions to Republican candidates are influential in leading a firm to lobby the public.¹⁸ This finding provides additional support for the notion that Republican control of government supports the development of grassroots lobbying, as the GOP has cultivated a more populist image in recent years (Walker, 2009).

A secondary but substantively important finding is that, in Model 1, firms that self-represent in their inside efforts are significantly more likely to appear as a client of a grassroots lobbyist. Those businesses that lobby using their own representatives (executives, shareholders, management, or public affairs office representatives, and the like), interestingly, will also seek to mobilize the public on issues of the political interest. However, once PAC contributions and issue foci are controlled, this finding is no longer significant; firms that self-represented in at least one LDA appearance contributed, on average, US\$50,812 more to Republican candidates than did those that never self-represented (the differential in Democratic contributions was US\$24,270). This appears to be due to the wealthiest firms—and their managers, board, and employees—feeling more comfortable and legitimate in representing themselves.

Finally, an additional noteworthy (although nonsignificant) finding is that firms that contact a greater number of governmental agencies in their inside lobbying efforts—thereby suggesting involvement in campaigns that span a number of regulatory fields—are less likely to hire a grassroots firm. This supports the notion that corporate lobbying efforts involving industry-specific regulatory action do not seek to expand the scope of conflict to the public

(Smith, 2000), who may not be easily mobilized on issues of more arcane focus of a narrow subset of firms.

Conclusion

This article sought to answer two central questions about stakeholder mobilization by corporations: how they do it and why they do it. The findings support the notion that corporations tend to use grassroots lobbying to mobilize stakeholders on behalf of the firm and also to improve the firm's capacities for political influence; they also use outside grassroots lobbying firms to provide public relations and consulting services that help them to improve their public image. Stakeholders, therefore, represent not merely a constraint but also an asset for firms in influencing their external environments. This research also found that certain industries are much better represented among the client firms of grassroots lobbyists than in the general population of firms: health care, arts and entertainment, and energy and utilities.

When considering why corporations mobilize the public, the findings indicate that the single best predictor of whether a firm will engage in grassroots lobbying is the extent to which the firm engaged in inside or direct lobbying, suggesting that the most politically engaged firms overall are among the most likely to try to bring the public in as a legislative force. The most politically active firms, then, employ grassroots lobbying tactics as one additional method in their already well-endowed strategic toolkit. Furthermore, firms with significant PAC contributions to Republican candidates for office are also significantly more likely to do so. Firms with larger in-house political operations—those more likely to represent themselves when lobbying Congress and the White House—are also more likely to lobby the public, likely because the presence of an in-house public affairs office indicates that the firm is concerned about its image throughout society (Pinkham, 1998). In addition, firms involved in the information and communications industries, arts and entertainment, and taxation and government appropriations are all significantly more likely to lobby the citizenry. This suggests, importantly, that those industries with greater visibility in public life see such lobbying as likely to be effective, as do those that have a stake in decreased regulation. However, those firms with narrow, industry-specific concerns, do not.

While this study has illustrated that a wide range of corporations mobilize stakeholders to advance the firm's political, economic, and social interests, a limitation is that the data are not able to illustrate the *effectiveness* of such tactics. Importantly, a mounting body of evidence indicates

that professional grassroots lobbying efforts by corporations, industry groups, think tanks, and other powerful institutions can be quite influential (Bergan, 2009; Howard, 2006) and may help corporations to enhance their legitimacy vis-à-vis the external environment (Walker, 2009). Still, more focused and detailed measurements of the influence of corporate grassroots lobbying on public and political life are clearly needed.

Future research should examine in more precise fashion the ways that stakeholder mobilization programs fit into firms' broader public affairs strategies. Although this study identified a number of the structural characteristics associated with grassroots lobbying among those firms that already engage in direct lobbying (according to the LDA data), more data is needed to understand the likelihood of all firms—including those that did not engage in direct lobbying at all—to take part in this form of stakeholder mobilization. Similarly, more information is needed about specific cases of stakeholder mobilization by firms and which issues tend to lead firms to expand their lobbying repertoire; evidence suggests that it should be in campaigns related to widely salient issues that this should be most common (Smith, 2000).

Scholars should also, in future research, consider how common stakeholder mobilization is beyond the borders of the United States. Other accounts suggest that NGOs have changed the context of corporate political activism not only in the United States but also in the European Union (Tittle, 2005) and that firms should adjust their international operations and global public affairs management to better respond to this transformed institutional context (Grefe, 2000). Although the decentralized federal structure of the U.S. political system makes stakeholder mobilization especially important for firms in managing government affairs, the increased power of NGOs in other countries makes stakeholder mobilization important for firms in more centralized and corporatist contexts as well (Tittle, 2005).¹⁹

Overall, this research makes clear that corporate political activity goes well beyond PAC contributions and direct lobbying, which have traditionally been the focus of CPA research. Other analysts are beginning to note this limitation, but only a few studies consider corporate political participation in such a broad fashion (but see Brasher & Lowery, 2006; Hillman & Hitt, 1999; Keim & Zeithaml, 1986; Lord, 2000a, 2000b; Oliver & Holzinger, 2008). By expanding the scope of analysis to include stakeholder mobilization, studies of the political behavior of firms can consider the quite broad array of tactics that businesses can bring to bear in their political efforts, as the very boundaries between sectors increasingly blur. Understanding the structural sources of this form of CPA also helps to draw attention to the ways that firms exercise agency and influence their institutional environments.

Appendix

Grassroots lobbying campaigns attempt to influence a variety of segments of the populace, using a plethora of tactics to mobilize action in a variety of issue areas. Therefore, researchers have often focused either on surveys of interest group activity (Kollman, 1998), campaigns around a single historical event (Caldeira, Hojnacki, & Wright, 2000), or case studies of specific campaigns (e.g., Rowell, 1996; Stauber & Rampton, 1995). Instead of focusing on the activity of a specific set of corporations or interest groups, or a specific set of lobbying campaigns, the research team looked instead to the firms that provide grassroots lobbying services to those groups. Although this strategy tends to overestimate the amount of overall corporate grassroots lobbying and underestimate such campaigns by interest groups, it holds the dual advantages of providing a systematic representation of the actors engaged in paid campaigns and also does a better job of capturing the usage of campaigns *by institutions and large organizations*.

The Primary Source of Firm Listings

The identities of the 712 grassroots lobbying firms which provide the basis of this project were determined using the directory listings of grassroots lobbying firms from the magazine *Campaigns & Elections (C&E)*, which is the leading publication for political professionals of all sorts: from lobbyists to campaign consultants to political public relations firms. As grassroots lobbying is something of a niche market, those firms in existence in a given year would be quite unwise not to include their information in the directories published by *C&E*. It is therefore reasonable to believe that these listings provide a relatively comprehensive source on firms providing grassroots lobbying services.

To create a census of the organizations involved in grassroots lobbying activity, we relied on two sources from *C&E*: (1) 15 annual issues of the yearly "Political Pages" listings (1990-2004), the latter of which the magazine refers to as their "Annual Directory of Political Consultants, Products & Services," and (2) five magazines issued between 1995 and 2003 that offered special "Buyer's Guides" which provide detailed information about hundreds of firms who claim to provide grassroots lobbying services. *C&E* is the leading trade journal for political consultants, and it is therefore reasonable to take it as a general source of information on firms involved in grassroots lobbying. It is also the only publication in wide distribution which offers a substantial listing of firms providing grassroots lobbying services. The aforementioned listings are now described in greater detail.

i. *Political Pages*. The initial census of grassroots lobbying firms is provided by *C&E*'s annual directory of products and services offered by political consultants, the

(continued)

Appendix (continued)

“Political Pages” (hereafter CEPP). The magazine began publishing these annual guides in 1990, at a point when the editors believed that their readership would benefit from a condensed listing of firms providing a variety of political consulting services, among which grassroots lobbying is included. Researchers included cases that were listed under any of the following headings in the CEPP: “Grass-roots Lobbying,” “Public Affairs—Grass-roots Strategy/Mobilization,” “Petitions & Signature Gathering,” and “Field Operations & Organizing.”²⁰ The listings for every year between 1990 and 2004 offer, on average, 115 listings per year, although many of these listings overlap both within and across years. Such overlap occurs within years because firms may choose to be listed under more than one of the selected headings in each year, should they wish to stand out for providing those more specialized services. Importantly, in early editions of the CEPP, many of these more specific categories did not exist, as all firms in the first years of the CEPP were simply listed as firms offering “Grassroots Organizing” or “Grassroots & Field Operations.” This very differentiation and specialization suggests an increasing division of labor among competing firms within a growing field of organizations.

ii. *Buyer’s Guides*. In five issues published between 1995 and 2003,²¹ the magazine presents a special section devoted to firms providing grassroots lobbying services, which it refers to as the “Grassroots Lobbying Buyer’s Guide” (hereafter GLBG). The information in these listings is provided by the firms, and they are solely responsible for the accuracy of the content. The magazine often includes specialized sections devoted to such other topics as direct mail services, telephone contacting services, and campaign Internet services.

On average, each edition offers 89 listings of individual firms, for a total of 445 listings across the five editions. However, many of these are repeat listings for the same firm; the nonoverlapping total yields 274 cases. As well, there is a relatively high level of consistency with respect to the available measures over time. The following variables were extracted for listed firms in *all five editions* of the GLBG: identifying information (name, city, state), claimed years of experience, and whether they offer the following services: grassroots field organizing, database services, petition management, polling and focus groups, phone banking, and direct mail targeting. In addition, there are a number of variables that are listed in *all but one* edition: a listing of three of the firm’s clients, whether they offer issue advocacy and public relations services as well as media services and ad placement.²²

iii. *Merging and Reducing Data to Unique Organizations*. Cases from the CEPP were, in turn, merged into a database that already included the GLBG listings as described above. Comparisons of the GLBG and CEPP listings suggest that both are necessary to complement one another, in that each presents a significant number of exclusive cases. In this second phase of data collection, each listing from the CEPP which refers to a firm listed anywhere in the GLBG was included as additional data

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on that same case in the data file, matching on the firm's name and location (city). Firms that have the same name but were not listed in the same city were treated as unique cases, unless one of the addresses was in Washington, D.C., which generally suggests that the firm has a branch in the Capitol. Firms that added an additional partner in later years were considered the same firm, whereas those cases in which the partners split up and founded a new firm were considered two cases. If a firm appears more than once across the years of the CEPP, any additional information provided in the repeating year was appended to that respective case. Variables that were extracted from the CEPP listings include name, location (street address, city, state, zip), phone, fax, contact name, and the subheading under which each respective listing falls (e.g., "Grassroots Lobbying: Strategy & Planning"). More recent years also include each firm's Web URL, e-mail address, and whether it is a registered member of the American Association of Political Consultants.

iv. *Summary.* Once all repeating firms were reduced to unique cases, the CEPP and GLBG case data had produced a unique listing of $N = 712$.

Additional Data Sources on Grassroots Lobbying Firms

i. *Public Relations Directory.* Three additional sources were consulted to capture the clearest possible snapshot of the population of grassroots lobbying firms from 1990 to 2004. *O'Dwyer's Directory of Public Relations Firms* is a yearly listing that includes many of the very largest firms listed above ($N = 56$, or 7.9% of firms). All nonrepeating firms from the merged/reduced list from the GLBG and CEPP listings were searched. Firms were matched according to name and location, searching the directory for a 3-year window around the year in which the firm was most recently listed in either the CEPP or the GLBG, as the case merits. For example, if a firm were listed only in the 1998 CEPP, coders searched the 1997, 1998, and 1999 *O'Dwyer's* listings. In cases in which the coder found an entry in more than one year, the most recent listing was taken, as firms often reported more detailed information in later years.

For listed firms, variables were extracted regarding organizational size, founding date, fee income, number of board members, as well as an extensive listing of clients. Although this directory provided information on only the largest of public relations firms, the wealth of information listed merits its inclusion.

ii. *Lobbyist Directory.* The yearly directory of registered U.S. lobbyists, *Washington Representatives*, constitutes a fourth source of information on the firms. In this particular case, firms were matched by name but not by their location, due to the likelihood that the listed address might be the Washington office of a firm with headquarters elsewhere. In all, 118 organizations (16.6%) were located in this directory. Variables

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that were extracted from this database include address, phone and fax numbers, whether the group is a registered lobbyist, information about the board of directors (names, positions, and, importantly, former positions held elsewhere), and a listing of the group's clients.

iii. *Corporate Directory*. In the next stage of data collection, along with research assistants, the author searched for each listed organization (matching on name and location again) using the Thomson/Gale Goliath (TGG) search engine, which provides a listing of more than 450,000 public and private companies worldwide. This search engine provides a service called "Competitive Intelligence" which combines listings from a number of business directories, including such sources as *Ward's Business Directory* and the *Graham and Whiteside Major Company Series* and claims to be one of the most up-to-date sources of information on both large and small corporations. In all, 199 organizations (27.9%) were located in the Thomson-Gale directory. The variables which were extracted from this database include firm type (private/public), employees as of the end of the last fiscal year, annual sales from the last fiscal year, founding date, SIC classification, and NAICS classification.

iv. *Web Sites*. Google was used to gather additional information for each firm. Two types of Web sites were searched: each organization's official Web site and other Web sites that make reference to the group's activity. Within the official Web sites, there are two ways by which this project attempted to locate that site: (1) through the URL listings determined in previous, already collected directory entries (e.g., in CEPP or Thomson-Gale), and (2) through Google searches for those cases in which we do not know the firm's Web site location. Official Web sites were found for 367 cases (51.5%). In the event that no such Web site was found, coders also searched the Web for other information provided by Google to determine the group's founding date. The following variables were recorded for each Web case: whether grassroots services are mentioned on the Web site, the prominence of grassroots lobbying relative to other content of the Web site, and the tactical methods listed. The tactics listed on the Web site were checked against the listing from the GLBG, and in the event of discrepancies, the Web site content was used.

v. *Coordinating Across Data Sources*. Certain firm characteristics were listed in more than one of the above directories: clients and services offered.

a. *Client Base*. Information on clients came from the original GLBG listings as well as from Web sites, *O'Dwyer's* directory, and *Washington Representatives*. Each client group was coded into 10 categories: Individual Corporation, Trade Association, Public Interest Group, Parties and Campaigns, Government Agencies, Labor Unions, Professional, Universities/Foundations/Hospitals, Pro-Industry Citizen Group, and Other. In cases where the classification of an organization was unclear, coders were instructed to carry out Google searches to determine

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the primary focus of the organization's activity. Once those determinations were made, the total number of each type of client group was tallied for each grassroots lobbying firm. Then, the number of each client type was divided by the total number of clients the firm listed *across directories*.

b. *Services Offered*. Data on the services that grassroots lobbying firms provide to their organizational clients come from the CEPP listings that provided a text blurb about the group's activities as well as from *O'Dwyer's* and firm Web sites. In each of those stages of data collection, firms were coded according to whether they provided any of 27 possible types of services. The triangulated measure of services offered was coded such that if a firm indicated in *any of their listings* that they offered a given service, they were coded as offering that service in the combined measure.

Notes

1. The following builds from Hillman and Hitt (1999).

2. Indeed, firms that have poor relationships with their suppliers may still have strong commitment among employees and should be likely to seek the mobilization of stakeholder groups selectively to maximize the effectiveness of their political efforts.

3. Pittman (1977, p. 44) provides a listing of regulated industries. Industries that are regulated at the local level include street cars and bus lines, gas and steam supply, water supply, telephone, sanitary services, and taxicabs; nationally regulated industries include railroads, air transportation, many communications services, trucking, warehousing and storage, services incidental to transportation, and radio broadcasting and television; industries regulated at both levels are petroleum refining, electric light and power and utilities, and telephone. It is among this latter group that grassroots lobbying should be especially likely. It remains possible, however that there are circumstances in which industries face more intense regulation at a single level of government—such as the federal level—than they would through milder regulation at multiple levels. I thank an anonymous peer review for calling my attention to this point.

4. On the other hand, firms often face a trade-off between concentrating limited resources on one form of activity and using all means possible in helping to win in a legislative battle (Smith, 2000). Although adding stakeholder mobilization to a firm's political repertoire runs the risk of sending mixed messages, firms often engage in formal training programs for their key contacts to reduce this risk (Dowd, 2000).

5. An additional 63 firms appeared twice as the client of a grassroots lobbying firm, and the remaining 559 client corporations appeared only once.

6. Other massive corporations, a few of which also appear as major clients of grassroots lobbying firms, were also involved in a cross-industry coalition to support national health care, including AT&T, Ford, Time Warner, Xerox, Lockheed, Du Pont, Eastman Kodak, and General Electric (Swoboda, 1991).

7. For example, 3-M often sought to appear more environmentally conscious, especially throughout the early 1990s (see Whitaker, 1991).

8. Source: *Statistical Abstract of the United States*, using data from the Census County Business Patterns series on businesses active in 2002. Includes all establishments with a payroll but excludes most government employees as well as the self-employed. Available from <http://www.census.gov/compendia/statab/tables/06s0739.xls>

9. Unfortunately, the LDA data employed in the multivariate analyses do not include measures of firm size. Readers are, therefore, asked to keep in mind this limitation when reviewing the findings presented in Table 5.

10. The Thompson-Gale *Goliath* database, which serves as the source of these data, classifies firms according to headquarters location. Thus, even “domestic private firms” may have international operations.

11. However, it is worth recalling that the present database does not cover the full range of stakeholder mobilization activities in which a firm could engage, as firms can (and often do) mobilize stakeholders without the assistance of a professional grassroots lobbying firm.

12. Indeed, this seems quite likely, especially because the mobilization of employees is a matter that would likely be thought of by the corporation as an internal matter rather than one requiring the services of an outside firm.

13. This may be a slight overestimate of the proportion of firms with a significant grassroots lobbying operation, as many PGLFs in this data also serve as generalist government affairs consultants.

14. The Web site of the nonpartisan Center for Responsive Politics, www.opensecrets.org, is a widely used and reliable source on corporate PAC contributions and has been employed in numerous studies of PAC activity. See, for example, Witko (2006) and Fellowes and Wolf (2004). All 2,407 corporations were searched, and coders recorded the total amount of contributions made by that PAC to federal candidates in the 1998 election cycle as well as the breakdown of that spending by party. Independent measures used in the analyses represent the total dollars given to each party by that PAC in that election cycle.

15. Each LDA report lists the primary issue on which a group lobbied, using a standard set of 74 governmental issues (see Baumgartner & Leech, 2000, p. 5 for the complete list). For the present analysis, these were grouped into 29 categories: 20 were based on the 20 broad NAICS industry classes (note that certain of these industry issues showed no evidence of lobbying in the LDA and were therefore omitted from analyses), and the remaining 9 come from groupings of specific issue areas on which a variety of industries could, in theory, be active. Further detail about these categories is available on request from the author.

16. This category includes only issues relating to the District of Columbia.

17. Readers are reminded that the LDA data do not include a measure of firm size and should keep this in mind when interpreting the results presented in Table 5. The effects of LDA appearances—a proxy for the volume of inside lobbying—may, in part, be due to the size of the firm.

18. Importantly, Brunell (2005, p. 685) notes that corporate contributions skewed more heavily Republican after the GOP gained control of Congress in 1994. Thus, these findings would perhaps have been weaker if the analyses examined the prior period.

19. However, as Hillman and Hitt (1999, pp. 831-832) argue, corporatist political systems favor building consensus on policy and allow less influence for interest groups; this may make stakeholder mobilization somewhat less effective in these contexts than they are in pluralist systems.

20. Other relevant subheadings were considered but then excluded. These are the following topics and their subheadings: “Public Affairs,” “Direct Mail,” “Telephone Contact Services,” “Media Buying & Placement,” “Database/file Management,” and “Crisis Management.” As many

firms in any given year are cross-listed under a number of categories in which they specialize, those which did not claim to be directly involved in grassroots lobbying, field organizing, or petitioning activity were assumed to have grassroots lobbying as only a small portion of their overall organizational activity.

21. Buyer's guides were published in the following issues: December/January 1995, December/January 1996, February 1999, April 2001, and February 2003.

22. Furthermore, in more recent years, the GLBG listings provide rather detailed information about the new communications technologies being employed by the firms, including satellite broadcasting, mass fax services, and e-media advertising.

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