

## MARKETING AND POLITICAL ACTION: A USEFUL NEW COURSE

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### ABSTRACT

Currently, marketing education, insofar as it pertains to regulatory legislation and rules, is essentially reactive. This is not in accord with business practice which has become more proactive in the political process, seeking to influence government such that company, industry, and general business interests are protected and enhanced. This paper suggests a new course which would help students satisfy expanding expectations that marketing and other managers have the capability to participate effectively in the political process on behalf of the companies by which they are employed.

### INTRODUCTION

The pervasive effect of government on the practice of marketing is, of course, well known. It is the rare marketing course which does not spend some time delving into the various laws and regulations affecting such areas of marketing as pricing decisions, channel policy, advertising, or product safety.

Typically, the instructional thrust is to convey to students what is legal marketing practice as well as practices considered illegal given the provisions of relevant legislation and their administrative and judicial history. Hopefully, the result will be to help students minimize confrontations with the law in their future managerial careers.

### BUSINESS PRACTICE SUGGESTS NEW COURSE

While unanimity prevails about the relevance of such instruction in marketing courses, current business practice suggests that instruction restricted only to reactive managerial behavior does not adequately prepare students for additional managerial activities, vis à vis government, which they will be expected to perform during their careers. These activities are proactive in nature and seek to prevent or reduce the negative impact of government on the operation of an enterprise.

Individual firms, specific industries, and business as an institution, have become more active in the political process in response to the expanded impact of government on the survival of firms and industries, their decision-making freedom, and their ability to operate profitably. This impact can take the devastating form of a Food and Drug Administration order to remove a product from retail shelves, or can be helpful by pressuring the Japanese government to "voluntarily" limit their automobile exports to the United States.

It is the rare large firm that does not have an office in Washington, managed by an executive of high rank assisted by a variety of staff personnel. These Washington operations are usually attached to an organizational unit in a firm's headquarters office bearing such titles as Government Relations or Public Affairs. Many medium sized firms also have similar arrangements for monitoring and influencing government.

One result of expanded corporate political activity has been the growing expectation that managers in each of the functional areas have the capability to help their firm in-

fluence government in ways beneficial to the company. While such activities are not the major responsibility of operating managers, involvement in this area increases as executives move up, and constitutes a significant activity for many chief executives (McGrath 1979, pp. 70-77).

Participation of business firms in the political process is more sophisticated at the national level than at the state and local levels. However, the possible reallocation of governmental activities from the federal government to the states associated with President Reagan's New Federalism, may lead to an increased involvement of firms with the political process at the latter level, as well as enhanced capability and sophistication (Lydenberg 1979). In recent years, about 100,000 bills affecting business have been introduced annually at the state level. While most of these proposals are not passed, growing numbers are being enacted into law. These laws not only affect home state firms, but can also impose marketing restrictions on companies located elsewhere. For example, Vermont's ban on phosphates affects FMC Corporation in Chicago, since the company produces the bulk of the country's output of phosphates (Dun's Review January 1978).

If it is agreed that a case can be made for educating marketing and other business students so that they not only avoid running afoul of the law, but will also have the capability for participating in the political process on behalf of their firms, what should be the substantive content of the necessary new course?

### COURSE CONTENT

I have had an opportunity to experiment with the development of such a course for undergraduates in a seminar setting. Since no one book is available which treats all of the major relevant topics, much effort was expended in becoming familiar with a wide variety of published sources in order that an appropriate set of readings could be compiled. Moreover, student performance revealed a poor understanding of the many very significant ways that government impacts on business firms, and a lack of familiarity with the mechanics of government and the political process.

Accordingly, a course which might be entitled, "Marketing and Political Action" needs to begin with an overview of government regulation so that students can truly understand the magnitude and importance of government intervention in the affairs of firms (Weidenbaum, chs. 1, 2). The details of government regulation can be illustrated by exposing students to materials reflecting the operation of such agencies as the Federal Trade Commission, Consumer Product Safety Commission, and the Food and Drug Administration (Wilson 1980).

Students in the seminar appeared to have little understanding of interest groups--their nature, large number, objectives, strategies, and tactics. They tended not to think of individual enterprises, specific industries, and business as an institution, as interest groups working to promote self-interest in the same way that those from labor, the medical profession, and ethnic groups sought to influence government. If student education is to proceed in this type of course, it is essential that instruction be successful in causing students to understand that interest group behavior is inherent in a pluralistic society

(Ornstein and Elder 1978, ch. 2).

In order to give students perspective on business' participation in the political process, they need to be exposed to historical materials on this subject. Available publications appear to be meager, but enough is available to convey to students the fact that political activity by business firms is not a recent invention (Epstein 1969, chs. 2, 3, 4).

If marketing and other managers are to influence government, they obviously need to understand the operation of the legislative process--the rules, procedures and nature of political behavior affecting legislative proposals from the time of introduction to their consideration by standing committees and ultimately to approval or defeat in the House of Representatives and the Senate (Froman 1967). Strategies and tactics aimed at influencing this process have achieved increasing levels of sophistication over time, and utilize appropriate newly developed technology such as the computer. Students need to become familiar with these developments such as marketing majors need to learn about a wide variety of promotional tactics available for influencing consumer behavior (Schwartz 1981).

Since lobbying is such an important part of any interest group's attempt to influence government, students need to become familiar with this activity. Lobbying tends to have pejorative connotations, and instruction needs to convey the idea that lobbying is legitimized by the constitutional right of citizens to petition government. Much published material is available describing the importance and activities of lobbyists and how lobbying fits into the government relations activities of firms (Miller and Johnson 1970; McGrath 1979, ch. 2).

Educating students about the use of money to influence government policy through corporate and trade association Political Action Committees can be accomplished using a variety of materials explaining the legal basis for such committees, and the various tactics that have been developed for maximizing the political benefit derived through intelligent contributions to friendly candidates and those holding important positions in government (Savings and Loan News, September 1978; Engineering News, November 2, 1978). Faculty wishing to warn students about the illegal use of money in influencing government policy can make use of publications pertaining to some of the well known instances of illegal corporate behavior in recent years (Report of the Special Review Committee of the Board of Directors of Gulf Oil Corporation 1975).

Well researched materials describing the organizational development of corporate government relations units are available. These describe the various structures of government relations departments used by different companies, the use of job descriptions to spell out the government relations activities expected of managers, and techniques for actually involving managers in this function (McGrath 1979, chs. 4, 5, Appendix). In addition to the activities of individual corporate government relations departments, students also need to become familiar with the proactive resources and talents of organizations external to the firm such as trade associations, and general business organizations exemplified by the U. S. Chamber of Commerce and the Business Roundtable.

Case studies of legislative struggles important to business are a necessary and useful pedagogical device. These are fortunately available, and enable students to understand why a firm, industry, or many business firms oppose or support a specific legislative proposal. The underlying relevance of corporate self-interest in these appraisals needs to be conveyed, as well as the fact that legislative proposals do not have the same impact on all affected firms, which explains why "the business position," is not

always unified. Case studies also enable students to see the use of political strategies and tactics in specific legislative struggles, and to learn the result (Carper 1962; Schwartz 1979).

#### CONCLUSION

The involvement of business firms in the political process is not a temporary phenomenon. Just as government's impact on business has expanded at the federal and state levels, so have firms increased the allocation of resources and talent to the task of influencing government for the benefit of the firm. And while companies use in-house and external specialists to bear the primary responsibility for this activity, increasingly, operating managers, including the Chief Executive Officer, are expected to make a contribution in the government relations area. Moreover, the quality of such contributions are taken into account in the personnel evaluation process.

Given these developments, it is desirable to offer a course which will prepare students for participation in the political process in cooperation with their firm's government relations department. All business students, irrespective of their area of specialization, can benefit from this course. However, if it is not possible to add such a course to the school-wide curriculum, then a somewhat modified course tailored more to the needs of future marketing managers is feasible, and should be offered by the Marketing Department.

Both undergraduate and graduate students who aspire to managerial rank need to have the capability offered by this course. With respect to undergraduates, however, instruction is likely to be more difficult because of the level of maturity and background inadequacies. Among a number of undergraduate students I found an unwillingness to accept as a fact of life the self-interest behavior of companies in their relation with government.

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