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UNVEILING POLITICAL ACTIVITIES OF MULTINATIONALS OPERATING IN BRAZIL: PROCUREMENT LOBBYING

DESVENDANDO ATIVIDADES POLÍTICAS DAS MULTINACIONAIS OPERANDO NO BRASIL: *PROCUREMENT LOBBYING*

DESCIFRANDO ACTIVIDADES POLÍTICAS DE LAS MULTINACIONALES OPERANDO EN BRASIL: *PROCUREMENT LOBBYING*

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ABSTRACT

Objective: The objective of this research is to analyze the procurement lobbying activities of subsidiaries of multinational corporations (MNEs) operating in Brazil.

Design/Methodology/Approach: Study of 16 cases describing processes, individuals, and the organization of government relations departments within multinational corporations operating in Brazil with significant government sales involvement.

Results: We argue that procurement lobbying (activities supporting business dealings with the government) consists of essentially different activities from policy lobbying (activities focused on influencing public policies).

Limitations/Research Implications: Given the case study method, external validity should be confirmed through subsequent studies that can strengthen the hypotheses raised here.

Practical Implications: The possibilities of different organizational arrangements for procurement lobbying activities explore managerial decision-making between leveraging government relationship synergies and the potential increase in risks associated with Corporate Political Actions (CPA).

Theoretical Implications: The contributions of this article expand the scope of CPA activities. The article describes the micro foundations of procurement lobbying activity and highlights the existence of different organizational arrangements for procurement lobbying activities.

Originality/Value: While several articles point to the influence of government sales concentration as a factor in engaging in CPA or even establish a relationship between CPA and government contracts, there is limited evidence of the mechanisms and processes of CPA aimed at influencing the award of government contracts (procurement lobbying).

Keywords: Corporate Political Activities. Corporate Political Strategy. Lobbying. Procurement Lobbying. Multinational Corporations.

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RESUMO

Objetivo: O objetivo desta pesquisa é analisar as atividades de *procurement lobbying* das subsidiárias de empresas multinacionais (MNE's) operando no Brasil.

Design / metodologia / abordagem: Estudo de 16 casos que descrevem processos, pessoas e organização das áreas de relações governamentais de multinacionais operando no Brasil com importante participação de vendas para o governo.

Resultados: Propomos que *procurement lobbying* (atividades de suporte a obtenção de negócios com o governo) se compõem de atividades essencialmente diferentes das de *policy lobbying* (atividades com foco em influenciar políticas públicas).

Limitações / implicações da pesquisa: dado o método do estudo de casos, a validade externa deverá ser comprovada por meio estudos posteriores que possam fortalecer as hipóteses aqui levantadas.

Implicações práticas: As possibilidades de diferentes arranjos organizacionais para as atividades de *procurement lobbying* explora a tomada de decisão gerenciais para decisão entre alavancar sinergias de relacionamento com governos e possibilidade de aumentar os riscos da atividade de CPA (*Corporate Political Actions*).

Implicações teóricas: As contribuições deste artigo ampliam o escopo das atividades de CPA. O artigo descreve as *micro foundations* da atividade de *procurement lobbying* e evidencia a existência de diferentes arranjos organizacionais para as atividades de *procurement lobbying*.

Originalidade / valor: Embora vários artigos apontem para a influência da concentração de vendas para o governo como fator de engajamento em CPA ou mesmo estabelecem relação entre CPA e contratos governamentais, existe limitada evidência dos mecanismos e processos de CPA voltados a influenciar a concessão de contratos governamentais (*procurement lobbying*).

Palavras-chave: Atividades Políticas Corporativas. Estratégias Políticas Corporativas. Lobbying. Procurement Lobbying. Corporações Multinacionais.

RESUMEN

Objetivo: El objetivo de esta investigación es analizar las actividades de *procurement lobbying* de las subsidiarias de empresas multinacionales (MNEs) que operan en Brasil.

Diseño/Metodología/Enfoque: Estudio de 16 casos que describen procesos, individuos y la organización de los departamentos de relaciones gubernamentales de empresas multinacionales que operan en Brasil con una participación importante en ventas al gobierno.

Resultados: Proponemos que el *procurement lobbying* (actividades de apoyo a las transacciones comerciales con el gobierno) se compone esencialmente de actividades diferentes al *policy lobbying* (actividades centradas en influir en políticas públicas).

Limitaciones/Implicaciones de la Investigación: Dado el método del estudio de casos, la validez externa deberá ser confirmada mediante estudios posteriores que puedan fortalecer las hipótesis planteadas aquí.

Implicaciones Prácticas: Las posibilidades de diferentes arreglos organizativos para las actividades de *procurement lobbying* exploran la toma de decisiones gerenciales entre aprovechar las sinergias de la relación con el gobierno y la posibilidad de aumentar los riesgos de la actividad de Acciones Políticas Corporativas (CPA).

Implicaciones Teóricas: Las contribuciones de este artículo amplían el alcance de las actividades de CPA. El artículo describe las micro fundaciones de la actividad *de procurement lobbying* y destaca la existencia de diferentes arreglos organizativos para las actividades de *procurement lobbying*.

Originalidad/Valor: Aunque varios artículos señalan la influencia de la concentración de ventas al gobierno como un factor para participar en APC o incluso establecer una relación entre CPA y contratos gubernamentales, existe evidencia limitada de los mecanismos y procesos de CPA destinados a influir en la concesión de contratos gubernamentales (*procurement lobbying*).

Palabras clave: Actividad Política Corporativa. Estrategia Política Corporativa. *Lobbying*. *Procurement Lobbying*. Empresas Multinacionales.

INTRODUCTION

Studies on Corporate Political Activity (CPA) aim to comprehend the factors and decisions related to attempts to shape governmental decisions in favor of the organization (Hillman et al., 2004). The use of political activities by organizations is ubiquitous, both in terms of geographic dispersion and across sectors. Previous studies have identified various antecedents to CPA, such as firm size, operation in regulated sectors, operation in concentrated sectors, and the intensity of competition for political issues (Ansolabehere et al., 2003). This article focuses on a specific antecedent: dependence on government sales (Hillman et al., 2004). While several articles point to the influence of government sales concentration as a factor in engaging in CPA (Hart, 2001; Kim, 2008; Mitchell et al., 1997) or establish a connection between CPA and government contracts (Arvate et al., 2013; Boas et al., 2014; Goldman et al., 2013; Tripathi, 2000), there is limited evidence of the mechanisms and processes of CPA aimed at influencing government contracts (procurement lobbying) (Burguet & Sákovics, 2022; Nownes, 2006). Anchoring on Nownes' argument (2006), it is argued that procurement lobbying (activities supporting obtaining government business) consists of essentially different activities than policy lobbying (activities focusing on influencing public policies). The aim of this research is to analyze the procurement lobbying activities of subsidiaries of multinational companies (MNEs) operating in Brazil.

The delimitation of the research to multinational corporations is due to Brazil being a country where companies are politically active, with a history of politically active multinational operations. Additionally, it is known that the context of companies operating in Brazil is different from the context of the home countries of American and European MNEs. Since political capabilities are context-specific (Hillman & Keim, 1995) and specific capabilities can be developed locally (Birkinshaw & Pedersen, 2001), different configurations of their political capabilities (Lawton & Rajwani, 2011; Sirmon, Hitt, Ireland, & Gilbert, 2011) are expected from their subsidiaries operating in Brazil.

THEORETICAL FRAMEWORK

Actions by firms and other organizations to influence decisions on public policies and other governmental decisions are referred to as Corporate Political Activities/Actions (CPA) (Getz, 1997; Hillman et al., 2004). Engagement in this type of activity by firms is a commonplace phenomenon, and CPA is geographically and sectorally dispersed. Some evidence of the relationship between CPA and organizational performance, as well as its growing use, are cited as drivers for the development of literature focusing on firms' political actions and their outcomes (Lawton, McGuire, et al., 2013; Rajwani & Liedong, 2015).

Most theoretical and empirical considerations on CPA focuses on the aspects of policy lobbying (Bonardi et al., 2005; Hadani et al., 2016; Holburn & Zelner, 2010; Rizopoulos & Sergakis, 2010). For several reasons outlined below, procurement lobbying should receive thorough examination in the literature. Firstly, due to the economic importance of government contracts (for illustration, this value exceeds 500 billion dollars in the USA, indicating that procurement lobbying is a relevant activity). Secondly, the procurement lobbying process seems to be fundamentally different from the policy lobbying process. Policy lobbying activities center around the stages of the issue management process: 1) issue identification; 2) issue analysis; 3) strategy definition for the issue; 4) action plan development (Heath, 2002). In contrast, the stages of the procurement lobbying process appear to have more similarities with the procurement process: influencing the allocation of government budgets; managing the organization's inclusion in government-authorized supplier lists; managing responses to bids and price quotations; managing government contracts (Nownes, 2006). Thirdly, politically-related activities that have turned into scandals are generally related to the procurement lobbying process, from recent pandemic-related purchases to the Lockheed fighter scandal in 1974, which led to the enactment of the U.S. Foreign Practices Corruption Act (Cohen et al., 2008). Fourth, the CPA literature focusing on processes or microfoundations has turned to policy lobbying aspects (Heath, 2002; Heath & Palenchar, 2008; Lawton, McGuire, et al., 2013; Lawton, Rajwani, et al., 2013), with little effort devoted to procurement lobbying aspects (Nownes, 2006).

This research contributes to the microfoundations line of strategic management (Felin et al., 2012; Winter, 2013). This line emphasizes the need for descriptions and investigations in what the authors call the microlevel, such as aspects related to individuals, competencies, organizational structure, and support infrastructure (Felin et al., 2012; Laamanen & Wallin, 2009; Mäkelä et al., 2012). Felin and colleagues (Felin et al., 2012) suggest that microfoundations are best described in three categories: individuals, processes, and structure, which will be categories used in this study.

OBJECTIVE AND RESEARCH DESIGN

The objective of this research is to address empirical gaps and contribute to existing theories. A primary goal is to compare the processes of two complementary activities related to CPA: policy lobbying and procurement lobbying. Most CPA research focuses on the former, i.e., efforts to influence public policies in favor of the firm. This article builds upon Nownes' suggestion (Nownes, 2006) that there are differences between policy and procurement lobbying and that further research is needed. Secondly, this article contributes to the microfoundations of CPA. Previous articles on CPA focus on microfoundations but have neglected procurement lobbying. Thirdly, the article seeks to complement CPA theories by establishing the relationship between policy and procurement lobbying practices in organizations.

The research design is organized into two stages. The first stage provides a general overview of procurement lobbying activities and compares them, seeking similarities and differences, with policy lobbying activities. The second stage makes an effort to compare the microfoundations of procurement lobbying, particularly in organizational design decisions and other managerial choices related to supporting procurement lobbying activities.

METHODOLOGY, DATA COLLECTION, AND PROCEDURES

This article uses a case study methodology. According to Yin (2008), a case study is empirical research which investigates a contemporary phenomenon within its context, especially when the boundaries between the phenomenon and context are not clearly defined. Shaffer (1995) notes that the use of case studies is a pertinent choice for CPA studies, especially due to the limitation of quantitative studies in establishing cause-and-effect relationships in CPA.

This case study follows primarily the research propositions in case study studies by Eisenhardt and Graebner (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). These authors emphasize the importance of pre-field entry planning for data collection. Following their recommendations, the research used both semi-structured interviews and relevant secondary research material (internal documents, association documentation, etc.) for policy and procurement lobbying activities. Data collection followed a multi-step procedure. Preparation for the case study was done in various steps. The first step was secondary

Table 1 – Selected Federal Government Expenses in 2015 - sectors with the highest expenditure.

Sector	Federal Government Expenditures in R$ 2015	% relative
Construction, Engineering, and Others	20.587.123.070,07	44%
Medicines, Medical Equipment	7.600.335.952,48	16%
Automotive Vehicles and Services	6.272.914.915,53	14%
Surveillance, Cleaning, and Building Services	3.791.502.062,71	8%
IT Equipment and Services	3.344.436.116,22	7%
Aircraft and Services	1.480.759.829,39	3%
Editorial Services	1.272.107.628,37	3%
Advertising Agencies	942.000.080,02	2%
Fuel	555.905.286,65	1%
Furniture	529.399.068,43	1%
	46.376.360.859,78	100%

Source: Analysis by the authors based on data from the Federal Government Transparency Portal (http://www.portaltransparencia.gov.br/).

After the data collection effort regarding procurement lobbying activities in multinational companies with significant government sales, the sample for analysis was characterized as follows: 16 cases describing processes, individuals, and the organization of government relations departments (which are generally responsible for CPA activities in companies overall) of multinational companies operating in Brazil. Table 2 shows selected characteristics of the respondents.

Table 2 - "Performance" of the Government Relations (RelGov) Department in Procurement Lobbying: positive and negative cases and evidence (cases of procurement lobbying shaded).

Cases	Sector	Government Relations departments also engage in Procurement Lobbying?	Selected Evidence
Cs1	Technology	No	Nd
Cs2	Technology	No	Nd
Cs3	Technology	**Yes**	Influencing public policies that guide government procurement policies
Cs4	Pharmaceutical	**Yes**	Influencing the list of participants in the bidding process, developing a relationship focused on the bid
Cs5	Construction	**Yes**	Influencing the bidding format in favor of the company, responding to bids
Cs6	Pharmaceutical	No	Nd
Cs7	Editorial	**Yes**	Influencing the list of participants in the bidding process, being responsible for responding to bids.
Cs8	Pharmaceutical	**Yes**	95% of the department's time dedicated to procurement lobbying, synergy of resources between Government Relations (RelGov) and Market Access.
Cs9	Pharmaceutical	No	Nd
Cs10	Pharmaceutical	No	Nd
Cs11	Pharmaceutical	No	Nd
Cs12	Pharmaceutical	**Yes**	Synergy of resources between Government Relations (RelGov) and Market Access.

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Cs13	Editorial	No	Nd
Cs14	Pharmaceutical	**Yes**	Synergy of resources between Government Relations (RelGov) and Market Access
Cs15	Pharmaceutical	**Yes**	Responsible for resolving administrative sales issues with the government.
Cs16	Pharmaceutical	**Yes**	Synergy of resources between Government Relations (RelGov) and Market Access.
		9/16(55%)	

Source: Authors' analysis based on interviews, testimonials, and secondary sources.

Among the total cases, nine refer to MNEs that organized policy and procurement lobbying activities in conjunction, while seven chose to assign procurement lobbying activities to other areas, especially sales departments.

These interviews were recorded and transcribed (18 hours of recording). The research also considered data gathered through non-participant observation of a seminar promoted by an interest representation association aimed at presenting, in general, the CPA activities performed by companies. In this meeting, eight companies described how their organizations are structured for CPA. Access was also granted to the historical material of this same association, which has documented CPA and lobbying activities in the country since 2004. Some interviewees also contributed internal materials about the lobbying activities of their companies. For triangulation, in addition to the materials mentioned above, media articles were used to confirm interviewees' statements.

The article uses classic content analysis by categorization (Bauer, 2000) for data analysis. Following Bauer's (2000) recommendations, coding was developed based on theoretical frameworks and was further refined based on collected data. The Atlas/ti software was used to support the analysis of empirical data, especially the material collected during interviews (Bandeira-de-Mello, 2006). Validity issues were addressed through several measures. Preliminary findings were discussed in the Strategy Study Group of a major educational institution in São Paulo, as well as in an association of lobbying and government relations professionals in São Paulo. Both audiences considered the findings consistent. To address external validity issues, secondary data were used for triangulation (Eisenhardt, 1989). Additionally, the authors attempted to follow Geertz's (1977) recommendations by providing a thick description of the case. Another point that enhances the probability of external validity is the selection of a specific population, as per the design of this research (Eisenhardt, 1989).

DATA ANALYSIS

As represented in Table 2, in the sample, slightly more than 50% of multinational companies operating in sectors with significant government sales have both procurement and policy lobbying activities under the same department.

The first evidence that drew attention in the analysis of procurement lobbying activities by this group of companies is that the Government Relations department, with variations from case to case, assumes routines and processes that are generally specific to the sales department in other types of organizations. Nownes (2006) mentions some procurement lobbying activities, and the latter has similarities to sales department activities: influencing spending on a particular public policy, influencing the "vehicle" of purchase, selecting suppliers, monitoring and responding to bids, contract administration. Evidence emerged, through interviews and testimonials, of the existence of activities undertaken by the Government Relations function in the following sets of activities: influencing spending on a particular public policy (Cs1, Cs6, Cs9); influencing supplier selection (Cs4, Cs12); monitoring and responding to bids (Cs7); and resolving government contract administration (Cs14).

The data analysis demonstrates that, far from being a common model, the configuration varies greatly. In some situations, it was possible to observe different organizational configurations within the same organization over time (pair Cs7/Cs13 and pair Cs11/Cs14). In both cases, within periods of fewer than 4 years, procurement lobbying routines varied significantly. In the first occurrence, an American pharmaceutical multinational, when the interviewee took over procurement lobbying responsibilities, they were not under the Government Relations Directorate (Cs11). Now they are (Cs14). The same happened in an editorial sector company. From a model of significant involvement of the Government Relations Directorate, which was "responsible for 'everything in sales to the government, except the price'" (Cs7), it transitioned to a configuration where the Government Relations Directorate "only does policy [lobbying]..." (Cs14). Thus, the evidence that not all companies have a standard configuration, combined with the evidence that this configuration was altered in short periods, seems to indicate that this is a managerial and local decision rather than a decision influenced by the MNE.

Table 3 - Activities performed by the Government Relations Department, specific to procurement lobbying.

Activity	Rationale	*Proof Quotes*
Public policy	Influencing decision-makers to allocate more resources to a particular public policy, in line with the company's portfolio	-We did this with a product at the time in the previous company [...] which is the respiratory tract product [...] so you had, São Paulo had incorporated it, and we worked hard to incorporate it in Paraná and managed to incorporate it in Minas Gerais, cases like Bahia, Fortaleza, and we also requested it from the Ministry of Health. (Cs12).
Selection of suppliers for government contracts	Influencing invitations for participation and the format of public tenders	- [Having a good reputation allows] Being called to discuss before tenders, even in the phase of discussing the concept of what will be done. (Cs5).
Operational in tenders	Monitoring and responding to tenders activities	-You have to understand that a lot of this great work we do in the executive branch was monitoring all these processes, you submit all the documentation, then they would call "look, something is missing, the author such and such didn't sign the declaration, look, the notarization is missing" it was a... a grueling task. (Cs7).
Contract	Assistance in resolving contractual issues with the government	During times when the government doesn't pay anyone, we are called upon to try to collect overdue payments on outstanding contracts. (Cs14).

Source: Authors' analysis based on interviews, testimonials, and secondary sources

The manager's decision to engage in either policy lobbying alone or both policy and procurement lobbying appears to be critical for planning the configuration of CPA in sectors with significant government sales. Using two extreme cases as illustrations (Siggelkow, 2007), we have the aforementioned case reported by the interviewee in case 13 (Cs13), who decided to completely separate government sales activities from Government Relations activities. As reported:

> No, it doesn't happen anymore (Government Relations area responding to tenders), since that time when she was leaving, we were already working on redesigning the area so that there was no more direct contact with the commercial [...] we thought they were somewhat incompatible worlds, we were building the company's positions, postures, both towards the government and society as a whole." (Cs13).

At the other extreme, we have the example of a multinational pharmaceutical company, where Government Relations capabilities are entirely focused on business area issues. In turn, public policy issues seem to have been almost entirely outsourced to associations, according to the account:

> And this is a very characteristic feature of [the company] because I see other companies with colleagues who have a somewhat different stance, [...], we are not, we are inside the business, we are constantly participating [...] the area is perfectly integrated into the plans of the business units. Very typical of government relations, some places, government relations practically only takes care of that (policy), and here it's the thing we do the least, and why is that, because we take care of relations with industry associations [...] I, as [company], don't need to participate in any major sector debate." (Cs8).

A second characteristic of the microfoundations configuration that combines policy and procurement lobbying is the particular configuration of organizational resources. First, coordination between the Government Relations department and Sales or Commercial areas is intensified (Cs8), with constant coordination meetings between the two areas (Cs6, Cs12).

Sometimes this coordination relationship is also established because the approval and funding of actions carried out by the Government Relations area come from the commercial area. The following statement corroborates this point:

> Because, how did we work there? There was a government relations budget, but it was a budget for trips, that kind of thing, which is also quite considerable because we travel a lot, right. I traveled quite a bit. So, there's this budget. But if you were going to do... 'oh, I want to have a meeting with Health Secretaries from region X, in such state, I want to gather these people to discuss a specific topic. Then you don't have a budget. Then you have to ask the business area, you have to sell... explain, sell your idea." (Cs6).

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In the particular case of the pharmaceutical sector, as in the example above, when there is an intention to have greater capacity for procurement lobbying, there is evidence of a reconfiguration of the organizational structure. Specifically in the pharmaceutical sector, the appearance of a structure called Market Access, or commonly known as "market access," is witnessed. The role of the Market Access professional is to manage some parts of the procurement lobbying process, such as parts of the bidding process, the use or non-use of certain medications for specific diseases, and the management of payments by parts of the government (in the case of RENAME, or National List of Essential Medicines).

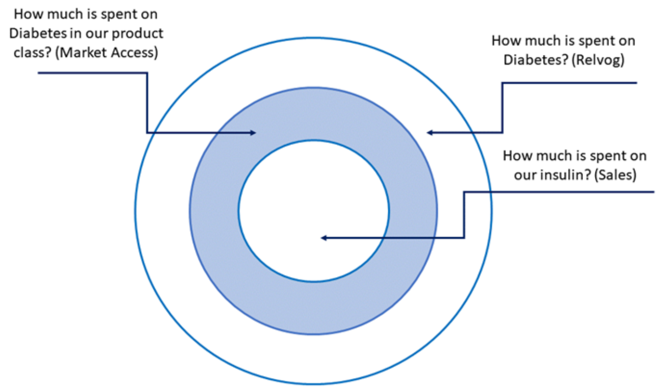
The following excerpts taken from secondary sources describe the responsibilities of the Market Access professional that corroborate this statement:

> It is the professional responsible for acting as an intermediary between the government and the pharmaceutical industry. 'He acts before the bidding process, offering specific solutions on how the company can help in the context of each region.'" (Valentim, 2013).

> In the context of [Company]'s growth, the Public Market Access Manager will be responsible for building a network of relationships and dialogue with government entities at the state and municipal levels, as well as with public institutions, providing support for the strategy of incorporating the vaccine [...] in the public network (job description on Vagas.com website).

According to the interviewee in Case 6 (Cs6), the company they work for sees the difference between the responsibilities of a Government Relations professional and a Market Access professional in this way. The Government Relations professional will deal with major public policies and will influence, in the given example, investments in a particular type of disease, i.e., will plead for more resources for diabetes, for example. The work of the Market Access professional has some different aspects: making sure that the company will be among the providers of a solution for a particular disease (in this case, diabetes) and promoting, through relationships, the supply of studies and design of specific solutions for the adoption of a certain class of products for the treatment of diabetes (in this example, insulin as the first protocol for treating diabetes, versus other similar or non-competing medications). Finally, it is up to the commercial area to participate in the bidding and try to win the largest share, in that public payer, for the company's diabetes brand. The figure reproduces the scheme drawn by the interviewee in Case 6 (Cs6) to represent the differences, a drawing that was adapted with contributions from the interviewee in Case 12 (Cs12):

Figure 1 - Explanatory Scheme of the Roles of Government Relations, Market Access, and Sales in the Pharmaceutical Industry



Source: Analysis by the authors based on the testimony of the interviewees (Cs6 and Cs12).

The function of Market Access, therefore, encompasses some of the responsibilities of procurement lobbying as defined by Mack (1997). There is complementarity between the Government Relations and Market Access areas. On the other hand, there is also complementarity between Market Access and Sales activities. Therefore, an organizational design that combines Market Access activities with Government Relations leverages synergies in government relationships (Cs6). On the other hand, combining Market Access activities with Sales follows a logic of commercial synergies. Moving away from the specific example of the pharmaceutical sector, it is worth noting that the data from our sample demonstrate that this decision, whether to have procurement lobbying activities together with policy activities, is not trivial. Half of the cases fall into the first type of choice, meaning that Government Relations activities are separate from procurement lobbying activities, which are carried out by other areas and processes. On the other hand, half of the cases demonstrated the opposite decision. The logic of this decision regarding the allocation of procurement lobbying activities seems to be based on two distinct criteria: synergy of relationships with the government and associated risks. Many interviewees and witnesses raised concerns on the risks of combining these activities under the same area (Cs6, Cs9, Cs11, Cs16).

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In one of the previously mentioned cases, where the changes in the configuration of procurement lobbying activities could be tracked, this is the explanation given for the recent separation of procurement lobbying and Government Relations activities: the areas should be separated due to risk considerations (Cs13).

AN ILLUSTRATIVE CASE IN DETAIL

A possible strength of case descriptions is their use for illustration (Siggelkow, 2007). To illustrate the decisions regarding the allocation of the procurement lobbying process and the coordination mechanisms between the Government Relations and Sales areas, the specific case of the approval of an alternative treatment for a disease in the public health system is described. The account comes from the interviewee in case 4 (Cs4), Government Relations Manager of a multinational company specializing in medical solutions and equipment. The Government Relations area is composed of a director and three managers. There is not a very clear separation between Sales, Market Access, and Government Relations activities, with Government Relations performing the functions of market access and, at the same time, health economics functions, as shown in these reports:

> One person stays in the Northeast, and another person stays in the interior of São Paulo. And I didn't have a specific region because the division of work was a bit different [...] what did they do? Mainly Municipal and State Secretaries." (Cs4)[1].

> There was no specific product management for this stroke area, and there was no health economics area at [the company], and there was no clinical studies area. So, in fact, these issues were addressed by me and my boss." (Cs4).

Another piece of evidence of the limited segregation of functions among Government Relations, Market Access, and Sales is provided by the relationships between these functions and the funding of projects carried out by the Government Relations area. The following statement shows elements of 'subordination' between the Government Relations area and the Sales area:

> You need it for your sales area. It's an extremely important area, an area that has to be a great partner because it's the one that's there day-to-day, that knows what the daily market is like, knows what the problems are, and so on. And also, in the case of the company where I worked, it's the area where the budget comes from.' (Cs4).

The 'objective' of this project was to 'introduce into SUS' a new treatment for a disease with a high mortality rate in Brazil. Initially, Government Relations professionals mapped important influencers among specific government agents in the Ministry of Health. Based on this mapping, a non-governmental organization linked to this class of diseases was identified, which exerted considerable influence on Ministry decisions. At the same time, key opinion leaders on the disease (doctors, specialists, and presidents of medical associations) were also identified, who also received other forms of support.

The most significant effort was the approach to the aforementioned NGO (non-governmental organization). Initially, collaboration materialized through financial and technical support to the NGO. There arose a demand for training for a part of the treatment procedure for this disease. The need was to properly train non-medical professionals (nurses, technicians) in the application of the treatment procedure for the disease in question. However, this treatment did not involve a solution from the company, which requires a doctor for its application. It involved training in the application of a competitor's solution. The solution was complementary but not from the company in question. There were several discussions about the appropriateness of financing such an initiative, as evidenced by the following quote:

> That, at the time, was... when I took on the project, this discussion was taking place. Also in the market, with doctors working in the area [...] wow, but they are sponsoring something that will use another medicine? However, the medicine is not a competitor of [...]. They are complementary treatments.' (Cs4).

The training was approved and conducted by the NGO in question. Meanwhile, the company continued to inform opinion leaders about its product by providing studies conducted in other countries that had already approved the treatment. Gradually, the relationship with the Ministry of Health became closer. Finally, there was the announcement by the Ministry of the test of the company's solution. Interestingly, according to the interviewee, the invitation came from the Ministry, due to the relational resources accumulated over time:

1 Actions involving contact with municipalities are typically carried out by the Market Access areas, as mentioned by the interviewee in Case 6 (Cs6).

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It was an actual invitation, they called us for a meeting at the Ministry, and then they said, 'look, we want to conduct this study with your product, and the study will be like this, like that.' Anyway... the study is from the Ministry. There is no interference from the company in the protocol, and how the study will be conducted, who the doctors are. No, there is no kind of influence. So it was their initiative, and it is believed that... and it is believed that we were the company called, due to this previously established relationship. And of course, because of the doctors who were behind the technical development part.' (Cs4).

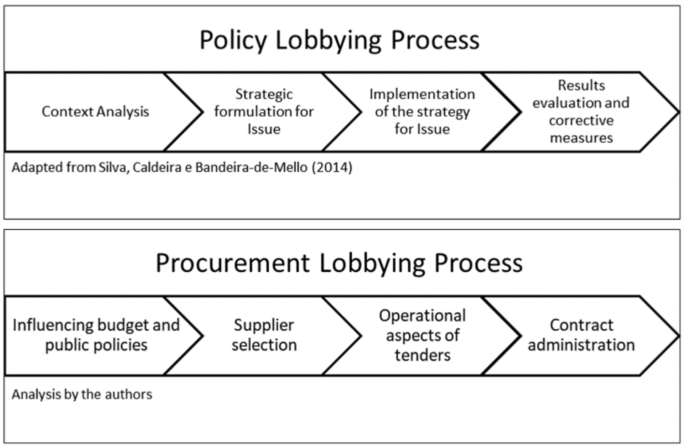
This case shows that the decision on the allocation of procurement lobbying activities is a continuum, at one extreme the allocation of activities alongside government relations, at the other alongside sales. In this specific case, there is a hybrid model, with a solid line reporting to the government relations area and a dashed line reporting to the sales area.

DISCUSSION

The importance of government sales has always been cited as one of the antecedents for companies engaging in political actions (Hillman et al., 2004; Lux et al., 2011). It is somewhat surprising, therefore, the limited interest that the mechanisms and peculiarities of political activities undertaken by this class of companies have aroused in the literature to date (Mack, 1997; Nownes, 2006).

The case presented here brings provides evidence that the need for government sales can influence decisions about the organization of CPA and lobbying activity. First, it confirms the dissimilar nature of the generic procurement lobbying process when compared to policy lobbying. While lobbying activities have the political issue as their central axis, the procurement lobbying process has the central axis of managing bids and the commercial management of this relationship. Figure 2 compares these two processes.

Figure 2 - Policy and Procurement Lobbying Process



Source: Adapted from Silva Caldeira and Bandeira-de-Mello (2014); analysis by the authors

Secondly, the analysis of the collected cases also demonstrates that there are different possibilities for organizing procurement lobbying activities. Roughly, there are two "optimal" types of organizational arrangements. In one of them, procurement lobbying activities are organized in structures related to policy lobbying activities. As indicated in the data, the logic behind this organization seems to be that of synergy in relationships, i.e., access to government decision-makers. About half of the sample chose a different organizational arrangement, where procurement lobbying activities are "under the responsibility" of sales or commercial departments. Reports indicate that the drivers of this decision are: synergies with commercial processes and risk management, i.e., the risk that incentives necessary for the success of bids could hinder the performance of policy lobbying. As mentioned by the Cs6 interviewee, the need for policy lobbying to be successful is focused on the common good, not necessarily on the organization's good. Respondents also mentioned that the joint organization of policy and procurement lobbying could "take away the necessary independence to engage in government relations" (Cs13). The table below compares the differences in microfoundations between these two "optimal" arrangements. It can be argued that these arrangements are on a continuum.

Table 4 - Comparison of Policy Lobbying Microfoundations

Microfoundation / Drivers	With *Policy Lobbying*	Together with Sales
Driver of the organizational arrangement	Synergies of relationships	Synergy between the sales process and risk mitigation

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Individuals	Similar competences	Similar competences
Structure	Reports to the Directorate responsible for Institutional Relations. Policy and procurement lobbying, in general, organized into two separate managements as a form of risk mitigation	Reports to the Sales Directorate, with occasional contacts with the Institutional Relations area
Process	Processes of policy lobbying are similar. Existence of coordination mechanisms between the Institutional Relations and Sales areas	Processes of policy lobbying are similar

Source: Authors' analysis

It is possible to assume that this type of organizational arrangement is not exclusive to the Brazilian reality. While, in the description of the cases, it was possible to observe decisions on the configuration of organizational deliberation resources locally, there is evidence that this type of procurement lobbying arrangement is also used by the headquarters of MNEs. A search on LinkedIn in October of [year], for open positions in the USA, with the description 'market access' for pharmaceutical companies, returned more than 100 positions, showing that this organizational configuration (market access) is also common there, even considering the differences related to the public and private health model of that country compared to Brazil. Anyway, this case study has shown that there are differences in the configuration and adoption of these procurement lobbying capabilities by multinational corporations. This difference in adoption, as some proof quotes have shown, was linked to the perception of risk and the potential to use government relationship assets for two purposes (policy and procurement). In this sense, it seems that there is managerial deliberation for the adoption of greater or lesser procurement lobbying capabilities by subsidiaries operating in Brazil.

CONCLUSION

The contributions of this article expand the scope of CPA activities. On the one hand, it broadens the range of political activities used by companies, as well as expands the possibilities of organizational configurations regarding political activities. On the other hand, the revelation of these mechanisms and activities, should further research confirm, can enrich the understanding of the relationship between CPA investment and firm performance. The logic of using political activities by companies has always been especially linked to the possibility of greater returns and business performance (Hadani & Schuler, 2013; Hillman et al., 2004). This link between CPA and performance is far from being firmly established. This research raises the possibility that a part of the capabilities used by companies, in the case of companies with significant sales to the government, is "under-considered." It would be interesting to explore, using a better specification for political capabilities (the use of routines and resources characteristic of procurement lobbying by these companies), this could explain why the relationship between CPA and performance occurs particularly in companies with significant sales to the government (and regulated companies) (Lux et al., 2011). Another relevant contribution of this study has theoretical and managerial implications. The possibilities of different organizational arrangements for procurement lobbying activities explore managerial decision-making for the choice between leveraging relationship synergies with governments and the possibility of increasing the risks of CPA activity. Given the case study method, the limitation of external validity should be confirmed through further studies that can strengthen the hypotheses raised here.

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