



Kent Academic Repository

Adomako, S, Abdelgawad, S, Ahsan, M, Amankwah-Amoah, J. and Liedong, TA (2023) *Nonmarket Strategy in Emerging Markets: The Link between SMEs' Corporate Political Activity, Corporate Social Responsibility, and Firm Competitiveness*. *Journal of Business Research*, 160 . ISSN 0148-2963.

Downloaded from

<https://kar.kent.ac.uk/99469/> The University of Kent's Academic Repository KAR

The version of record is available from

<https://doi.org/10.1016/j.jbusres.2023.113767>

This document version

Author's Accepted Manuscript

DOI for this version

Licence for this version

UNSPECIFIED

Additional information

Versions of research works

Versions of Record

If this version is the version of record, it is the same as the published version available on the publisher's web site. Cite as the published version.

Author Accepted Manuscripts

If this document is identified as the Author Accepted Manuscript it is the version after peer review but before type setting, copy editing or publisher branding. Cite as Surname, Initial. (Year) 'Title of article'. To be published in **Title of Journal** , Volume and issue numbers [peer-reviewed accepted version]. Available at: DOI or URL (Accessed: date).

Enquiries

If you have questions about this document contact ResearchSupport@kent.ac.uk. Please include the URL of the record in KAR. If you believe that your, or a third party's rights have been compromised through this document please see our [Take Down policy](https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies) (available from <https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies>).

Nonmarket Strategy in Emerging Markets: The Link between SMEs' Corporate Political Activity, Corporate Social Responsibility, and Firm Competitiveness

Samuel Adomako

Birmingham Business School
University of Birmingham,
Edgbaston, Birmingham, UK
Email: S.Adomako@bham.ac.uk

Sondos G. Abdelgawad

IE Business School, IE University
Email: Sondos.gamaleldin@ie.edu

Mujtaba Ahsan*

Fowler College of Business
San Diego State University
Email: mahsan@sdsu.edu

Joseph Amankwah-Amoah

Kent Business School,
University of Kent, UK.
Email: J.Amankwah-Amoah@kent.ac.uk

Tahiru Azaaviele Liedong

School of Management, University of Bath
Email: T.A.Liedong@bath.ac.uk

*Corresponding author

Running head: Nonmarket strategy and firm competitiveness

Abstract

Motivated by inconsistent findings in prior research on nonmarket strategy (NMS), we draw on insights from the resource-based view (RBV) and institutional literature to examine the relationship between corporate political activity (CPA) and corporate social responsibility (CSR) on firm competitiveness. Data from two African and two Asian countries (N = 499) largely support the hypotheses and extend our understanding of the contingencies that affect the relationship between CPA as well as CSR and firm competitiveness. We specifically highlight the moderating role of economic adversity, marketing capability, and foreign ownership. Additionally, we show that CPA and CSR have strong combined effects that allow small and medium enterprises (SMEs) to leverage their resource complementarity to navigate the challenges in emerging markets, which in turn enhances their competitiveness.

Keywords: *Nonmarket strategy, corporate political activity, corporate social responsibility, Africa, Asia, firm competitiveness*

1. Introduction

Nonmarket strategy (NMS) refers to a concerted pattern of actions that firms engage in to manage their institutional and social environments for economic gain (Sun et al., 2021).

Research on NMS has recently seen a growing recognition of the complementarity between its two distinct forms: corporate political activity (CPA) and corporate social responsibility (CSR) (Den Hond et al., 2014; Du et al., 2019). The core hypothesis of this literature is that NMS will lead to improved firm performance. However, empirical studies examining the performance outcomes of NMS have yielded mixed findings. For example, some studies have found that CPA in emerging markets is positively associated with outcomes such as institutional risk reduction (Liedong et al., 2015; 2017) and adept market reactions amidst weak and inefficient institutions (Zhao, 2012). However, several studies show that firms' CPA strategies may not always be beneficial because they divert firms' resources toward demands that help political actors achieve their goals (Dieleman & Boddewyn, 2012; Hadani et al., 2017; Siegel, 2007). Similarly, some CSR studies show that firms may respond to political instability by minimizing their engagement

in CSR (Luo et al., 2017), while other studies argue that firms' political involvement enhances the effectiveness of CSR (Liedong, 2020).

Indeed, in their review of the NMS literature, Mellahi and colleagues (2016) note that the results from studies examining NMS “add weight to the verdict over the years on the equivocal relationship between nonmarket strategy and performance” (p. 147). These inconclusive findings become even more vexing in the context of emerging markets in which NMS have received much less attention (Doh et al., 2015). Emerging markets are replete with institutional voids that require firms to shape their NMS in response to frequent and unpredictable economic and political fluctuations (Amaeshi et al., 2016; Khanna & Palepu, 2010; Marquis & Raynard, 2015). These fluctuations make financial performance an unreliable predictor of firms' competitiveness and survival (Gao et al., 2017; Lyles et al., 2004). Although the NMS literature has primarily focused on multinational enterprises (MNEs), emerging evidence indicates that small and medium enterprises (SMEs) also use NMS to effectively operate in such markets (Rodgers et al., 2022). CSR activities allow SMEs to engage with internal and external stakeholders, such as customers and employees, and attain social legitimacy (Russo & Perrini, 2010).

Correspondingly, CPA activities are considered vital for shaping SMEs' competitiveness because it allows access to critical resources controlled by the government (Guo et al., 2014; Zhang et al., 2016). Thus, firms undertake multiple relational and participative CPA actions to manage their relations with governmental actors (Hillman 2003, Hillman et al. 2004, Lord 2000, Mizruchi 1992, Quasney 2003). However, in the context of emerging markets, these relations carry significant risks due to an unstable political landscape that may suddenly erode political legitimacy, and change the primacy and influence of key stakeholders (Cheng et al., 2017; Li et al., 2015). Such conditions are attributes of weak institutional environments, and they heighten

the institutional costs of doing business (Dorobantu et al., 2017). Consequently, resource constrained SMEs trying to ameliorate these high institutional costs may easily face resource trade-off that may render them more or less likely to adhere to the same level of CPA and CSR. However, the literature to date has mainly focused on separately examining the two different forms of NMS; thus, the key issue of holistically examining the dynamic interplay between CPA and CSR activities and their association with firm competitiveness remains underexplored.

Given prior inconsistencies in empirical findings, our theoretical focus is on building a contingency model (see Figure 1 below) that holistically tests the key conditions under which CPA and CSR actions influence the competitiveness of SMEs as well as explicates whether they are jointly associated with the outcomes. Our argument is driven by two key contextual realities. First, weak institutional environments common to emerging markets heighten the institutional costs of doing business. Second, SMEs are inherently resource-constrained, which would make them more susceptible to resource trade-offs when undertaking CSR and CPA activities. As such, we focus on three key moderators that likely affect the relationship between SMEs' NMS and firm competitiveness: economic adversity, marketing capability, and foreign ownership. Our central theoretical arguments posit (1) a separate and joint positive association between CPA, CSR, and firm competitiveness (2) this association is more likely to be stronger when SMEs have foreign ownership, perceive intense economic adversity in their environments and possess strong marketing capability.

According to the institutional theory (Marquis & Raynard 2015), both adverse economic environments and foreign ownership are likely to heighten the institutional costs of doing business as a result of institutional voids (Dorobantu et al., 2017). Thus, privileged access to information garnered through political actors and legitimacy developed through CSR activities

become more valuable to create an appropriate value in such environments. However, building on the premise of the resource-based view (RBV) complementarity, SMEs are less likely to reap the benefits of this information without strong marketing capabilities that allow firms to quickly and effectively capitalize on available opportunities. This is possible when SMEs have a strong emphasis on selling, advertising, and promotion, which enable them to attract and retain customers. We test our model using survey data from privately owned SMEs in four emerging markets: Ethiopia, Ghana, Taiwan, and Vietnam. SMEs operating in less developed institutional context face “dysfunctional formal institutions” that can hinder SMEs’ performance (Rodgers et al., 2022). We intentionally selected these four emerging countries because they represent a broad set of developing institutional environments that would enhance the generalizability of our findings.

Our study makes three main contributions. First, we conceptualize and empirically test the joint effects of CPA and CSR on firm competitiveness, which provides empirical evidence of the combinative effects of CPA and CSR on SMEs’ outcomes and helps in resolving the inconclusive findings in prior studies. Second, by exploring key contingency factors contributing to the impact of CPA and CSR actions on firm competitiveness, we integrate and systematize prior inconclusive findings on NMS to offer more cohesive theorizing. In teasing out these conditions, we contribute to institutional theory and the RBV by shedding the light on key variables- foreign ownership, economic adversity, and marketing capability- that are likely to render firms’ NMS more or less effective in challenging institutional environments. This may be especially important in the context of emerging market SMEs where resource constraints and institutional voids may create trade-offs for resource allocation towards CPA and CSR. Third, empirically, we provide evidence from SMEs on the relationship between NMS and firm

competitiveness using data from four different frontier countries. This approach helps resolve previous ambiguity about this relationship and respond to calls to deploy surveys to gain access to publicly unavailable data on NMS (Rajwani & Liedong, 2015). Data from frontier countries' SMEs, often lacking financial resources and expertise, contribute to the NMS literature that has mostly focused on either CPA or CSR in publicly listed firms and subsidiaries of multinational enterprises in Western and BRIC countries (Doh et al., 2015; Du et al, 2019; Marquis & Qian, 2014). Thus, our data provide timely evidence as these frontier countries are becoming important destinations for international investors with the rising popularity of “beyond the BRICs investment strategies” (Liedong, 2020; Sizemore, 2013).

2. Literature Review

Our work is firmly anchored in the literature on non-market strategies. Past studies have conceptualized non-market strategies into two categories: strategic corporate social responsibility and corporate political activity (CPA) (Mellahi et al., 2016). The strategic corporate social responsibility element focuses on the upper echelon of top executives' actions to deliver “social good that allows a firm to enhance organizational performance, regardless of motive” (Mellahi et al., 2016, p. 144). On the other hand, the corporate political activity aspect denotes carefully orchestrated sets of actions to influence the political environment and political actors to the advantage of the organizations. This research has predominantly focussed on MNEs in well-developed institutional contexts, however, recent research has examined NMS in the context of emerging countries (Mbalyohere & Lawton, 2018; Rodgers et al., 2019) and SMEs (Rodgers et al., 2022; Sanusi & Connell, 2018). While NMS could increase the cost of doing business particularly for resource-constrained SMEs, recent research suggests that SMEs need to adopt NMS to navigate and operate in weak institutional environments (Rodgers et al., 2022).

2.1 Corporate political activity

Recognizing the critical role political actors play in creating “rules of the game” and enforcing these rules, CPA has attracted increasing scholarly attention (for reviews see Hillman et al., 2004; Mellahi et al., 2016; Puck et al., 2018). Studies have examined a wide range of CPA that firms undertake such as lobbying, political contributions, and building ties with institutional actors (Hillman et al., 1999; Lux et al., 2011; Sun et al., 2012), and found evidence that they can lead to competitive advantage (Frynas et al., 2006). A key premise is that CPA serves as a “buffering mechanism” that enables firms to gain control and influence over their external environments (Mellahi et al., 2016). It provides firms with privileged access to information as well as opportunities to shape policy (Kamasak et al., 2019; Liedong et al., 2017). This is particularly important in developing countries as it can buffer firms from the uncertainties prevalent in weak institutional environments (Mbalyohere & Lawton, 2018; Peng & Luo, 2000; Rajwani & Liedong, 2015).

Weak institutional environments require firms to leverage political connections to manage their external nonmarket environments and create favorable conditions for their operations (Dieleman & Sachs, 2008). Due to their resource constraints, SMEs have to adapt their CPA as they lack the resources to engage in lobbying and make large political contributions (Rodgers et al., 2022). While CPA can help firms attain political access and mitigate unpredictable nonmarket environments, firms may still encounter challenges in establishing social legitimacy (Liedong et al., 2017). Prior studies have shown that firms can achieve legitimacy by engaging in CSR activities that are consistent with institutional norms and expectations (Liedong et al., 2017; Zheng et al., 2015a).

2.2 Corporate social responsibility

Prior research has extensively examined firms' CSR activities and their influence on firm performance (Margolis & Walsh, 2003; Vishwanathan et al., 2020). The CSR activities performed by SMEs involve both philanthropy and institutional work (Amaeshi et al., 2016). These activities are viewed as part of the firms' NMS that is focused on delivering social and environmental benefits to several beneficiaries (McWilliams & Siegel, 2001; Mellahi et al., 2016). The vast majority of CSR research has focused on establishing a relationship between CSR and firm financial performance to demonstrate that firms can "do well by doing good" (Bansal, 2005; Flammer, 2013; Godfrey, 2005; Hart, 1995). One strand of research has focused on the role of CSR in developing firm competitiveness (Porter & Kramer, 2006; Vilanova et al., 2009), thus highlighting the strategic value of CSR in enabling firms to distinguish themselves in the marketplace. Theoretically, research examining the link between CSR and firm competitiveness has primarily relied on RBV explanations that argue that firms' CSR allows them to develop unique resources that are difficult to replicate (Barney, 1991; Hart, 1995; Mackey et al., 2007).

In the context of emerging markets, resources garnered through CSR help firms navigate complex institutional settings (Marquis & Qian, 2014). These resources help firms attain social and political legitimacy that facilitates access to current information through informal mechanisms. This information is especially important in weak institutional settings where institutional voids are commonplace and formal information intermediaries are absent (Khanna & Palepu, 2010). Social legitimacy helps reduce operational risks through relational and reputational resources with customers and employees (Bansal & Roth, 2000; Pérez & Del Bosque, 2015). Whereas political legitimacy provides firms with political access that allows for

securing government resources and protection in adverse events (Blau et al., 2013; Marquis & Qian, 2014). This is consistent with a growing recognition of the links and complementarity between CPA and CSR strategies (Den Hond et al., 2014; Liedong et al., 2015). CPA can lead to information on legislative policy, political connections, and government affairs that improve the effectiveness of social programs (Liedong, 2020). Whereas CSR leads to interactions with non-traditional stakeholders who can provide unique knowledge and expertise that firms can use to shape the perception of the firm among political actors (Mellahi et al., 2016). Although previous research suggests that NMS could enhance firm competitiveness (Liedong et al., 2015), empirical support for this relationship is unclear (Mellahi et al., 2016). Furthermore, the conditions under which this relationship is more or less pertinent is ambiguous.

=====
Insert Figure 1 about here
=====

2.3 Contingencies affecting NMS and firm competitiveness relationship

Our choice of the moderators is theoretically motivated by the literature on NMS that draws on both institutional theory and the RBV. First, we chose foreign ownership and perceived economic adversity as two factors that internally capture the impact of institutional environments. We employ institutional theory to make the case for the relevance of these two moderators because they provided robust predictions about the role of host country institutional conditions in shaping firms' strategy (Henisz & Delios 2001; Scott, 1995). One key premise is that foreign firms will conform to their institutional context by adopting the prevailing "rules of the game" (Kostova & Roth, 2002; North, 1990). However, in emerging markets, these rules are in flux and may confer short lived advantages due to political instability, shocks, and sudden

changes (Marquis & Raynard, 2015). Thus, compared to their local counterparts, foreign firms may be less adept at timely adapting to institutional upheavals, which render their CPA and CSR activities more valuable. Such value emerges from the political and social legitimacy garnered through these activities, which help foreign firms compensate for their heightened institutional costs of doing business due a to lack of familiarity with the institutional context as they navigate their liability of foreignness, uncertainty, and information asymmetry common in weak institutional settings.

Although firms may be equally presented with challenges of weak institutional environments, the magnitude and relevance of these challenges vary based on firms' perception of the degree of economic adversity created by these institutional conditions. Institutional forces create the taken-for-granted norms for firms' conduct. However, this taken-for-granted aspect of the institutional environment is often internalized and interpreted by firms as they go about their strategic decisions (in our case CPA and CSR activities). In other words, economic adversity is one way to capture firms' take on the rules of the game that render their chosen playing tactic (i.e., CPA and CSR) more or less effective. When firms perceive a higher level of economic adversity in their environments, institutional voids become more pronounced in their operations, which heightens their institutional costs of doing business. As a result, CPA and CSR activities are more likely to be beneficial for their competitiveness because they enhance their capacity to circumvent their heightened sense of adversity created by institutional voids.

Second, our choice of marketing capability as a moderator is informed by the second contextual reality which is SMEs resource constraint. SMEs typically face resource trade-offs due to the fact of limited available resources that could be allocated to key strategic activities (Lu & Beamish, 2001). As such, SMEs which are capable of making the most out of their resource

investments in their CPA and CSR are likely to appropriate more value from these activities. Building on RBV resource complementarity, we argue that marketing capabilities are likely to be conducive to extracting value from CPA and CSR activities for two main reasons. First, CPA activities provide preferential treatment by governmental actors that facilitate access to state contracts, subsidies, and capital, which allow firms to become more informed (Hillman et al., 1999). However, access to this preferential information is of limited value if firms don't capitalize it on to create superior value. Prior research shows that when firms become more informed as a result of CPA, they become more attractive to partners (Siegel, 2007). Consequently, in a similar vein, we argue that strong marketing capability would allow SMEs to leverage their access to information to obtain more opportunities to sell their products and services. Second, since CSR creates price premiums (Nardi, 2021), strong marketing capabilities would allow firms to better communicate their CSR as part of their products and service, which makes them more successful in claiming these price premiums. Next, we develop our hypotheses by examining the direct, contingent, and synergistic relationships between CPA, CSR, and firm competitiveness.

3. Hypotheses Development

3.1 Corporate political activity and firm competitiveness

Developing countries are often fraught with institutional inefficiencies, which heightens uncertainty and increases the cost of doing business (Ahsan et al., 2020; Peng & Luo, 2000). In such environments, “who you know” matters significantly, as the “right” connections can help reduce obstacles firms encounter and provide access to valuable resources (D'Aveni & Kesner, 1993; Fernández-Méndez et al., 2018). Building on the RBV perspective, researchers argue that the relationships firms develop with institutional actors in weak institutional environments

provide them with three specific advantages (Adomako et al., 2021). First, ties with institutional actors can provide firms access to information and resources as well as entry into the policy arena. This enables firms to gain access to valuable information and resources that could lead to competitive advantage (Acquaah, 2007; Lawton et al., 2013; Mellahi et al., 2016). Second, institutional networks can enhance the firm's "speed to market" by expediting bureaucratic processes and reducing institutional barriers that firms encounter (Marquis & Raynard, 2015), which could enhance firm competitiveness (Vesey, 1991). This is especially valuable in developing countries, as the "rules of the game" are unclear due to uncertain and volatile policies (Liedong et al., 2017; White et al., 2015). Evidence suggests that "speed to market" leads to product success, particularly in uncertain markets (Chen et al., 2005). Third, institutional ties can create a favorable environment for firms in multiple ways. For instance, firms could influence their operational environments through privileged access to policymakers (Brown & Huang, 2020). Prior research found that when firms contribute to politicians whose interests are aligned with theirs, these politicians are likely to take actions that favor contributing firms (Jayachandran, 2006). Similarly, establishing strong relationships with institutional actors creates a trust-based network that helps firms align their actions to firms' interests (D'Aveni & Kesner, 1993). These institutional ties are likely to protect firms in adverse institutional environments (Blau et al., 2013).

Consistent with the RBV (Barney, 1991) and NMS literature (Lawton et al., 2013), CPA allow firms to develop political resources and capabilities that cultivate specific relationships with institutional actors that are valuable and difficult to replicate (Mellahi et al., 2016; Adomako et al., 2021), which bestows firms with unique advantages, buffers them from adversity (Hillman et al., 1999; Lawton et al., 2013) and lowers their risk of failure

(Kostovetsky, 2015; Zheng et al., 2015b). In other words, these CPA fuelled resources and capabilities enhance firms' competitiveness (Schuler et al., 2002). Therefore, we propose the following hypothesis:

Hypothesis 1: CPA is positively related to firm competitiveness

3.2 Moderating effect of economic adversity on the relationship between CPA and firm competitiveness

Researchers have noted that external environments influence the actions and outcomes of firms (Anderson & Tushman, 2001; Garg et al., 2003). In particular, firms operating in developing countries experience many challenges such as a lack of human capital and resources (Ahsan et al., 2020), which limit available opportunities within their operational environments. Indeed, researchers argue that such adverse environments lead to corrupt and illegal behaviors (Staw & Swajkowski, 1975), which can increase the institutional cost of doing business (Budak & Rajh, 2014). Adversity requires firms to change their strategic actions (Miller & Friesen, 1983), administrative and strategic decision processes (Koberg, 1987; Priem et al., 1995), and organizational structure (Miles et al., 2000).

Similar to Adomako et al. (2020a), we focus on economic adversity because it is a key determinant of environmental uncertainty (Staw et al., 1981), which is prevalent in developing countries. In the context of firms' operations, economic adversity refers to the business environment that has the potential to disrupt the normal operations of the firm and leads to unfavorable outcomes. Indeed, managerial perception of economic adversity reflects their assessments of the degree to which firms' operating environment increases the possibility of losses (Staw et al., 1981). For instance, it is challenging and costly to access credit in adverse

environments (Julian & Ofori-Dankwa, 2013; Wellalage et al., 2020), and such lack of access to financial resources can increase the risk of failure particularly for resource-constrained SMEs (Steinerowska-Streb & Steiner, 2014). In conditions of high economic adversity, firms need to establish ties with institutional actors to overcome resource challenges and facilitate firm growth (Adomako et al., 2021). While CPA, in general, can help firms gain access to resources and attain competitive advantage (Lawton et al., 2013; Mellahi et al., 2016). This is even more important in conditions of high economic adversity. Firms that are unable to access necessary resources can be “locked out” from opportunities (Wiklund & Shepherd, 2003), which can potentially limit their competitiveness (López-Gamero & Molina-Azorín, 2016). In other words, the relationship between SMEs’ CPA and firm competitiveness would be stronger in environments with high economic adversity. The preceding argument leads us to the following hypothesis:

Hypothesis 2: Economic adversity moderates the relationship between CPA and firm competitiveness, such that the more adverse the economic environment, the stronger the positive relationship between CPA and firm competitiveness.

3.3 Moderating effect of marketing capability on the relationship between CPA and firm competitiveness

Although CPA can help firms to navigate the institutional environment and overcome obstacles, firms need to possess the requisite capabilities to capture value from their investment in these activities. Indeed Oliver (1997, p. 697) states that “both resource capital and institutional capital are indispensable to sustainable competitive advantage.” We argue that marketing capability is a valuable complementary resource that enables firms to capitalize on the favorable environment they create through their relationships with institutional actors. Marketing capability is the ability of the firm to develop customer relationships to attract and retain

customers (Day, 2011; Lee & Zhou, 2012). SMEs that possess marketing capability can properly attain the benefits they garner through CPA as these capabilities allow them to attract and attain customers that they might have access to due to institutional privileges. That is, SMEs with strong marketing capabilities are better able to leverage this information and capitalize on available opportunities. Indeed, Menguc, Auh, and Yannopoulos (2014: 315) state that “[c]apabilities, defined as the ability to deploy resources effectively so that inputs can be transformed into desirable outcomes, may be at the root of why two firms that have similar resources obtain drastically different levels of performance.” Simply, put, the heterogeneity in marketing capabilities is likely to explain the difference in SMEs’ competitiveness as these capabilities allow them to pursue their goals better than their rivals. SMEs possessing high marketing capability will be able to perform better than other SMEs, even though they may all engage in CPA. Therefore, we propose the following hypothesis:

Hypothesis 3: Marketing capability moderates the relationship between CPA and firm competitiveness, such that the relationship between CPA and firm competitiveness is stronger in SMEs with strong market capabilities.

3.4 Moderating effect of firm ownership type on the relationship between CPA and firm competitiveness

Prior research indicates that the strategies adopted by firms in foreign markets vary according to their ownership types (Peng et al., 2004). These differences are related to the unique challenges that foreign SMEs experience compared to their local peers (Lu & Beamish, 2001). A vast body of literature indicates that consumers, suppliers, and host country governments favor local companies over foreign ones (Bell et al., 2012; Zaheer & Mosakowski, 1997). The preferential treatment that local companies receive puts foreign firms at a disadvantage that exposes them to likely performance loss (Mata & Freitas, 2012; Wu & Salomon, 2017), which

subjects them to the liability of foreignness (LOF). Zaheer (1995, p. 343) describes LOF as “additional costs a firm operating in a market overseas incurs that a local firm would not incur.”

Interestingly, evidence indicates that LOF also exists in emerging markets. Findings from studies in China indicate that foreign firms experience LOF due to difficulties in becoming embedded in local networks, which prevent them from accessing relevant information and resources (Wei & Clegg, 2015). Similarly, Acheampong and Dana (2015) find that firms with foreign ownership experience LOF in Ghana. They argue that LOF in the Ghanaian context is driven by nationalistic and social issues. In contrast, Wöcke and Moodley (2015) find that foreign firms in South Africa do not experience LOF in the highly regulated healthcare industry, as the regulatory uncertainty equally affects both local and foreign firms in this industry. However, in general, evidence indicates that LOF is likely to heighten uncertainty in firms’ operational environments and thus carry significant impediments to their operations, which make CPAs increasingly valuable for their competitiveness (Mezias, 2002; Peng et al., 2004). While the liability of resource constraints present challenges to all SMEs, the additional liability that foreign SMEs face makes CPA even more beneficial for them. This could allow them to attain legitimacy necessary to overcome obstacles and operate in weak institutional environments. Through CPA, foreign SMEs could gain valuable information and support necessary to operate effectively and enhance performance. Therefore, we suggest the following hypothesis:

Hypothesis 4: Foreign ownership moderates the relationship between CPA and firm competitiveness, such that the relationship between CPA and firm competitiveness is stronger in foreign firms.

3.5 Corporate social responsibility and firm competitiveness

According to the RBV, CSR allows firms to develop unique resources that contribute to their competitive advantage (Bansal, 2005; Hart, 1995). CSR influences firm competitiveness by enabling firms to develop unique intangible resources as they integrate socially and environmentally responsible corporate actions into their business operations (Bansal & Song, 2017; Margolis & Walsh, 2003). Intangible resources such as reputation and legitimacy are path dependent and difficult to imitate (McWilliams & Siegel, 2001; Russo & Fouts, 1997; Vilanova et al., 2009). Therefore, they are especially relevant to competitiveness in contexts where institutional voids are prevalent and require firms to rapidly understand and respond to changes.

Institutional voids heighten information asymmetry in the marketplace, resulting in distrust among social actors (Marquis & Qian, 2014). As a result, firms' CSR activities may become a form of bridging mechanisms to enhance trust and develop alternative channels for information exchange, resources, and social support among customers and employees. On the employee side, CSR allows firms to attract and retain skilled human capital compared to their rivals. Firms' engagement with social issues creates a strong reputation as a fair employer (Bansal & Roth, 2000). Enhancing the perception of justice among current and potential employees substitutes for the lack of government benevolence in emerging markets (Marquis & Raynard, 2015). Additionally, consumers reward companies that address social and environmental causes by a willingness to pay price premiums [CSR price premiums] or repeat purchases (Du et al., 2007; Yin & Zhang, 2012, Nardi, 2021). CSR activities confer firms with unique reputational resources that engender social approval and market legitimacy at the employee and the customer level. Since these resources are intangible and difficult to replicate

(Hart, 1995), they are likely to increase firms' competitiveness. These arguments lead to the following hypothesis:

Hypothesis 5: CSR is positively related to firm competitiveness

3.6 Moderating effect of economic adversity on the relationship between CSR and firm competitiveness

The relationship between CSR activities and firm competitiveness is stronger when firms perceive the institutional setting as creating adverse economic conditions. Firms' heightened perception of adversity creates hurdles for opportunity identification as a result of weak and inefficient institutions in developing countries (Marquis & Raynard, 2015). These conditions increase the institutional costs of doing business and limit access to resources (Armanios et al., 2017). Consequently, CSR activities may improve firms' access to opportunities through two main channels: employees and investors. A commitment to CSR activities enables firms to retain talented employees for longer in emerging markets where "the onus is often on organizations to pursue and promote not only economic, but also social development" (Marquis & Raynard, 2015). Higher employee retention may help mitigate perceived adversity because it reduces operational disruption associated with high turnover, which allows firms to accumulate experience (Jayasinghe, 2016). This reduces transaction and opportunity costs because employees become adept at reconfiguring firms' activities to capture opportunities created by constant institutional changes, which could lead to competitive advantage (Lee et al., 2013).

Additionally, firms' CSR activities provide reputational and legitimacy benefits that help attract investors in developing countries (Arevalo & Aravind, 2017; Rodgers et al., 2019). In these countries, institutional hazards are common due to heightened information asymmetry and the lack of typical information intermediaries conducting due diligence processes, which

increases the likelihood of short-term opportunistic behavior and perceived risks (Marquis and Raynard 2015). CSR activities enhance the transparency of firms' operations and governance due to superior stakeholder engagement, improved disclosure, and reporting (Cheng et al., 2014). This in turn may help reduce overall contracting costs for investors, providing firms with access to capital beyond local financial markets (Mackey et al., 2007). Thus, we propose the following hypothesis:

Hypothesis 6: Economic adversity moderates the relationship between CSR and firm competitiveness, such that the more adverse the economic environment, the stronger the positive relationship between CSR and firm competitiveness

3.7 Moderating effect of marketing capability on the relationship between CSR and firm competitiveness

When firms engage in CSR, marketing capability increases the positive association between CSR and firm competitiveness due to two main reasons. First, owing to resource complementarity, stronger marketing capability provides firms with selling and advertising capacity that could better communicate CSR activities as a product differentiation feature. Thus, allowing firms to better harness the CSR-price premium (Nardi, 2021). The strength of marketing capability allows firms to leverage their customer reach at a relatively lower cost compared to competitors, which provides firms' CSR activities a better exposure in the marketplace and increases consumers' willingness to purchase (Baskentli et al., 2019; Du et al., 2011). For example, customers tend to favor companies that use cause-related marketing in selling their products as a bundle of both private and public goods and are willing to pay premium prices in return (Casadesus-Masanell et al. 2009).

Second, stronger communication with external stakeholders such as customers enables firms to publicize their CSR positive externalities, which safeguard against CSR actions from going unnoticed. Prior empirical evidence has shown that firms may engage in CSR activities

without necessarily externally communicating them, which limits the impact of these actions on firms' market value (Hawn & Ioannou, 2016). Together, the cost advantage compared to rivals in communicating CSR activities, along with higher and recurring revenues because of enhanced customer awareness of these activities, will increase firms' competitiveness in the marketplace (Porter & Kramer, 2006). Based on the preceding argument, we offer the following hypothesis:

Hypothesis 7: Marketing capability moderates the relationship between CSR and firm competitiveness, such that the relationship between CSR and firm competitiveness is stronger in SMEs with strong market capabilities.

3.8 Moderating effect of firm ownership type on the relationship between CSR and firm competitiveness

In the context of developing markets, the impact of CSR activities on firms' competitiveness will be stronger for foreign companies for three main reasons. First, foreign companies will be less likely to obtain low-wage advantages enjoyed by domestic firms because they have to adhere to international standards to avoid potential backlash from customers and investors (Mackey et al., 2007; Yang & Rivers, 2009). Second, compared to domestic firms, foreign firms are more likely to have established CSR activities due to internationalization (Bansal & Roth, 2000; Marano & Kostova, 2016), which makes them more adept at leveraging these capabilities in new markets. Third, CSR practices establish good relationships with local partners (e.g., suppliers, and government institutions), which enable firms to overcome LOF (Crilly et al., 2016). This can enable firms to strengthen their relationships with local customers, suppliers, and employees, which may help set them apart from domestic players based on social and environmental initiatives, and gradually overcome the impediment of being an outsider (Johanson & Vahlne, 2009). These relationships are the source of business information and

knowledge that is firm-specific and difficult to replicate and thus leads to firms' competitiveness (Barney, 1991; Wernerfelt, 1984). As such, we propose that:

Hypothesis 8: Foreign ownership moderates the relationship between CSR and firm competitiveness, such that the relationship between CSR and firm competitiveness is stronger in foreign firms.

3.9 Combined effect of corporate political activity and corporate social responsibility

CPA and CSR are two distinct types of activities that firms jointly deploy as part of their nonmarket strategies (Mellahi et al., 2016; Du et al, 2019). We expect that the relationship between these two dimensions of NMS and firm competitiveness is multiplicative. CSR enhances firms' reputation and visibility, while CPA allows firms to form network ties with key institutional actors. Thus, firms could leverage resource complementarity that exists between resources specific to CSR and CPA (Barney, 1991; Mellahi et al., 2016). CPA provide firms with access to contacts and opportunities to build political coalitions with regulatory and administrative authorities (Hillman et al., 2004). This access allows firms to glean timely and proprietary information about their external environment. Such information could prove useful in helping firms prioritize their CSR activities around social and environmental causes that are relevant to institutional actors (den Hond et al., 2014).

Empirical evidence shows that the relevance of CSR activities to institutional actors allows companies to benefit from state resources such as grants, subsidies, and winning state contracts (Zhao, 2012). This decreases the costs of doing business as well as the costs of search and selection of CSR activities (Liedong, 2020). Likewise, CSR activities may help firms mitigate the institutional uncertainty common in developing countries where a change in institutional actors leads to changes in policies (Scherer et al., 2013). CSR activities associate firms with social welfare cause that institutional actors are willing to be publicly connected to

(den Hond et al., 2014). This could reduce the costs of gaining access to these actors and cultivating institutional ties (Schuler et al., 2002). Building on the previous arguments, we propose the following hypothesis:

Hypothesis 9: The interaction of CPA and CSR is positively associated with firm competitiveness such that the interactive contribution of CPA and CSR to firm competitiveness is greater than the individual effects of CPA and CSR.

4. Methods

4.1 Study setting

We collected the data from four emerging markets (Ethiopia, Ghana, Taiwan, and Vietnam). Several criteria guided our choice. First, the four countries represent diverse developing institutional settings that allow for constructing an internationally heterogeneous sample (Engelen et al., 2015; Hofstede, 2001). Specifically, these countries have pursued major economic reforms for improving firm competitiveness (World Bank, 2019). The outcomes of these reforms have enabled major inward and outward foreign direct investment (FDI) flows (IMF, 2019). Consequently, these countries are becoming more integrated into the global economy, which reinforces the role of several nongovernmental institutional players along with evolving roles of governmental ones.

Second, these countries have witnessed increasing economic growth rates in the last decade. For example, the World Bank report (2020) shows that the growth rates of Vietnam, Taiwan, Ghana, and Ethiopia are around 7.0%, 3.83%, 6.5%, and 10% respectively. The rise in economic growth requires firms to simultaneously engage in CPA and CSR to manage their nonmarket environments to access and take advantage of emerging economic opportunities. In the meantime, effectively capturing these opportunities requires firms to draw on their market capabilities to realize synergies that allow them to navigate shifting institutional environments.

Furthermore, the state plays an influential role in these four countries by favoring certain firms and interfering in the management of the firms (Fainshmidt et al., 2018), which would require SMEs to engage in NMS to navigate such environments (Rodgers et al., 2022).

Finally, our study sample focuses on SMEs because the prior NMS literature has predominantly focused on large public firms (Doh et al., 2015; Mellahi et al., 2016). Evidence suggests that SMEs also engage in CSR (Jamali et al., 2017) and CPA (Zhou, 2013). Thus, in this context, SMEs need to deploy both types of NMS (CPA and CSR) to navigate complex institutional environments with diverse and unaligned interests (Nell et al., 2015).

4.2 Sample and data collection

We collected multi-wave survey data in the four countries using a structured questionnaire with previously validated measures to capture the constructs of interest. We focused on manufacturing SMEs across different industries (e.g., food, beverage, textile, furniture, and chemical) that met two criteria of SMEs identified by prior research: 1) have been in existence for more than six years and 2) employ more than six employees and fewer than 500 employees (Tang et al., 2020).

The surveys in the four countries were administered in two time periods. For the first survey Time 1 (January–March 2018), we approached the CEOs to gather information on our independent variables and controls. Next, approximately 12 months later in Time 2 (January–March 2019), we contacted the finance/accounting executives to obtain measures of firm competitiveness. The temporal separation between the survey waves helps overcome common method bias and enhances confidence in our proposed relationships (Podsakoff et al., 2003).

Due to the challenges associated with collecting survey data in developing countries, we adopted an atypical approach to data collection. Following previous survey studies in emerging

markets, we used local personnel to deliver our survey (e.g., Tang et al., 2020). Local personnel have strong connections to private firms, which tend to mitigate reluctance to provide information in emerging markets and boost overall response rates. In Ethiopia and Ghana, we provided the research assistants with a list of SMEs to contact, whereas in Vietnam and Taiwan we relied on the research assistants' knowledge of the local business environment to make a list of SMEs to survey. We received 172 complete responses from Vietnam (firms contacted: 500; response rate 34.4%), 94 from Taiwan (firms contacted: 500; response rate: 18.8%), 135 from Ghana (firms contacted: 500; response rate: 27%), and 98 from Ethiopia (firms contacted: 500; response rate: 19.60%) for a total of 499 completed matched responses from CEOs and finance managers (total firms contacted; 2,000; overall response rate: 24.95%). To mitigate the influence of time-varying factors on response and to capture temporal equivalence (Hult et al., 2008), we collected data from all countries during the same period. We describe in detail our data collection procedures in the supplementary document (Web Appendix).

Table I (Web Appendix) presents the descriptive statistics for the country-level samples. The combined sample contains SMEs with a mean age of 23.96 (s.d. = 13.15) years, a mean size of 96.77 (s.d. = 54.60) full-time employees, and a mean CEO tenure of 6.42 (s.d. = 3.21) years. Of the 499 SMEs sampled, 42% operated in the high-technology industry and 58% were low-technology SMEs.

4.3 Measures

The multi-item scales that we used in our survey were adopted from previous studies (see Table 1). We adopted the best practices recommended by scholars in designing and implementing our survey. To reduce the likelihood of “consistency motive and theory-in-use biases,” we mixed the order of questions and used different scale types (Chang et al., 2010;

Podsakoff et al., 2003). CEOs also completed several filler tasks, which created a psychological separation between the measurement of one variable and another (Fulmer et al., 2009). We asked the CEOs to reflect on the previous three years when responding to our predictor and moderator variables. Table 1 presents the multi-item measures with their validity and reliability assessments.

CPA. We operationalized CPA by using two different first-order constructs: relational corporate political activities (RCPA) and participation corporate political activities (PCPA). RCPA was captured with three items from Gao et al. (2018). The items capture the extent to which a firm cultivates and utilizes its international relationships with government officials and bureaucrats. PCPA was operationalized with three items reflecting the firm's participation in political and social affairs, and its social reputation and image-building activities (Luo & Junkunc, 2008). In the CFA, we found that relational corporate political activity (RCPA) and participation in corporate political activity (PCPA) are two first-order constructs that constitute the higher-order construct of corporate political activity. Our first step was to confirm the multidimensionality of the CPA construct. Accordingly, we compared a multidimensional model with two first-order freely correlated dimensions (RCPA and PCPA) with a unidimensional model having all items loaded into a single construct. In the second step, we explored alternatives of second-order constructs to further understand the structure of the CPA construct. Model fit was evaluated using several indexes (CFI = 0.92; NNFI=0.93; RMSEA = 0.05 and SRMR = 0.06). Based on these findings from the CFA, we followed conventional practice (see Menguc, & Ozanne, 2005) and combined these two dimensions to form an overall score for CPA.

CSR. We measured CSR with the shortened version of Helmig et al.'s (2016) scale. The original scale has 15 items measuring the CSR of firms. We selected two items with the highest

loadings from each of the four dimensions (i.e., philanthropic responsibilities, ethical responsibilities, legal responsibilities, and economic responsibilities) to capture CSR. These items capture the extent to which the firm embarks on CSR implementation.

Economic adversity. Economic adversity pertains to the extent to which the external environment provides the economic opportunity (e.g., potential to profit) to the business operation. We used three items from Voss et al. (2008) to capture the economic adversity measure.

Marketing capability. Three items from Lee and Zhou (2012) were used to measure marketing capability. These items captured the “firm’s ability to launch new advertising and promotion tactics for the purpose of increasing sales” (Lee & Zhou, 2012, p. 7).

Ownership type. We measured ownership type similar to Lee and Zhou (2012) by creating a dummy variable, where 0 represents SMEs with foreign ownership and 1 indicates domestic SMEs.

Firm competitiveness. We used six items from previous studies (Marín et al. 2012, Yang et al. 2015) to capture the firm competitiveness measure. In contrast to our T1 survey in which we asked the CEOs to reflect on the last three years when responding to the survey items, in T2, the finance/accounting executives were encouraged to consider the SMEs’ current position while responding to the firm competitiveness items.

Control variables. Several variables were used as controls as they could influence constructs of interest (Yang et al., 2015). These are firm size, firm age, industry, slack resources, and CEO tenure. Firm size was measured with the number of full-time employees, and firm age was captured as the age of the firm since its inception. In addition, we controlled for manufacturing industry type (i.e., high-technology and low-technology) as high-technology firms

may pursue CSR and CPA activities more than low-technology firms (Bernal-Conesa et al., 2017; Hillman et al., 2004). Industry type was coded as a dummy variable (high-tech = 0; low-tech = 1) based on R&D expenditure scores and the percentage of knowledge workers in each industry (Karami & Tang, 2019). In addition, we controlled for organizational slack as this could influence NMS (Julian & Ofori-Dankwa, 2013) and firm performance (Daniel et al., 2004). Organizational slack was measured with three items from De Luca and Atuahene-Gima (2007). Finally, we controlled for CEO tenure as prior studies indicate that CEOs' characteristics tend to influence nonmarket strategies (Rudy & Johnson, 2019). CEO tenure was measured as the number of years since the CEO assumed the position (Boling et al., 2016).

=====
 Insert Table 1 about here
 =====

4.4 Potential biases, reliability, and validity

In all settings, we checked for nonresponse bias by comparing our final sample with non-respondents. Utilizing the multivariate analysis of variance, the participating SMEs were compared with nonparticipating SMEs on various variables, including CEOs' education, firm age, firm size, and industry. We found no significant differences (Wilks's $\lambda = 0.97$, $F = 1.45$, $p = 0.68$), indicating that nonresponse bias does not influence our findings (Armstrong & Overton, 1977).

We used the approach suggested by Cote and Buckley (1987) and estimated three competing models (Table 2). Model 1 involved the method-only model, where all the indicators are loaded on a single factor. In Model 2 we estimated a trait-only model, which involved a path where each indicator loaded on its respective latent factor. Finally, we estimated a method and trait model that involved the inclusion of a common factor that links all the indicators in Model

2. The three models were compared, and we found that Model 2 and Model 3 are substantially better than Model 1 and that Model 3 is not substantially superior to Model 2. These results show that common method bias is not obvious in our study.

=====
Insert Table 2 about here
=====

4.5 Measurement Invariance Assessment

The approach suggested by Steenkamp and Baumgartner (1998) was utilized in establishing measurement invariance in our data. Given that the sample for some countries (e.g., Taiwan and Ethiopia) was not sufficient to run a country-level analysis, we split the total sample into two groups—African countries and Asian countries—and performed measurement invariance (Engelen et al., 2015). Using a configural model as our baseline model, we tested for configural, metric, scalar, factor variance, and error variance invariance for each construct. For simplicity, this study only shows the procedures used for testing CSR (Table 2 – Panel A) and chi-square difference tests (Table 3 – Panel B). The fit of the model was assessed using the χ^2 difference test and other fit heuristics (RMSEA, NNFI, CFI, and consistent Akaike information criterion) (Steenkamp & Baumgartner, 1998). The results of the measurement invariance test provide support for the measurement model (Table 3) across all samples. Thus, using the four-country sample data to test our hypotheses is acceptable. Table 3-Panel A shows that the data for all the African and Asian samples show factor variance and error variance invariances for the shared vision construct. Table 3 also shows that all error variances are significant at $p < 0.01$ for all samples. In addition, as shown in Table 3-Panel B, none of the χ^2 difference tests was significant. Specifically, our results suggest that there exists configural, metric, scalar, factor variance, and error variance invariances for all items across the African and Asian samples. This

suggests that the items and the constructs are equally reliable across the samples and that the measures can be used for testing our hypotheses.

=====
Insert Table 3 about here
=====

=====
Insert Table 4 about here
=====

5. Analytical procedure and results

The results of the reliability and validity assessment show that Cronbach's alpha, composite reliabilities, and AVE values met the suggested thresholds of all the reflective constructs (see Web Appendix). We present the correlations between constructs in Table 4.

We used hierarchical regression analysis to estimate our conceptual model using the pooled data set. Before estimating the research model, the relevant variables were mean-centered to attenuate the possibility of multicollinearity concerns affecting our data (Aiken & West, 1991). Inspecting the variance inflation factor (VIF) revealed that the largest VIF is 4.57 (Table 5), which is well below the suggested threshold value of 10 (Neter et al., 1990), indicating that multicollinearity concerns are minimal. The findings of the regression analysis are presented in Table 5.

The control variables were entered in Model 1 and the main effect variables in Model 2. The results in Model 2 show that CPA significantly affects firm competitiveness ($\beta = 0.28, p < 0.01$). Thus, H1 was supported. Similarly, in Model 3, we found that CSR positively influences firm competitiveness ($\beta = 0.23, p < 0.01$), providing support for H5. Model 4 included the direct effects of the moderating variables. The results in Model 4 show that only marketing capability was significantly related to firm competitiveness ($\beta = 0.26, p < 0.01$).

=====
Insert Table 5 about here
=====

In Model 5, we tested the moderating-effect hypotheses relating to CPA (i.e., H2, H3, and H4). Specifically, the results in Model 5 indicate that economic adversity has a significant moderating effect on the CPA–firm competitiveness nexus ($\beta = 0.45, p < 0.01$). Similarly, the results in Model 5 show that marketing capability positively moderates the relationship between CPA and firm competitiveness ($\beta = 0.33, p < 0.01$). However, ownership did not moderate the impact of CPA on firm competitiveness ($\beta = -0.06, ns$). These results indicate that H2 and H3 received support. However, H4 did not receive support. Model 6 estimated the interaction of CSR with the moderating variables. This allowed us to test H6, H7, and H8. The results in Model 6 show that economic adversity has a positive moderating effect on the CSR–firm competitiveness nexus ($\beta = 0.39, p < 0.01$). In addition, the effect of CSR on firm competitiveness is moderated by marketing capability ($\beta = 0.33, p < 0.01$). Finally, the impact of CSR on firm competitiveness is moderated by ownership type, such that the relationship is stronger among foreign SMEs than among domestic SMEs ($\beta = -0.14, p < 0.05$). These results indicate that H6, H7, and H8 received support.

We also argued in H9 that the interaction between CPA and CSR is positively related to firm competitiveness. H9 was tested in Model 7 and received support because the product term for CPA and CSR (i.e., CPA x CSR) is positive and significantly related to firm competitiveness ($\beta = 0.45, p < 0.01$). In addition, the interactive contribution of CPA and CSR to firm competitiveness is 5% ($\Delta R^2 = 0.05; F = 11.68, p < 0.01$). This suggests that the interactive contribution of CPA and CSR to firm competitiveness was greater than the individual effects of CPA, which is 3% ($\Delta R^2 = 0.03; F = 3.64, p < 0.01$), and CSR, which is 2% ($\Delta R^2 = 0.02; F =$

3.99, $p < 0.01$). Therefore, we find support for H9.

To better understand the nature and direction of the interaction effects, we followed Aiken and West (1991) by plotting the interactions at ± 1 s.d. Figure 2 shows that economic adversity moderates the relationship between CPA and firm competitiveness, such that the relationship is amplified at high levels of economic adversity. Similarly, Figure 3 illustrates that at high levels of marketing capability, the impact of CPA on firm competitiveness is greater. Moreover, Figure 4 shows that the impact of CSR on firm competitiveness is increased when economic adversity is greater. In addition, Figure 5 shows that the impact of CSR on firm competitiveness is increased when marketing capability is high. Moreover, Figure 6 illustrates that SMEs with foreign ownership that engage in CSR have the slightly higher competitiveness than domestic SMEs. Finally, Figure 7 shows that high levels of both CPA and CSR significantly improves firm competitiveness, as opposed to low levels of CPA and low levels of CSR.

=====
Insert Figure 2 about here
=====

=====
Insert Figure 3 about here
=====

=====
Insert Figure 4 about here
=====

=====
Insert Figure 5 about here
=====

=====
Insert Figure 6 about here
=====

=====

Insert Figure 7 about here
=====

Robustness assessment

To correct the possibility of endogeneity in our model, we followed previous studies in employing the Durbin–Wu–Hausman test (see Boling et al., 2016). According to the prescriptions of this test, endogeneity is commonly assessed via the employment of instrumental variables (Huybrechts, Voordeckers, & Lybaert, 2013; Dai, Goodale, Byun, & Ding, 2018). The instrumental variables should correlate with the potentially endogenous variable (the IV) and should not correlate with the error term of the explanatory equation (Wooldridge 2012). In this study, we use multiple instruments based on the recommendations of the established practice (Boling et al., 2016; Semadeni, Withers, & Certo, 2014). Specifically, CEO cognitive uncertainty and risk-taking propensity were acceptable to use as instruments. Accordingly, we regressed each variable separately on both CPA and CSR. Next, we saved the residuals as variables and included them in the full model. The results show that the p-value was insignificant for either residual. This indicates that the influence of endogeneity on our model is minimal. We also performed additional tests to assess the robustness of our findings. Specifically, we followed Slevin and Covin (1997) and repeated the moderated regression analyses that were used to test our hypotheses by running a regression test with a randomly selected subset of the sampled firms, from 90% of the sample to 50% of the sample.

Finally, we separated the two dimensions that constitute the overall CPA construct and performed additional tests to evaluate whether these dimensions would produce different results. The results of our post-hoc show that both RCPA ($\beta = 0.26, p < 0.01$) and PCPA ($\beta = 0.29, p < 0.01$) are positively related to firm competitiveness. Given that the results related to our

hypotheses remained unchanged, we concluded that our findings are robust to alternative explanations.

6. Discussion and conclusion

6.1 Theoretical implications

The extant NMS literature provides useful insights into firms' CPA and CSR (Mellahi et al., 2016; Sun et al., 2021). However, scarce evidence exists regarding SMEs' NMS strategies (for an exception see, Rodgers et al., 2021). Furthermore, the independent and joint effects of CPA and CSR on firm outcomes have yielded inconsistent findings. We propose and find evidence that CPA and CSR independently and jointly influence firm competitiveness. Additionally, we show that this relationship is contingent upon a firm and institutional factors. Specifically, we find that SMEs' engagement in CPA strengthens their competitiveness. While previous research in emerging markets has found that CPA has limited performance implications (Kamasak et al., 2019) or insignificant impact on institutional risk reduction (Liedong et al., 2017), we present evidence that CPAs allow SMEs to gain comparative advantages that may not be immediately captured by accounting-based performance measures. It may be the case that SMEs engaging in CPA perceive higher institutional risk due to the volatile nature of the political landscape in emerging markets that casts doubt on the high costs of these activities (den Hond et al., 2014; Marquis & Raynard, 2015). However, these SMEs may be rewarded with improved competitiveness compared to rivals with limited CPA as a result of preferred access to information. Therefore, ties to various institutional actors may allow SMEs to spot more opportunities in their environments. Our findings of the moderating role of economic adversity lend support to these explanations, where the impacts of CPA on firm competitiveness were

more pronounced in more adverse environments (that is, environments with limited opportunities).

Moreover, we find that SMEs' marketing capabilities allow them to better extract value from their CPA activities. These findings provide empirical support to theoretically proposed relationships between market and nonmarket strategies that weren't empirically tested previously (Kaul & Luo, 2018; Mellahi et al., 2016). In particular, SMEs' marketing capabilities provide strong customer reach that enables rapid enactment of opportunities realized through CPA. We expected foreign ownership to have a contingent effect on the impact of CPA on firm competitiveness, based on previous research that shows that governments in emerging countries create informal restrictions and barriers to foreign ownership (Delios & Henisz, 2000). However, we did not find evidence for this relationship, which may indicate that ownership types may be less relevant when it pertains to acquiring information and resources through CPA.

We also find the relationship between CSR and firm competitiveness differs across our sample (for details, see unpooled data analyses in Web Appendix). The support we found in African countries compared to Asian ones could be the result of institutional factors that incentivize higher adoption of CSR activities in Asian countries, which diminishes their comparative advantage and thus the impact on firm competitiveness. This is in line with institutional arguments that highlight the role of differences in regulatory and normative institutional pressure on the diffusion of CSR (Campbell, 2007). The moderating role of economic adversity on the relationship between CSR and firm competitiveness was supported in both African and Asian countries. Our results suggest that CSR activities provide SMEs with unique resources that help SMEs mitigate environmental hostility in emerging market contexts.

In line with previous literature on the complementarity between market and nonmarket strategy (Mellahi et al., 2016), we expected that marketing capability will have a moderating effect on the relationship between CSR and firm competitiveness. However, we found only partial support for it. This is in line with the findings that indicate that the influence of CSR is insignificant in Asian countries. SMEs are less likely to harness their marketing capabilities to extract value from CSR activities if these activities are already diffused among all SMEs. Interestingly, our results indicate that the influence of CSR on firm competitiveness is stronger in foreign SMEs. While prior research shows that domestic firms tend to reap performance benefits from CSR activities compared to foreign firms (Flammer, 2015), these results were based on the context of advanced economies, specifically the US, where foreign competition is primarily driven by companies from developed countries with low-cost advantages. Furthermore, our results complement prior literature that suggests that stakeholders in developing countries have higher expectations from foreign firms than local firms to engage in CSR activities (Gardberg & Fombrun, 2006). Our findings add context-specific insights to prior research by showing that in emerging markets, SMEs with foreign ownership are more likely to benefit from CSR. By engaging in CSR, foreign SMEs can establish relationships with external stakeholders in developing countries and set themselves apart from rivals (Mackey et al., 2007).

The joint effect of CPA and CSR supports prior conceptual work (den Hond et al., 2014; Mellahi et al., 2016). However, empirical evidence regarding this joint effect is inconsistent. For instance, recent studies (Kamasak et al., 2019; Liedong et al., 2017) find limited support for the interaction effect of CPA and CSR on firm performance and institutional risk reduction, respectively. Our findings indicate that the joint effect of CPA and CSR may be more relevant to firm competitiveness. Firms' CPAs allow them to align their CSR activities to social and

environmental causes prioritized by governments. As such, CSR allows firms to acquire political currency and the goodwill of the government and institutional actors (Zhao, 2012). Both are intangible resources that may heighten the institutional risk perception as firms engage in building them; however, they are difficult to replicate because they require lengthy time to develop and cultivate.

6.2 Practical implications

The findings of our study also have several practical implications. Emerging markets present firms with formidable challenges, which may become insurmountable for SMEs with limited resources. Consequently, our findings draw attention to the contingent conditions under which CPA and CSR activities are likely to be most beneficial, which complements recent evidence which shows that NMS can be beneficial for SMEs (Rodgers et al., 2021). Specifically, the support we find for the moderating effect of foreign ownership in the case of CSR as opposed to CPA show that social legitimacy garnered through CSR activities may be a way for SMEs to overcome their liability of foreignness (Johanson & Vahlne, 2009; Zaheer, 1995). Prior research has shown that forging partnerships with local firms provide foreign SMEs with local knowledge, which helps them overcome their resource constraints as they typically have a domestic focus (Lu & Beamish, 2001). Thus, our findings extend this evidence by drawing attention to the usefulness of CSR activities as one way to access local knowledge.

Additionally, our findings on the moderating effect of marketing capability provide actionable insights into which type of NMS is most likely to benefit from resource complementarity. It is clear that in the context of emerging market SMEs, marketing capability is most relevant for value appropriation from CPA activities. It appears that SMEs with stronger marketing capability could more readily benefit from CPA political legitimacy compared to CSR

social legitimacy. Thus, SMEs faced with environments requiring high levels of CPA should channel resources toward strengthening their marketing capabilities. Finally, SMEs experiencing a high level of economic adversity need both CPA and CSR activities, which highlights the importance of both forms of NMS to overcome heightened institutional costs of doing business in emerging markets. This complements the view that foreign firms can use market resources to overcome LOF (Barnard, 2010).

7. Limitations and future research

Although our study offers several important contributions, it has several limitations that open avenues for future research. First, our research design is cross-sectional in nature, although, to mitigate this limitation, we time-lagged the dependent variable (firm competitiveness) and encouraged the CEOs to reflect on the last three years when gathering data on our independent and moderator variables. Future research could enhance our understanding of these relationships by deploying a longitudinal design that would enable testing the causal relationships. These designs would be conducive to examining the relationship between CSR and CPA over time. Additionally, even though our cross-country study improves the generalizability of our findings, we caution against generalizing these findings beyond SMEs in our study. We acknowledge that these findings may not apply to large firms. However, we believe our findings are applicable to developing countries, since most firms in these countries are SMEs.

Second, we focused our study on a single level of analysis, that is, the firm level. This approach was appropriate given the multidimensional nature of CPA and CSR as well as prior inconclusive findings in the literature. Future research could examine the influence of CPA and CSR from multiple perspectives. For example, in light of the limited support we found for CSR in Asian countries, it would be interesting to examine whether the influence of CSR on firm

competitiveness varies based on the different levels of diffusion of CSR practices in institutional environments. Accounting for institutional-level effects would extend our findings and help produce useful theoretical and practical insights. The third limitation is that our study relies on a subjective measure. The limited availability of objective measures in emerging-market contexts prevents us from gathering secondary data to validate the relationship between CPA, CSR, and firm competitiveness. Furthermore, our survey data does not measure the types of CPA and CSR that SMEs engage in nor do we measure the dark sides of CPA and CSR. Future research can build on our study to enhance our understanding of SMEs' nonmarket strategy and its effect on firm outcomes. We hope that our findings will stimulate scholars to further advance this field.

References

- Acheampong, G., & Dana, L. P. (2017). Liability of foreignness in fast-expanding markets: evidence from Ghana. *Thunderbird International Business Review*, 59(1), 51–61.
- Acquaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic Management Journal*, 28(12), 1235–1255.
- Adomako, S., Ahsan, M., Amankwah-Amoah, J., Danso, A., Kesse, K., & Frimpong, K. (2021). Corruption and SME growth: The role of institutional networking and financial slack. *Journal of Institutional Economics*, <https://doi.org/10.1017/S1744137421000011>
- Adomako, S., Amankwah-Amoah, J., Debrah, Y. A., Khan, Z., Chu, I., & Robinson, C. (2020a). Institutional voids, economic adversity and inter-firm cooperation in an emerging market: The mediating role of government R&D support. *British Journal of Management*, <https://doi.org/10.1111/1467-8551>.

- Ahsan, M., Adomako, S., & Mole, K. F. (2020). Perceived institutional support and small venture performance: The mediating role of entrepreneurial persistence. *International Small Business Journal*, <https://doi.org/10.1177/0266242620943194>.
- Aiken, L., & West S. (1981). *Multiple Regression Testing and Interpreting Interactions*. Sage: Newbury Park.
- Amaeshi, K., Adegbite, E., & Rajwani, T. (2016). Corporate social responsibility in challenging and non-enabling institutional contexts: Do institutional voids matter? *Journal of Business Ethics*, *134*(1), 135–153.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, *103*(3), 411–423.
- Anderson, P., & Tushman, M. L. (2001). Organizational environments and industry exit: The effects of uncertainty, munificence and complexity. *Industrial and Corporate Change*, *10*(3), 675–711.
- Arevalo, J. A., & Aravind, D. (2017). Strategic outcomes in voluntary CSR: Reporting economic and reputational benefits in principles-based initiatives. *Journal of Business Ethics*, *144*(1), 201–217.
- Armanios, D. E., Eesley, C. E., Li, J., & Eisenhardt, K. M. (2017). How entrepreneurs leverage institutional intermediaries in emerging economies to acquire public resources. *Strategic Management Journal*, *38*, 1373–1390.
- Armstrong, J., & Overton, T. (1977). Estimating non-response bias in mail surveys. *Journal of Marketing Research*, *14*(3), 396–402.
- Ault, J. K., & Spicer, A. (2014). The institutional context of poverty: State fragility as a predictor of cross-national variation in commercial microfinance lending. *Strategic Management Journal*, *35*, 1818–1838.
- Bansal, P., & Clelland, I. (2004). Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal*, *47*, 93–103.
- Bansal, Pratima. (2005). Evolving Sustainably: A Longitudinal Study of Corporate Sustainable Development. *Strategic Management Journal*, *26*(3), 197–218. <https://doi.org/10.1002/smj.441>
- Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal*, *43*, 717–736.
- Bansal, P., & Song, H.-C. (2017). Similar but not the same: Differentiating corporate sustainability from corporate responsibility. *Academy of Management Annals*, *11*, 105–149.
- Barnard, H. (2010). Overcoming the liability of foreignness without strong firm capabilities—the value of market-based resources. *Journal of International Management*, *16*(2), 165–176.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*, 99–120.
- Baskentli, S., Sen, S., Du, S., & Bhattacharya, C. B. (2019). Consumer reactions to corporate social responsibility: The role of CSR domains. *Journal of Business Research*, *95*, 502–513.
- Bell, R. G., Filatotchev, I., & Rasheed, A. A. (2012). The liability of foreignness in capital markets: Sources and remedies. *Journal of International Business Studies*, *43*(2), 107–122.
- Bernal-Conesa, J. A., de Nieves Nieto, C., & Briones-Peñalver, A. J. (2017). CSR strategy in

- technology companies: Its influence on performance, competitiveness and sustainability. *Corporate Social Responsibility and Environmental Management*, 24(2), 96–107.
- Blau, B. M., Brough, T. J., & Thomas, D. W. (2013). Corporate lobbying, political connections, and the bailout of banks. *Journal of Banking & Finance*, 37(8), 3007–3017.
- Boling, J. R., Pieper, T. M., & Covin, J. G. (2016). CEO tenure and entrepreneurial orientation within family and nonfamily firms. *Entrepreneurship Theory and Practice*, 40(4), 891–913.
- Boso, N., Story, V. M., & Cadogan, J. W. (2013). Entrepreneurial orientation, market orientation, network ties, and performance: Study of entrepreneurial firms in a developing economy. *Journal of Business Venturing*, 28(6), 708–727.
- Brown, J. R., & Huang, J. (2020). All the president's friends: Political access and firm value. *Journal of Financial Economics*, 138(2), 415–431.
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32, 946–967.
- Casadesus-Masanell, R., Crooke, M., Reinhardt, F., & Vasishth, V. (2009). Households' willingness to pay for "green" goods: evidence from Patagonia's introduction of organic cotton sportswear. *Journal of Economics & Management Strategy*, 18, 203–233.
- Chang, S. J., Van Witteloostuijn, A., & Eden, L. (2010). From the Editors: Common method variance in international business research. *Journal of International Business Studies*, 41(2), 178–184.
- Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35(1), 1–23.
- Cheng, Z., Wang, F., Keung, C., & Bai, Y. (2017). Will corporate political connection influence the environmental information disclosure level? Based on the panel data of A-shares from listed companies in shanghai stock market. *Journal of Business Ethics*, 143(1), 209–221.
- Chen, J., Reilly, R. R., & Lynn, G. S. (2005). The impacts of speed-to-market on new product success: the moderating effects of uncertainty. *IEEE Transactions on Engineering Management*, 52(2), 199–212.
- Cheung, Y. L., Rau, P. R., & Stouraitis, A. (2012). How much do firms pay as bribes and what benefits do they get? Evidence from corruption cases worldwide. NBER working paper <http://doi.org/10.3386/w17981>
- Choi, S.-J., Jia, N., & Lu, J. (2015). The structure of political institutions and effectiveness of corporate political lobbying. *Organization Science*, 26(1), 158–179.
- Cote, J. A., & Buckley, M. R. (1987). Estimating trait, method, and error variance: Generalizing across 70 construct validation studies. *Journal of Marketing Research*, 24(3), 315–318.
- Crilly, D., Ni, N., & Jiang, Y. (2016). Do-no-harm versus do-good social responsibility: Attributional thinking and the liability of foreignness. *Strategic Management Journal*, 37(7), 1316–1329.
- Dai, Y., Goodale, J. C., Byun, G., & Ding, F. (2018). Strategic flexibility in new high-technology ventures. *Journal of Management Studies*, 55(2), 265–294.
- Daniel, F., Lohrke, F. T., Fornaciari, C. J., & Turner Jr, R. A. (2004). Slack resources and firm performance: A meta-analysis. *Journal of Business Research*, 57(6), 565–574.
- D'Aveni, R. A., & Kesner, I. F. (1993). Top managerial prestige, power and tender offer response: A study of elite social networks and target firm cooperation during takeovers. *Organization Science*, 4(2), 123–151.

- Day, G. S. (2011). Closing the marketing capabilities gap. *Journal of Marketing*, 75(4), 183–195.
- De Luca, L. M., & Atuahene-Gima, K. (2007). Market knowledge dimensions and cross-functional collaboration: Examining the different routes to product innovation performance. *Journal of Marketing*, 71(1), 95–112.
- den Hond, F., Rehbein, K. A., de Bakker, F. G., & Lankveld, H. K. (2014). Playing on two chessboards: Reputation effects between corporate social responsibility (CSR) and corporate political activity (CPA). *Journal of Management Studies*, 51, 790–813.
- Dieleman, M., & Sachs, W. M. (2008). Coevolution of institutions and corporations in emerging economies: How the Salim group morphed into an institution of Suharto's crony regime. *Journal of Management Studies*, 45(7), 1274–1300.
- Dieleman, M., & Boddewyn, J. J. (2012). Using organization structure to buffer political ties in emerging markets: A case study. *Organization Studies*, 33(1), 71–95.
- Doh, J., McGuire, S., & Ozaki, T. (2015). Global governance and international nonmarket strategies: Introduction to the special issue. *Journal of World Business*, 50(2), 256–261.
- Dorobantu, S., Kaul, A., & Zelner, B. (2017). Nonmarket strategy research through the lens of new institutional economics: An integrative review and future directions. *Strategic Management Journal*, 38(1), 114–140.
- Du, S., Bhattacharya, C. B., & Sen, S. (2007). Reaping relational rewards from corporate social responsibility: The role of competitive positioning. *International Journal of Research in Marketing*, 24(3), 224–241.
- Du, J., Bai, T., & Chen, S. (2019). Integrating corporate social and corporate political strategies: Performance implications and institutional contingencies in China. *Journal of Business Research*, 98, 299–316.
- Engelen, A., Gupta, V., Strenger, L., & Brettel, M. (2015). Entrepreneurial orientation, firm performance, and the moderating role of transformational leadership behaviors. *Journal of Management*, 41(4), 1069–1097.
- Fahy, J., Hooley, G., Cox, T., Beracs, J., Fonfara, K., & Snoj, B. (2000). The development and impact of marketing capabilities in Central Europe. *Journal of International Business Studies*, 31(1), 63–81.
- Fernández-Méndez, L., García-Canal, E., & Guillén, M. F. (2018). Domestic political connections and international expansion: It's not only 'who you know' that matters. *Journal of World Business*, 53(5), 695–711.
- Flammer, C. (2013). Corporate social responsibility and shareholder reaction: The environmental awareness of investors. *Academy of Management Journal*, 56(3), 758–781.
- Flammer, C. (2015). Does product market competition foster corporate social responsibility? Evidence from trade liberalization. *Strategic Management Journal*, 36, 1469–1485.
- Frynas, J. G., Mellahi, K., & Pigman, G. A. (2006). First mover advantages in international business and firm-specific political resources. *Strategic Management Journal*, 27(4), 321–345.
- Fulmer, I. S., Barry, B., & Long, D. A. (2009). Lying and smiling: Informational and emotional deception in negotiation. *Journal of Business Ethics*, 88(4), 691–709.
- Gao, C., Zuzul, T., Jones, G., & Khanna, T. (2017). Overcoming institutional voids: A reputation-based view of long-run survival. *Strategic Management Journal*, 38(11), 2147–2167.
- Gao, Y., Yang, Z., Huang, K. F., Gao, S., & Yang, W. (2018). Addressing the cross-boundary

- missing link between corporate political activities and firm competencies: The mediating role of institutional capital. *International Business Review*, 27(1), 259–268.
- Gardberg, N. A., & Fombrun, C. J. (2006). Corporate citizenship: Creating intangible assets across institutional environments. *Academy of Management Review*, 31(2), 329–346.
- Garg, V. K., Walters, B. A., & Priem, R. L. (2003). Chief executive scanning emphases, environmental dynamism, and manufacturing firm performance. *Strategic Management Journal*, 24(8), 725–744.
- Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, 30(4), 777–798.
- Hadani, M., Bonardi, J.-P., & Dahan, N. M. (2017). Corporate political activity, public policy uncertainty, and firm outcomes: A meta-analysis. *Strategic Organization*, 15(3), 338–366.
- Hart, S. L. (1995). A natural-resource-based view of the firm. *Academy of Management Review*, 20, 986–1014.
- Hawn, O., & Ioannou, I. (2016). Mind the gap: The interplay between external and internal actions in the case of corporate social responsibility. *Strategic Management Journal*, 37(13), 2569–2588.
- Henisz, W. J., & Delios, A. (2001). Uncertainty, imitation, and plant location: Japanese multinational corporations, 1990–1996. *Administrative Science Quarterly*, 46(3), 443–475.
- Helmig, B., Spraul, K., & Ingenhoff, D. (2016). Under positive pressure: How stakeholder pressure affects corporate social responsibility implementation. *Business & Society*, 55(2), 151–187.
- Hillman, A. J., Keim, G. D., & Schuler, D. (2004). Corporate political activity: A review and research agenda. *Journal of Management*, 30, 837–857.
- Hillman, A. J., Zardkoobi, A., & Bierman, L. (1999). Corporate political strategies and firm performance: Indications of firm-specific benefits from personal service in the US government. *Strategic Management Journal*, 20(1), 67–81.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (2nd ed.). Sage.
- Hult, T., Ketchen, D., Griffith, D., Finnegan, C., Gonzalez-Padron, T., Harmancioglu, N., & Cavusgil, S. (2008). Data equivalence in cross-cultural international business research: Assessment and guidelines. *Journal of International Business Studies*, 39, 1027–1044.
- Husted, B. W., Montiel, I., & Christmann, P. (2016). Effects of local legitimacy on certification decisions to global and national CSR standards by multinational subsidiaries and domestic firms. *Journal of International Business Studies*, 47(3), 382–397.
- Huybrechts, J., Voordeckers, W., & Lybaert, N. (2013). Entrepreneurial risk taking of private family firms: The influence of a nonfamily CEO and the moderating effect of CEO tenure. *Family Business Review*, 26(2), 161–179.
- IMF (2019). *Emerging markets publication*.
<https://www.imf.org/en/Publications/SPROLLs/Publications-on-Emerging-Markets#sort=%40imfdate%20descending>
- Jamali, D., Lund-Thomsen, P., & Jeppesen, S. (2017). SMEs and CSR in developing countries. *Business & Society*, 56(1), 11–22.
- Jayachandran, S. (2006). The Jeffords effect. *The Journal of Law and Economics*, 49(2), 397–425.

- Jiang, Y., Peng, M. W., Yang, X., & Mutlu, C. C. (2015). Privatization, governance, and survival: MNE investments in private participation projects in emerging economies. *Journal of World Business*, 50(2), 294–301.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40, 1411–1431.
- Julian, S. D., & Ofori-Dankwa, J. C. (2013). Financial resource availability and corporate social responsibility expenditures in a sub-Saharan economy: The institutional difference hypothesis. *Strategic Management Journal*, 34(11), 1314–1330.
- Kamasak, R., James, S. R., & Yavuz, M. (2019). The interplay of corporate social responsibility and corporate political activity in emerging markets: The role of strategic flexibility in non-market strategies. *Business Ethics: A European Review*, 28, 305–320.
- Karami, M., & Tang, J. (2019). Entrepreneurial orientation and SME international performance: The mediating role of networking capability and experiential learning. *International Small Business Journal*, 37(2), 105–124.
- Kaul, A., & Luo, J. (2018). An economic case for CSR: The comparative efficiency of for-profit firms in meeting consumer demand for social goods. *Strategic Management Journal*, 39, 1650–1677.
- Khanna, T., & Palepu, K. G. (2010). *Winning in emerging markets: A road map for strategy and execution*. Harvard Business Press.
- Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal*, 45(1), 215–233.
- Kostovetsky, L. (2015). Political capital and moral hazard. *Journal of Financial Economics*, 116(1), 144–159.
- Lawton, T., Rajwani, T., & Doh, J. (2013). The antecedents of political capabilities: A study of ownership, cross-border activity and organization at legacy airlines in a deregulatory context. *International Business Review*, 22(1), 228–242.
- Lee, E. M., Park, S. Y., & Lee, H. J. (2013). Employee perception of CSR activities: Its antecedents and consequences. *Journal of Business Research*, 66(10), 1716–1724.
- Lee, R. P., & Zhou, K. Z. (2012). Is product imitation good for firm performance? An examination of product imitation types and contingency factors. *Journal of International Marketing*, 20(3), 1–16.
- Li, S., Song, X., & Wu, H. (2015). Political connection, ownership structure, and corporate philanthropy in China: A strategic-political perspective. *Journal of Business Ethics*, 129(2), 399–411.
- Li, H., & Zhang, Y. (2007). The role of managers' political networking and functional experience in new venture performance: Evidence from China's transition economy. *Strategic Management Journal*, 28(8), 791–804.
- Liedong, T. A., Ghobadian, A., Rajwani, T., & O'Regan, N. (2015). Toward a view of complementarity: Trust and policy influence effects of corporate social responsibility and corporate political activity. *Group & Organization Management*, 40(3), 405–427.
- Liedong, T. A., Rajwani, T., & Mellahi, K. (2017). Reality or illusion? The efficacy of non-market strategy in institutional risk reduction. *British Journal of Management*, 28, 609–628.

- Liedong, T. A. (2020). Responsible Firm Behaviour in Political Markets: Judging the Ethicality of Corporate Political Activity in Weak Institutional Environments. *Journal of Business Ethics*, 1–21.
- Liu, H., Yang, J. Y., & Augustine, D. (2018). Political ties and firm performance: The effects of proself and prosocial engagement and institutional development. *Global Strategy Journal*, 8(3), 471–502.
- López-Gamero, M. D., & Molina-Azorín, J. F. (2016). Environmental management and firm competitiveness: The joint analysis of external and internal elements. *Long Range Planning*, 49(6), 746–763.
- Lu, J. W. & Beamish P. W. (2001) The internationalization and performance of SMEs. *Strategic Management Journal*, 22(6-7), 565-586.
- Luo, Y., & Junkunc, M. (2008). How private enterprises respond to government bureaucracy in emerging economies: The effects of entrepreneurial type and governance. *Strategic Entrepreneurship Journal*, 2(2), 133–153.
- Luo, X. R., Wang, D., & Zhang, J. (2017). Whose call to answer: Institutional complexity and firms' CSR reporting. *Academy of Management Journal*, 60, 321–344.
- Lux, S., Crook, T. R., & Woehr, D. J. (2011). Mixing business with politics: A meta-analysis of the antecedents and outcomes of corporate political activity. *Journal of Management*, 37, 223–247.
- Lyles, M. A., Saxton, T., & Watson, K. (2004). Venture survival in a transitional economy. *Journal of Management*, 30(3), 351–375.
- Mackey, A., Mackey, T. B., & Barney, J. B. (2007). Corporate social responsibility and firm performance: Investor preferences and corporate strategies. *Academy of Management Review*, 32, 817–835.
- Marano, V., & Kostova, T. (2016). Unpacking the institutional complexity in adoption of CSR practices in multinational enterprises. *Journal of Management Studies*, 53(1), 28–54.
- Margolis, J. D., & Walsh, J. P. (2003). Misery Loves Companies: Rethinking Social Initiatives by Business. *Administrative Science Quarterly*, 48(2), 268–305.
- Marín, L., Rubio, A., & de Maya, S. R. (2012). Competitiveness as a strategic outcome of corporate social responsibility. *Corporate Social Responsibility and Environmental Management*, 19(6), 364–376.
- Marquis, C., & Qian, C. (2014). Corporate social responsibility reporting in China: Symbol or substance? *Organization Science*, 25, 127–148.
- Marquis, C., & Raynard, M. (2015). Institutional strategies in emerging markets. *Academy of Management Annals*, 9, 291–335.
- Mata, J., & Freitas, E. (2012). Foreignness and exit over the life cycle of firms. *Journal of International Business Studies*, 43(7) 615–630.
- McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26, 117–127.
- Mellahi, K., Frynas, J. G., Sun, P., & Siegel, D. (2016). A review of the nonmarket strategy literature: Toward a multi-theoretical integration. *Journal of Management*, 42, 143–173.
- Menguc, B., Auh, S., & Yannopoulos, P. (2014). Customer and supplier involvement in design: The moderating role of incremental and radical innovation capability. *Journal of Product Innovation Management*, 31(2), 313–328.
- Mezias, J. M. (2002). Identifying liabilities of foreignness and strategies to minimize their

- effects: The case of labor lawsuit judgments in the United States. *Strategic Management Journal*, 23(3): 229–244.
- Miles, M. P., Covin, J. G., & Heeley, M. B. (2000). The relationship between environmental dynamism and small firm structure, strategy, and performance. *Journal of Marketing Theory and Practice*, 8(2), 63–78.
- Nardi, L. (2021). The corporate social responsibility price premium as an enabler of substantive CSR. *Academy of Management Review*, <https://doi.org/10.5465/amr.2019.0425>
- Nell, P. C., Puck, J., & Heidenreich, S. (2015). Strictly limited choice or agency? Institutional duality, legitimacy, and subsidiaries' political strategies. *Journal of World Business*, 50(2), 302–311.
- Neter, J., Wasserman, W., & Kutner, M. H. (1990). *Applied linear statistical models* (3rd ed). Irwin.
- North, D. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Oliver, C. (1997). Sustainable competitive advantage: Combining institutional and resource-based views. *Strategic Management Journal*, 18(9), 697–713.
- Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of Management Journal*, 43(3), 486–501.
- Peng, M. W., Tan, J., & Tong, T. W. (2004). Ownership types and strategic groups in an emerging economy. *Journal of Management Studies*, 41(7), 1105–1129.
- Pérez, A., & Del Bosque, I. R. (2015). An integrative framework to understand how CSR affects customer loyalty through identification, emotions and satisfaction. *Journal of Business Ethics*, 129, 571–584.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903.
- Porter, M. E., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84, 78–92.
- Puck, J., Lawton, T. & Mohr, A. (2018). The corporate political activity of MNCs: Taking stock and moving forward. *Management International Review*, 58, 663–673.
- Rajwani, T., & Liedong, T. A. (2015). Political activity and firm performance within nonmarket research: A review and international comparative assessment. *Journal of World Business*, 50(2), 273–283.
- Rodgers, P., Stokes, P., Tarba, S., & Khan, Z. (2019). The role of non-market strategies in establishing legitimacy: The case of service MNEs in emerging economies. *Management International Review*, 59(4), 515–540.
- Rodgers, P., Vershinina, N., Khan, Z., & Stokes, P. (2021). Small firms' non-market strategies in response to dysfunctional institutional settings of emerging markets. *International Business Review*, <https://doi.org/10.1016/j.ibusrev.2021.101891>
- Rudy, B. C., & Johnson, A. F. (2019). The chief political officer: CEO characteristics and firm investment in corporate political activity. *Business & Society*, 58(3), 612–643.
- Scherer, A. G., Palazzo, G., & Seidl, D. (2013). Managing legitimacy in complex and heterogeneous environments: Sustainable development in a globalized world. *Journal of Management Studies*, 50, 259–284.
- Semadeni, M., Withers, M.C., & Certo, S.T. (2014). The perils of endogeneity and instrumental

- variables in strategy research: Understanding through simulations. *Strategic Management Journal*, 35(7), 1070–1079.
- Schuler, D. A., Rehbein, K., & Cramer, R. D. (2002). Pursuing strategic advantage through political means: A multivariate approach. *Academy of Management Journal*, 45, 659–672.
- Scott, W. R. (1995). *Institutions and organizations*. Thousand Oaks, CA: Sage.
- Siegel, J. (2007). Contingent political capital and international alliances: Evidence from South Korea. *Administrative Science Quarterly*, 52(4), 621–666.
- Sizemore, C. (2013). Emerging Markets: Going Beyond the BRICs, <https://www.forbes.com/sites/moneybuilder/2013/12/29/emerging-markets-going-beyond-the-brics/?sh=46e88b4f1f1a>
- Slevin, D.P. & Covin, J.G. (1997). Strategy formation patterns, performance, and the significance of context. *Journal of Management*, 23(2), 189–209.
- Staw, B. M., Sandelands, L. E., & Dutton, J. E. (1981). Threat rigidity effects in organizational behavior: A multilevel analysis. *Administrative Science Quarterly*, 26(4), 501–524.
- Steenkamp, J.-B., & Baumgartner, H. (1998). Assessing measurement invariance in cross-national consumer research. *Journal of Consumer Research*, 25, 78–90.
- Sun, P., Doh, J. P., Rajwani, T., & Siegel, D. (2021). Navigating cross-border institutional complexity: A review and assessment of multinational nonmarket strategy research. *Journal of International Business Studies*, 52(9), 1818–1853.
- Sun, P., Mellahi, K., & Wright, M. (2012). The contingent value of corporate political ties. *Academy of Management Perspectives*, 26(3), 68–82.
- Tang, Z., Hull, C. E., & Rothenberg, S. (2012). How corporate social responsibility engagement strategy moderates the CSR–financial performance relationship. *Journal of Management Studies*, 49(7), 1274–1303.
- Tang, S., Nadkarni, S., Wei, L. Q., & Zhang, S. X. (2020). Balancing the yin and yang: TMT gender diversity, psychological safety, and firm ambidextrous strategic orientation in Chinese high-tech SMEs. *Academy of Management Journal*, <https://doi.org/10.5465/amj.2019.0378>
- Uzunca, B., Rigtering, J. C., & Ozcan, P. (2018). Sharing and shaping: A cross-country comparison of how sharing economy firms shape their institutional environment to gain legitimacy. *Academy of Management Discoveries*, 4(3), 248–272.
- Vesey, J. T. (1991). The new competitors: They think in terms of ‘speed-to-market’. *Academy of Management Perspectives*, 5(2), 23–33.
- Vilanova, M., Lozano, J. M., & Arenas, D. (2009). Exploring the nature of the relationship between CSR and competitiveness. *Journal of Business Ethics*, 87, 57–69.
- Vishwanathan, P., van Oosterhout, H., Heugens, P. P., Duran, P., & Van Essen, M. (2020). Strategic CSR: A concept building meta-analysis. *Journal of Management Studies*, 57, 314–350.
- Voss, G. B., Sirdeshmukh, D., & Voss, Z. G. (2008). The effects of slack resources and environmental threat on product exploration and exploitation. *Academy of Management Journal*, 51(1), 147–164.
- White III, G. O., Boddewyn, J. J., & Galang, R. M. N. (2015). Legal system contingencies as determinants of political tie intensity by wholly owned foreign subsidiaries: Insights from the Philippines. *Journal of World Business*, 50(2), 342–356.
- Wiklund, J., & Shepherd, D. (2003). Aspiring for, and achieving growth: The moderating role of

- resources and opportunities. *Journal of Management Studies*, 40(8), 1919–1941.
- Wiklund, J., & Shepherd, D. A. (2011). Where to from here? EO-as-experimentation, failure, and distribution of outcomes. *Entrepreneurship Theory and Practice*, 35(5), 925–946.
- Wöcke, A., & Moodley, T. (2015). Corporate political strategy and liability of foreignness: Similarities and differences between local and foreign firms in the South African health sector. *International Business Review*, 24(4), 700–709.
- Wooldridge, J. M. (2012). *Introductory Econometrics: A Modern Approach*, 5th edition. Boston, MA: Cengage Learning.
- World Bank (2019). *Doing business report*.
<https://www.doingbusiness.org/en/rankings?region=sub-saharan-africa>
- World Bank (2020). *GDP growth rate in the world*.
<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=GH>
- Wu, W. (2008). Dimensions of social capital and firm competitiveness improvement: The mediating role of information sharing. *Journal of management studies*, 45(1), 122–146.
- Wu, Z., & Salomon, R. (2017). Deconstructing the liability of foreignness: Regulatory enforcement actions against foreign banks. *Journal of International Business Studies*, 48(7), 837–861.
- Yang, J., Zhang, F., Jiang, X., & Sun, W. (2015). Strategic flexibility, green management, and firm competitiveness in an emerging economy. *Technological Forecasting and Social Change*, 101, 347–356.
- Yang, X., & Rivers, C. (2009). Antecedents of CSR practices in MNCs' subsidiaries: A stakeholder and institutional perspective. *Journal of business ethics*, 86(2), 155–169.
- Yin, J., & Zhang, Y. (2012). Institutional dynamics and corporate social responsibility (CSR) in an emerging country context: Evidence from China. *Journal of Business Ethics*, 111, 301–316.
- Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341–363.
- Zaheer, S., & Mosakowski, E. (1997). The dynamics of the liability of foreignness: A global study of survival in financial services. *Strategic Management Journal*, 18(6), 439–463.
- Zhao, M. (2012). CSR-based political legitimacy strategy: Managing the state by doing good in China and Russia. *Journal of Business Ethics*, 111, 439–460.
- Zheng, Q., Luo, Y., & Maksimov, V. (2015a). Achieving legitimacy through corporate social responsibility: The case of emerging economy firms. *Journal of World Business*, 50(3), 389–403.
- Zheng, W., Singh, K., & Mitchell, W. (2015b). Buffering and enabling: The impact of interlocking political ties on firm survival and sales growth. *Strategic Management Journal*, 36(11), 1615–1636.
- Zhou, W. (2013). Political connections and entrepreneurial investment: Evidence from China's transition economy. *Journal of Business Venturing*, 28(2), 299–315.

Table 1: Constructs, measurement items, and reliability and validity test (pooled sample)

Description of items	Factor Loadings (t-values)
<i>Economic adversity:</i> $\alpha=0.89$; CR=0.90; AVE=0.76	
The venture's economic environment is promising (r)	0.87 (1.00)
The overall business environment is an opportunity (r)	0.89 (27.31)
The operating environment is particularly hostile	0.86 (26.91)
<i>Relational corporate political activity:</i> $\alpha=0.86$; CR=0.87; AVE=0.69	
Our company ensures good relationships with influential government officials	0.77 (1.00)
Our company has a good relationship with many government departments	0.88 (26.19)
Improving our relationships with government has been important to us.	0.85 (25.59)
<i>Participation corporate political activity:</i> $\alpha=0.86$; CR=0.87; AVE=0.70	
Our company participates in government decision process to avoid adverse effect frequently.	0.80 (1.00)
We participate in government-organized and public social activities frequently (e.g., charity, environment protection)	0.89 (27.37)
We influence the formulation of public policy through different ways (e.g., lobbying)	0.83 (25.48)
<i>Corporate social responsibility:</i> $\alpha=0.94$; CR=0.95; AVE=0.72	
Our top management ensures a coherent corporate citizenship approach integrated into the corporate strategy	0.90(1.00)
The top management strongly encourages our employees to actively participate in CSR initiatives	
Our top management reports in accordance with international reporting standards (e.g., Global Reporting Initiative [GRI]).	0.93(29.08)
The management fosters stakeholder dialogues on CSR.	0.89(28.56)
We have programs that encourage diversity in our workforce (e.g., age, sex, handicapped).	0.87(27.43)
We provide goods and services that go far beyond minimal legal requirements (e.g., product security).	0.84(24.87)
We continually strive to improve the quality of our products.	0.82(22.56)
We monitor the potential negative impacts of our activities on the community	0.78(18.34)

Marketing capability: $\alpha=0.92$; CR=0.93; AVE=0.82	
We always seek new ways to sell more products through advertising and promotion	0.87 (1.00)
We frequently introduce new advertising campaigns to promote our products	0.95 (29.97)
We emphasize the use of various selling tactics to increase our sales	0.91 (28.28)
Organizational slack: $\alpha=0.74$; CR=0.75; AVE=0.51	
We have uncommitted resources that can be used to fund strategic initiatives at short notice	0.73 (1.00)
We have a large amount of resources available in the short run to fund our initiatives	0.74 (16.50)
We will have no problems obtaining resources at short notice to support new strategic initiatives	0.67 (13.97)
Firm competitiveness: $\alpha=0.90$; CR=0.91; AVE=0.63	
We often defeat our competitors in the marketplace	0.74 (1.00)
Our company provides higher quality products and services to customers compared with the main competitors	0.77 (14.98)
Our company responds more rapidly to market demands as compared with the main competitors	0.82 (17.69)
Our company responds more promptly to environmental changes as compared with the main competitors	0.81 (16.98)
Our production processes are more coordinated than those of the rival companies	0.79(15.45)
Our clients are more satisfied than the clients of the rival companies	0.84(19.06)

Note: CFA based on pooled sample; r=reverse coded; t-values are in parenthesis; AVE=average variance extracted; CR=composite reliability; α =Cronbach alpha value

Table 2: Common method bias nested models

Models	χ^2	df	χ^2/df	RMSEA	TLI	CFI	SRMR
Model 1: Method-only	2140.41	823	2.60	0.19	0.44	0.38	0.14
Model 2: Trait-only	909.11	599	1.51	0.05	0.93	0.94	0.06
Model 3: Method-and-trait	878.79	587	1.49	0.06	0.94	0.93	0.05
Note. χ^2 = Chi-square; df = degrees of freedom; RMSEA = Root mean square error of approximation; TLI = Tucker-Lewis index; CFI = Composite fit index; SRMR = Standardized root mean square residual. Results based on pooled sample							

Table 3. Establishment of measurement invariance

Panel A: An example of test procedure: “corporate social responsibility” across African (Ghana and Ethiopia) and Asian (Vietnam and Taiwan) firms						
Model	χ^2 (d.f.)	p -value	RMSEA	NNFI	CF I	CAIC
Configural invariance	11.32 (4)	0.01	0.05	0.97	0.98	119.23
Metric invariance	13.82 (6)	0.02	0.06	0.97	0.97	122.13
Scalar invariance	25.15 (12)	0.01	0.04	0.95	0.95	132.69
Factor variance invariance	24.22 (11)	0.01	0.06	0.97	0.97	113.30
Error variance invariance	30.44 (15)	0.01	0.05	0.96	0.96	123.51
Panel B: Test results of all constructs between African and Asian firms						
$\Delta\chi^2$ Difference Test						
	Factor versus configural	Error versus scalar metric	Variance versus metric	Variance versus scalar	Factor variance	
Corporate social responsibility + corporate political activity	$\chi^2 = 20.13(14)$	$\Delta\chi^2$ (4) = 1.42, $p = 0.74$	$\Delta\chi^2$ (3) = 7.22, $p = 0.09$	$\Delta\chi^2$ 2) = 0.59, $p = 0.63$	$\Delta\chi^2$ (3) = 1.17, $p = 0.75$	
Economic adversity	$\chi^2 = 22.55$ (12)	$\Delta\chi^2$ (3) = 1.89, $p = 0.53$	$\Delta\chi^2$ (3) = 6.64, $p = 0.11$	$\Delta\chi^2$ (2) = 6.60, $p = 0.13$	$\Delta\chi^2$ (4) = 5.55, $p = 0.75$	
Marketing capability + firm competitiveness	$\chi^2 = 24.41(11)$	$\Delta\chi^2$ ((3) = 2.06, $p = 0.35$	$\Delta\chi^2$ (3) = 5.54, $p = 0.10$	$\Delta\chi^2$ (3) = 11.66, $p = 0.14$	$\Delta\chi^2$ 2) = 0.92, $p = 0.63$	

χ^2 = chi-square statistic; d.f. = degrees of freedom; CAIC = consistent Akaike information criterion; CFI = comparative fit index; NNFI = non-normed fit index; RMSEA = root mean square error of approximation.

Table 4: Descriptive statistics and correlations of the pooled sample (square root of AVE in diagonal)

Variables	Means	SD	1	2	3	4	5	6	7	8	9	10	11
1. Firm age (log)	1.35	0.24											
2. Firm size (log)	1.84	0.36	0.10										
3. Industry type [™]	0.42	0.49	0.03	0.03									
4. Slack resources	5.25	1.13	0.04	0.27**	0.04	(0.83)							
5. CEO tenure	6.42	3.21	-0.06	-0.02	0.02	0.01							
6. Economic adversity	5.19	1.25	-0.01	0.09	0.05	-0.14	-0.05	(0.81)					
7. Marketing capability	5.23	1.31	0.09	0.30**	0.14*	0.04	0.13*	0.13*	(0.81)				
8. Ownership type [™]	0.44	0.49	-0.02	-0.11	0.03	-0.04	0.11	-0.05	0.03	(0.78)			
9. Corporate political activity	5.30	1.06	-0.02	0.25**	0.04	0.19**	-0.04	0.46**	-0.07	-0.10	(0.76)		
10. Corporate social responsibility	5.03	1.06	0.14*	0.26**	0.11	0.18*	-0.11	0.41**	-	-0.09	0.35**	(0.80)	
11. Firm competitiveness	5.12	1.12	0.07	-0.08	0.07	0.15	-0.05	0.06	0.34**	-0.05	0.29**	0.35**	(0.83)
Note. N=499; * $p < 0.05$; ** $p < 0.01$ SD = Standard deviation [™] dummy variables													

Table 5. Results of standardized moderated hierarchical regression analyses (pooled sample, N = 499)

				Dependent variable: Firm competitiveness					
Independent Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Results summary
<i>Control variables</i>									
Firm age (log)	0.05	0.04	0.03	0.05	0.05	0.04	0.04	0.04	
Firm size (log)	-0.06	-0.05	-0.04	-0.05	-0.04	-0.03	-0.05	-0.04	
Industry	0.05	0.04	0.03	0.05	0.05	0.04	0.05	0.04	
Slack resources	0.13**	0.13**	0.12**	0.13**	0.14**	0.13**	0.13**	0.12*	
CEO tenure	-0.03	-0.02	-0.02	-0.04	-0.05	-0.05	-0.03	-0.03	
<i>Direct effects</i>									
H1: Corporate political activity (CPA)		0.28** *		0.27***	0.26***	0.25***	0.23***	0.22***	Supported
H5: Corporate social responsibility (CSR)			0.23** *	0.21***	0.19***	0.18***	0.17***	0.16***	Supported
Economic adversity (EA)				0.05	0.04	0.04	0.05	0.03	
Marketing capability (MC)				0.26***	0.25***	0.24**	0.25***	0.23***	
Ownership type (OT)				-0.04	-0.03	-0.04	-0.03	-0.04	
<i>Moderating effects</i>									
H2: CPA * EA					0.45***			0.39***	Supported
H3: CPA * MC					0.33***			0.28***	Supported
H4: CPA * OT					-0.06			-0.04	Not supported
H6: CSR* EA						0.39***			Supported
H7: CSR * MC						0.33***			Supported
H8: CSR * OT						-0.14**			Supported
H9: CPA *CSR							0.45***	0.43***	Supported
<i>Model fit statistics</i>									
<i>F-value</i>	2.03*	3.64** *	3.99** *	6.73***	7.25***	8.19***	11.68***	12.09***	
<i>R²</i>	0.10	0.13	0.15	0.16	0.19	0.22	0.27	0.29	

<i>R² Change</i>		0.03	0.02	0.01	0.03	0.03	0.05	0.02	
Largest VIF	2.94	2.99	3.01	3.09	4.28	4.31	4.48	4.57	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Figure 1. Theoretical model of the relationship CPA, CSR, and firm competitiveness

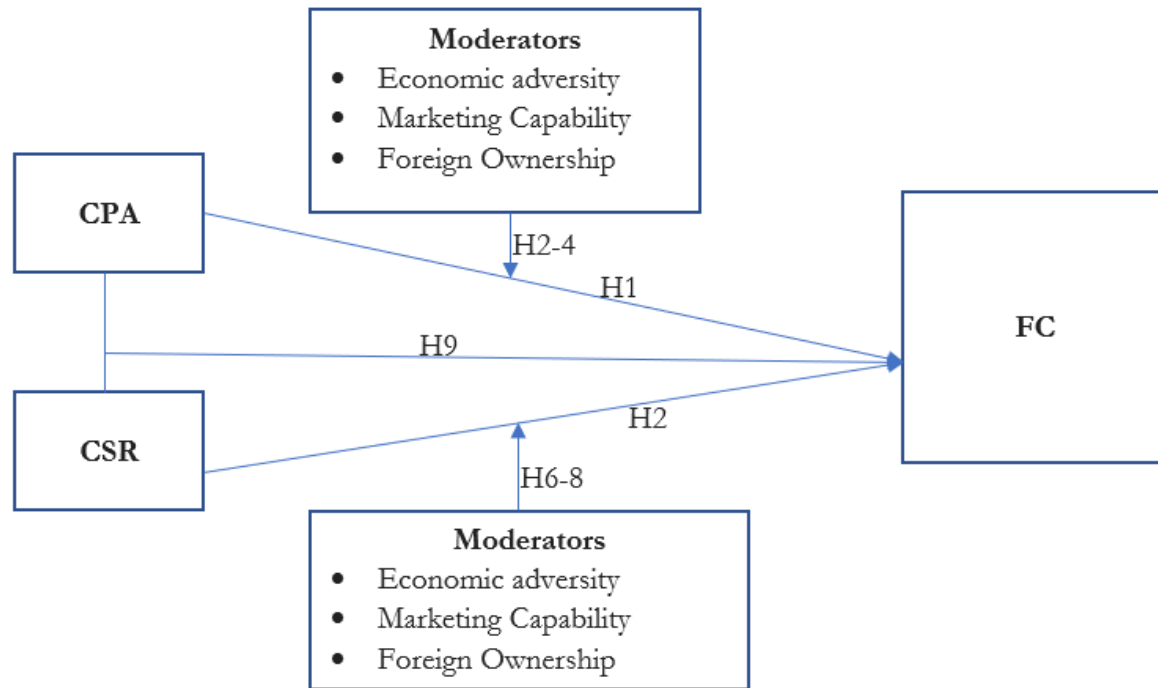


Figure 2. Interaction of economic adversity and CPA on firm competitiveness

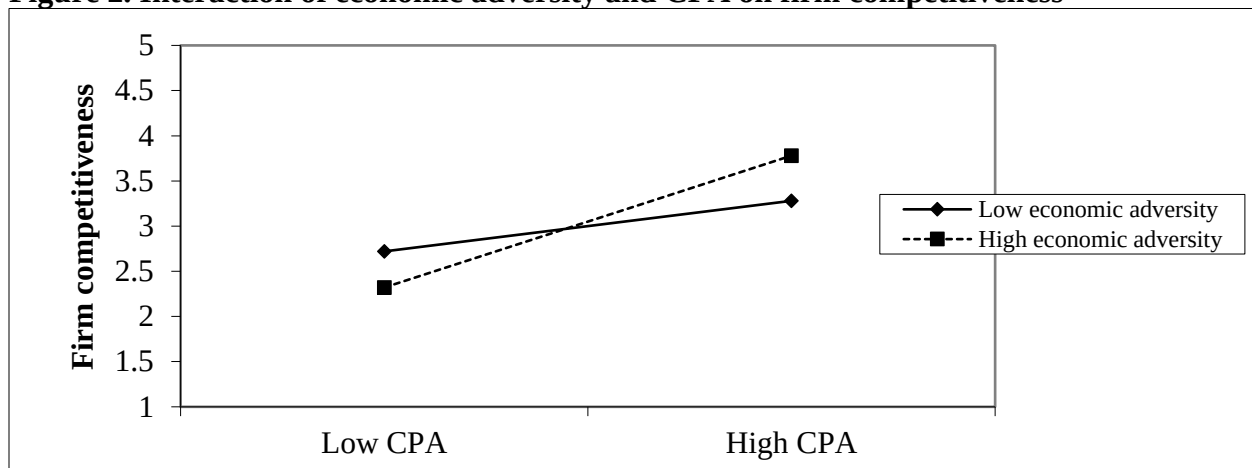


Figure 3. Interaction of marketing capability CPA on firm competitiveness

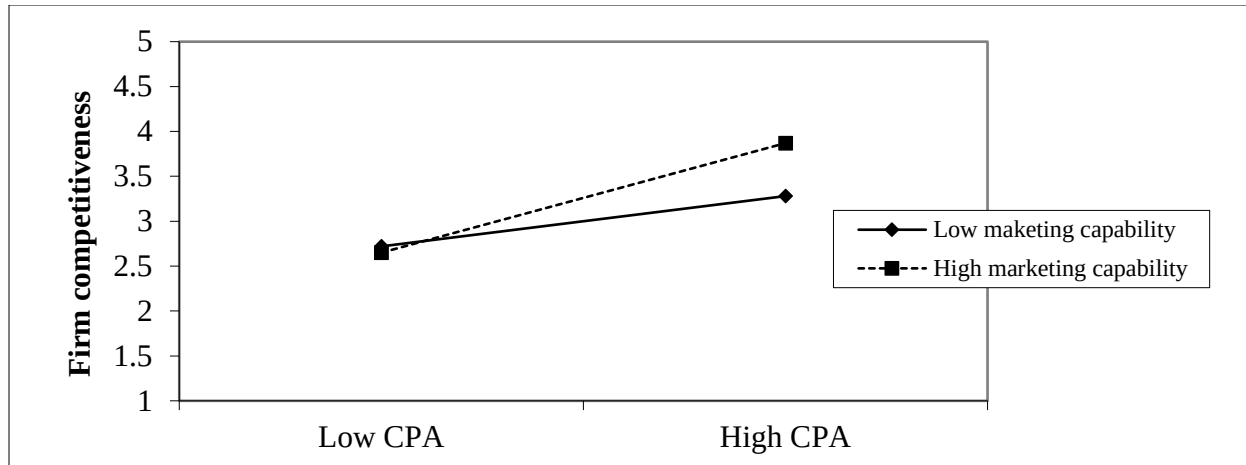


Figure 4. Interaction of economic adversity and CSR on firm competitiveness

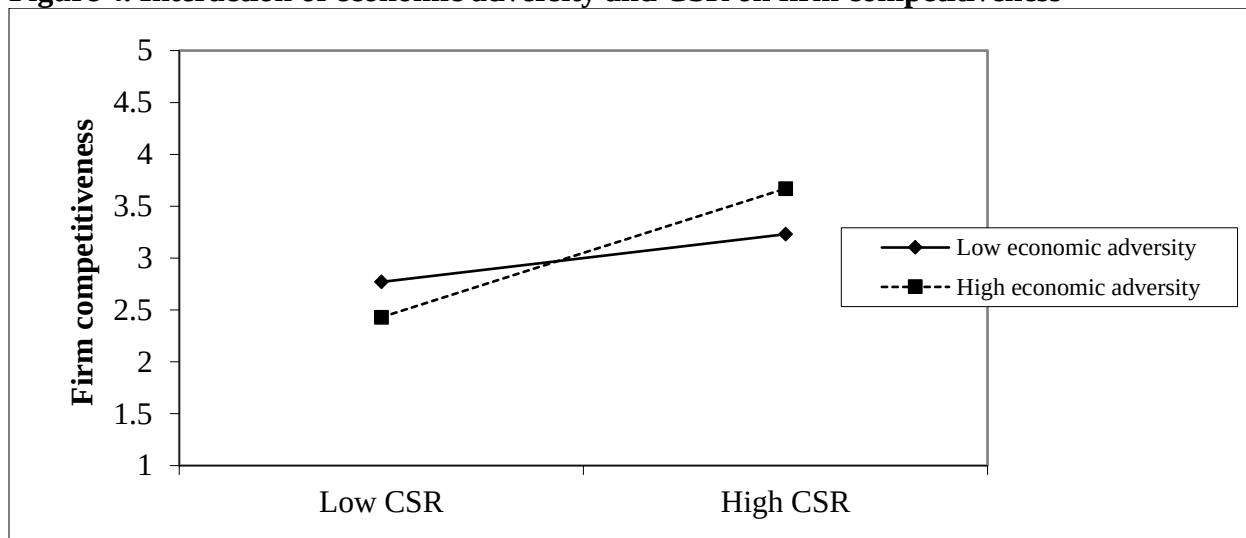


Figure 5. Interaction of marketing capability and CSR on firm competitiveness

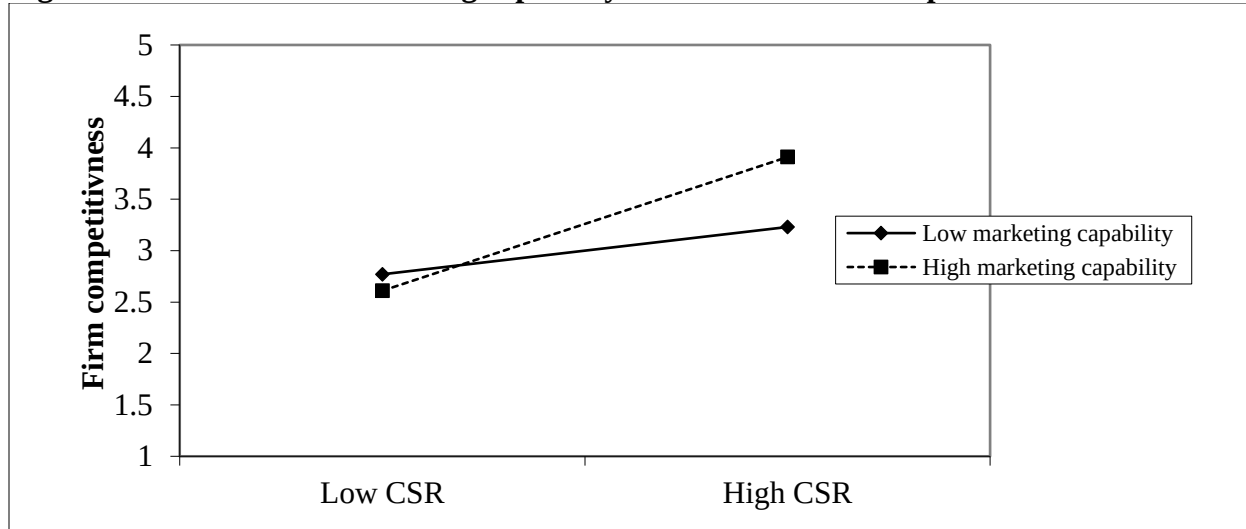


Figure 6. Interaction of ownership type and CSR on firm competitiveness

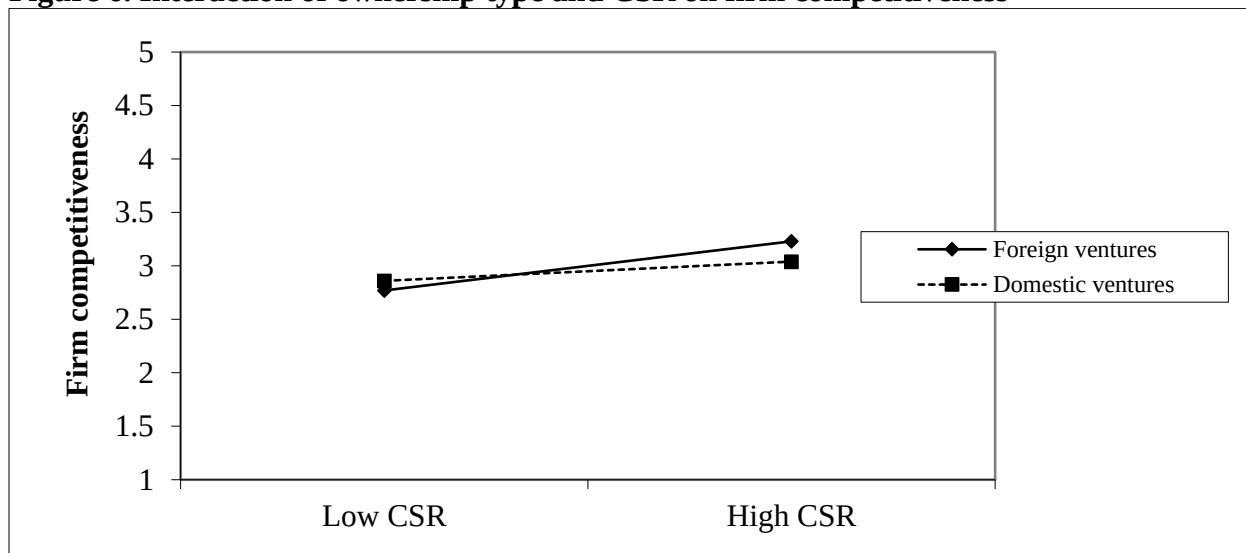


Figure 7. Interaction of CPA and CSR on firm competitiveness

