The private sector's involvement in public policy: Issues and strategies

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The private sector in South Africa has become increasingly involved in the public policy process, albeit reluctantly. Both the level of managerial expertise in this field and the academic understanding of this process are extremely limited. We carried out an empirical study on fifty business leaders in South Africa in order to develop a systematic understanding of the business community's involvement in public policy. In the first study of its kind, statistical analyses were carried out on both the private sector's public policy issue prioritization and strategy selection and usage patterns. The prioritization of selected strategies revealed that the business community had adopted a set of 'insider' strategies in order to influence the public policy process, reflecting a 'toenadering' in the relationship between the business community and government. The diversity within the private sector, of both the process and content of public policy involvement, is empirically documented via the use of correspondence analysis, resulting in the inherent structure of the private sector's public policy involvement being well represented in two dimensional space. The major differentiating factors being the choice between confrontational or 'insider' strategies and the choice between economic or socio-political issues. From this basis, a strategic management approach towards socio-political involvement for the business community is developed. This is based on the use of a matrix incorporating factors such as change processes, power bases, issue life cycles and resources within business organizations; leading to the selection of appropriate strategies in order to influence change in public policy. It is hoped that this article will assist South African management in the optimal allocation of resources to socio-political activities.

In Suid-Afrika raak die privaatsektor al hoe meer by die openbare beleidsproses betrokke, alhoewel die betrokkenheid dikwels teësinnig is. Beide die vlak van bestuurskundigheid op hierdie gebied en die akademiese insig in hierdie proses is uiters beperk. Ons het 'n empiriese studie onder vyftig sakeleiers in Suid-Afrika uitgevoer om stelselmatig 'n begrip van die sakegemeenskap se betrokkenheid by openbare beleid te ontwikkel. In die eerste studie van die aard is statistiese ontledings gedoen van die rangordening van die privaatsektor se beleidsake, asook gebruikspatrone en strategiekeuse. Die keuses tussen strategieë het duidelik aangetoon dat die sakegemeenskap 'n stel 'binne'-strategieë aangeneem het om 'n invloed op die openbare beleidsproses te kan uitoefen. Dit is 'n teken van die toenadering in die verhouding tussen die sakegemeenskap en die regering. Die verskeidenheid binne die privaatsektor, van beide proses en inhoud van betrokkenheid by openbare beleid, is empiries gedokumenteer deur die gebruik van korrespondensie-analise. In die resultate is die inherente struktuur van die privaatsektor se betrokkenheid by openbare beleid goed in 'n twee-dimensionele ruimte voorgestel. Die faktore wat hoofsaaklik vir differensiasie verantwoordelik was, is die keuse tussen kontrontasie of 'insider'-strategieë, en die keuse tussen ekonomiese of sosio-politiese sake. Vanaf hierdie basis word 'n strategiese bestuursbenadering tot sosio-ekonomiese betrokkenheid vir die sakegemeenskap ontwikkel. Dit is op die gebruik van 'n matriks gebaseer; wat faktore insluit soos veranderinsprosesse, magsbasisse, lewenssiklusse van sake, en hulpbronne binne sake-organisasies, wat lei tot die keuse van toepaslike strategieë om verandering in openbare beleid te beïnvloed. Daar word gehoop dat hierdie artikel Suid-Afrikaanse bestuurslui sal help om hulpmiddels op die beste moontlike wyse aan sosio-politiese bedrywighede toe te ken.

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Introduction

The South African business sector has been involved with public policy issues for over a decade. There has been a marked escalation in this activity in the last two years which is reflected in the daily reports of the popular press (Lee & Schlemmer, 1991: 96). However, little empirical work has been carried out on this area of strategic management and as a consequence there is paltry evidence of what constitutes management expertise in this process.

The role of business in public policy has been recognised internationally as a legitimate area of activity (Ryan, Swanson & Buchholz, 1987: 16–19; Frederick, Davis & Post, 1988: 180–208). In particular, Wilson found after an extensive international comparative study that,

'We are living in an age of business political organizations in which employers routinely concern themselves with political issues' (1985: 140).

In South Africa the role of business has been legitimized by both government itself and black leaders. In his speech made at the *Financial Mail*'s Investment Conference at the end of 1989, Mr F.W. de Klerk, the State President, said, 'In

the years that lie ahead ..... It is of utmost importance that the centripetal forces outweigh the centrifugal forces in the relationship between the public and private sectors in this country'. Nelson Mandela said at the Consultative Business Movement Conference on 'Options for Building an Economic Future' in May 1990 'You, as businessmen and women, have the obligation to engage in this process. We trust that you will consider this carefully and reflect on the question "What are you prepared to do for your country?"'.

The co-alignment of business organizations with the political operating environment (Zeithaml, Keim & Baysinger, 1988: 377–393) is becoming a key factor in strategic business management in this country. It was, thus, felt important to document the current practices of the business community, in this regard, and then, from this knowledge, to develop a model for optimizing business' involvement with public policy in South Africa.

The authors carried out an empirical study on fifty business leaders in South Africa in order to develop a systematic understanding of the business community's involvement in public policy. Statistical analyses were carried out on both

the private sector's public policy issue prioritization and strategy selection and usage patterns.

Definitions

For the purposes of this article the central concepts are defined as follows: Lee & Buntman (1989: 116) define the *business sector* as comprising of:

— all privately owned for-profit economic entities;
— all associations formed to represent the special interests of these economic entities or groups of them;
— individual leading business people; and
— public interest bodies which are supported by the business sector in pursuit of public policy change.

Frederick et al. (1988: 183) define *public policy* as a plan of action undertaken by Government to achieve some broad purpose affecting a large segment of the citizenry.

Influence is defined by Macmillan (1978: 15) as the capacity of an actor to restructure the focal person's perceptions of a situation, so that they will act in a desired way. Influence is thus a manipulative activity.

Literature review

A substantial body of academic literature has been published on the role of business in public policy both internationally and in South Africa. Three major themes appear to dominate these writings: the reasons for business' involvement in political activity, the strategies used by business to influence public policy and the policy issues with which business chooses to become involved.

Reasons for involvement

Business becomes involved in public policy in an effort to control its operating environment, (Keim, 1981: 41–48; Tombari, 1984: 319) in its own strategic self interest, (Ryan et al., 1987: 15–17; Frederick et al., 1988: 180–208) rather than for philanthropic reasons. This involvement contributes to the maintenance of a pluralistic democracy (Davis, Frederick & Blomstrom, 1980: 290–293) and is seen as a' legitimate right of the business community (Ryan et al., 1987: 5–15; Coleman, 1988: 6; and Ullman, 1985: 140–145). The position adopted by Friedman in 1962 that 'the business of business is business' has largely been rejected by serious academic debate and the need to exert control on the operating environment is accepted as an important component of managerial expertise (Smeltz & Miller, 1988: 361–374; Martin, 1989: 191; Freeman, 1984: 10–17; McNeil in Aplin & Hegarty, 1980: 440 and Zeithaml et al., 1988: 377–393).

In the South African literature many authors deal with the role played by business in the 'social science problem' of apartheid (Wolpe, 1988: 97–99; Bernstein, 1988: 4–5; Nel, 1990: 9–12; Frankel, 1988: 3–10; O'Dowd, in Lipton, 1985: 3; Van Zyl, 1988: 57–63; Burgess, 1989: 3; and Lipton, 1985: 3–13). Godsell (1987: 33–36), Lee & Buntman (1989: 113–155) document business' increasing involvement in the reform of apartheid based policies, as well as other public policy issues. Bethlehem says:

'It is beyond a time, when the business community in attending to its own narrow self interest, can any longer avoid political and social involvement, and its in-

volvement will only yield results if it is properly thought out and co-ordinated' (1988: 191).

The literature thus confirms the legitimacy of business involvement in public policy. The process and content of this involvement need to be examined.

Public policy issues

Corporate socio-political involvement is alternatively known as 'Issue Management'. In any society there are innumerable public policy issues with which a business organization could involve itself. It is likely that the priority given to any one issue will change over time and will vary from one organization to another (Ryan et al., 1967: 211–213). It is also likely that different policy issues require different policy-making approaches. Issue Management is based on recognizing social, political and economic problems and signifying their impact on a firm's operations in a systematic way.

Issue identification can take place via a variety of techniques (Buchholz, 1986: 499–562; Tombari, 1984: 365–375). The ultimate purpose of these techniques is to establish an issue's likely impact on the organization in sufficient time for the organization to become proactively involved with the issue.

Issue selection should reflect the stakeholder concerns of the organization (Freeman, 1964: 11–16). Businesses are most likely to become involved with issues that have been identified as having a high probability of impacting on an organization's bottom-line (Ryan et al., 1987: 211–213; Buchholz, 1986: 511–513; Tombari, 1984: 7).

The scanning of the foreign academic literature referred to in this article points to the 'narrowness' of the types of public issues with which North American and European business communities involve themselves. Some of the common issues mentioned are toxic waste disposal, air pollution, retraining of displaced workers and import quotas. None of the above literature discusses issues such as those of basic constitutional reform, broad economic policy or redistribution of wealth and land.

These are issues with which the South African business community is currently engaged.

The South African literature is replete with a wide spread of issues with which business 'should become involved' (Lee & Buntman, 1988: 113–115; Kane-Berman, 1988: 14–30; Frankel, 1988: 3–10; Douwes Dekker, 1988: 16; Bernstein & Godsell, 1988: 164–173; Nel, 1990: 9–17; Bethlehem, 1988: 181–191; De Klerk, 1989: 5–7; Ball & Asbury, 1989: 254; Godsell, 1987: 33–35). However, there are no examples of empirical issue prioritization studies having been carried out.

Strategies for corporate political involvement

In order to influence public policy issues, the business sector has to operationalize its leverage with government via the use of strategies.

Strategy sets are the patterns that emerge in the selection of tactics and these vary between the different players. The strategy set is dependent on the internal resources of an organization, its level of access to government and/or grass-roots organizations, the selected policy issue, stakeholder

interests, and management perceptions and attitudes (Macmillan, 1978: 105–106; Ryan et al., 1987: 25–30; Tombari, 1984: 317–353; Freeman, 1984: 10–16; Aplin & Hegarty, 1980: 438–450).

Aplin & Hegarty examined strategy selection and effectiveness in their work which acted as a catalyst for much work in this area (Buchholz, 1986: 499–562; Ryan et al., 1987: 200–218; Pfeiffer & Salacick in Smeltz & Miller, 1988: 363). Only Aplin & Hegarty carried out empirical testing of their model.

Corporate political strategies consist of subsets of tactics. The tactics mentioned in the literature are: joining associations of business in order to exert greater political influence, the provision of information, grass roots involvement, legal techniques, media campaigns and advocacy advertising, lobbying, constituency building, corporate social responsibility (it must be emphasized that corporate social responsibility is but one facet of corporate political involvement) and political action committees (Macmillan, 1978: 105–112; Keim, 1981: 41–48; Coleman, 1988: 262-263; Schlozman & Tierney, 1983: 350–375; Aplin & Hegarty, 1980: 438–450; Keim & Zeithaml, 1986: 828–843; Zeithaml et al., 1988: 377–393; Fredericks et al., 1988: 180–208).

The literature search revealed a dearth of empirical evidence on selection patterns with regard to the above techniques. Aplin & Hegarty (1980: 438–450) studied the variation in strategy sets while Schlozman & Tierney (1983: 350–375) examined the change in strategy selection over time. Zeithaml et al. concluded

> 'No comprehensive study could be found identifying the nature and scope of current political strategies in large United States corporations' (1988: 360).

In the South African literature, some of the strategic options available to business have been discussed (Lee & Buntman, 1989: 113–155; Kleynhans, 1989: 17–28; Bernstein, 1988: 4–5; Nel, 1990: 9–12; Bodsell, 1987: 33–36; Kane-Berman, 1988: 14–30; Friedman, 1986: 168–189). The only empirical studies being those by Lee & Buntman (1988: 114–153) based on a systematic media search and by Kleynhans (1989: 17–28) based largely on the Afrikaans business community. However, no comprehensive empirical study on strategy selection has been carried out.

This study, then, has as its starting point Keim's statement that

> 'successful managers must understand the public policy process, anticipate the potential consequences of emerging issues and implement effective corporate political strategies' (1981: 41).

With the study we aim to develop an understanding of the South African business community's issue selection prioritization and preferred public policy strategy sets.

Methodology

As this is a new area of empirical research in South Africa, this study was essentially an exploratory investigation to determine what the variables in business' involvement with public policy are and how these variables are related to one another. In order to develop a systematic understanding of both the process and content of the private sector's activities

in this area, it was decided to interview business leaders identified as being involved and effective in the area of public policy.

In order to develop a valid structured questionnaire, suitable for statistical analysis purposes, a literature search of both academic publications and the South African popular press was carried out. Further to this, in-depth exploratory interviews were held with five academic and business policy experts in this field. The first section of the questionnaire required the interviewees to rate 21 strategies and twenty public policy issues on a 5-point rating scale. The second half consisted of open-ended questions to probe factors such as the reason for socio-political involvement, mandating procedures, methods used to heighten levels of political awareness amongst the top echelons of business organizations and the perceptions of the changing relationship between business and government. A standardized introduction to each interview was used.

Altogether fifty business leaders were then interviewed. Quota sampling methods were used to ensure that a cross section of business interests was represented. The categories used were Afrikaans, black, foreign, informal business, business associations, as well as a wide spectrum of size of business organizations, from private companies employing fifty people up to the Anglo American Corporation and Iscor.

Research findings

The data obtained from the interviews was analyzed in two ways. Firstly, the usage of strategies and involvement with policy issues was examined for the private sector as a whole. Secondly, the diversity of goals and methods with regard to public policy as perceived by specific groupings within the private sector was explored.

Private sector as a whole

Involvement with public policy issues

The priority given to individual public policy issues is likely to change over time and between organizations (Ryan et al., 1987: 216). One of the aims of the study was to determine the relative levels of involvement with twenty selected public policy issues, which had been identified as being important to South African business in December 1969. The rankings of the degree of involvement with these issues is shown in Table 1.
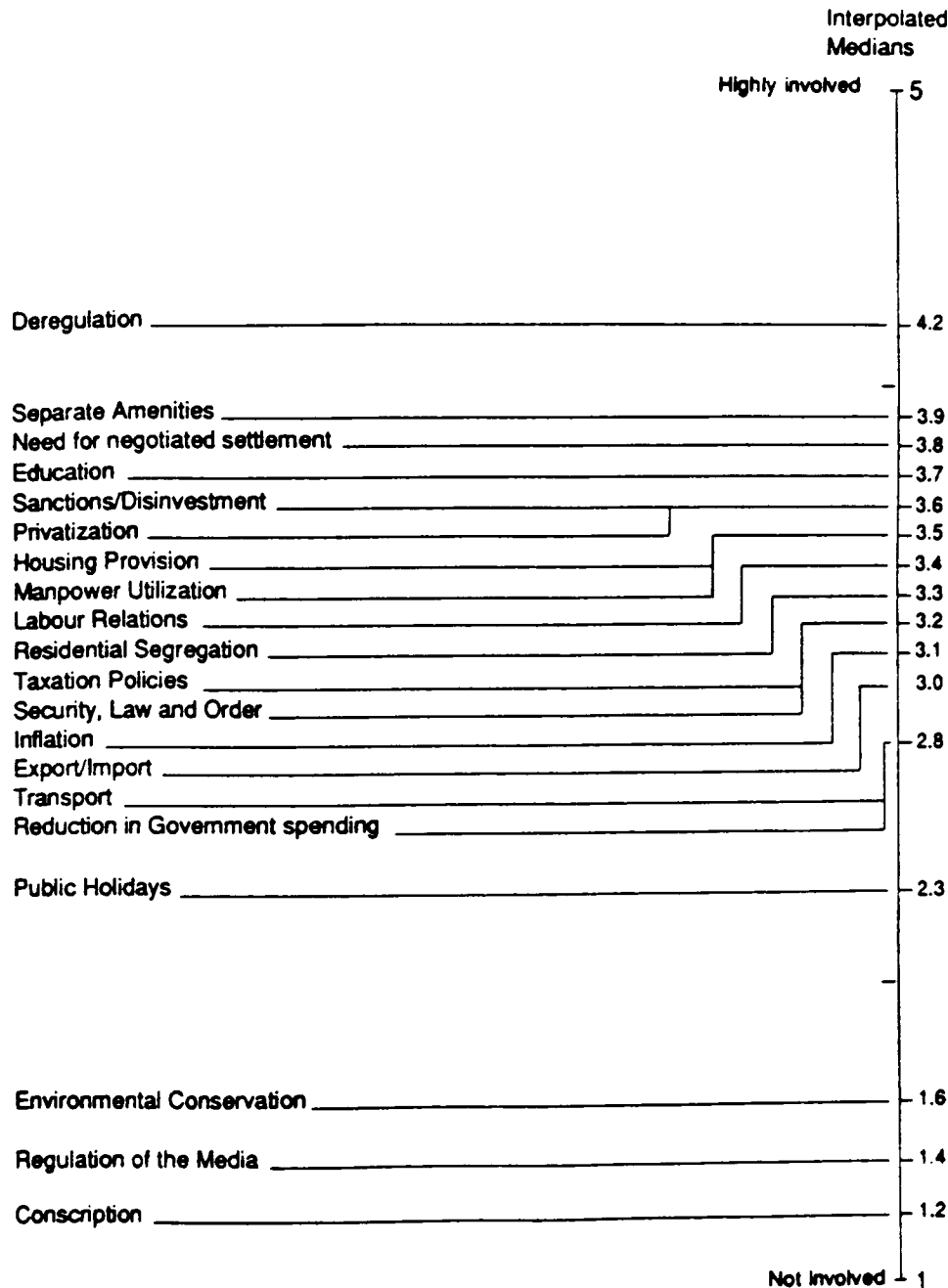
It is of interest that the two issues receiving the highest rankings are those receiving current legislative attention, while the issue ranked lowest is now in a post legislation stage. The four lowest ranked issues are perceived as having a low probability of impact on the operating success of a business enterprise and hence are given little attention. Involvement with the need for a negotiated settlement in the country drew a bimodal response.

These findings indicate that a wide range of issue selection tactics are being used by the private sector, and also reflect the broad range of stakeholder interests.

Socio-political strategies

Another aim of the study was to document the usage of 20 strategies identified as being currently employed by the

Table 1 The involvement of the private sector in selected public policy issues

N = 50

Interpolated
Medians

Highly involved ⊤ 5

Deregulation _____ ‑ 4.2

Separate Amenities _____ ‑ 3.9
Need for negotiated settlement _____ ‑ 3.8
Education _____ ‑ 3.7
Sanctions/Disinvestment _____ ‑ 3.6
Privatization _____ ‑ 3.5
Housing Provision _____ ‑ 3.4
Manpower Utilization _____ ‑ 3.3
Labour Relations _____ ‑ 3.2
Residential Segregation _____ ‑ 3.1
Taxation Policies _____ 3.0
Security, Law and Order _____
Inflation _____ ‑ 2.8
Export/Import _____
Transport _____
Reduction in Government spending _____

Public Holidays _____ ‑ 2.3

Environmental Conservation _____ ‑ 1.6

Regulation of the Media _____ ‑ 1.4

Conscription _____ ‑ 1.2

Not Involved ⊥ 1

business community to influence public policies. The relative usage of these strategies is given in Table 2.
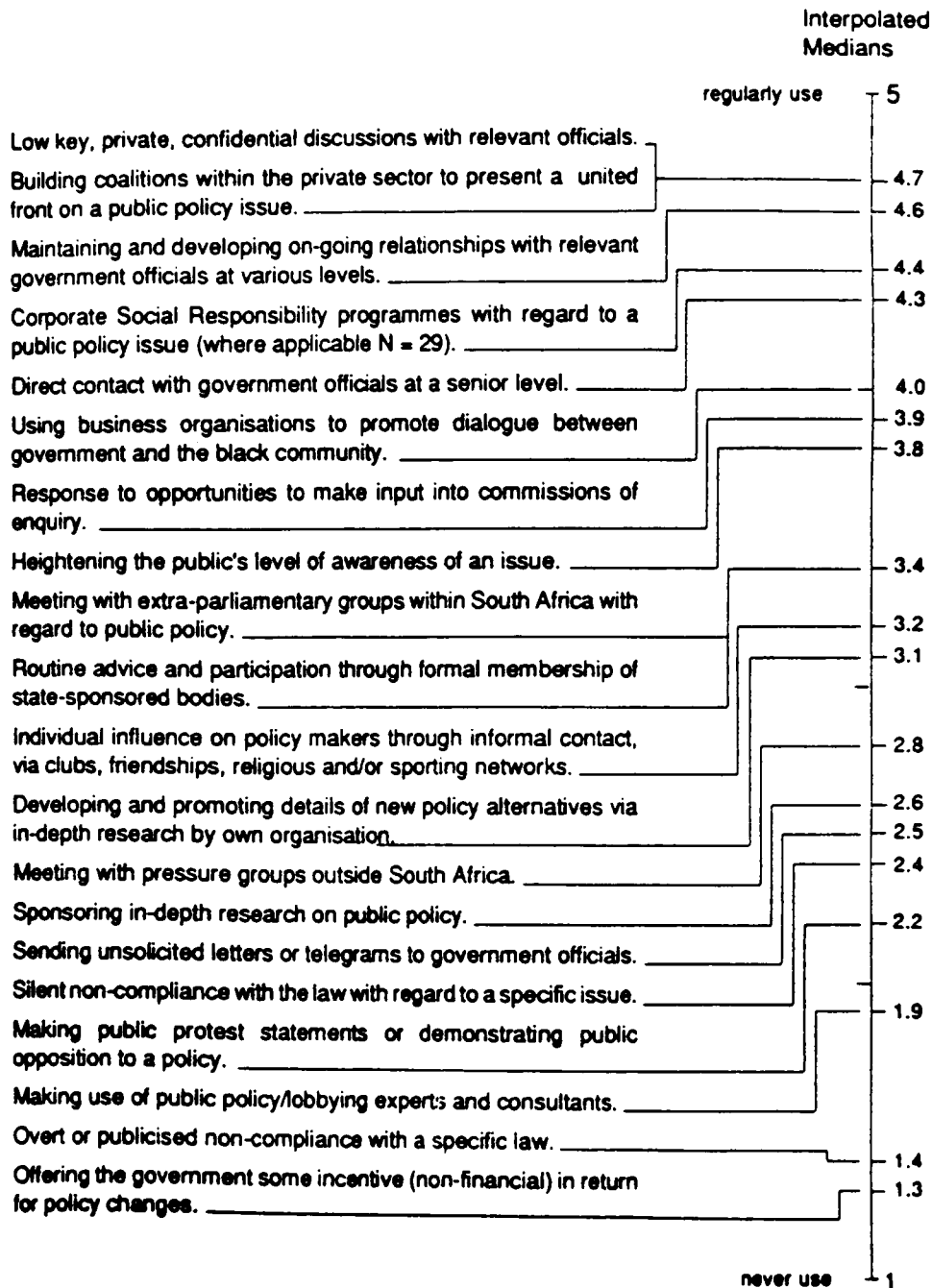
A detailed examination of the table reveals that the most preferred third of the strategies, reflect approaches which are largely co-operative with government and reflect what may be termed 'insider' techniques. Insider techniques can be viewed as being based on a high trust/low formalization relationship (Purcell, 1981: 60–63). The middle third strategies are largely information based; i.e. either receiving or communicating information between parties involved in public policy formulation. These techniques are usually typical of a relationship having a high degree of formalization (Purcell, 1981: 60–63). The least preferred strategies are those that are more confrontational and use 'outsider'

strategies, based on a low trust/low formalization relationship (Purcell, 1981: 60–63).

During the course of the interviews another strategy emerged i.e. business taking local government to court over a public policy issue. In both Boksburg and Carletonville business associations won their cases.

However, in general the strategy set adopted by business as a whole reflects a 'toenadering' (coming together) in the relationship between government and the private sector. As one interviewee said 'FW now sees business as an ally rather than as an opponent'. Several reasons for the change in the relationship were given, for example one Afrikaans business leader said 'Government has lost the vote of the farmer and the civil servant to the Conservative Party, so the

Table 2 The usage of strategies by the private sector to influence public policy
N = 50

Interpolated
Medians

regularly use ⌐ 5

Strategy	Interpolated Median
Low key, private, confidential discussions with relevant officials.	
Building coalitions within the private sector to present a united front on a public policy issue.	4.7
	4.6
Maintaining and developing on-going relationships with relevant government officials at various levels.	4.4
	4.3
Corporate Social Responsibility programmes with regard to a public policy issue (where applicable N = 29).	
Direct contact with government officials at a senior level.	4.0
Using business organisations to promote dialogue between government and the black community.	3.9
	3.8
Response to opportunities to make input into commissions of enquiry.	
Heightening the public's level of awareness of an issue.	3.4
Meeting with extra-parliamentary groups within South Africa with regard to public policy.	3.2
Routine advice and participation through formal membership of state-sponsored bodies.	3.1
Individual influence on policy makers through informal contact, via clubs, friendships, religious and/or sporting networks.	2.8
Developing and promoting details of new policy alternatives via in-depth research by own organisation.	2.6
	2.5
Meeting with pressure groups outside South Africa.	2.4
Sponsoring in-depth research on public policy.	2.2
Sending unsolicited letters or telegrams to government officials.	
Silent non-compliance with the law with regard to a specific issue.	
Making public protest statements or demonstrating public opposition to a policy.	1.9
Making use of public policy/lobbying experts and consultants.	
Overt or publicised non-compliance with a specific law.	1.4
Offering the government some incentive (non-financial) in return for policy changes.	1.3

never use ⌐ 1

government needs the business vote'. Others said that the need for the confidentiality in the relationship no longer existed.

Diversity within the private sector

Godsell said,

'It is now clear that the business community is united in its commitment to reform ... while the styles and strategies of opposition to apartheid vary from organization to organization, a significant unity of purpose that cuts across traditionally dividing lines is evident' (1987: 34).

Other writers in this field, notably Bernstein (1988: 4–5) and Lee & Buntman (1989: 114–153) have stated that the private sector is not a homogeneous body of actors, but is rather a category of organizations characterized by deep divisions. This diversity has been viewed as a major constraint to the likelihood of successful involvement by the private sector in public policy. This study documents this diversity both with regard to the goals and the methods of socio-political involvement by business organizations.

For the purposes of this article, black, Afrikaans and foreign business organizations and business associations are compared to illustrate this diversity. In Tables 3 and 4 the major public policy strategies and issue selections of these four groups are illustrated.

An analysis of black business involvement with public policy reveal that they use what can be termed 'outsider' strategies and do not restrict their involvement to economic issues. As one interviewee said 'We would never speak to

Table 3 The diversity within the private sector: Public policy issues

The four public policy issues with which each sector is most involved, in descending order of import-
ance.

Black business	Afrikaans business	Associations of business	Foreign business
Deregulation	Privatization	Deregulation	Negotiated settlement
Separate amenities	Inflation	Separate amenities	Sanctions/disinvestment
Residential segregation	Taxation	Manpower utilization	Education
Manpower utilization	Government spending	Education	Housing

Table 4 The diversity within the private sector strategies

The four most utilized strategies to influence public policy — in descending order of usage

Black business	Afrikaans business	Associations of business	Foreign business
— Building coalitions with regard to public policy	— Direct contact at senior level	— Maintaining relationships with government	— Maintaining relationships with government
— Public protest	— Low key, confidential meetings	— Low key, confidential meetings	— Low key, confidential meetings
— Creating public awareness about an issue	— Informal contact	— Facilitating dialogue between government and blacks	— Corporate social responsibility
— Meeting with extra-parliamentary groups	— Maintaining relationships with government	— Input into commissions of enquiry	— Facilitating dialogue between government and blacks

***Building coalitions was the most preferred strategy for the business associations. However, what is reported here are
the strategies that these coalitions then use.

government on only an economic issue — we would have to
express all the concerns of the disenfranchised to the op-
pressor'.

By contrast, an analysis of the Afrikaans business sector,
reveals a high degree of 'insider' strategies and an exclusive
focus on economic issues. For example, one interviewee
said 'We must reason with government — not influence
them. We must concentrate on technical issues and leave
politics to the government'. An analysis of the least pre-
ferred strategies of this sector, indicates a total exclusion of
protest strategies, illustrated by the comment that 'If busi-
ness confronts government through public protest, the cold
winds are felt on the bottom line'.

Business associations, in general keep close to govern-
ment, but also rely on information based strategies. They
tend to deal with issues that directly affect their member-
ship, i.e. they seek the common denominator. A major con-
cern of business associations is their drive for membership
and this significantly affects their choice of issues and
strategies. Consequently, they tread a fine line between be-
ing 'seen to be doing something' and antagonising govern-
ment or their more conservative members by using public
protest methods.

Foreign business tends to deal with a more eclectic range
of issues and to use a variety of strategies. This results from
the different power base that foreign business has compared
to that of local business. In particular, foreign business has
more coercive and reward power vis-a-vis foreign invest-
ment in South Africa, than does local industry. Through

codes of employment practices this sector has attempted to
change realities 'on the ground'.

A comparison between the data obtained on these four
groupings and that of the whole of the private sector, in
Tables 1 and 2, reveals the extent of their diversity.

Inherent structure within the private sector

As the diversity within the public sector is perceived to be a
constraint to successful public policy involvement and the
above findings give empirical evidence of this hetero-
geneity, the need was felt to investigate and determine the
inherent structure within the private sector.

The statistical technique of correspondence analysis
(Hoffman & Franke, 1986: 213–227) is an exploratory mul-
tivariate data analysis technique. This technique represents
the data graphically in low-dimensional space in order to re-
veal the structures and patterns inherent in the data. This
would not be detected via pairwise comparisons. It also
determines the relationships between variable categories, for
example strategies and respondents are represented in a dual
display having geometrically similar interpretations. Corres-
pondence analysis is most fruitfully applied to categorical or
ordinal data matrices which are amorphous, a priori i.e. the
structure of the studied phenomenon is either unknown or
poorly understood. It is also best applied when supple-
mented by other forms of analysis — such as those in the
preceding sections of this article. Correspondence analysis
was thus appropriate to the data set obtained during the fifty

interviews. It should be noted that this technique allows one to develop a model from empirical evidence, rather than making empirical evidence fit a theoretical model.

Business strategies

The differentiation in the usage of public policy strategies by the business community is shown in Figure 1. It is a two dimensional correspondence analysis of a doubled data matrix (Hoffman & Franke, 1986: 213–217).

The categories, black, Afrikaans, foreign and 'rest of South Africa' were used as the variables to generate the map. The categories based on size of business were treated as supplementary variables.

The two axes represent 96.5% of the variance in the data. A 50% representation of variance is seen as adequate when using correspondence analysis. The obtained 96.5% indicates that the private sector's strategy set is excellently represented in two dimensional space.

The first (horizontal) axis represents 68.5% of the variance. The one end of this scale represents strategies that are highly co-operative with Government. These could be termed 'insider' strategies, including such methods such as low-key confidential meetings with Government; maintaining close relationships with Government at various levels, serving on State sponsored bodies and contact at a senior level with Government. The other end of this axis represents confrontational, resistance based strategies which can be termed 'outsider strategies'. These include public protest, heightening the public's level of awareness about an issue and overt non-compliance with the law. It is interesting that F.W. de Klerk (1988: 5–7) identified this dichotomy in the Government/business community relationship as being a fundamental decision business must make.

The second (vertical) axis represents a further 28% of variance. At one end there is silent non-compliance with the law and the inclusion of blacks in the public policy process via meetings with extra-parliamentary groups and encouraging black/government dialogue. The other end is represented by rejection of silent non-compliance with the law (either rejected in favour of overt non-compliance by black business or all forms of non-compliance being rejected by the Afrikaans business community) and the non-inclusion of blacks in the public policy process.

The positioning of the Afrikaans, black and foreign business communities, as well as the other five categories of business within this established structure reveals the way in which these sectors in the private sector are differentiated from one another. It is particularly interesting to note the high degree of differentiation in the strategies used by Afrikaans, black and foreign business. The similarity in the strategy sets adopted by Afrikaans and large business is also noteworthy.

It must be noted that all the generic strategies i.e. those used by all or none of the respondents are placed at the centre of the map, known as the barycentre, as they do not effectively differentiate between the sectors.

Further analysis of the strategies revealed the relationship between these strategies. For example, it was found that the use of public protest and the maintenance of a close relationship with Government are strongly inversely correlated and that the use of silent non-compliance strategies is independent of meeting with senior members of the Government.

The above analyses illustrate some of the critical decisions that business leaders take when deciding on how to become involved in public policy. This analysis allows for the first time the placement of the various sectors within the private sector to be graphically displayed vis-a-vis their selected strategy set.
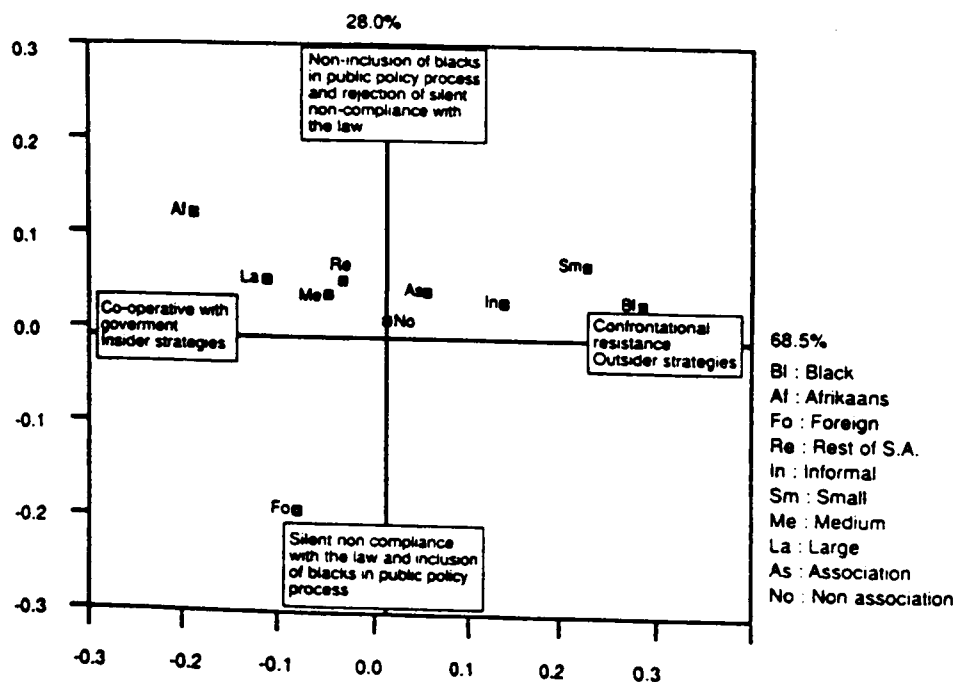

Figure 1 Public policy strategies that differentiate groups within the private sector

Public policy issues

A similar analysis was carried out on the selection of the type of issues with which the various sectors of business choose to become involved. The resulting correspondence map is shown in Figure 2.

For issue selection, 81.2% of the variance is accounted for in two-dimensional space. The first axis, representing 52.1% of variance and the second axis an additional 29.1%. Issue selection by the private sector is thus very well represented in two dimensional space.

The first principal axis represents a differentiation between economic issues (such as inflation, taxation, privatization and Government spending) at one end, and socio-political issues (such as residential segregation, media censorship, the need for a negotiated settlement and security, law and order) at the other end. The second axis has at one end macro-social controls that affect business (such as deregulation, manpower policies and separate amenities). The other end of the axis represents issues that affect sub interest groups (such as export/import policies, sanctions/disinvestment and environmental conservation).

The analysis of the relationship between the various issues, highlighted that the selection of residential segregation and inflation is inversely related. Whereas, the involvement with both of these issues is independent of involvement with manpower and deregulation issues.

The positioning of the various groups of respondents within the established structure of issue involvement indicates the noticeable differences in their issue selection strategies, reflecting different stakeholder interests and power bases. Afrikaans business focusses almost exclusively on economic issues, foreign business on socio-political issues and black and informal business on macro-social controls.

The above statistical analyses, reveal, for the first time, the process and content of the South African business community's involvement in public policy. Both the preferred method of engagement in this process and the differentiating factors that account for the diversity within the private sector have now been documented. The question arises as to how this knowledge can be used to improve a business organization's efforts in political processes.

Strategic management of corporate political involvement

The statistical findings of this study indicate that among the fifty business leaders who were interviewed, different strategy sets are used and different issue selection paradigms exist. The second aim of the study was to develop a model which South African managers could use to optimise their involvement in the public policy process.

The interviews revealed that most corporate political involvement is carried out on an *ad hoc* basis rather than as a strategically managed area of activity. This is illustrated in a comment by one interviewee who said 'Much of this activity is like a bull in a china shop'. The need to develop managerial expertise in this area was clearly indicated by the majority of the respondents.

A matrix giving a strategic method of managing corporate political involvement is shown in Table 5. Its aim is to assist management in identifying in which areas of socio-political involvement they are most likely to be effective and thus should channel their resources and effort. The matrix is designed to be used after issue selection has taken place. The methodology of issue selection is well documented in the literature (Tombari, 1984: 365–375; Ullman, 1985: 140–155; and Ryan et al., 1987: 211–213).
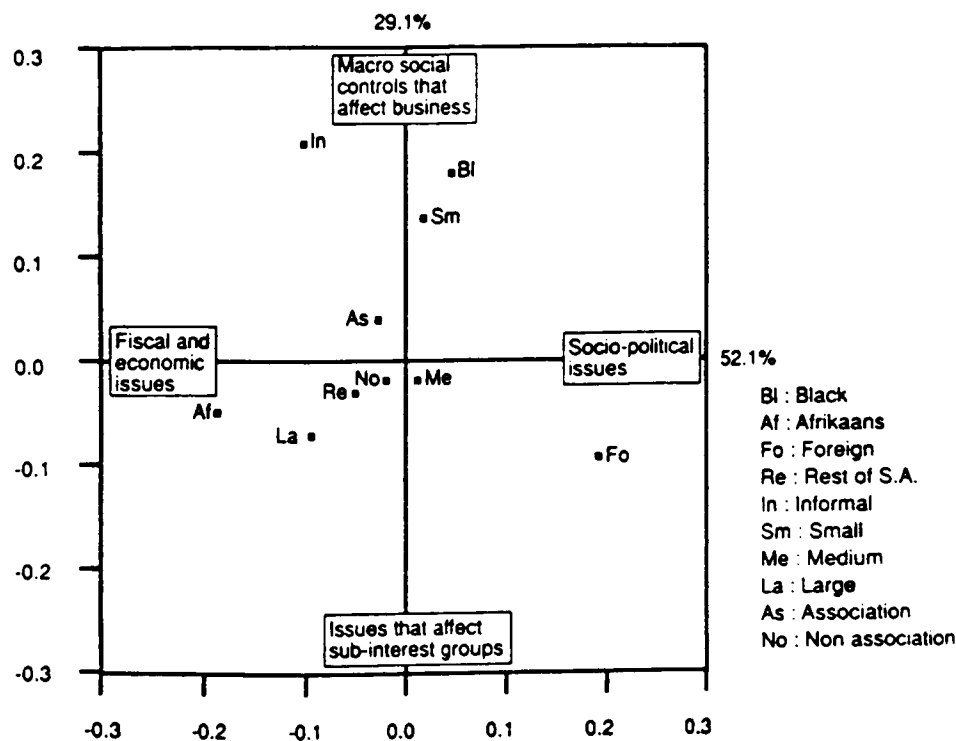

Figure 2 Public issues that differentiate groups within the private sector

Table 5 Strategic approach to private sector involvement in public policy

Change process	Issue life cycle	Power base	Appropriate strategies	Internal resources
Unfreezing	Issue formation			
— Disconfirmation	— Latent and emerging issues	—'Coercive power	— Heightening public's level of awareness	— Environmental scanning
— Guilt/anxiety	— Changing public expectations	— Reward power	— Public protest	— Facilities to ensure early issue detection
— Psychological safety	— Crisis phase e.g. Land Act		— Non-compliance with laws	— Access to media — Acceptance of protest tactics
Cognitive restructuring	Issue formulation			
— Role models — Environmental scan	— Current issues — Political controversy — Developmental of legislation e.g. Group Areas Act	— Expert power — Legitimate power	— In-depth research — Commissions of enquiry — Meeting with extra-parliamentary groups — Serving on state-sponsored bodies	— Technical expertise — Ability to gather and process large data bases
Refreezing	Issue implementation			
— Self concept — Significant relationships	— Government legislation e.g. Separate amentities	— Referent power	— Low key, private meetings — Informal influence — Direct contact at a senior level	— Access to senior policy makers — Perception by government of significance of organizations approval

Change processes

The focus of this study is the willingness and potential of business to try to change public policy, i.e. to take a pro-active approach (Buchholz, 1986: 499–562; Ryan et al., 1987: 16–20). The literature review revealed no evidence of consideration being given to change processes as the paradigm, within which corporate political involvement is usefully examined. It was felt that an understanding of these processes would facilitate managerial expertise in this area. The first column of the matrix, thus, represents a simplifying model of change processes.

Change is a complex phenomenon usually consisting of a number of sequential stages. Lewin (in Dyer, 1984: 15–17) developed a force-field analysis model for analyzing planned change. Schein (1987: 93–96) enhanced the model and broke it into three logical, sequential stages of unfreezing, cognitive restructuring and refreezing with each stage having sub-elements as shown in the matrix. He points out that all three stages are necessary for change to occur, that different mechanisms of change have to be managed at each stage, that each stage is dependent on the previous stage having been effective and that different people may play key roles at each stage. This model has been most effectively applied to attitude change situations (Schein, 1987: 93–96).

The fifty respondents in this study were asked to rate the degree to which they were trying to influence government officials' attitudes. The average rating was 4.7 on a 5-point scale, indicating this was the goal of much of their political involvement. Attitudes have three elements (Taylor, 1984: 6–7) namely, affective, cognitive and behavioural components. Business organizations seek to influence the affective

and cognitive components of government officials' attitudes in order to bring about legislative (i.e. behavioural) changes.

Schein's sequential model of change acts as an explanatory model of the South African findings (Bernstein, 1988: 4–5; Friedman, 1986: 168–189; and Kane-Berman, 1988: 14–30) that objective pressure (cognitive restructuring) is best applied in co-ordination with subjective pressure (unfreezing) and that no single pressure produces change and thus no strategy which relies on one pressure, can bring about the desired change.

Issue life cycle

Business' influence on public policy is enhanced by recognizing that an issue has a life cycle across time which goes through many stages (Buchholz, 1986: 499–562; Ullman, 1985: 140–145). The matrix relates three broad stages of an issue's development to Schein's model of change.

Issue formation is similar to Schein's unfreezing stages, where an issue is receiving awakening interest and public opinion is being formed. It essentially involves issue identification and stimulation processes.

Issue formulation, involves cognitive restructuring processes where issues are being debated by the government, which in turn is looking for information inputs into the development of legislation.

Issue implementation involves the immediate pre-legislative stage and legislative stage; where Government is seeking to refreeze its new attitude to a public policy issue at the time when it introduces the legislative change.

At present environmental conservation and the Land Act

can be viewed as being in the issue formation stage, residential segregation at the issue formulation stage and separate amenities at the issue implementation stage. The recognition of an issue's life cycle lays the groundwork for optimal issue management, as it enables a business organization to identify at what stage of its life cycle they can best address it.

Power and influence

To facilitate change in a desired direction the business community must perceive that it has leverage with regard to government officials. Leverage can be interpreted as power which in turn can be seen as a potential to influence. The power base of business has been subject to academic debate (Frederick et al., 1988: 180–208; Aplin & Hegarty, 1980: 438–450; Bouwer, 1969: 73–75). However, French & Raven's (1959: 150–167) seminal analysis of five types of power bases used in social influence processes still have great explanatory power. The matrix places these five power bases at the stage in the change process or issue life cycle, at which they are optimally used.

For example, an organization that is perceived to have informational expertise with regard to an issue, should best apply its efforts at the cognitive restructuring or issue formulation stage of an issue's life cycle.

If an individual business organization perceives that it has little power to influence the course of events, it should optimize its efforts via joining a suitable association of business interests (Tombari, 1984: 317–353; Keim, 1981: 41–48; Coleman, 1988: 11–15; and Schlozman & Tierney, 1983: 350–375).

It is of great importance that a business organization clarifies what type of power it holds with regard to public policy, before attempting to influence policy issues. To become involved in areas where one has no power, is counterproductive — unless it serves other stakeholder interests.

Appropriate strategies

Strategies are used to operationalize power and influence in order to bring about change. Aplin & Hegarty (1980: 449) state that 'a potential fruitful area for future study' might focus on the integration of power bases and strategic influence choice'. Ullman (1985: 140–145), in addition, says that the strategic focus changes throughout an issue's life cycle and that different strategies are best used at different stages.

The matrix indicates which strategies are best used at each stage of the change process.

The matrix places direct pressure and public exposure strategies at the issue formation stage. Aplin & Hegarty (1980: 438–450) refer to these as negative modes and Tombari (1984: 342) sees them as reaction strategies. Regarding public exposure Keim & Zeithaml (1986: 830) state that the basic requirements for success are source credibility, accuracy and the use of a non-coercive approach. All these strategies can be termed 'outsider' strategies as they involve a low trust/low formalization relationship (Purcell, 1981: 60–63) between government and the actor.

At the issue formulation stage it is suggested that informational strategies are used. Aplin & Hegarty (1980: 438–450) refer to these as information positive modes, Tombari (1984: 340) as advocacy or direct representation. Aplin & Hegarty (1980: 449) found this to be the most commonly utilized technique in influencing legislative proposals. Information provision is only appropriate when government is seeking expert input to a current debate.

At the issue implementation stage, where attitudes are refrozen, use should be made of what Tombari refers to as cooperative responses, and what Aplin & Hegarty term political positive modes. These strategies could also be termed 'insider' strategies as they utilize a high trust/low formalization (Purcell 1981: 60–63) relationship.

The matrix thus postulates which strategies are best used at which stage of an issue's life cycle, depending on the influencer's power base.

Internal resources

Ullman (1985: 150–155) showed that the success of corporate political strategies is contingent upon the stage an issue has reached and the resources available within the organization to deal with the policy issue concerned. Ryan et al. (1987: 25–30) say the key question is whether the organizational resources necessary to produce a desired change are available. He stated that to undertake an action in which success is at best a remote possibility reflects counterproductive strategic decision making at its worst. The selection of an appropriate strategy is, thus, constrained by the internal resources of an organization (Douwes Dekker, 1988: 35; MacMillan, 1978: 106, Fine in Aplin & Hegarty, 1980: 448, and Schein, 1985: 37–41). The last column of the matrix deals with the type of resources a business organization needs to have in order to effectively influence a public policy issue at a particular stage in its life cycle.

In the early stages of an issue's formation businesses need to have effective early issue identification mechanisms (Tombari, 1984: 351–356) to provide sufficient lead time for the development of proactive strategies. Participation in the formation of public opinion requires that businesses must have access to mass media or be comfortable using public protest systems. The identification of external coalition structures (Macmillan, 1978: 57) and stakeholder expectations (Freeman, 1984: 11–16) is essential for involvement in this phase to be effective and non-damaging to the organization.

In the informational stage of an issue's formulation, businesses should be perceived as having expertise vis-a-vis a given issue, and usually be involved in in-depth research about the issue. Schein (1985: 37–41) refers to this as having sapiental authority.

If a business organization wishes to influence the last stages of an issue's development, the managers involved must have political access to government at the most senior levels, have assessed stature, and be perceived by government to be an 'insider'.

Conclusion to strategy matrix

The empirical evidence given in the first half of this article suggests that the South African business community prefers

to be involved in the final stages of an issue's life cycle. This is indicated in Tables 1 and 2 by its use of 'insider' strategies and its involvement with issues at the implementation stage. The least preferred methods are those needed during the issue formation stage. The black business community, however, tends to focus its activity on these early stages of an issue's life cycle.

The developed matrix, then, acts as the groundwork South African business managers need to cover in order to optimize their efforts in the corporate political field. Via analyzing their organization's (or their own) resources and power bases and simultaneously understanding change processes and issue life cycles they will be in a position to decide whether they can become involved with an issue, at what stage of an issue's development they could optimize their influence and which strategies are best suited to their organization.

Future research

As this is a relatively new area of research in South Africa there are many research projects that could further enhance the understanding of corporate political involvement. Some suggested areas are (i) documentation of cases in which business has influenced change in public policy and identification of the key success factors in those cases; (ii) the study of perceptions of the government and black political leaders as to which business activities are most influential in public policy; (iii) evaluation of the effectiveness of a number of concerted efforts in this area e.g. the Sullivan Signatories' efforts or the Consultative Business Movement's initiatives; (iv) tracking the changes in the strategy sets of the various business sectors during the transition to democracy in this country; and (v) studying the propensity for tripartite agreements between employees, trade unions and the government. The dearth of knowledge as to what comprises managerial expertise in corporate political involvement provides fertile ground for future research in South Africa.

Conclusion

In this article the methods via which the South African business community is involving itself in the public policy process are documented. With the fluidity of the current political situation in this country, it is apparent that managers will have to take a more strategic approach towards socio-political involvement. The business community must now play a much more vigorous role in the creation of its own future, and in this way the future of the country.

Footnote

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Errata

Vol. 23, No. 2, 1992: p.36

The equation should read:

$$\sum_{j=1}^{n} \left(w_j \sum_{i=1}^{m} X_{ij} \right)$$