

THE INDUSTRY TECHNICAL INFLUENCE IN PRODUCT REGULATION

A INFLUÊNCIA TÉCNICA DA INDÚSTRIA NA REGULAMENTAÇÃO DE PRODUTOS

INFLUENCIA TÉCNICA DE LA INDUSTRIA EN LA REGULACIÓN DEL PRODUCTOS

Maria Cristina Werle Reguly

Mestra em Gestão e Negócios pela Universidade do Vale do Rio dos Sinos (UNISINOS) e pela Universidade de Poitiers – França

Endereço: Av. Unisinos, n. 950, CEP: 93022-750. São Leopoldo, RS, Brasil

Telefone: (51) 99254-0352

E-mail: mariacristinawerle@gmail.com

Daniel Pedro Puffal

Doutor em Administração, professor no Programa de Pós-Graduação em Administração e no Programa de Gestão e Negócios da UNISINOS

Endereço: Av. Unisinos, n. 950, CEP: 93022-750. São Leopoldo, RS, Brasil

Telefone: (51) 99254-0352

E-mail: dpuffal@unisinos.br

Artigo recebido em 15/10/2018. Revisado por pares em 20/12/2018. Reformulado em 22/12/2018. Recomendado para publicação em 25/04/2019. Publicado em 30/04/2019. Avaliado pelo Sistema *double blind review*.



ABSTRACT

This paper proposes a way of organizing the technical lobbying of companies in the industrial sector, regarding the content of product regulations issued by the South American countries. Foreign countries determining factors and some necessary adaptations are considered. The result shows a way through which the technical influence of an industry could be organized, and also mentions some supporting activities in the interaction with the South American policy-makers. The use of design research makes it possible to establish a relationship between theory and pragmatism, mainly due to its prescriptive approach.

Keywords: Technical Lobbying; Product Regulation; South America.

RESUMO

O foco central desta pesquisa é a apresentação de uma forma de organizar a defesa dos interesses de empresas de um setor da indústria, quando da elaboração de regulamentos de produtos produzidos pelos países da América do Sul. Fatores determinantes em outros países e algumas adaptações necessárias são consideradas. O resultado mostra uma forma de organização para a defesa dos interesses técnicos e também menciona algumas atividades de suporte na interação com os legisladores dos países da América do Sul. O uso do design research possibilitou estabelecer uma relação entre teoria e o pragmatismo, principalmente pela sua característica prescritiva.

Palavras-chave: Defesa de interesses técnicos; Regulamentação de Produtos; América do Sul.

RESUMEN

El foco central de esta investigación es la proposición de una forma de organizar la defensa de los intereses de empresas de un sector de la industria, cuando la elaboración de reglamentos de productos producidos por los países de América del Sur. Factores determinantes en otros países y algunas adaptaciones necesarias son considerados. El resultado muestra una forma de organización para la defensa de los intereses técnicos y también menciona algunas actividades de apoyo en la interacción con los legisladores de los países de América del Sur. El uso del diseño research ha posibilitado establecer una relación entre teoría y pragmatismo, característica prescriptiva.

Palabras-clave: Defensa de intereses técnicos; Reglamentación de Productos; América del Sur.

1 INTRODUCTION

When added to the economic challenges inherent in globalization, other topics such as culture, language, political and institutional aspects, also need to be handled by the companies. In developed countries like Germany and the United States of America (USA), there is an established process, which is aimed at promoting alignments between governments and the manufacturers, regarding the content of product regulations, once policy makers sought to enhance the equation that involves economic and social factors, such as employment, the environment, energy efficiency and safety.

Many companies headquartered in the northern hemisphere of countries, have established plants in the southern hemisphere, and also, they bring with them the tradition of organizing themselves into interest groups, so that they can be able to interact with policy makers (usually governments and regulatory agencies) about technical affairs.

The Outdoor Power Equipment (OPE) manufacturers have also organized themselves into associations that represent their interests at the government and regulatory agencies in the USA and European Union (EU). "The garden equipment sector is a very dynamic sector, which operates at a global level. The largest market is the USA, which accounts for up to half of the global sales. It is followed by Europe, which represents 35% of the world market, with the major countries being the UK, Germany, France, and Italy." (EGMF, 2014)

Examples of some OPE products are lawnmowers, blowers and chain-saws. In the last couple of years, the South American market for this sector, has been increasing and becoming important to the global market. In the EU and the USA, the groups' missions include providing expertise to stakeholders on the technical, marketing and other issues related to the OPE industry, as well as providing an effective forum for the exchange of information.

This study investigated how five multinational companies from the OPE sector, with headquarters in the USA or EU, and manufacturing plants in South American countries, could defend their technical interests with governments and regulatory agencies in this region. Considering the many variables involved in technical lobbying, the question that steers this study is: "How can the OPE manufacturers organize their technical lobbying in South

America?”

In order to promote regional alignment, and seeking the users' appropriate protection, especially regarding safety features, the OPE industry is interested in contributing with their technical and market expertise to the product regulations development in South America. The use of the same safety standards could have an economic impact, since it is possible to produce on a larger scale, thereby, diluting the costs and certification efforts.

From an academic point of view, the discussion about interests groups and lobbying in South America entails a somewhat complex task, because there is a dearth of studies on interest groups, as there are few papers in English; and even in Portuguese or Spanish, there are only very few, generally geared towards the study of specific cases (THOMAS, KLIMOVICH 2014a).

The main goal of this study is to increase gains on production scale and reduce certification efforts promoting regional and global technical requirements alignment, using the same product standards, mainly on product safety. To verify the feasibility the research was conducted within the OPE industry. The theoretical background is based on group theories, including inter-firm cooperation and competition, and lobby theories.

2 THE GROUP THEORIES

The question of individualism versus cooperation has been discussed by Axelrod (2006) amongst others, who highlighted the difficulty encountered in promoting and developing cooperation in an egotistical world, in which people tend to defend firstly their personal interests. Another aspect regarding cooperation between the governments and those being governed, deals with the strictness of rules and regulations. The decisive point is that, rules must be strict enough to obtain the social benefits of regulation; however, this strictness should cease prior to jeopardizing the voluntary adhesion of majority of the companies (AXELROD, 2006).

Discussions about interest groups are reminiscences of contributions made by Arthur Bentley, in his work *The process of government* (1908), and was also later mentioned by

David Truman in the book *The governmental process* (1951), which proposed a study of the political phenomenon, based on the descriptive and empirical analysis of the groups. These contributions, although they are not possible to be coined as a theory, drew attention to the power play existing in the interactions between groups of the society and the politicians, including the influence to ensure that decisions made within a political environment are favorable to the interests of these groups (BOBBIO, MATTEUCCI. PASQUINO, 2000).

From the point of view of practical politics and interests, interest groups and their lobbyists, and particularly, the power groups, have been an omnipresent and fundamental force in the definition of public policy in all political systems, both past and present, whether authoritarian or democratic, from the smallest community to the largest nation, and within the international scenario (THOMAS, KLIMOVICH, 2014a).

When considering the contributions of political systems, such as elitism, pluralism and corporatism in the configuration of groups, we noted that these different approaches were interrelated, and made an important contribution to the understanding of lobby practices. In the USA there was an influence of pluralism and neo-pluralism, while in the Western Europe and Latin America, we noted the contribution of corporatism and neo-corporatism in the formation of the existing pressure system, and in the relationship between the interest groups and the government (SANTOS, 2007).

Studying interest groups shed light on the mechanisms of any political system and the distribution of power within it. Also studying the role of interest groups certainly offered a great insight into the influence of the political system in the USA, EU and South America (THOMAS, KLIMOVICH, 2014a).

2.1 INTEREST GROUPS AND LOBBYING

In each of the theories on elitism, pluralism, neo-pluralism, corporatism and neo-corporatism, as well as in the Theory of Groups by Olson, we noted elements that contributed to the comprehension of pressure groups formation, the values around which they were organized, as well as an insight into interpreting the importance and actions of these groups in the decision-making process of the government (SANTOS, 2007).

Santos (2007) stated that there are a number of discussions regarding the definition of interest, pressure and lobby groups. This study considered the definition presented by Thomas (2004), which stated that "an interest group is an association of individuals or organizations or a public or private institution that, on the basis of one or more shared concern, attempts to influence the public policy, in its favor" (p. 4). It is important to note that, in this study, the terms "interest groups", "lobby groups", and "pressure groups" are considered synonymous.

A myriad of factors come into play in the quest to defend the interests of these groups, with the weight of each one varying in accordance with the structure of the society or the political system (including the party system operation and the executive power structure), the political culture and the legitimacy afforded to the pressure groups (SANTOS, 2007). The type of action, the number and success of pressure groups depend, in turn, on various factors.

Considering the involvement of diverse factors in lobbying, we presented those factors involved in the technical actions of the North American and European corporate pressure groups, followed by the South American pressure groups, since this study focuses on these geographic regions and this specific type of lobbying.

2.2 FACTORS AND ELEMENTS INVOLVED IN CORPORATE LOBBYING IN THE UNITED STATES AND EUROPEAN UNION

In the American political system, the analysis of the lobby groups and their relationship with different players in the political process rides on the interrelation between elitism and pluralism theories, just as these are interrelated with Bentley and Olson's group studies (SANTOS, 2007).

The USA has a peculiar way of handling lobby groups, when compared to the rest of the world. Besides regulating the subject itself, the interest groups are seen as the government's labor assistants, through their contributions of technical and political knowledge to policy makers. In the pluralist systems, the ideas proposed by the interest groups are often included in the legislation, and in many instances, these groups make the process of negotiation easier and help to compromise, which is essential for policy making

(THOMAS, 2004).

Meanwhile, the criticality of the means of access to the operation of an institution from the EU, determines the degree of access that the institution will provide to the representatives of the interested private sectors (BOUWEN, 2002). Another contribution of Bouwen (2002) is in regards to the choice of the interested company, concerning the type of involvement in developing a representation of interests at the European level. This choice is chiefly relevant in terms of the option of internally developing a political relations department or contracting an external service (political consultant or attorney generally established in Brussels), to leverage the individual or group actions, and promote actions at a national or regional level (EU).

Providing reliable information to the decision makers and committees in the EU, through direct contact, is the only and most important path for achieving this influence; and, to ensure the reliability of the information, it is necessary that the management of strategies related to the expertise and information within companies is effective. This also involves the effective exchange of information within the company, and with other external interested parties. Furthermore, financial incentive strategies are not applicable within the context of the EU (TAMINIAU, WILTS, 2006).

2.3 FACTORS AND ELEMENTS INVOLVED IN CORPORATE LOBBYING IN SOUTH AMERICA

The patterns of corporate organization and the relationship between companies and governments range widely, from one country to another, in Latin America (SCHNEIDER, 2004). There has been an increase in the action of the civil society in the political processes in the South American countries, especially from the 1980s, resulting from, among other factors, the establishment of democracy. This was accompanied by an increase in the complexity of the state mechanism, the proliferation of lobby groups, class entities, union representations and the increase in access channels to the government decision process (SANTOS, 2007).

Studying lobby group activities help to shed light on the mechanisms of any political system and the distribution of power within it. This is also true for Latin America. According to Gozetto and Thomas (2014), following the application of certain criteria, it can be noted

that Brazil is placed in an intermediary position, allowing the affirmation that it is less developed than the system of interest groups in Uruguay, and more developed than those in Bolivia, while at the same level as those in Argentina and Peru. The criteria employed by the authors include the tolerance of the political opposition, the development of the civil society in relation to the level of political support, the use of lobbying techniques, the level of political corruption, the support of interest groups, among others (GOZETTO, THOMAS, 2014).

Thomas and Klimovich (2014a) observed that when proposing a form of political lobbying formulation including corporate interests, in South American or any other country, it is fundamental to consider the characteristics of each political system and the political culture of each country.

3 METHOD AND DATA COLLECTION

This study applied a qualitative research. The research design methodology was employed because it attempted to combine the theoretical and pragmatic approaches, and the final result was the response to the question of "how things should be".

The unit of analysis was the OPE industry. The arguments of Barros (1978) were considered applicable, based on the needs of stakeholders and also on a researcher's need to rely on personal relationships that might aid the access to sources; so, the main stakeholders were the companies from the OPE industry.

To collect primary data, the following techniques were used: semi-structured interviews, direct observation and a focus group. These make it possible to use the experiences from other geographical regions to organize the technical lobbying in South America.

Interviews were conducted with 10 experts on the subject, with the aid of a script, based on literature, and validated by two specialists inserted within the context. Some of these experts are part of the top management at manufacturers associations, others are responsible for the South-American regulatory affairs at the OPE manufacturers.

The semi-structured interviews were conducted with people from South America,
Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

USA and EU. This was possible through meetings organized in October 2014, in Tokyo (Japan), during the 33rd Annual Plenary Committee Meeting of the International Organization for Standardization (ISO) TC/SC 17 (manual portable forest machinery), which is the committee responsible for the international standards related to the safety and performance of manual portable forest machinery. This committee is composed of technical specialists from many nations, including Brazil, Germany, USA, England, Japan and Sweden. These professionals are also, generally responsible for organizing technical lobbying for the companies and institutes they work for.

Direct observation was conducted through periodic meetings at the Brazilian Machinery and Equipment Industry Association (ABIMAQ), which included the participation of representatives from the manufacturing companies, those responsible for the area of government relations with the association, as well as the occasional presence of other players, such as government representatives and its authorities.

Initially, the categories of the analysis were established according to literature and, later on they were adapted to the constructs. According to Lasswell (1948) the central issues of the content analysis can be summarized in the following way: Who said what?, to whom?, why?, in what context?, and which what effect?

4 FINDINGS

The research was organized into two phases: the first phase was supported by literature, and the second phase through the addition of contributions from primary data sources. A summary is available at the end of this section.

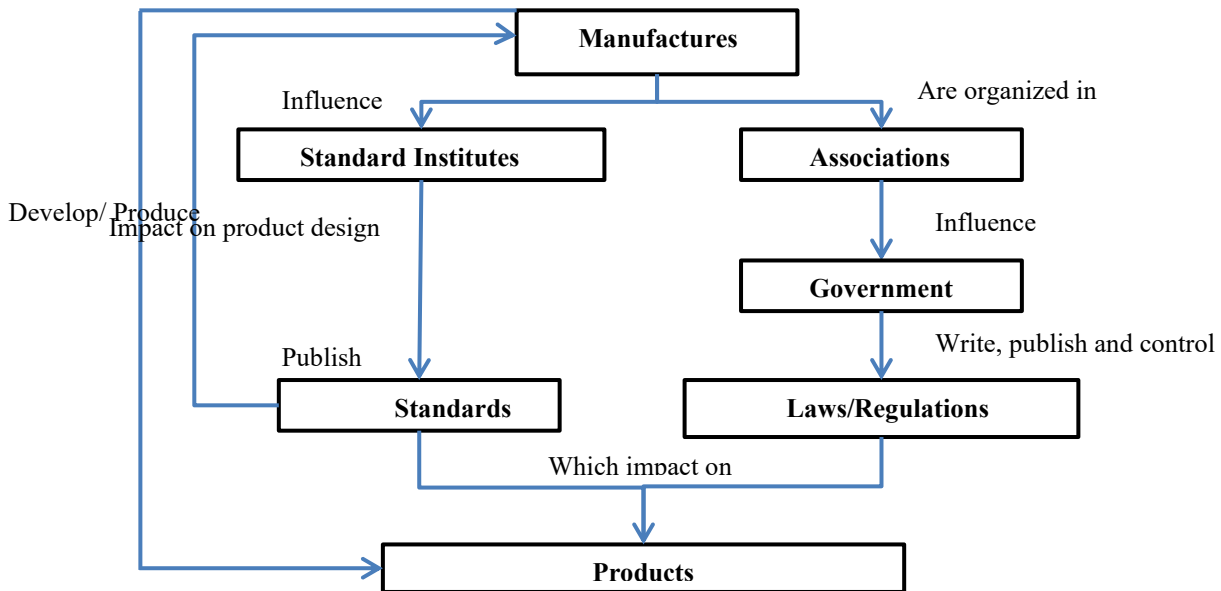
4.1 RESULTS OF PHASE 01: BASED ON CONTRIBUTIONS FROM LITERATURE

The main point of this cycle was the identification of the determining factors that were used by the manufacturers of the powered products in the EU and USA, when they lobby for product regulations.

The comment made by Mancuso (2004) that the industrial sector perceives the impact and interference of government decisions involving its activities, and that this leads many executives to develop an interest in the articulation activities, encompasses the issue

of product regulation and can be identified in the studied geographical regions. The connections that involve manufacturers, associations and government, in terms of this specific point are shown in Figure 1.

Figure 1 - The Relationship scheme of product regulation



Source: Prepared by the authors (2019).

Research about lobby covering the geographical areas of interest (USA, EU and South America) has been performed by many authors. As observed by Thomas and Klimovich (2014a), the majority of papers about lobby in South America refer to specific case studies, occurring mainly in Brazil, and the literature still lacks a general view of corporate lobbying in this region. The sources used to establish the first steps of this research are available in Exhibit 1.

In the movement between academic and popular sources, two specialists from the OPE sector were asked to assess the factors obtained from literature, according to the following keys: "Yes" means that the factor is also considered a determinant in practice; while "No" means that the factor is not considered a determinant; and "PV" means Partially Validated, referring to a review of the factor in question. The result is available in Exhibit 1, where we also noted the insertion of two additional factors, which are in bold.

Based on these contributions, literature was used again, with special emphasis placed on the two new points highlighted by the specialists, with the details of the first factor

Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

"Culture", limited to political culture.

Exhibit 1 - Evaluation of the determining factors in lobby for OPE manufacturers in the USA and EU

Factor	Theoretical Reference	I1	I2	Result
Culture	Meynaud (1966); Olson (1971); Thomas (2004)	PV	PV	Check
Structure/type of government (the political system; structure (who prepares, who implements, access, and so on))	Meynaud (1966); Olson (1971); Santos (2007); Bouwen (2002); Truman (1951)	Yes	Yes	Keep
Size of the company/association	Bouwen (2002); Thomas (2004); Bernhagen and Mitchell (2009)	Yes	Yes	Keep
Interaction between the company/association, and the government; presence (physical proximity)	Bernhagen and Mitchell (2009); Bouwen (2002); Meynaud (1966); Drutman, Grossmann and Lapira (2014); Thomas (2004)	Yes	Yes	Keep
Knowledge and expertise: the habit/experience in work with the technical regulations	Bobbio et al. (2000); Drutman (2010); Graziano (1997); Thomas (2004)			Add
Society's behavior (the legitimacy, credibility of companies and interest groups)	Bobbio et al. (2000); Meynaud (1966); Thomas (2004)			Add

Source: Prepared by the authors (2019).

Note. Key: "Yes" means that the factor is considered a determinant; "PV" means partially validated, referring to a review of the factor in question.

As written by Jaccoud and Mayer (1960) "[...], a general theory on interest group does not exist [...]" (p. 30), and because of this, it is important to validate factors that have been raised in literature by experienced specialists. In the following section, also considering the literature on lobby in South America, there are details on the results of phase 02, in which the categories of the analysis were organized, complementing them with pragmatic contributions.

4.2 RESULTS OF PHASE 02: ADDITION OF INFORMATION FROM PRIMARY DATA SOURCES

This section includes the analysis of the presence in South America of the factors that are considered determinants in the technical lobbying performed by the OPE manufacturers in product regulation in the EU and USA as well as their application in the product regulation process in South America. As reported in the previous phase, the factors were organized into six analytical categories: the political culture, the government structure, the size of the organization, the interaction between the organization and the government, the knowledge and expertise, and the society's behavior.

It is necessary to prevent what occurred in Europe in the 1980s, from happening in South America: approximately 15 different certifications for the same product, with the same technical requirements, differing only in the country. This generated expenses and resource allocation, without adding value to the consumers or manufacturers. After the harmonization among the EU nations, and considering the benefits of this optimization, a similar mutual certification recognition process for OPE was initiated in the year 2000, between the USA and EU (Information obtained through personal communication, on August 21, 2014).

During the contextualization of the interviews, some participants, who represented companies, mentioned that among South American nations, Brazil was the leading consumer market of powered products for lawns and gardens, and portable forest machinery, as they were responsible for approximately 50% of the regional sales. When questioned about the definition of 'lobby', they stated unanimously that it means "providing specialized information in exchange for access to the decision makers".

Furthermore, the leading industry manufacturers have productive units installed in Brazil and there has been a sharp rise in the regulatory activity related to products in recent years (noted chiefly as from 2009). I1, I2, I3 and I4 also indicated that, in some cases, Brazil served as an example to other countries in the region, and it was considered important to participate in the Brazilian regulatory process.

The first step was establishing a manufacturer-working group within ABIMAQ in Brazil. This was done in the month of July 2012 and this group was elevated to sector chamber category in August 2014. At the beginning, only foreign headquartered companies were participating, but today, four Brazilian companies have also joined the group. The monthly meetings, and information exchange make it possible to interact with regulatory agencies and promote interaction with the Brazilian government.

Interviewees I1, I2, I3, I4 and I5 stated that the preference for initiating lobbying activities in South America through Brazil was based on another argument that surpassed the economic and political elements: Brazil is the only Latin American nation actively participating in the ISO Standards Committees for lawn and garden equipment, as well as for the manual portable forestry machines. As an example of that, in the year 2015, the ISO Sub-Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

Committee TC 23/SC 17, which is the committee responsible for manual portable forestry machines standards, met in Porto Alegre (a Brazilian city located in the State of Rio Grande do Sul). Events such as this are seen by specialists as important steps as the national committees can receive strong support from the industry, including the studied sector, and this is a sign of the technical knowledge formation, which in turn, has been identified as a determining factor for corporate lobbying before government and regulatory agencies.

The generation of technical knowledge is highly favored in the USA and in a few EU countries, due to the strong tradition and excellence in the research and development centers for products, as well as the experience in interactions between the company-university, and research institutes.

When studying the players involved in the technical committees in Brazil, it was noted that they were largely comprised of representatives of multinational companies, followed by the national companies and, in a few cases, there was participation of neutral elements, such as research institutes, independent researchers and consumers. In Argentina there was an observed decadence in the technical committee's activities, which was justified by the Regulation Institute as a result of the economic crisis faced by the country.

Since this has been stated, the application of the "specialized knowledge" factor would be restricted to Brazil, while displaying an opportunity for development in other countries that are in South America, as this factor was mentioned unanimously by those interviewed, as a means of access to decision makers (government and regulatory agencies). In addition, it was reiterated on a number of occasions during the focus group meeting, as a response to the question of why we were involved in the process for the formulation of laws and regulations, that we were responsible for "educating the authorities", and that we were "sources of information" because "we have a technical knowledge of the product".

The government structure was unanimously mentioned during the interviews, highlighting the importance of looking at the government as an ally and of its voluntary association to assist in complex issues that call for specific expertise. Furthermore, there was the need to obtain reliable information about the industry, such as market statistics and accidents involving consumers, to form a base and foster credibility.

By raising awareness among decision makers concerning the size of the industry in question, it was affirmed, by more than one interviewee, that it was possible to awaken "more intensive interest" of the government. Operating through associations becomes the preferred method of working among companies in the USA and EU, in order to gain expressive numbers, among other objectives. Moreover, in this way it is possible to preserve the individual image of the companies and share eventual costs involved, such as expenses for industry promotion campaigns in the media, among others.

Still regarding the interaction with the government, during the focus group meeting, certain topics were raised in relation to the form of communication, highlighting the fact that when engineers are involved in technical corporate lobbying they generally focus on practical issues, like technological aspects, deadlines and costs, while the interest of politicians revolves around popularity amongst voters, the risk of losing votes and the overall situation of the government. This shows that the lobby group may also finance studies in other areas, such as the people's satisfaction concerning the political scenario, and the people's expectations regarding controversial issues, like air quality (pollution), for example.

The legitimacy of the work of associations in the USA and EU has, over time, led to the point where they are now being approached by government, to assist in the preparation and review of regulations. Thus, interests that arise from other groups, which are not part of the manufacturers' group, are also directed to the committees that are included in the participation of the production company's representatives. An example is the case of the European commission responsible for air quality that has requested to EUROMOT, an engine manufacturer association, its support for the preparation of a new law for the emission of pollutant gases for combustion engines.

In order to reach this stage, it is important to have a deep knowledge of the levels that encompass the policy making, their actors, as well as the establishment of a robust, regular, and effective communication system. In general, South America was cited as having difficulty in comprehending political processes, by comparing them to a "gray zone". This may relate to the different types of government in recent decades (varying from dictatorship to democracy) and especially in Brazil, where "diverse types of democracy" have occurred.

Furthermore, in the government structure, they mentioned the importance of the Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

regulation and the recognition of lobbying activities in the USA and European Union, and how this aided dealings between industry and the government, all thanks to more transparent actions. In the process of developing access to the government, physical proximity, or "being seen" regularly, was considered highly relevant, leading to majority of the associations, maintaining their personnel in Washington D.C. in the USA, and in Brussels, in the case of the European Union. In the case of South American countries, there was a mention of the importance of allocation in Brasília and comments about the minimal efforts into product regulation in other nations.

The importance of the political culture, which was cited by some authors as having relevance, was mentioned in the interview and had already been argued during the focus group meeting, in the sense of the participation of the companies in the legislative process of countries and regions. In addition, work within lobby groups was also cited as being dependent on the culture, due to the need for long-term strategies that reflected the position of the group and not of a single person or company.

Lastly, there was a consensus in both, the focus group and the answers to the interview, that it was possible to use the lessons learned from the establishment of product regulations in Europe and the USA, and that standardization in terms of demands related to the OPE in South America was fundamental to gains in scale, and the reduction of certification costs. In Exhibit 2 a summary of the findings can be found.

Exhibit 2 - Findings summary

Factor / Category	Theoretical Reference	To be considered in technical lobby of South American OPE industry?	Pragmatic relations (parts of interviews with experts from OPE sector)
Political culture	Meynaud (1966) Olson (1971) Thomas (2004)	Yes, but the corporatist system leads to less of the society's participation in political issues when compared with the USA or EU. Access to policy makers needs to be developed.	I3: "Active participation in industry forums and technical committees, as well as work within trade associations to answer the questions put by the government, non-governmental organizations and other entities and that may have an impact on our products and / or companies are the ways that companies have to insert themselves in the political context".

Structure/ type of government	Meynaud (1966) Olson (1971) Santos (2007) Bouwen (2002) Truman (1951)	Yes, democracy is officially installed. The different levels of democracy and the remnants of dictatorship should be considered. The common interest of preserving the health and integrity of the OPE products user should be strengthened with the policy makers.	I10: "The individual technical lobby for a company itself, or within an association, needs to be done with dignity and while taking the whole picture into account. This makes the actions with the government to be seen as legitimate".
Size of the company/ association	Bouwen (2002) Thomas (2004) Bernhagen. Mitchell (2009)	Yes, the involvement of other stakeholders besides the manufacturers, such as the distributors, research institutes, users association and embassies, should be considered.	I10: "Having reliable data and numbers in discussions with the policy makers is important. This helps to evaluate the impact of the decision on the political scene: what the policy makers or their party win".
Interaction between the company/ association and the government	Bernhagen, Mitchell (2009) Bouwen (2002) Meynaud (1966) Drutman et al. (2014) Thomas (2004)	Yes, but it is necessary to develop the society's participation in political issues. A possibility at the South American level, could be the use of embassies or specialized lobby offices to promote the participation of manufacturers and/or other OPE sector stakeholders in the development of the standard and technical regulation.	I2: "Working with the government representing a group's interests show professionalism. A good starting point is finding out if there is a trade association that readily includes the industry and could provide support. And next, it is finding other stakeholders and making sure that the right people are joining the group".
Knowledge and expertise	Bobbio et al. (2000) Drutman (2010) Graziano (1997) Thomas (2004)	Yes, but it is necessary to develop society's participation in the standardization process. This could be done by creating technical committees at the Pan American Standards Commission (COPANT), in order to adopt at least the safety requirements currently being published at ISO level. Promote local and regional conferences, like symposiums, to discuss about the OPE sector, its standards and regulations.	I4: "The South American countries need to promote the generation of technical and specialized knowledge. Looking from the outside gives the impression that companies expect decisions to be made, laws published and only then can they be manifested. You must be proactive, participating in the early discussions".
Society's behavior	Bobbio et al. (2000) Meynaud (1966) Thomas (2004)	Yes, since the main focus is on standards about user safety, this should be of interest to the society. Considering the low attention of the South American people to the product compliance, the disclosure of intentions through advertising actions should be taken into consideration.	I8: "Exposing facts, data and concrete arguments showing the needs as well as the benefits that it would bring to the country in terms of technological advancement, sustainability and competitiveness in foreign markets, is important for the credibility of the interest group".

Source: Prepared by the authors (2019).

This summary indicated a relationship between theory and the daily technical lobby activities of the interviewed experts and focus group participants in the technical lobby. Therefore, it is considered pertinent to use these contributions for the development of a proposal to organize the OPE technical lobbying in South America.

4.3 PROPOSAL FOR THE ORGANIZATION OF TECHNICAL LOBBYING FOR INDUSTRY IN SOUTH AMERICAN COUNTRIES

One of the means of making technical lobbying feasible for the OPE industry is to create a lobby group, for example, a South American association. Ideally, it would involve not only manufacturers, but other industry stakeholders, such as the research institutes, traders and the supply chain, and it would be aimed at bolstering the social and economic importance, due to lack of manufacturers in all the countries in question and, in the case of Brazil, the high concentration of manufacturers.

This proposal is supported by many authors, one of whom is Thomas (2004), who stated that lobby groups are, alongside political parties, the most expressive means of aggregation and representation of interests, and a form of articulating views before government, thus comprising an important vehicle for political participation, especially in liberal democracies.

The need to create new groups that reflect the manner of effective political or economic pressure is aligned with an increase in the complexity of South American society, and, according to the views of Truman (1951), as a society becomes more complex, and the necessities of its groups increases and become more varied, it will naturally tend to form additional associations, in order to stabilize the relationship among the varying groups that form it.

By having contact with others involved in the development of the industry, it may be possible to rely on local representatives in a number of South American countries, thus facilitating access to information, which is highly relevant, considering the political and economic development of the region (transition from a military regime to democracy in the past 40 years), and the lack of an active economic block.

By means of a local representative in each country, it is possible to adjust to the political culture and government structure, by maintaining a group with a high level of expertise to complement discussions with members representing the industry.

The lack of an economic block does not constitute an impediment, considering that, according to Axelrod (2006) "[...] under suitable conditions, cooperation may in fact arise in a world without a central authority" (p. 18).

Furthermore, considering the contributions of Axelrod (2006) regarding cooperation, quarterly face-to-face meetings and the development of an interactive tool, like a regulatory radar to share information on new laws and regulations that may affect the products from the OPE sector, can be established. The government is interested in finding an effective strategy so that, majority of the population comply with the laws, but this is primarily in relation to the question of how to draft these regulations so that their fulfilment is both attractive to the citizens, and beneficial to the society (AXELROD, 2006).

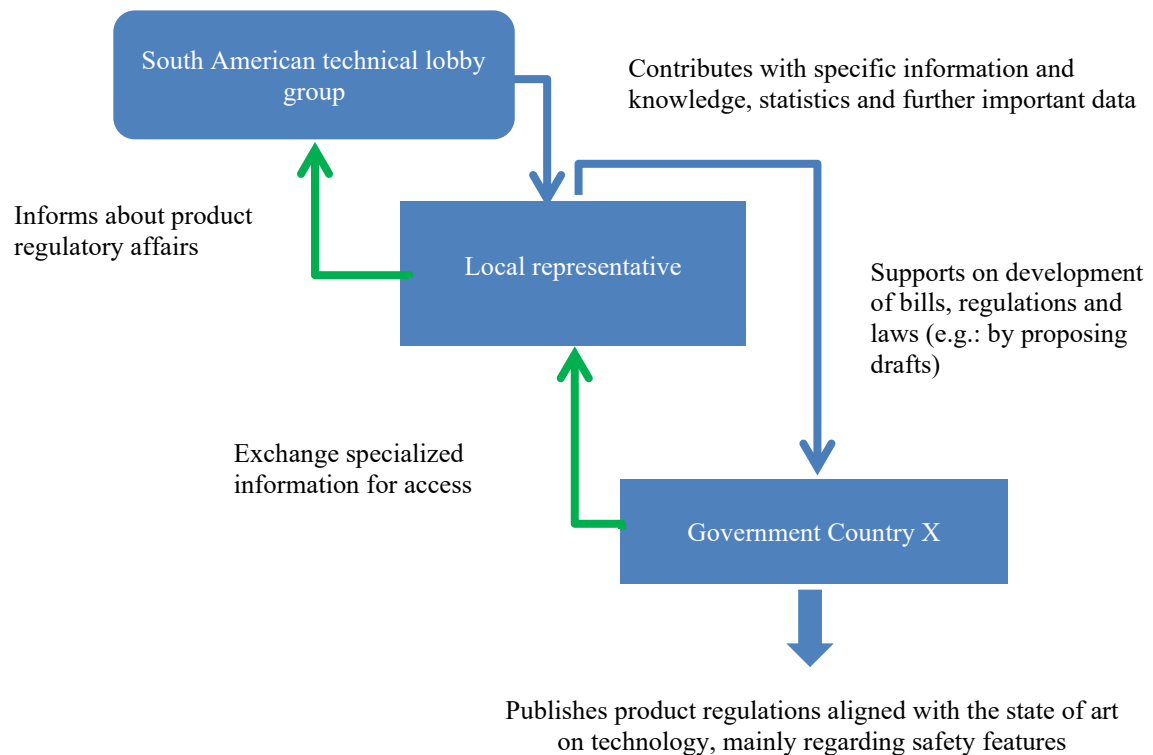
In relation to the size of the group, attention is drawn to interdependence, stressing, according to Olson (1971), that it is important to know "[...] if the contribution or lack thereof by a specific member of the group, will have a perceptible impact on the onus or gain of any other member or members of the group" (p. 53).

In addition to the composition of the group, it is important to consider the warning given by interviewees I1, I4, I5 and I10, who highlighted the relevance of only including serious companies in the group (with no ties to corruption and who comply with safety requirements) to earn the credibility of the government and regulatory agencies.

To develop the issue of visibility, which is linked to the factor of representativeness, promotion actions similar to those employed by associations of other industries can be undertaken, such as the case of the "child-friendly company" seal, created by the *Associação Brasileira dos Fabricantes de Brinquedos* (ABRINQ).

Once in possession of knowledge acquired through this study, it was possible to propose a means to organize lobbying for the OPE manufacturers for the regulation of products in South America, which is shown in Figure 2

Figure 2 - Proposal for the organization of technical lobbying in South America



Source: Prepared by the authors (2019).

As a pilot program, the group would initially be comprised of the following nations: Brazil, Chile, Colombia, Ecuador, and Venezuela, as these countries are the main destinations of the products from the industry in South America. Another important factor is the question on regulations that impact on the products, as in the case of Ecuador, which, according to the *Instituto Nacional de Metrologia, Qualidade e Tecnologia* (INMETRO), in the year 2014 issued more than 200 regulations containing product demands of numerous sectors (INMETRO 2015).

The inclusion of Argentina, despite its economic relevance in the industry, is reserved for a later stage, due to the political and economic problems it is currently experiencing.

Chile calls for a singular approach, probably because it is at a more advanced stage of corporate lobbying, "[...] Chile developed a range of political parties and interest groups and established a vibrant civil society earlier than most Latin American countries" (FISSE, THOMAS, 2014, p. 315).

To support the establishment of a new technical lobby group for the OPE sector at the South American level, and the basic conditions proposed earlier, a few but relevant activities, proposed in Exhibit 3 should be considered.

Exhibit 3 - Support activities to support the proposed organization form

Understanding the operation of the interest group system in the selected countries.
Definition of potential members of the new interest group, considering determining factors like technical expertise and credibility.
Organization of legislative activities in different countries, with reference to the products, (starting with monitoring through regulatory radar).
Definition of the type of communication/interaction with the policy makers, considering the singularities of the political culture of each country, the government structure, and, last but not the least, the forms of access.
Cooperation through liaisons with other interest groups, such as the Outdoor Power Equipment Institute (OPEI) and the European Garden Machinery Federation (EGMF), with the aim of promoting standardization between the USA, EU and South America in the OPE industry.

Source: Prepared by the authors (2019).

Considering the variables involved and the cross-country approach, each of these activities may be subject to future research.

5 FINAL REMARKS

Besides involvement in the internationalization of operations through the installation of manufacturing units, multinational companies also intend to standardize the manner in which they interact with the government, in terms of regulations that apply to the products that they manufacture. This mainly happen because of the opportunities to increase gains on production scale and reduce certification efforts by promoting regional and global use of the same product standards. This was also made explicit by the OPE sector, especially on how to organize the technical lobbying for this sector, with regards to product regulation in South America.

The existence of examples in developed countries and regions allowed for robust findings and reduced the problems inherent in this type of research, and the establishment of a starting point based on the determining factors of lobbying among companies from the OPE sector in the USA and EU was possible.

The recent scandals involving private and state-run companies in Brazil, as well as the Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

extreme governmental interventions in the private sector of Argentina, revealed the existence of a considerable gap between the technical lobbying practices in the USA and EU, and what was being practiced in the South American countries. In South American countries, if on one hand there are politicians that demand financial payoffs, on the other hand, there are companies that benefit from personal contacts who ensure that their private interests are favored.

Another point noted in South America is the low involvement of companies in technical discussions. Companies still adopt a reactive attitude and only assume a position once regulations have become effective. There is little organization among them to take part in discussions at the draft stage. This may be due to a lack of investments in research and development (R&D). For example, in Brazil, according to data from the *Confederação Nacional da Indústria* (CNI) (2014), "Brazilian efforts to attract permanent research and development (R&D), is a strategic move [...]. This action allows the filling of the gap in technological competencies, by leveraging expertise" (p. 16).

The proposed organization form seeks to consider the singularities inherent in corporate lobbying in South America, such as the lack of lobby activity regulation, which may become a critical factor in the continuity of activities by lobby groups established in Brazil, as well as the establishment of a sectorial interest group including other countries from the South American region.

Additionally, it could be possible that, through an interest group, manufacturing companies may have the chance to split the costs of developing relevant information, following the example of what happens with manufacturing associations in the EU and USA. A further gain may occur in the production scale, due to the standardization of requirements and certifications, thanks to the possible reduction in special variants for each country.

Policy makers will also have the opportunity to access high-level technical knowledge and regulative proposals, that express the consensus of an industrial sector, thereby, promoting transparency. Finally, users will benefit from the supply of safer and higher quality products.

One of the challenges of adopting this type of organization may be the difficulties

encountered in finding professionals that are technically qualified and able to guide these negotiations with the policy makers, since the differences in their ways of thinking and interests could generate conflict. Nonetheless, success cases may contribute to exemplify that technical lobbying is able to provide benefits for product users; and, in the future, this interaction may stimulate the creation of a virtuous cycle in South America in which the users, government, manufacturers and research institutes contribute to the technical product regulations and law content.

A one-sided outlook from the point of view of the manufacturers limits this study. To encompass the government, it would be necessary to approach politicians as well as regulatory agencies staff from different South American countries. Nevertheless, politicians, especially, are dependent on the results of periodic elections.

For future studies aimed at developing academic and corporate interests, studies can be undertaken to find out the strategies and tactics used by corporate lobby groups in their interactions with the governments of South American countries. In addition, studies could also include the research on the management of conflicts of interest in heterogeneous groups, in view of the participation of other organizations, and not only manufacturers, in the lobby group of the industry in question.

REFERENCES

AXELROD, R. **The evolution of cooperation**. New York: Basic Books, 2006.

BARROS, A. de S. C. Você quer ir a Paris? Ou de como passei a entender de disseminação de resultados de pesquisas de ciências sociais entre “policy-makers”. In NUNES, E. de O. (Org.), **A aventura sociológica: Objetividade, paixão, improviso e método na pesquisa social**. Rio de Janeiro: Zahar Editores, 1978

BENTLEY, A. F. **The process of government: A study of social pressures**. New Brunswick, NJ: Transaction Publisher, 1995.

BERNHAGEN, P; MITCHELL, N. J. The determinants of direct corporate lobbying in the European Union. **European Union Politics**, v. 10, p. 155-176, 2009.

BOBBIO, N; MATTEUCCI N; PASQUINO, G. **Dicionário de política** (5th ed.). Brasília: UnB, 2000.

BOUWEN, P. Corporate lobbying in the European Union: The logic of access. *Journal of European Public Policy*, v. 9, n. 3, p. 365-390, 2002.

CONFEDERAÇÃO NACIONAL DA INDÚSTRIA. (2014). **Centros de P&D no Brasil: Uma agenda para atrair investimentos**. Propostas da indústria para as eleições 2014. 37. Retrieved from www.cni.org.br/inovacaocentrosdepesquisas. Access on Apr. 21 2014

DINIZ, E. **Jornada nacional sobre desenvolvimento: empresariado e estratégias**. Rio de Janeiro: Instituto de Economia da UFRJ, 2001.

DiNiz, E; BOSCHI, R. Empresários e poder legislativo no Brasil contemporâneo. Associação Nacional de Pós-Graduação e Pesquisa em Ciências Sociais – **ANPOCS**. XXIV Annual Meeting. Petrópolis, 2000. Retrieved from http://portal.anpocs.org/portal/index.php?option=com_docman&task=doc_details&gid=4760&Itemid=357. Access on Feb.10.2014.

DRUTMAN, L. The complexities of lobbying: Toward a deeper understanding of the profession. **PS: Political Science & Politics**, v. 43 n. 4, p. 834-837, 2014.

DRUTMAN, L; GROSSMANN, M; LAPIRA, T. The interest group top tier: More groups, concentrated clout. **American Political Science Association (APSA) Annual Meeting Paper**, 2014. Retrieved from <http://ssrn.com/abstract=2453733>

European Garden Machinery Federation (EGMF). **Annual Report 2012**. Brussels, 2012 Available at: <<http://www.egmf.org/en/members-area/>>. Access on Mar.20.2014.

FISSE, H. R; THOMAS, C. S. The Chilean big business lobby: A long-standing and major influence on public policy. **Journal of Public Affairs**, v. 14 n. 3-4, p. 310–330, 2014.

FLICK, U. Uma introdução à pesquisa qualitativa (2nd ed.). Porto Alegre: Bookman, 2009.

GOZETTO, A. C. O; THOMAS, C. S. Interest groups in Brazil: A new era and its challenges. **Journal of Public Affairs**, v. 14, p. 212-239, 2014.

GRAZIANO, L. O Lobby e o interesse público. **Revista Brasileira de Ciências Sociais**, v. 12 n. 35, 1997. Retrieved from http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0102-9091997000300009. Access on May.28.2014.

HAIR, J. F; BABIN, B. J; MONEY, A. H; SAMOUEL, P. **Fundamentos de métodos de pesquisa em administração**. Porto Alegre: Bookman, 2005.

INSTITUTO NACIONAL DE METROLOGIA, QUALIDADE E TECNOLOGIA. **Alerta Exportador**, 2005. Retrieved from <http://www.inmetro.gov.br/barreirastecnicas/>. Access on Feb.12.2014

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION. **Action plan for developing countries 2011-2015**. 2010. Retrieved from http://www.iso.org/iso/home/store/publication_item.htm?pid=PUB100264. Access on May.24.2014.

JUDD, E. **O momento mágico**: Managing public affairs in Brazil. Washington, DC: The Public Affairs Council, 2011.

JACCOUD, M; MAYER, R. (1960) A observação direta e a pesquisa qualitativa. In LAPALOMBARA, J. (Ed.). The utility and limitations of interest group theory in non-American field situations. **The Journal of Politics**, v. 22, n. 1, p. 29-49, 1960.

LASSWELL, H. D. **Power and personality**. New York: W. W. Norton & Co, 1948.

LODI, J. B. **Lobby**: os grupos de pressão. São Paulo. Pioneira, 1986.

MANCUSO, W. P. O lobby da indústria no Congresso Nacional: Empresariado e política no Brasil contemporâneo. Dados - **Revista de Ciências Sociais**, v. 47, n. 3, p. 505-547, 2004.

MANCUSO, W. P; OLIVEIRA, A. J. Abertura econômica, empresariado e política: Os planos doméstico e internacional. **Lua Nova**: Revista de Cultura e Política, v. 69, p. 147-172, 2006.

MANSON, N. J. Is operations research really research? **Orion Journal**, v. 22, n. 2, p. 155-180, 2006.

MEYNAUD, J. **Os grupos de pressão**. Lisboa: Publicações Europa-América, 1966.

OLIVEIRA, A. C. J. **Lobby e representação de interesses: Lobistas** e seu impacto sobre a representação de interesses no Brasil. Doctoral dissertation, Political Science, University of Campinas, UNICAMP, Campinas, Brazil, 2004.

OLSON, M. **The logic of collective action**: Public goods and the theory of groups. Cambridge: Harvard University Press, 1971

SANTOS, L. A. **Regulamentação das atividades de lobby e seu impacto sobre as relações entre políticos, burocratas e grupos de interesse no ciclo de políticas públicas**: Análise comparativa dos Estados Unidos e Brasil. Doctoral dissertation, Social Science, University of Brasilia, UnB, Brasilia, Brazil, 2007.

SCHNEIDER, B. R. **From corporatism to reorganized disarticulation in Brazil**. Cambridge: Cambridge University Press, 2004.

TAMINIAU, Y; WILTS, A. Corporate lobbying in Europe, managing knowledge and information strategies. **Journal of Public Affairs**, v. 6, n. 2, p. 122-130, 2006.

THOMAS, C. S. **Research guide to U.S. and international interest groups**. Westport: Praeger, 2004.

THOMAS, C. S; KLIMOVICH, K. Interest groups and lobbying in Latin America: Theoretical and practical considerations. **Journal of Public Affairs**, v. 14, n. 3-4, p. 165-182, 2014a.

THOMAS, C. S; KLIMOVICH, K. Power groups, interests and interest groups in Latin America: A new era or more of the same? **Journal of Public Affairs**, v. 14, n. 3-4, p. 392-422, 2014b.

TRUMAN, D. B. **The governmental process**. New York: Alfred A. Knopf, Inc, 1951.

Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.12, n. 1, jan./abr. 2019.

VAISHNAVI, V; KUECHLER, W. Design science research in information systems. **Association for Information Systems**. 2013. Retrieved from <http://www.desrist.org/design-research-in-information-systems/>. Acess on Feb.12.2014.