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Effects of Government-to-Contractor Revolving Door Directors on Customer Relationship Performance

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Abstract

Firms in business-to-government (B2G) marketplaces often invite former government officials to join their boards of directors, in search of their critical knowledge and access. However, the actual impacts of these revolving door directors are unclear for marketing outcomes. By analyzing multisource, secondary panel data of 1,749 publicly traded U.S. firms in the B2G market between 2005 and 2021, the authors find that revolving door directors significantly improve three dimensions of customer relationship performance: customer acquisition, customer retention, and cross-selling performance. The beneficial effects of revolving door directors are contingent on government customers' procurement preferences, which influence procurement uncertainty in B2G markets. That is, revolving door directors are less effective for improving customer relationship performance if customers prefer competitive-bidding processes but more effective if customers prefer performance-based service contracts. Our post hoc analyses find that revolving door directors' government connections mediate their impact on all three performance metrics, but government expertise only mediates their impact on acquisition performance. These results provide unique contributions to marketing theories and implications for practitioners.

Keywords: revolving door directors, customer relationship performance, business-to-government, competitive-bidding preference, performance-based service preference

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