Non-market strategy researchers have postulated that political and social strategies reduce the exposure of firms to risk, but those arguments have received little empirical attention. In this paper, we integrate social capital and institutional theories to examine the efficacy of managerial political ties (MPTs) and corporate social responsibility (CSR) in institutional risk reduction. Using survey data from 179 firms in Ghana we find that, whereas CSR reduces institutional risk exposure, MPTs do not. We also find that the effect of MPTs on risk exposure is moderated by public affairs functions. Contrary to extant literature, we do not find evidence of complementarity between MPTs and CSR. Altogether, the findings not only show that the proposed efficacy of MPTs in risk reduction is illusive, but they also signal the need for scrutinizing the harmony between non-market political and social strategies.
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