

**CORPORATE POLITICAL ACTIVITY, POLICY MAKER MOTIVATIONS, AND
SOCIETAL OUTCOMES**

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ABSTRACT

Government influence over firm outcomes can be determinative. Firms' attempts to gain influence over this process through corporate political activity (CPA) is attracting growing interest from management scholars. Management research on this topic has conceived of CPA as a political market wherein firms offer resources to policy makers in exchange for advantageous policies. However, this conception of CPA has proved to suffer from key theoretical and empirical shortcomings. The political markets view represents an undertheorized framework which neglects the motivations of policy makers, and empirical findings do not support its predictions. Furthermore, while the literature has focused on firm-level outcomes, the societal effects and legitimacy of CPA remains an open question. This dissertation consists of three essays which seek to address these shortcomings of the CPA literature. The first essay is a conceptual study offering a new framework for CPA success that centres the role of policy maker motivations. Here, I draw on social influence theory to develop a model of CPA that integrates a fuller spectrum of policy maker motivations, how firms appeal to them, and how these appeals differ based on whether the policy maker is a politician or a bureaucrat. The second essay is an empirical study that seeks to extend CPA theory by examining the role of policymaker morality in determining the influence of political donations. Using within-firm fixed effects analysis, I demonstrate that when firms donate to politicians who are higher on the moral foundations of authority/subversion and loyalty/betrayal, they gain better policy outcomes, and that this effect is stronger during crisis. The third essay seeks to expand the research on CPA by looking at CPA's influence on societal rather than firm outcomes. Using Ordinary Least Squares multiple regression, the results indicate that states with greater marginalized populations had worse COVID-19 outcomes in states where political donations are legal. Together, these essays offer a view of CPA that is more complete as both a firm strategy and as a societal phenomenon.

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INTRODUCTION AND OVERVIEW

Whether through regulation, legislation, or subsidies, government influence over firm outcomes can be determinative. Governments can use policies to shape competition, set the terms of employee relations, and even generate entirely new industries (Spencer, Murtha, & Lenway, 2005). It is not surprising, then, that firms attempt to gain influence over this process through what the management literature has termed corporate political activity (CPA). Firms engage in CPA to improve their finances (Hillman, Keim, & Schuler, 2004) or even to achieve sustainable competitive advantage (Oliver & Holzinger, 2008). Management research on this topic has predominantly conceived of CPA as a political market wherein firms offer money (Cooper, Gulen, & Ovtchinnikov, 2010; Hersch, Netter, & Pope, 2008), votes (Lord, 2000; 2003), or information (Bonardi, Holburn, & Vanden Bergh, 2006; Giger & Klüver, 2016; Marsh, 1998) to policy makers in exchange for the provision of advantageous policies (Bonardi et al., 2005).

However, the political market conception of CPA has proved to suffer from key theoretical and empirical shortcomings. Theoretically, the dominant view has been criticized for ignoring important factors about the context in which CPA is performed (Eberlein, 2019; McDonnell & Werner, 2016), the nature of the process by which political influence is exerted (Fox & Rothenberg, 2011), and the impact of CPA on the societies in which it is performed (Néron, 2016). In line with this criticism, empirical findings do not support the predictions of the market exchange view, with CPA being associated with positive (Bonardi et al., 2006; Cooper et al., 2010; Shaffer, Quasney, & Grimm, 2000), null (Fouirnaies & Fowler, 2022; Fowler, Garro, & Spenkuch., 2020; Hersch et al., 2008), and even negative (Aggarwal, Meschke, & Wang, 2012; Coates, 2010; Igan, Mishra, & Tressel, 2012) outcomes. Furthermore, meta-analyses have indicated that CPA investment is not associated with firm-level outcomes (Ansolabehere, De Figueiredo, & Snyder, 2003; Baumgartner, Berry, Hojnacki,

Leech, & Kimball, 2009; Hadani, Bonardi, & Dahan, 2017; Wright, 1985). At the same time, the societal effects and therefore legitimacy of CPA remains an open question, with some streams of research arguing that CPA is a benign and even positive social phenomenon (Silver, 2015; Hamilton & Hoch, 1997), and others arguing that it degrades equality and societal wellbeing (Alzola, 2013; Dworkin, 2000).

This dissertation consists of three essays which seek to address the shortcomings of dominant CPA theory. The first paper is a conceptual study that offers a new firm-level framework for CPA success that centers the role of policy maker motivations. The second paper is an empirical study that seeks to extend CPA theory by examining the role of policy maker morality in determining the success of CPA attempts which use resource provision. The third paper seeks to expand the research on CPA beyond the firm, looking instead at CPA's influence on societal rather than firm outcomes. Together, these papers offer a view of CPA that aims to go beyond the current exchange view of CPA as a political market by instead presenting a more complete picture of CPA as both a firm strategy and as a societal phenomenon.

The first essay, entitled "Beyond Dangling Carrots: The Effect of Policy Maker Motives on Corporate Political Activity (CPA) Outcomes," seeks to extend the predominant CPA exchange framework by bringing policy makers' motivations into the picture. To do so, I draw on social influence theory (Bagozzi & Lee, 2002; Kelman, 2006; Cropanzano, Rupp, Mohler, & Schminke, 2001; Wood, 2000; O'Reilly & Chatman, 1986) to develop a model of CPA that systematically integrates a fuller spectrum of policy maker motivations. Building on a triadic model of policy maker motivation where policy makers are motivated by instrumental, relational, and moral motivations, I identify 1) two new types of CPA that present theory has failed to consider; 2) how policy maker type (whether a policy maker is an elected politician or appointed bureaucrat) can result in key motivational differences that cause differences in influence outcomes; and 3) how the different motivations are likely to act in an additive manner

to result in success or failure to influence a target policy maker. This paper extends the extant CPA theory beyond simple purchases of policy and encourages new research into the different ways in which firms may appeal to policy makers, how different policy makers are likely to impact CPA outcomes, and when CPA efforts are likely to succeed or fail.

This essay aims to make several contributions to the CPA literature in management, three of which are described here. Firstly, I answer the call by recent scholarship (Katic & Hillman, 2023) to enhance our understanding of what motivates policy makers in the CPA process. By advancing a more nuanced model of policy maker behaviour that transcends the political market view's assumption of policy maker self-interest and its prediction that higher rewards offered by a focal firm will result in greater CPA success, I offer a fuller range of the possible outcomes of CPA. For example, I propose that instrumental CPA (e.g., a political contribution) is likely to fail to influence policy makers who are motivated by non-instrumental motives and may even alienate such policy makers. Further, by expanding the possible outcomes of CPA attempts, I help recontextualize the confused empirical picture painted by studies examining the effects of CPA investment on policy and firm outcomes (Ansolabehere et al., 2003; Hadani et al., 2017).

Secondly, the essay seeks to introduce relational and moral influence as types of CPA that are as important as the instrumental influence (i.e., relying on resource provision) that has been assumed by the political markets view. The key point that the study makes in this respect is that if relational and moral motives also drive policy makers, it follows that firms will also appeal to these motives as key aspects of their CPA strategy. By introducing these two types of CPA, this essay offers a more complete picture of how firms appeal to policy makers. Further, it presents new research opportunities exploring these new types, when they are deployed, and their likely outcomes.

Thirdly, the essay expands extant CPA theory beyond its sole focus on politicians by introducing bureaucrats as a motivationally distinct type of policy maker. I demonstrate that because of these motivational distinctions, CPA directed toward bureaucrats is likely to result in different outcomes. By showing that not all policy makers are “cut from the same cloth,” I set the stage for exploring how and when firms will appeal to different types of policy makers and what these appeals will look like.

The second essay, entitled “You Can’t Please Everyone: Moral Foundations and The Contingent Influence of Political Donations”, seeks to illuminate the role of the morality of politicians in the success of CPA efforts that rely on political donations. Using fixed effects panel analysis (Brüderl & Ludwig, 2015), the paper aims to examine how recipient politicians’ moral foundations, as proxied by political ideology (Graham et al., 2013), affects the policy and financial outcomes of donating firms. Specifically, this essay demonstrates that when firms donate to politicians who are higher on the moral foundations of authority/subversion and loyalty/betrayal, they benefit more in terms of CPA success and that this effect is stronger in crisis situations such as the COVID-19 pandemic.

With this essay, I aim to make several contributions to the CPA literature. The first is to demonstrate the role of morality in how politicians respond to political donations. In doing so, this essay enhances our understanding of policy maker motivations when faced with CPA. This essay shows that not all morality is equal, and that the differences between different types of morality and moral intuitions, as represented by moral foundations, are likely to have an important effect on political influence attempts, thus building on and adding additional nuance to the concept of moral motives that I introduce in the first essay. In doing so, this essay represents a key extension of the CPA literature, offering important refinement to the political markets view by showing that even when CPA consists of supplying resources, the morality of policy makers is likely to exert an important influence on CPA outcomes.

Secondly, this essay shows that the effect of moral foundations on CPA outcomes is likely to vary based on the broader context in which CPA attempts take place. Specifically, the essay's findings demonstrate that the positive effect of loyalty/betrayal and authority/subversion on CPA success is enhanced during the crisis conditions of the COVID-19 pandemic. By suggesting that perceived threat or crisis is likely to cause the effect of moral foundations on CPA success to change, this essay adds further nuance to the picture of policy maker motivation in the CPA process, encouraging further examination of how morality, political influence, and the environment interact.

Thirdly, by suggesting that instrumental influence using material benefits depends on the moral foundations of its targets as least as much as it does on the material benefits themselves, this essay contributes to the literature on instrumental influence outside the political context. This essay suggests that individuals who have greater emphases on the loyalty/betrayal and authority/subversion foundations are more likely to be influenced by material rewards. This introduces important nuances for research in contexts beyond politics, including human resources, agency theory, and stakeholder management.

The third essay, entitled "Corporate Political Activity (CPA), Marginality, and Societal Outcomes," aims to examine, develop, and empirically test a framework on the effect of CPA on societal outcomes, focusing specifically on CPA's effect on marginalized populations. The paper seeks to explore how the legality of corporate political donations in a polity impacts the rate of COVID-19-related deaths of marginalized populations and addresses an ongoing debate around the legitimacy of CPA, specifically whether it results in positive or negative societal outcomes (Alzola, 2013; Dworkin, 2000; Hamilton & Hoch, 1997; Heath, 2007; Neron, 2016).

The paper examines health outcomes in all fifty states comprising the United States of America during the COVID-19 pandemic. Results from the paper indicate that CPA, operationalized as legalized political donations in a state, moderates the effect of marginality,

which is in turn defined as the proportion of individuals living under the poverty line and individuals of African-American descent, on societal outcomes. Our preliminary results show that states with higher proportions of marginalized populations, which were already associated with worse COVID-19 outcomes in previous studies (Finch & Hernandez Finch, 2020; Price-Haywood, Burton, Fort, & Seoane, 2020), had even worse outcomes in states where political donations are legal.

This essay aims to make several contributions to the literature on CPA. First, it provides much-needed empirical support for egalitarian critiques of CPA (Alzola, 2013; Dworkin, 2000), taking an important step toward resolving the debate around the legitimacy of CPA (Alzola, 2013; Dworkin, 2000; Hamilton & Hoch, 1997; Heath, 2007; Néron, 2016). The essay advances this critique by introducing important dimensions by which the legitimacy of CPA should be judged. Specifically, it demonstrates that the societal effects of CPA are best understood by looking at how it affects the marginalized members of a society. While some studies have begun to examine the effect of firms' corporate social responsibility (CSR) activities on society-level outcomes (Barnett, Henriques, & Husted, 2020), this paper suggests that scholarship conceptualizing the interests of society as homogenous is likely to yield an incomplete picture. By both supporting and elaborating the egalitarian critique of CPA, this essay makes an important contribution to this conversation and enhances our understanding of the societal implications of CPA and how scholars should treat this socially important phenomenon.

Secondly, this essay aims to be the first paper empirically demonstrating the effects of CPA on societal, rather than firm, outcomes. Despite the scholarly attention historically paid to the ethical dimensions of CPA (Alzola, 2013; Neron, 2016), there has been practically no examination of how CPA affects the societies in which corporations practice it. By showing that CPA is likely to further deteriorate the outcomes of marginalized populations in disaster

scenarios, the paper illuminates an important dimension of CPA ethicality. In doing so, the paper extends the literature on the ethicality of CPA beyond the effects of CPA on internal firm dynamics and outcomes. It instead centres the societal outcomes of their behaviour, joining the small but important group of studies examining how firm activities impact societal outcomes (e.g. Barnett, Henriques, & Husted, 2020; Wickert, 2021).

Finally, this essay shows that the societal effects of CPA—and firm behaviour more broadly—must be examined in both normal and crisis situations, when the effects of marginality in societal members is likely to be at their most salient. This is because firms' behaviours change during extreme situations like crises, which are likely to increase the likelihood that firms will prioritize their interests rather than those of those who may be most in need. This contribution of the essay suggests that firm behaviours, even outside the context of CPA, should be examined through this lens, and that any societal metrics relying exclusively on typical conditions may present an incomplete picture.

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CHAPTER 1

BEYOND DANGLING CARROTS: THE EFFECT OF POLICY MAKER MOTIVES ON CORPORATE POLITICAL ACTIVITY (CPA) OUTCOMES

ABSTRACT

Management scholars have predominantly theorized corporate political activity (CPA) as a political market wherein firms offer resources to policy makers in exchange for favorable policies. While the CPA literature has extensively explored what drives firms to engage in CPA, it largely remains silent on the question of why policy makers would accede to firms' influence efforts. Drawing on social influence theory, we develop a framework that extends current CPA theory and centers policy makers' considerations when faced with CPA. We introduce policy makers' non-instrumental motives and identify novel types of CPA that appeal to them. We further analyze how the interplay between policy makers' motives and CPA types helps determine CPA outcomes. Lastly, we consider the role of bureaucrats—a largely ignored but important type of policy maker whose motives are likely to differ from those of politicians in key respects that shape CPA outcomes. By resolving the current undertheorized view of policy makers in the CPA literature, our framework constitutes an important first step in developing more realistic and comprehensive theory about this important non-market strategy.

In practically every jurisdiction, governments exercise significant influence over economic and corporate affairs. Firms, in turn, attempt to influence governments' decisions through what management scholars term corporate political activity (CPA) (Funk & Hirschman, 2017). Firms engage in CPA not only to maintain or improve their finances (Hillman, Keim, & Schuler, 2004), but also to secure sustainable competitive advantage (Oliver & Holzinger, 2008). CPA manifests as attempts to influence elected politicians (Hadani & Schuler, 2013) as well as unelected bureaucrats (Haeder & Yackee, 2015; Yackee & Yackee, 2006). Traditionally, management scholars have largely conceived of CPA as a political market (Bonardi, Hillman, & Keim, 2005) in which firms offer money (Cooper, Gulen, & Ovtchinnikov, 2010; Hersch, Netter, & Pope, 2008), votes (Lord, 2000; 2003), or information (Bonardi, Holburn, & Vanden Bergh., 2006; Giger & Klüver, 2016; Marsh, 1998) to self-interested policy makers in exchange for favorable policies (Bonardi et al., 2005). Even as recent research has proposed previously unexplored influence tactics—for example, CPA that is hidden from view (Jia, Markus, & Werner, 2023) and CPA that seeks to influence policy makers indirectly (Bertrand, Bombardini, Fisman, & Trebbi, 2020)—the political markets paradigm, with its core contention that firms supply resources in exchange for policy, continues to constitute the dominant theory in the field (Katic & Hillman, 2023; Lenway, Schuler, Marens, Werner, & Green. 2022).

While the political markets-dominated CPA literature has extensively explored what drives firms to engage in CPA (Hillman & Hitt, 1999), it largely neglects what drives policy makers to accede to firms' influence efforts. Indeed, in their recent review of the state of CPA research, Katic and Hillman (2023) acknowledge that “we know little” (Katic & Hillman, 2023: 1926) about what drives policy makers in CPA. A key assumption of the dominant political markets view in this respect is that policy makers who constitute the targets of CPA efforts are solely driven by instrumental motives (Lenway et al., 2022). According to this view, policy

makers vie for office for instrumental ends, and, once the sought-after office is attained, they use it for their own benefit while working to maintain their positions, usually through re-election (Blanes i Vidal, Draca, & Fons-Rosen, 2012; Bonardi et al., 2005; Lenway et al., 2022; Piccio, 2014). Given the centrality of the instrumentally motivated policy maker assumption in the current CPA framework, it is not surprising that the vast majority of CPA studies reflect this assumption when examining firms' influence efforts. It is theorized in these studies that firms that offer policy makers resources are likely to gain favorable policies (Oliver & Holzinger, 2008), which in turn enhance their financial bottom lines (Hadani, Bonardi, & Dahan, 2017).

We contend that CPA theory's underlying assumption of policy makers who are solely driven by instrumental motives is unlikely to hold and that it leads to distorted theoretical conclusions. Though instrumental motives are certainly an important driver of human behaviour, they are unlikely to constitute the sole type of motive for policy makers, whose relational (Broockman, 2013; Conley & Rauscher, 2010) and moral (Jenkins, 2006; Slapin, Kirkland, Lazzaro, Leslie, & O'Grady, 2018) motives are well-documented. Without integrating the non-instrumental motives of the policy maker to accept or reject firms' influence efforts, as well as how these motives can be appealed to, the existing CPA framework is likely to offer only a partial picture at best. Furthermore, perhaps due to the under-theorization of what drives policy makers, scholars applying the political markets view have assumed that the targets of CPA efforts are elected politicians and have largely neglected the motivationally distinct class of unelected policy makers known as bureaucrats (Katic & Hillman, 2023). Though politicians are an important party in the policy making process, bureaucrats also constitute a vital type of policy maker—one which is by some measures responsible for the development of more policies than politicians themselves (Yackee & Yackee, 2006). Because bureaucrats have key motivational differences from politicians (Jacobsen, 2011; Pandey &

Stazyk, 2008; Perry & Hondeghem, 2008), an adequate understanding of how bureaucrats differ from politicians in their motives to accede to CPA is essential. Aside from limiting the field's relevance and theoretical vigour, these distortions are also likely to undermine the ability of CPA studies to capture the factors that may cause CPA efforts to succeed or fail as well as the full spectrum of CPA types and targets, which may in turn be contributing to the noted empirical confusion (Hadani, Bonardi, & Dahan, 2017; Hillman & Katic, 2023) in the literature.

To address current CPA theory's under-theorization of policy maker motives, we draw on social influence theory (Bagozzi & Lee, 2002; Kelman, 2006; Wood, 2000) to answer the question: *Why do policy makers accept (or reject) CPA attempts?* Specifically, we develop a more comprehensive framework of CPA that centres on the motives of policy makers to accept CPA attempts while taking into account how politicians' and bureaucrats' respective motives may differ from one another. We choose to draw on social influence theory because it is uniquely well-suited to developing a framework addressing the current shortcomings of the CPA literature. Stemming from social psychology (Bagozzi & Lee, 2002; Wood, 2000) and elaborated upon in management research (Aguilera, Rupp, Williams, & Ganapathi, 2007; Cropanzano, Rupp, Mohler, & Schminke, 2001; O'Reilly & Chatman, 1986), social influence theory focuses on the reactions of the targets of influence attempts to different types of influence.

Three main characteristics of social influence theory render it ideal for our purposes. First, as a theory of influence, it focuses squarely on what drives the target of the influence and their reasons for acting (or not acting) in the manner endorsed by the influencer rather than, for example, the different power bases of the influencer (Raven, 2017). Second, by drawing on a triadic model of instrumental, relational, and moral motives (Cropanzano et al., 2001), it captures key behavioural motives from the disciplines of economics, sociology, and

psychology. Lastly, it provides greater nuance than dichotomous theories of motivation (Cooper & Kagel, 2016) and integrates a fuller spectrum of the motives which are likely to be relevant in an influence context.

By developing our framework, we aim to take a first step in addressing the glaring theoretical shortcomings recently identified by scholars who suggest that the political markets view of CPA does not fully capture what drives policy makers (Katic & Hillman, 2023). In doing so, we address recent calls (Katic & Hillman, 2023) by CPA scholars to integrate policy makers' willingness to accede to firms' influence into CPA theory. To the best of our knowledge, ours is the first attempt in the management literature to systematically extend CPA theory beyond the underlying rationale of the political markets view. In this effort, we make three contributions to existing theory. First, we extend the current CPA framework by relaxing a central underlying assumption, adding relational and moral motives to the instrumental motives assumed by theory. Instead of assuming that policy makers are solely driven by instrumental motives, we introduce non-instrumental motives as determinants of CPA outcomes. By also considering non-instrumental motives, we provide a framework for understanding how both instrumental and non-instrumental motives play into the calculus that determines whether a CPA attempt will be accepted or rejected by policy makers. Secondly, we extend the current literature by including non-instrumental influence types, adding relational and moral CPA to the previously considered instrumental CPA. We analyse the interplay between the type of influence and the three policy maker motives, as well as how this interplay determines policy makers' willingness to accept CPA efforts. By conceptualizing CPA that also appeals to non-instrumental motives, we provide a framework for examining previously unconsidered types of CPA. Lastly, we extend the CPA framework beyond its current sole focus on politicians. We demonstrate that by virtue of their different roles, bureaucrats have important motivational differences with politicians that are likely to be

relevant in the CPA context. By introducing policy maker type as an important component of CPA theory, we take a crucial step in understanding how different targets of CPA are likely to respond to firms' influence attempts.

THE CURRENT CPA MODEL

CPA is commonly defined as firms' efforts to influence government and secure favourable policy outcomes (Getz, 1997; Lux, Crook, & Woehr, 2011). Its focus, therefore, is on firms' attempts to shape policy generated by policy makers when it is not otherwise aligned with the firms' policy preferences. These policies include legislation and executive orders, which are primarily generated by elected politicians, as well as regulations, which are most often developed by unelected bureaucrats. Firms' CPA efforts take the form of campaign donations, voter mobilization, or lobbying (Hillman et al., 2004) and constitute a significant firm activity. According to publicly available data, for example, US corporations spend approximately \$3.3 billion US annually on lobbying alone, with the undisclosed number possibly being much higher (Thomas & LaPira, 2017: 207). In addition, major CPA spending takes place through individual donations, trade associations, and political action committees (PACs), totalling approximately \$2.8 billion USD in 2020 in the United States (Center for Responsive Politics, 2021). CPA is an especially widespread non-market strategy among large firms (Hadani & Schuler, 2013). Firms engage in CPA not only because it can strengthen a firm's bottom line through the reduction of taxes or onerous regulations (Hillman et al., 2004), but also because it can be a source of sustainable competitive advantage (Oliver & Holzinger, 2008).

The present CPA literature is dominated by the political markets paradigm (Bonardi et al., 2005; Katic & Hillman, 2023), which is founded on the core assumption that policy makers are driven by instrumental motives (Lenway et al., 2022). Drawing from neoclassical economics, CPA theory considers policy makers' desire for power and wealth as the key driver

of their behaviour (Lenway et al., 2022). They strive to obtain and retain political office, and acquire resources to increase their influence and prestige with respect to their colleagues (Lenway et al., 2022). In the political markets view, therefore, the firm will succeed in influencing the policy maker if it offers the resources that serve these instrumental motives (Katic & Hillman, 2023).

Assuming that policy makers are concerned solely with instrumental desires to increase their power and wealth, research examining CPA conceives of CPA as the provision of resources that serve these interests (Bonardi et al., 2005). These resources may include money, votes, or information (Macher & Mayo, 2015). In this vein, CPA research has explored the policy and firm performance effects of campaign donations (Bonardi et al., 2005), bribes (Heidenreich, Mohr, & Puck, 2015; Jeong & Siegel, 2018; Okhmatovskiy, 2010), voter mobilization campaigns (Lord, 2003), and lobbying that provides technically (Hall & Deardorff, 2006) or politically (De Bruycker, 2016) valuable information.

CPA scholarship has focused on one type of policy maker—politicians—as the target of CPA (Katic & Hillman, 2023). Both theory (Bonardi et al., 2005) and empirical work (Roscoe & Jenkins, 2005) in the CPA literature conceive of the relevant policies in the CPA process as consisting of the legislation generated by elected politicians. As such, scholarship has focused on how CPA influences observable legislative behaviour, such as roll-call voting (Roscoe & Jenkins, 2005). This focus is further reflected in the emphasis on political campaign contributions as constituting the main proxy for CPA in empirical studies examining the phenomenon (Katic & Hillman, 2023).

The current CPA framework is therefore built on three core assumptions: 1) that instrumental motives are the only ones driving policy makers; 2) that CPA consists solely of instrumental influence attempts; and 3) that the relevant policy makers in CPA are politicians. We argue that these assumptions result in the current undertheorized CPA framework.

Furthermore, empirical work testing the current CPA framework has been inconclusive (Katic & Hillman, 2023), a confusion that we see as being at least partly a result of a lack of attention paid to policy makers. Much of the extant research that has tested the effect of CPA expenditures on firm performance has failed to find the predicted positive effect (Hadani et al., 2017). Examining this distal outcome is, however, flawed, and reflects a neglect of policy makers and their motives by ignoring whether the firm can influence the target policy maker(s) in the first place. Further, meta-analyses examining the more proximal outcomes of policy change have likewise failed to support the framework's predictions, and research on the effect of CPA expenditures on policy outcomes has not yielded consistent results (Ansolabehere, De Figueiredo, & Snyder, 2003; Hadani et al., 2017). The confusion of policy-level results therefore likewise suggests that our current picture of CPA may be incomplete and that we do not know what allows firms to gain influence over policy makers (Katic & Hillman, 2023). As such, the empirical picture further supports the contention that current CPA theory may be lacking and that further theorizing around what drives policy makers is warranted.

We contend that the three assumptions outlined above result in an undertheorized framework that neglects what drives policy makers and, as a result, suffers from three theoretical distortions: 1) a lack of analysis of the role of policy makers' non-instrumental motives on the effectiveness of CPA; 2) overlooking non-instrumental CPA types; and 3) a neglect of bureaucrats—an important class of policy makers whose motives are likely to differ from those of politicians.

BEYOND INSTRUMENTAL MOTIVES

We draw on social influence theory to develop our framework and answer a recent call to integrate the willingness of policy makers to accede to firms' influence into the conceptualization of CPA (Katic & Hillman, 2023). With our framework, we aim to extend the CPA literature beyond the dominant and undertheorized political markets paradigm with its

core assumption of instrumentally motivated policy makers (Bonardi et al., 2005). In doing so, our level of analysis is that of the individual policy maker. Our key outcome, therefore, is the reaction of a focal policy maker to a CPA attempt. The analysis of individual policy makers allows us to address more thoroughly the interplay between their motives and firms' CPA. An exploration of situations involving multiple policy makers simultaneously, although important (Rhodes, 2006), is therefore beyond the scope of our framework. However, as we explain in our discussion, we believe that our framework provides useful building blocks for more informed multi-actor models of policy maker behaviour in CPA.

Social Influence Theory

Social influence theory, which focuses on individuals' motives to accept influence attempts, is particularly suitable for our objectives. Initially developed by Kelman (1958), social influence theory is perhaps one of the most cited theories of motivation and influence in social psychology (e.g., Bagozzi & Lee, 2002; Wood, 2000). It has also been heavily adopted in management research (e.g., Aguilera et al., 2007; Cropanzano et al., 2001; O'Reilly & Chatman, 1986). Centred on what motivates a target of influence—henceforth referred to as the influencee—to engage in the behaviour endorsed by an influencer, social influence theory identifies how different types of influence impact the underlying motives of influencees (Cropanzano et al., 2001; Kelman, 2006).

A key insight of social influence theory is that three different influence types—those that rely on reward and punishment, on a relationship, or on the moral evaluation of an issue, respectively—appeal to different influencee motives and are therefore likely to generate different outcomes. This insight allows the theory to generate predictions of how a certain type of influence is likely to impact an influencee if their motives are not necessarily congruent with the influence type in question—for example, how influence that uses the instrumental means of rewards and punishments will be received by a morally motivated influencee.

It is worth noting that in using social influence theory and its commonly used triadic typology, we do not disregard the value of other typologies of human motives, such as the intrinsic/extrinsic dichotomy (Bénabou & Tirole, 2003) and the other-regarding/self-regarding dichotomy (Cooper & Kagel, 2016), to name but two. However, we do maintain that social influence theory, with its triadic typology, is particularly well-suited for developing our framework focusing on what drives the influencee's response. It allows us to identify the factors in the political context likely to come into play in an influence situation while capturing key motives from the established disciplines of economics, sociology, and psychology. Furthermore, while not excluding the value offered by other motivational models, it offers a more nuanced typology that serves our purposes. For example, the triadic typology allows us to distinguish between two types of intrinsic motives: a desire to maintain one's own deeply-held values (the moral motive) and a desire to maintain a satisfying self-defining relationship (the relational motive), a distinction that is both important in itself and—as we show—may lead to different influence outcomes.

A Triadic Typology of Motives

Social influence theory and its commonly used typology identifies three motives as driving an individual's response to influence: instrumental, relational, and moral motives. Notably, the three motives are not mutually exclusive; all three are likely to always be present in an individual, though to different degrees. For clarity and to facilitate our analysis, we will first explicate each motive separately by relying on archetypes of individuals who are instrumentally, relationally, or morally motivated, respectively, before exploring the interplay among all three motives within a single individual in the following sections. Further, we note that we conceive of these motives, and their mix in an individual, as stable traits. We believe that this is a reasonable assumption for our framework, not least because research demonstrates

that related individual-level traits like personality exhibit a high degree of stability (Li, Barrick, Zimmerman, & Chiaburu., 2014).

Instrumental Motives. Instrumental motives concern those human desires for personal gain, broadly defined (Cropanzano et al., 2001; Kelman, 2006). This type of motive is informed by models of human behaviour that center self-interest in both neoclassical economics and existing CPA theory (Lenway et al., 2022; Stretton & Orchard, 1994). This drive is usually expressed through the procurement of wealth and/or positions of power (Sussman & Vecchio, 1982). An instrumentally motivated individual would also be driven to avoid outcomes that diminish their personal gain. Losing power and wealth and being deprived of expected power and wealth may constitute such adverse instrumental outcomes. An instrumentally motivated individual will therefore seek to preserve their wealth and power and advance their access to these attributes as much as possible in an influence setting.

Social influence theory identifies influence over instrumentally motivated individuals as being accomplished through compliance. Compliance occurs when an influencee outwardly adopts the influencer's position to gain the rewards and avoid the punishments at the latter's disposal (Kelman, 1958; 2006). Since instrumentally motivated individuals engage in actions to gain rewards and avoid punishments, effective compliance depends on the influencer appropriately distributing these incentives (Kelman, 2006). Compliance is therefore dependent on the ability of the influencer to monitor the influencee's behaviour. Without monitoring, the influencee does not have an incentive to uphold their part of the bargain and act according to the desired behaviour, in which case compliance is likely to be less effective (Kelman, 2006).

Instrumental motives take a central place in extant CPA theory and neoclassical models of policy behaviour, wherein policy makers serve their instrumental interests by seeking wealth through personal pecuniary benefits (e.g., salaries) and power through political office. Numerous examples show that policy maker behaviour may be guided by instrumental motives

(Mause, 2014; Okhmatovskiy, 2010; Piccio, 2014). For example, in order to gain wealth, instrumentally motivated policy makers may engage in policy behaviour to gain higher salaries (Mause, 2014) or secure bribes (Okhmatovskiy, 2010). Likewise, instrumentally motivated policy makers seek to secure and maintain positions of power and may work to institute policies that limit their political competition in that effort (Piccio, 2014).

Relational Motives. Relational motives are informed by models of human behaviour that centre the desire of human beings to gain positive evaluations from associated individuals or groups. This type of motive is analogous to the fundamental human drive for positive recognition identified by sociology, which may be described as the desire to enhance one's image through others' approval (Wrong, 1961). A relationally motivated individual is concerned with the opinions of individuals with whom they have satisfying self-defining relationships at the forefront of their mind (Cropanzano et al., 2001; Kelman, 2006). Such an individual values positive social interactions and seeks to generate and maintain satisfying relationships with those with whom they identify (Cropanzano et al., 2001). In an influence setting, a relationally motivated individual would seek to satisfy affiliated individuals and groups (Kelman, 2006). In social influence theory, influence over relationally motivated individuals is accomplished through identification (Kelman, 1958; 2006). Identification occurs when an influencee identifies with the influencer and adopts their position because they see the latter's aims as indistinguishable from their own (Kelman, 1958). Because identification draws on the relationship between the influencer and the influencee, it depends on the focal relationship being salient so that the influencee perceives their desires as identical to those of the influencer. Without this salience of the relationship, identification is likely to be less effective (Kelman, 2006).

Numerous studies in administrative studies and legislative behaviour have shown that both elected and unelected policy makers' relationships exert important effects on policy behaviour. These include relationships between policy makers and their children (Washington, 2008; Glynn & Sen, 2015), ethnic groups (Grose, 2005; Saalfeld & Bischof, 2013), and co-religionists (Baumann, Debus, & Müller, 2015; Guth, 2014). For example, legislators' voting records are influenced by their racial affiliations (Tate, 2004) and judges with daughters rule more favourably on cases pertaining to women's rights (Glynn & Sen, 2015).

Moral Motives. Moral motives are informed by models of human behaviour that centre individuals' moral beliefs about right and wrong (Kohlberg, 1969; Treviño, Weaver, & Reynolds, 2006). At their most developed, psychological theory on moral development asserts that these beliefs form shareable and universal values that together form an individual's core guiding principle (Kohlberg, 1969; Treviño et al., 2006). A morally motivated individual seeks to enact their moral values in their interactions and behaviours. One critical way morally motivated individuals enact their morality is by conforming their own behaviour and actions with their moral values (Kohlberg, 1969; Treviño et al., 2006). In enacting their morality, such an individual will also act to advance initiatives that conform with their morality in the external world (Cropanzano et al., 2001). At the same time, a morally motivated individual is likely to oppose behaviour by others that they perceive as violating their moral norms and are likely to punish such behaviour if possible (Hofmann, Brandt, Wisneski, Rockenbach, & Skitka, 2018).

Social influence theory identifies influence over morally motivated individuals as occurring through internalization (Kelman, 1958). Internalization occurs when an influencee adopts the influencer's position because that position is perceived to be congruent with the former's moral values (Kelman, 1958; 2006). Since a morally motivated individual seeks to act in accordance with their values, effective internalization depends on the moral value of the

issue that the influencer is endorsing (Kelman, 2006). As values are not identical across individuals, the influencee must perceive the issue itself as congruous with their values (Kelman, 2006).

In the political context, morality is likely to be informed by the policy maker's political ideology (Hatemi, Crabtree, & Smith, 2019) or, in the case of bureaucrats, a commitment to public service (Ritz, Brewer, & Neumann, 2016). Empirical work studying policy maker behaviour has demonstrated the importance of ideological values (Scully & Paterson, 2001) and ideals of public service (Wright, Hassan, & Park, 2016). For example, although it may adversely affect their standing in their political party, elected politicians have opted to vote against their own party leadership based on their closely held ideological beliefs (Köln & Polk, 2017). Likewise, unelected bureaucrats have rebelled against agency directives and risked termination in an effort to fulfil an ideal of public service (Hollibaugh, Miles, & Newswander, 2020).

Failure to Influence: Indifference and Aversion. According to social influence theory an influence attempt may fail to influence the influencee, leading to either indifference or aversion reactions. Indifference occurs when the influence attempt fails to move the influencee to adopt the endorsed position. At the same time, the influence effort does not offend the influencee and does not lead to them actively opposing the influencer's position (Mucchi-Fiana, 2009). In indifference, the influencee is driven to ignore the influence attempt and is ambivalent to the position endorsed by the influencer (Mucchi-Fiana, 2009). Indifference would be the outcome when, for example, a firm attempts to convince a target politician that the endorsed policy is congruent with the latter's ideological values, but the politician is only driven by instrumental concerns such as enriching themselves and remaining in office.

Aversion occurs when the influence attempt not only fails to move the influencee to adopt the endorsed position, but also offends the influencee. In this case, the influencee opposes and may work against the influencer and their position (Mucchi-Fiana, 2009; Wood, Lundgren, Ouellette, Busceme, & Blackstone, 1994). In aversion, the influence attempt itself becomes the subject of the influencee's reaction (Wood et al., 1994). Aversion would be the outcome when, for example, a firm attempts to influence a bureaucrat by offering them lucrative future employment, but the bureaucrat is highly driven by a neutral dedication to the public good and for whom such an influence attempt constitutes a perversion and an attack on their moral sensibilities.

Three Types of Influence

Because influencing firms are likely to recognize that policy makers are not driven solely by instrumental motives, they are likely to use types of CPA that appeal to the full diversity of potential policy maker motives. Drawing on the social influence literature's identification of three paths to influence the three basic motives (Bagozzi & Lee, 2002; Kelman, 1958; Wood, 2000), we extend the traditional CPA model from a singular (instrumental) influence type to three influence types corresponding to the three motives. We then explain how the three influence types trigger five different outcomes when directed toward the three motives. These outcomes are the three types of influence resulting from a match with the underlying motives that we identified above—namely compliance, identification, and internalization (Kelman, 1958; 2006)—and two types of failure to influence resulting from a mismatch with said motives—namely aversion and indifference (Mucchi-Fiana, 2009; Wood et al., 1994). We note that in our analysis of influence types, we operate under the assumption that CPA takes place when policy makers are not already aligned with the influencing firm's desired policy.

Table 1 summarizes the different types of influence that we identify, what determines their effectiveness, and shows what they are likely to look like in the CPA context. In instrumental influence, the influencer uses rewards and punishments to sway the influencee toward the endorsed behaviour (Kelman, 2006). Relational influence attempts to use the influencer's relationship with the influencee to move the target toward the endorsed behaviour (Kelman, 2006). Finally, moral influence appeals to the influencee's moral evaluation of the issue at hand to move them toward the endorsed behaviour (Kelman, 2006). The outcomes of the three influence types depend on their match with the target policy maker's motives. A match will allow the firm to successfully gain the sought-after support of the policy maker, while a mismatch will lead to indifference or aversion.

TABLE 1
Influence Types

Influence Type	Logic of Influence	Determinant of Effectiveness	CPA Example
Instrumental	Reward and/or Punishment	Monitoring of Influencee Behaviour	A firm donating to a politician to secure their vote for a bill
Relational	Identification with Influencer	Salience of Relationship	A firm drawing on its relationship with a politician to secure their vote for a bill
Moral	Congruence with Morality	Subjective Moral Value of Issue	A firm appealing to a libertarian politician's values to secure their vote for a bill reducing regulation

Instrumental CPA

Instrumental influence seeks to change the influencee's position through the distribution of incentives in the form of rewards and punishments (Kelman, 1958; 2006). In the

CPA context, such rewards may consist of money in the form of political donations or direct pecuniary benefits in the form of bribes or a promise of future employment (Okhmatovskiy, 2010), votes in the form of public mobilization campaigns (Lord, 2000), and information on technical and political domains (Hall & Deardorff, 2006). In contrast, punishments may consist of the withdrawal of such rewards. A firm engaging in an instrumental CPA attempt uses the prospect of incentives to gain the target policy maker's support for their preferred policy position. An example of an instrumental CPA attempt would be a firm offering to donate to a politician's political campaign if they were to support a policy reducing regulations over their activities and threatening to withdraw these donations if they do not. Though a firm may engage in an instrumental CPA attempt where they supply incentives that are not valuable—or are insufficiently valuable—to policy makers, we assume that firms are unlikely to invest resources as part of an instrumental CPA effort unless they have a reasonable expectation that the incentives they offer have sufficient instrumental value to the policy makers in question.

When instrumental CPA is directed toward an instrumentally motivated policy maker, the outcome is a type of influence known as compliance. If a policy maker driven by instrumental motives is the target of a firm offering incentives through instrumental CPA, the policy maker is likely to comply to attempt to gain access to these incentives. Compliance occurs when such a policy maker outwardly adopts the firm's preferred policy position to gain reward(s) and avoid punishment(s). An instance of effective compliance in the political context would be a politician voting for a bill in a legislature in return for a firm's campaign donation. In such a case, the policy maker's relevant policy behaviour is verifiable by the influencing firm, making the compliance highly effective since the instrumentally motivated politician is driven to engage in the endorsed behaviour to gain the donations offered by the firm. As the policy maker only complies to gain rewards or avoid punishments, the compliance will be less effective in cases where the ability of the firm to monitor the policy maker is low.

Proposition 1a: Instrumental CPA directed toward an instrumentally motivated policy maker is likely to result in compliance.

Instrumental CPA directed toward a relationally motivated policy maker fails to produce influence and results in indifference. As previously discussed, relationally motivated individuals are concerned with the opinions of individuals with whom they are affiliated (Kelman, 1958; 2006, Wood, 2000). Relationally motivated policy makers are therefore unlikely to be moved to action by the provision of the incentives that instrumental CPA employs. At the same time, these concerns will not be violated by an instrumental CPA attempt's provision of incentives, and such an attempt is unlikely to result in aversion.

Proposition 1b: Instrumental CPA directed toward a relationally motivated policy maker is likely to result in indifference.

Instrumental CPA directed toward a morally motivated policy maker fails to produce influence and results in aversion. A morally motivated individual seeks not only to enact their morality through their own behaviour, but also to oppose behaviour by others that they perceive as violating their moral norms (Hofmann et al., 2018). In this case, an instrumental CPA attempt which seeks to distribute rewards and punishments to policy makers in exchange for beneficial policies would fail to influence a morally motivated policy maker, who is chiefly concerned with the moral value of the policy in question. Further, an instrumental CPA attempt would violate the moral norms of a morally motivated policy maker, for whom policy making should be guided by ideological concerns (Slapin et al., 2018) or ideals of public service (Pandey & Stazyk, 2008; Perry & Hondeghem, 2008). As such, a morally motivated policy maker would not only fail to be influenced by an instrumental CPA attempt, but would oppose the implication of the influencer that rewards and/or punishments would, or should, be the guiding principle through which policy is generated.

Proposition 1c: Instrumental CPA directed toward a morally motivated policy maker is likely to result in aversion.

Relational CPA

Relational influence seeks to change the influencee's position through their relationship with the influencer (Kelman, 1958; 2006). In the CPA context, direct relationships between firms and policy makers may emerge from the regular collaborations between firms and policy makers that do not generate policy change beneficial for the firm, but which are nevertheless important for the regular governmental maintenance of economic affairs (Kettl, 2006). Relationships between firms and policy makers can also emerge indirectly through personal connections between policy makers and firms. Such personal connections include board connections with policy makers (Faccio, 2006) and the employment of former policy makers by influencing firms (Blanes i Vidal et al., 2012). A firm engaging in relational CPA uses the fact that the target policy maker identifies with the firm (Kelman, 1958) to gain the policy maker's support for its preferred policy position. An example of a relational CPA attempt would be a firm that has been a key ally in a national politician's efforts to protect strategic industries asking that politician to introduce a bill reducing regulations on its activities. Though a firm may engage in a relational CPA attempt with a policy maker with whom they have an insubstantial or non-existent relationship, we assume that firms act rationally and are likely to engage in relational CPA when the quality of their relationship with the policy maker warrants such an effort.

Relational CPA directed toward an instrumentally motivated policy maker fails to produce influence and results in indifference. Instrumentally motivated individuals' concerns for personal gain are not impacted, positively or negatively, by a relational influence attempt. As we explained, relational influence in the CPA context involves the firm attempting to use its relationship with the target policy maker to make the latter identify with them and their interests. An instrumentally motivated policy maker, who is primarily concerned with personal

gain rather than satisfaction derived from their relationships, will find that they are not moved in the firm's direction by relational CPA. As such, an instrumentally motivated policy maker will not be influenced by such efforts. However, these efforts are also unlikely to generate aversion among such policy makers since their instrumental concerns are not negatively impacted by relational CPA efforts.

Proposition 2a: Relational CPA directed toward an instrumentally motivated policy maker is likely to result in indifference.

Relational CPA directed toward a relationally motivated policy maker results in a type of influence known as identification. If a relationally motivated policy maker is the target of a firm's attempt to use their relationship with that policy maker through relational CPA, it is likely that the target policy maker will be moved to identify with the firm. Identification occurs when the target policy maker identifies with the firm and therefore acts according to its interests in the policy realm. An example of effective identification would be an elected politician voting for a bill endorsed by a firm in the legislature because the politician has a history of collaboration with that firm on a variety of mutually beneficial policy initiatives. Because identification draws on the relationship between the firm and the policy maker, its effectiveness depends on the relationship between the policy maker and the firm being salient (Kelman, 2006).

Proposition 2b: Relational CPA directed toward a relationally motivated policy maker is likely to result in identification.

Relational CPA directed toward a morally motivated policy maker fails to produce influence and is likely to result in indifference. While morally motivated policy makers may in principle oppose the role of relationships in policy making, we do not conceive of relational CPA as violating the norms of morally motivated politicians to the same degree as does an

instrumental CPA attempt. Elected politicians, including morally motivated ones, must often navigate and draw on relationships inside and outside of government to advance their policy agendas, often acting as interlocutors between individuals outside and inside government (Rhodes, 2006). For a firm to draw on these relationships may not be ideal from the perspective of morally motivated politicians, but it is likely to be perceived as “par for the course” rather than a direct violation of their moral norms. However, as we show below, we do argue that relational attempts will have a different effect when directed toward bureaucratic policy makers, for whom the role of relationships would violate moral norms.

Proposition 2c: Relational CPA directed toward a morally motivated policy maker is likely to result in indifference.

Moral CPA

Moral influence seeks to move the influencee based on the endorsed behaviour’s congruence with the latter’s deeply-held values (Kelman, 1958; 2006). A firm engaging in moral CPA attempts to demonstrate to the target policy maker that their endorsed policy is congruent with their values. An example of a moral CPA attempt would be a firm appealing to an economically libertarian politician’s values to gain their support for a bill reducing government regulations over their industry. Though firms may incorrectly appeal to presumed moral values of policy makers that do not, in fact, exist (e.g., making a liberal appeal to a policy maker with conservative values), we assume that the values of the policy maker are generally legible (e.g., a morally motivated politician in a liberal party is likely to hold liberal values) and that the firm is likely to appeal to those values in moral CPA.

Moral CPA directed toward an instrumentally motivated policy maker fails to produce influence and is likely to result in indifference. Instrumentally motivated individuals’ concerns are not positively or negatively impacted by an influencer’s attempt to appeal to their deeply held internal values. As we explained above, moral influence in the CPA context involves a

firm attempting to convince the target policy maker of the proposed policy's subjective moral value. Whether the target policy maker is explicitly morally agnostic or only nominally holds values that support the policy position of the firm, they will not be moved to support the policy if they are instrumentally motivated. At the same time, these efforts would not generate aversion, since such a policy maker would see a moral influence attempt as irrelevant to the personal gain with which they are concerned, and so would not be opposed to the firm's policy position due to their influence attempt.

Proposition 3a: Moral CPA directed toward an instrumentally motivated policy maker is likely to result in indifference.

Moral CPA directed toward a relationally motivated policy maker fails to produce influence and is likely to instead result in indifference. Relationally motivated policy makers are chiefly concerned with the satisfaction they derive from serving the interests of the entities and individuals with whom they identify (Kelman, 2006). The moral value of the policy in which the firm is invested is unlikely to matter to such individuals, and they are therefore unlikely to be moved to action by an appeal to the morality of the subject policy. At the same time, such an influence attempt is unlikely to generate aversion in the mind of a relationally motivated policy maker, since the attempt to convince them of the moral value of the policy in question does not negatively impact the social relationships they value.

Proposition 3b: Moral CPA directed toward a relationally motivated policy maker is likely to result in indifference.

Moral CPA directed toward a morally motivated policy maker results in a type of influence known as internalization. When a firm convinces a morally motivated policy maker that a given policy is congruent with their values through moral CPA, the policy maker internalizes the desired policy behaviour. Internalization occurs when the policy maker

supports the policy because of its perceived congruence with their values. An example of effective internalization would be an economically libertarian politician voting for a bill deregulating a firm's activities because the firm has successfully convinced the former that the bill is congruent with the politician's values.

Proposition 3c: Moral CPA directed toward a morally motivated policy maker is likely to result in internalization.

Table 2 summarizes our propositions and identifies how each type of CPA is likely to affect each type of motive.

TABLE 2
The Interplay Between Influence Types and Policy Makers' Motives

CPA Type	Instrumental Motives	Relational Motives	Moral Motives
Instrumental CPA	Compliance	Indifference	Aversion
Relational CPA	Indifference	Identification	Indifference*
Moral CPA	Indifference	Indifference	Internalization

Politicians or Bureaucrats: The Role of Policy Maker Type in CPA

Differences between politicians, whom we may broadly consider as policy makers who rely on election to attain office, and bureaucrats, who rely on career advancement for their position, should also be considered when understanding what drives policy makers in the context of CPA. Unlike CPA research in management, which has focused on influence attempts directed at elected politicians and their legislatures (Katic & Hillman, 2023; Lux et al., 2011), political science research demonstrates that the business sector also attempts to influence bureaucratic agents and their agencies (Haeder & Yackee, 2015; Yackee & Yackee, 2006).

Given that bureaucratic agencies often have more involvement than elected legislatures in the policy development process, this is a significant oversight in the extant CPA literature in management. For example, in the United States, bureaucratic agencies have historically developed 10 times more regulations than Congress made laws (Yackee & Yackee, 2006: 128). Furthermore, bureaucrats are distinct from politicians in relation to important institutional (Perry & Hondeghem, 2008), career (Jacobsen, 2011), and moral (Pandey & Stazyk, 2008) dimensions. Existing research that only looks at how firms influence politicians therefore ignores a distinct arena with distinct characteristics in which a significant proportion of CPA likely takes place. Bringing the bureaucrat into the picture is essential to gaining a clearer understanding of CPA effectiveness.

Drawing on a well-established body of work on bureaucratic motives from political science and administrative studies (Pandey & Stazyk, 2008; Perry & Hondeghem, 2008; Jacobsen, 2011), we argue that the roles of bureaucrats differ from those of politicians in key respects that are relevant for the CPA process. In terms of instrumental CPA, the nature of the bureaucrat's role means that their behaviour is more difficult to monitor (Bendor, Taylor, & Van Gaalen, 1985). In terms of relational motives, bureaucrats are homophilic, valuing relationships with their fellow bureaucrats over relationships with external actors; in contrast, politicians tend to be more heterophilic and value relationships with individuals and entities outside their political circles (Alexander, Lewis, & Considine, 2011). In their moral motives, bureaucrats are driven by ideals of public service; meanwhile, politicians are more likely to be guided by ideology (Jenkins, 2006; Pandey & Stazyk, 2008; Perry & Hondeghem, 2008).

Since bureaucrats' behaviour is more difficult to monitor, and effective instrumental influence depends on monitoring, instrumental CPA directed at instrumentally motivated bureaucrats is likely to result in weaker forms of compliance. On the one hand, politicians' actions are generally considered to be of public interest because they are directly accountable

to the public through the electoral process. Their policy making is generally publicly accessible and the role of specific politicians in the development of particular policies, at least in principle, can be easily identified (Roscoe & Jenkins, 2005). Bureaucrats' actions, on the other hand, are meant to be unbiased and insulated from the vicissitudes of public opinion (Cooper, 2018); this means that, unlike with legislation, the regulations developed by bureaucratic agencies may not be as easily linked to the actions of specific bureaucrats (Bendor et al., 1985). These differences mean that the monitoring of the behaviour of politicians tends to be more complete than the monitoring of bureaucrats' behaviour. This, in turn, means that instrumental CPA directed at an instrumentally motivated bureaucrat is likely to be less effective than that directed toward a similarly motivated politician.

Proposition 4a: The compliance generated by instrumental CPA directed at an instrumentally motivated bureaucrat is likely to be less effective than compliance generated by instrumental CPA directed toward an instrumentally motivated politician.

The difference in relational motives between bureaucrats and politicians, where bureaucrats are more homophilic and politicians more heterophilic (Alexander et al., 2011), stems from inherent differences between their two roles and is likely to weaken the effect of relational CPA directed toward relationally motivated bureaucrats. Politicians are often interlocutors between government and external actors due to their role as elected representatives (Alexander et al., 2011). At the same time, politicians' relationships with fellow politicians may be frustrated by both turnover and competition for limited resources at the party and legislative levels (Alexander et al., 2011; Däubler & Muineacháin, 2024) upon which they rely for re-election. Meanwhile, the bureaucrat's role is not to represent the views of those outside of government, but rather to neutrally execute their duties (Alexander et al., 2011; Pandey & Stazyk, 2008). In addition, bureaucrats' more intense relationships with other bureaucrats within their agencies are likely to be more stable than those of politicians, since bureaucrats are likely to collaborate

(Nisar & Maroulis, 2017). The fact that bureaucrats are more homophilic in their relational motives than politicians means that firms' relationships with bureaucrats are likely to be less salient to bureaucrats, taking a backseat to relationships within the agency. Therefore, firms' relational CPA directed toward a relationally motivated bureaucrat is less effective than that directed toward a similarly motivated politician.

Proposition 4b: The identification generated by relational CPA directed at a relationally motivated bureaucrat is likely to be less effective than identification generated by relational CPA directed toward a relationally motivated politician.

While politicians' moral values are informed by their ideology, bureaucrats' moral values are guided by ideals of public service, which means that morally motivated bureaucrats are likely to be averse to both instrumental and relational CPA attempts. Research in administrative studies and public policy has demonstrated that the moral values of bureaucrats are distinct from those of politicians. Most importantly, while bureaucrats may have ideological beliefs, bureaucratic ideals demand that such personal beliefs be put aside and that moral behaviour takes the form of a neutral commitment to public service (Pandey & Stazyk, 2008). Morally motivated individuals acting as bureaucrats are therefore likely to adopt these values and behave in a manner consistent with them (Perry & Hondeghem, 2008). This manifestation of morality is known as public service motivation (PSM) in the literature (Pandey & Stazyk, 2008; Perry & Hondeghem, 2008). Because we assume that firms appeal to congruent moral values, we do not argue that this difference in moral values will result in differences in the effectiveness of internalization generated in morally motivated politicians and bureaucrats. However, from an influence perspective, the PSM commitment to neutrality means that any effort to influence the behaviour of a morally motivated bureaucrat through the use of rewards and punishments or through relationships will represent a perversion of these values. As such, instrumental CPA directed at a morally motivated bureaucrat is likely to generate a higher

degree of aversion than the aversion such CPA generates when directed at a morally motivated politician. Likewise, relational CPA is likely to generate aversion in a morally motivated bureaucrat since it violates their moral norms.

Proposition 4c: Instrumental CPA directed at a morally motivated bureaucrat is likely to result in greater aversion than that directed at a morally motivated politician.

Proposition 4d: Relational CPA directed at a morally motivated bureaucrat is likely to result in aversion.

An Aggregation of Motives

Although for clarity's sake we depicted policy makers as either instrumentally, relationally, or morally motivated, the three motives we identify are likely to be present and drive an individual simultaneously. These motives are also likely to work together to determine the outcomes of an influence attempt. In developing a framework that explicitly assumes that a policy maker is likely to be motivated by all three motives, we present a model of CPA outcomes that reflects a more complete and realistic view of human behaviour.

Though policy makers may be driven by a dominant motive in their policy behaviour, it is unlikely that any are solely guided by any one type of motive and are likely best understood as being driven by different combinations thereof. For example, even a politician like Vermont Senator Bernie Sanders, whom we would consider to be highly morally motivated due to his noted commitment to his democratic socialist values (GovTrack, 2023), is also likely to be at least somewhat relationally motivated. Indeed, several commentators have noted that some of Sanders' political behaviour can be best understood as being guided by the strong relationships he has built with actors across the ideological spectrum (Coleman, 2020). In Sanders' case, therefore, one may hypothesize that he is a policy maker who is high on moral motives, medium on relational motives, and low on instrumental motives.

A policy maker who is the target of a CPA attempt and who is driven by instrumental, relational, and moral motives is therefore likely to act according to the CPA attempt's combined effect, whether positive or negative, on each of these motives. For example, if instrumental CPA is directed at a policy maker who is highly motivated by both instrumental and moral motives, then the outcome of the CPA attempt will be a function not only of the positive effect (compliance) on the instrumental motives of the policy maker, but also the negative effect (aversion) it is likely to have on the moral motives of the policy maker. In determining how these motives are likely to interact, we draw on management research that builds on social influence theory (Aguilera et al., 2007) to posit an additive aggregation of the effect of policy maker motives applied to by a certain type of CPA. This view is further supported by research in psychology in which individuals' behaviours have been shown to be the result of additive aggregation between, for example, intrinsic and extrinsic motives (Vlachopoulos & Karageorghis, 2005). Here, we adopt the logic of these research streams and apply them to the CPA context such that the effect on each of the three motives is combined in an additive manner to determine the overall outcome of a CPA attempt.

We present in Table 3 an integration of the constituent parts of our framework. In this table, CPA outcomes are a function of an addition (and subtraction) of the effect of each of the three types of CPA on the three motives of policy makers. We attempt to account both for the fact that policy makers are driven by all three motives simultaneously and that these motives exist to varying degrees according to differences among individuals. The motives in the brackets represent the relative individual-level importance of instrumental, relational, and moral motives to the target policy maker. Depending on the relative importance of these motives and the result of the additive interaction between them in each type of CPA, the CPA attempt may result in successful influence, indifference, or aversion. For example, if the target policy maker of an instrumental CPA attempt is a politician who is highly morally motivated

and low on instrumental motives, the function is likely to yield a negative “sum,” representing the dominance of the aversion outcome.

We attempt to represent the differences between the outcomes of CPA directed at bureaucrats and that directed at politicians by proposing different sets of weights for each type of policy maker consistent with the propositions in our section on policy maker type. The differences in effectiveness between compliance generated by instrumental CPA directed at instrumentally motivated bureaucrats as opposed to politicians, for example, is reflected in different weightings for instrumental motives (respectively +2 for the latter and +1 for the former). We note that the numerical weights below are only meant to facilitate a representation of the conceptual arguments of our framework. Further, while the weights for each of the motives in the context of different CPA attempts are informed by our model, the relative importance of motives for each type of policy maker (denoted by the type of motive in brackets in Table 3) depends on the individual policy maker and is not given by our model or formulae.

TABLE 3
An Aggregation of Policy Maker Motives and CPA Outcomes

CPA Type	Likelihood of Influencing Politician =	Likelihood of Influencing Bureaucrat =
Instrumental CPA	2 (instrumental motives) + 0 (relational motives) - 2 (moral motives)	1 (instrumental motives) + 0 (relational motives) - 3 (moral motives)
Relational CPA	0 (instrumental motives) + 2 (relational motives) + 0 (moral motives)	0 (instrumental motives) + 1 (relational motives) - 2 (moral motives)
Moral CPA	0 (instrumental motives) + 0 (relational motives) + 2 (moral motives)	0 (instrumental motives) + 0 (relational motives) + 2 (moral motives)

DISCUSSION

That the dominant political markets framework of CPA does not capture the realities of policy makers is being increasingly recognized (Katic & Hillman, 2023; Wang, Du, & Marquis,

2019). In presenting our framework, we aim to take an important first step toward a more comprehensive model of CPA and to extend the current CPA framework in three key respects.

First, we bring the policy makers' perspective into the conceptualization of CPA. Although the *raison d'être* of CPA is to influence policy makers' policy decisions (Funk & Hirschman, 2017), the predominant CPA framework is surprisingly silent on what determines policy makers' willingness to accede to firms' influence attempts (Katic & Hillman, 2023). The predominant political markets view (Bonardi et al., 2005; Katic & Hillman, 2023), with its core assumption that policy makers are driven by instrumental motives (Lenway et al., 2022) offers only one—somewhat simplistic—prediction: the higher the rewards offered by a firm, the more likely the CPA effort will result in the desired policy (Hadani et al., 2017). By including policy makers who are driven both by instrumental and non-instrumental motives, our model offers a fuller range of the possible outcomes of CPA. Unlike the predictions of the current literature, we propose, for example, that instrumental CPA may fail to influence policy makers, and in some cases may even be counterproductive to the firm's policy aims. These propositions may help recontextualize the mixed empirical results that have been found in the literature (Ansolabehere et al., 2003; Hadani et al., 2017). We believe that future empirical studies that explore both instrumental and non-instrumental motives of policy makers may shed new light on the ambiguity around the effect of firms' instrumental CPA.

Second, we introduce relational and moral influence as important types of CPA. Given that policy makers are also driven by non-instrumental motives, firms are likely to seek to appeal to these motives through relational and moral influence attempts. While the current CPA literature considers firms' CPA efforts as consisting of instrumental influence (Katic & Hillman, 2023), our framework introduces relational and moral CPA as important parts of firms' CPA repertoires. Present scholarship that only considers one type of CPA (instrumental CPA) is therefore unlikely to fully capture firms' CPA efforts. As such, our framework

suggests that without incorporating these non-instrumental types of CPA, empirical work is severely limited in making inferences about CPA. We encourage future research to test and extend this aspect of our framework. Specifically, research building on our framework can examine how and when each of these different types of CPA may be used and what boundary conditions may impact the outcomes of these efforts. Examining moral and relational CPA may enable, for example, reconceptualizing lobbying beyond its current understanding as the mere supply of technically or politically valuable information (Hall & Deardorff, 2006). Further, taking the lead of the extant literature, we assumed that instrumental CPA takes place as an exchange between somewhat equal parties, and so did not integrate the issue of coercion into our framework. However, future research could use social influence theory to integrate coercion into the picture and examine how coercion in CPA may modify the influence dynamics we outlined in our framework.

Third, while current research has largely neglected bureaucrats in favour of a focus on legislators (Katic & Hillman, 2023), our model includes this important type of policy maker and identifies key differences in their motives to accept CPA. In our framework, we show that in CPA, not all policy makers are “cut from the same cloth”; as such, the same CPA effort may result in substantially different outcomes when directed at a bureaucrat versus an elected politician. Future research building on our work could shed new light on the outcomes of various CPA efforts directed at bureaucrats and on how firms navigate these differences. Research could examine, for example, how firms engage in intra-governmental arbitrage by choosing to lobby bureaucrats over politicians and vice versa, how firms may shape their policies to appeal to regulators’ public service ideals, or—given what our framework suggests are the relative difficulties of influencing bureaucrats—how firms may choose to defund and neutralize bureaucratic agencies altogether (Wilmarth, 2012).

To facilitate our theorizing around what drives policy makers when faced with CPA, we chose to focus on the individual policy maker in our framework. However, policy is often generated by networks (Rhodes, 2006) of policy maker relationships with fellow policy makers (e.g., politician-politician), with their organization (e.g., politician-party) and with policy makers of other types (e.g. legislature-regulatory agency). While our framework does not aim to address such multi-actor questions, we believe that it nevertheless takes an essential step by providing the necessary building blocks for such research in several important respects. For example, to understand policy makers' interactions with one another, research must, as a necessary step, integrate the underlying motives that drive these individuals by examining how policy makers appeal to these motives when attempting to influence one another. Furthermore, when the firm's desired policy requires the involvement of both elected and non-elected policy makers, our framework could prove useful to understand how different types of policy makers interact with one another. For example, a firm may succeed in influencing the legislature to pass a law, but the relevant regulatory agency, driven by a commitment to ideals of public service, may nevertheless resist enforcing that law.

Likewise, our focus on the single firm influencing a target policy maker was a conscious choice for the sake of tractable theorizing. However, multiple firms are often competing for a target policy maker's support, introducing a competitive dynamic that entails new complexities (Brown, 2016). While we do not address this directly in our framework, we do believe our work can help advance this subfield of research. For example, by introducing how firms can appeal to relational and moral motives in addition to instrumental ones, our work suggests that competition for policy is unlikely to act as an auction where the firm who supplies the greatest resources wins the competition (Hadani et al., 2017). Rather, our framework suggests that, in addition to instrumental competition, the competition for a policy maker's support is equally likely to take place in the relational and moral domains. This suggests that, for example, how

firms compete with one another to show that their preferred policy is more morally consistent with a target politician's values is a key question to understanding the competition for policy among firms.

Our framework sheds new light even on the simple case of instrumental CPA directed at (solely) instrumentally motivated policy makers, which is the focus of extant CPA research (Katic & Hillman, 2023). Our framework demonstrates that instrumental CPA may be rendered ineffective even when it is directed at instrumentally motivated policy makers. As we have shown, the compliance of an instrumentally motivated policy maker requires monitoring to be effective (Kelman, 1960; 2006). In cases where monitoring is limited, the policy maker may only act in the manner favoured by the firm where their behaviour is visible to the firm while simultaneously ignoring the firm's interests in domains that cannot be monitored. This factor is especially important to consider in instrumental CPA directed toward bureaucrats, whose behaviour is inherently harder to monitor (Bendor et al., 1985).

Public scrutiny may also have an important effect on instrumental CPA directed at instrumentally motivated policy makers. Because compliance is based on rewards, the cost of adopting the desired policy may outweigh the rewards due to public scrutiny. In these conditions, instrumental CPA may also be unsuccessful. This idea informs recent work on covert CPA (Jia et al., 2023; Katic & Hillman, 2023). If public scrutiny is high, firms would be more likely to engage in covert CPA to avoid this disruptive public scrutiny. Moreover, our framework introduces the possibility that firms seeking political influence under conditions of heightened public scrutiny may be more likely to use other, non-instrumental, types of CPA as an alternative to covert CPA, since non-instrumental motives are less likely to be impacted by the punishments that public scrutiny would bring.

Although our focus in this paper is on firms' influence efforts, our framework could be easily extended to non-firm influencers. Like firms, grassroots organizations, foreign

governments, and voters all try to influence policy makers and secure their desired policies. Similarly, these groups are likely to use the instrumental, relational, and moral influence at their disposal to achieve their ends, and policy makers are likely to react to them in similar fashion. These influence efforts may occur in competition with firms' own efforts. Future research may use our framework to examine how the presence of these competing groups, using different influence strategies, impact firms' CPA efforts. This may include how non-firm entities may disrupt firms' attempts to influence policy makers, or—perhaps counterintuitively—how firms could collaborate with these entities to advance their policy aims; for example, teaming up with an ideological grassroots organization to convince a policy maker of the moral merits of a policy.

Furthermore, the possibility that firms and policy makers may both be driven by moral motives introduces interesting questions around collaboration for societal benefit that future research can pursue. One possibility introduced by our framework is that policy makers can be driven by moral motives, and that, in pursuing these motives, policy makers may seek to promote societal good. In such cases, firms that are driven by their (members') moral motives are likely to collaborate with policy makers who share their values and who, due to their access to the power of government, may be uniquely situated to help firms enact a shared societal vision. Such collaboration has generally not been considered by prior research and introduces new questions about the relationship between corporate social responsibility (CSR) and CPA (Den Hond, Rehbein, de Bakker, & Lankveld, 2014).

For ease of exposition, we did not analyze CPA that simultaneously uses two or more influence types. However, just as an individual policy maker may be driven by all three motives simultaneously, it is possible for a firm to use multiple types of influence simultaneously. For example, a firm may advertise a policy's moral merits while simultaneously drawing on a previous relationship with the policy maker. We invite future research to examine such

complexities and explore the questions they prompt; for example, whether certain combinations of influence types (e.g., relational and moral) are more likely to be used (and to be successful) than other combinations (e.g., instrumental and moral) because of the compatibility of the motives upon which they draw and to which they appeal.

Our model shows that the interplay between policy makers' motives and firms' influence types determines the outcome of CPA attempts and that a CPA attempt's mismatch with a policy maker's motives may lead to unintended consequences. Interesting questions include the degree to which firms can appropriately identify policy makers' motives and avoid these consequences, what effect this ability might have on CPA outcomes, and whether this ability is differentially distributed among firms. According to our framework, firms that are able to appropriately identify what drives individual policy makers would select influence types that are most likely to successfully influence those policy makers. Future scholarship could shed light on this ability and explore whether it can be derived from, for example, experience with politics, domestic origin, social networks, or other sources.

Lastly, whereas the political markets view has conceptualized CPA as a relatively straightforward phenomenon in which firms' political investments derive policy influence (Bonardi et al., 2005), our framework suggests that political influence is a complex endeavour with many pitfalls. Policy makers may be driven to ignore or even oppose firms' influence efforts, a dynamic that is further exacerbated by the fact that policy makers' motives are not fully observable. Furthermore, depending on the type of policy maker that is being targeted, any degree of influence that is garnered may be limited in its effectiveness. These complexities and risks may help explain why approximately half of large firms do not seem to engage in (instrumental) CPA (Hadani & Schuler, 2013). These factors are generally not integrated in work on the antecedents of CPA (Hillman, Keim, & Schuler, 2004), and future research

examining their role could shed further light on the risks of CPA and when it makes sense not to pursue political influence.

CONCLUSION

In a sharp departure from the dominant political markets view of CPA, we show that “dangling carrots” is not the sole method for influencing policy makers, and indeed that it may prove ineffective or even counterproductive. We enrich CPA theory by demonstrating that policy makers, like all human beings, are more than simple utility maximizers operating in a market. We encourage research to build on our framework integrating policy makers motives and further explore the nuances of this important non-market strategy.

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CHAPTER 2

YOU CAN'T PLEASE EVERYONE: MORAL FOUNDATIONS AND THE CONTINGENT INFLUENCE OF POLITICAL DONATIONS

ABSTRACT

Scholarship on corporate political influence has conceived of this phenomenon as a market for policies, focusing on why firms would engage in political influence and ignoring the motivations driving policy makers. I explore the role of recipient politician morality in the success of donating firms' corporate political activity (CPA) efforts. Drawing on moral foundations theory, I argue that the success of firms that make political donations in an effort to influence policy development depends on the moral foundations emphasized by recipient politicians. Using a sample of S&P 1500 firms from 2014-2022, I predict and find that when donor firms' donations are directed toward culturally conservative politicians, who emphasize the moral foundations of authority/subversion and loyalty/betrayal, they benefit from lower federal tax rates. Notably, I do not find a similar effect for donations to economically conservative politicians, who emphasize the liberty/oppression foundation. Furthermore, in line with moral foundations theory, I demonstrate that the impact of the moral foundations of authority/subversion and loyalty/betrayal on political influence is amplified during crisis, as measured by the COVID-19 pandemic. These findings help explain the inconsistent empirical results in previous CPA studies and highlight the importance of considering politicians' moral motivations in understanding political influence. My study contributes to CPA research by introducing policy maker morality as a crucial factor in the effectiveness of political donations and extends our understanding of how moral foundations shape influence processes more broadly in organizational contexts.

Whether it is to maintain their competitive position or to improve it (Oliver & Holzinger, 2008), firms are highly motivated to shape their political environments in what scholars term corporate political activity (CPA). In this effort, firms worldwide invest significant financial resources to influence policy makers. In the United States alone, firms spend an estimated \$3.3 billion USD annually in disclosed political activity, with the undisclosed number possibly being much higher (Thomas & LaPira, 2017: 207). Likewise, the practice is a widespread one among large firms, with 85% of such firms in the United States, United Kingdom, and Germany being estimated to engage in publicly recorded lobbying (Favotto & Kollman, 2021).

Drawing on the political markets framework, wherein firms "buy" policies from policy makers by providing them with (usually financial) resources, scholarship on the topic has focused on how firms' investments into CPA derive firm outcomes while paying little attention to the policy maker and their motivations in the process (Katic & Hillman, 2023). Empirical work drawing on this framework, however, has failed to determine when CPA investment results in successful political influence. Though some empirical studies have shown that CPA expenditures positively affect firm performance (Bonardi et al., 2006; Cooper et al., 2010), other studies have found that these expenditures produce null effects (Fourniaies & Fowler, 2022; Fowler, Garro, & Spenkuch, 2020) or even yield negative outcomes (Aggarwal, Meschke, & Wang, 2012; Coates, 2012). In fact, the most recent meta-analysis of the CPA literature found that CPA was not significantly correlated with firm performance (Hadani, Bonardi, & Dahan, 2017). Furthermore, even empirical work examining more proximal measures of CPA effectiveness has found that CPA expenditure is not associated with successful changes to government policy (Ansolabehere, De Figueiredo, & Snyder, 2003; Hadani et al., 2017).

The conflicting empirical findings in CPA scholarship reveal a fundamental limitation in our understanding of CPA effectiveness which I argue stems from the literature's insufficient attention to politicians' moral motivations in the CPA process. Drawing on neoclassical economics, the political markets view has identified self-interest as the key motivation for politician behaviour when faced with CPA. However, more complete theories of motivation (Cropanzano et al., 2001) identify morality as an equally important driver of human behaviour (Kohlberg, 1969; Treviño et al., 2006), one that may even determine how an individual frames and understands their self-interest (Vila-Henninger, 2017). Indeed, theoretical work looking at how different motivations shape influence outcomes (Cropanzano et al., 2001; Kelman, 1958) suggests that any examination of influence is incomplete without understanding the morality of the target of influence (hereinafter the “influencee”). Contrary to the political markets view, research in social psychology has demonstrated that morality is particularly crucial for political elites, who typically possess more structured belief systems than their non-elite counterparts and are acutely aware of the moral weight of their decisions, making them especially sensitive to the alignment between their actions and their moral values (Converse, 1964; Tetlock, 1981; Lakoff, 2016).

I propose a novel theoretical framework that draws on moral foundations theory (MFT) to explain variations in CPA effectiveness according to recipient policy maker morality. I choose MFT because it offers a comprehensive framework for understanding how humans' moral intuitions shape decision-making and ethical behaviour, as it identifies distinct moral dimensions (care, fairness, loyalty, authority, sanctity, and liberty) that has been used extensively to explain variations in leadership approaches, stakeholder relationships, and corporate culture in management research (Leavitt, Reynolds, Barnes, Schilpzand, & Hannah, 2012; Desai & Kouchaki, 2017; Fewer & Tarakci, 2024). Further, MFT posits that political ideologies are underpinned by different moral foundations (Graham et al., 2013; Weber &

Federico, 2013; Hopp et al., 2023), making it particularly useful for the political context. These foundations include care/harm (concern for the suffering of others), fairness/cheating (reciprocal altruism), loyalty/betrayal (ingroup cooperation), authority/subversion (respect for hierarchy and tradition), sanctity/degradation (concern with purity and contamination), and liberty/oppression (resentment toward domination). I argue that certain moral foundations can encourage positive politician responses to political donations by increasing the likelihood that the key processes identified by Rest's components model of moral behaviour (Rest, 1982; Narvaez & Rest, 1995) will be completed successfully and the recipient politician will perceive supplying the donating firm with their preferred policy as a moral behaviour and act on that perception. Drawing on this argument, I propose that a politician's moral foundations determine the effectiveness of PAC contributions as a form of CPA.

To measure moral foundations' impact on CPA effectiveness, I use two dimensions of political ideology (economic and cultural conservatism) as proxies, as these dimensions have been shown to reflect different prioritizations of moral foundations (Graham et al., 2013). I hypothesize that politicians with greater emphasis on the liberty/oppression foundation will be more likely to be successfully influenced by firms who use political donations. Similarly, I hypothesize that politicians with greater emphases on the authority/subversion and loyalty/betrayal foundations will be more likely to be successfully influenced. Further, because MFT has shown that crisis is associated with greater emphasis on the moral foundations of loyalty/betrayal and authority/subversion (Van Leeuwen & Park, 2009), I hypothesize that these foundations' effects will be higher during the COVID-19 pandemic. To test my hypotheses, I employ a sample of S&P 1500 firms who donated to federal politicians between 2014-2022, using established measures of economic and cultural conservatism as proxies for the relevant moral foundations. My findings support my argument about the effect of the loyalty/betrayal and authority/subversion foundations on CPA effectiveness as well as the

enhancing effect of crisis on this effect. However, I do not find a significant effect for the liberty/oppression foundation, suggesting that this foundation is unlikely to cause greater support for the interests of donating firms.

My study makes several important contributions to research on CPA and influence. First, I introduce morality as a key determinant of successful instrumental political influence . I show that, in contrast to the extant political markets view which predicts a simple exchange of donations for policy, whether a donor firm benefits from their donations depends on the moral foundations of the target policy maker. Secondly, I demonstrate that the relationship between moral foundations and CPA effectiveness depends on contextual factors that may enhance or weaken the effect of moral foundations on political influence. I show that the effect of certain moral foundations, particularly loyalty/betrayal and authority/subversion, on political influence is likely to be amplified by contextual factors such as crisis. Thirdly, my study contributes to research on influence broadly. By adding the moral foundations of the influencee as a key moderator, I introduce an important factor which is likely to affect how influence that relies on material rewards will play out in a variety of organizational contexts, from human resource management to stakeholder relations.

POLICY MAKER MOTIVATION: SELF-INTEREST AND MORALITY

Because firms have a vested interest in government policies and seek to influence policy makers in order to exercise control over these policies (Oliver & Holzinger, 2008; Katic & Hillman, 2023), management scholars have sought to understand the phenomenon of CPA. These scholars have generally coalesced around the political markets view of political activity, in which firms "buy" policies from policy makers in exchange for resources provided by the firm, usually in the form of political donations (Hillman et al., 2004; Bonardi et al., 2005; Katic & Hillman, 2023). In the political markets view, policy makers are self-interested utility maximizers who seek to both retain and maintain political office and enhance their control over

resources once they have it. Whether they are seeking the power associated with political office (Lenway et al., 2022), bribes when they attain office (Heidenreich, Mohr, & Puck, 2015), or career advancement after leaving office (Blanes i Vidal, Draca, & Fons-Rosen, 2012), the policy maker in the political markets view is driven solely by their self-interest.

Empirical results in the field, however, often fail to support this political markets view. The findings of CPA studies suggest that firms' expenditures on CPA do not consistently lead to tangible benefits for firm performance. Though earlier metanalyses found a weak-medium effect of CPA expenditures on accounting measures (Lux et al., 2011), more current studies have yielded mixed results (Aggarwal et al., 2012; Hadani & Schuler, 2013; Mellahi, Frynas, Sun, & Siegel, 2016). Indeed, the most recent metanalysis, which uses a larger and more up-to-date sample, shows that firm-level CPA is not significantly associated with firm performance (Hadani et al., 2017). These findings do not support the current CPA framework's prediction that firms' investments in CPA will lead to greater performance.

Furthermore, studies examining CPA's direct effect on policy making have likewise found an insignificant effect. These studies, which directly examine whether firms can, in practice, secure their desired policy changes through CPA, have also shown that this is often not the case and that they do not achieve these changes (Baumgartner et al., 2009; Wright, 2004). Both older (Ansolabehere et al., 2003) and newer (Hadani et al., 2017) metanalyses show an insignificant link between CPA expenditure and policy change.

The mixed and inconclusive results of empirical studies that examine the effect of CPA on both the proximal measure of policy making as well as the more distal measure of firm performance therefore suggest that greater nuance is required to paint a fuller picture of CPA (McDonnell & Werner, 2016; Wang et al., 2019). This fuller picture needs to reconcile the confused empirical state developed by the accumulated evidence on CPA effectiveness and address the limitations of the current political markets view.

I see a chief cause behind this empirical confusion as the lack of examination of policy maker morality in CPA, a shortcoming increasingly recognized by scholarship. The reductive view of policy makers as motivated by simple self-interest precludes an understanding of the complexity of factors that influence policy makers' decisions. Indeed, in one of the most recent reviews of the literature, Katic and Hillman (2023) admit that "we know little" of what motivates policy makers facing a CPA attempt. By focusing on policy makers' self-interest, the existing framework fails to account for the nuanced ways in which policy makers evaluate and respond to CPA attempts.

To begin to address the dearth of knowledge regarding policy maker motivations in the CPA process, I argue that it is crucial to incorporate policy makers' morality. Morality represents a key driver of human behaviour which can both exert influence independent of self-interest (Cropanzano et al., 2001) as well as frame and define self-interest (Vila-Henninger, 2017). Depending on their morality, a policy maker targeted by a CPA attempt that consists of a transfer of resources may feel obligated to the donating firm because of the latter's support or, alternatively, they may feel that such a transfer does not require them to act in the firm's best interest because their first obligation is to act in the public's interest.

Understanding the role of policy makers' morality is therefore key to expanding our understanding of policy maker motivations in CPA and developing a more comprehensive framework that can better explain and predict CPA effectiveness.

THEORY

Moral Foundations Theory

Early theories of morality posited that there was a single set of values to which moral individuals subscribe, usually centred around ideals of justice (Kohlberg, 1971; Fehr, Yam, & Dang, 2015). Researchers building on this work gradually added more nuance to this conception of morality. Starting with care in addition to justice, research on morality found that there were several distinct moral domains, all of which contribute to an individual's

morality. These domains, also known as foundations, each consist of a set of interrelated elements, including intuitions, values, and social practices (Fehr et al., 2015). This stream of research, which identifies an individual's morality as consisting of different emphases on these domains, became known as moral foundations theory (MFT).

MFT identifies six distinct moral foundations. The first is care/harm, and this consists of a concern for the suffering of others and, when possible, its alleviation (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015). The second is fairness/cheating, which consists of a concern for reciprocity, justice, and equity, especially in the distribution of resources (Graham et al., 2013; Fehr et al., 2015). The third moral foundation is loyalty/betrayal, which consists of a concern for devotion to the coalitions and groups to which one holds membership (Graham et al., 2013; Fehr et al., 2015). The fourth is authority/subversion, which consists of a concern for hierarchical social relationships and deference to authority (Graham et al., 2013; Fehr et al., 2015). The fifth is sanctity/degradation, which consists of a concern for purity and contamination, including in a ritual or spiritual sense (Graham et al., 2013; Fehr et al., 2015). The sixth moral foundation is liberty/oppression, which consists of a concern for autonomy and resistance to oppression or authority (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015).

MFT's six foundations seek to capture the key differences between different individuals' moralities and their moral actions or responses to stimuli. For example, an individual who is high on the care/harm foundation and low on loyalty/betrayal would likely support providing resources to populations suffering from poverty regardless of whether they share demographic characteristics with them (Weber & Federico, 2013). However, another person who is similarly high on the care/harm foundation but also high on loyalty/betrayal may be more likely to want to support populations in poverty only if they are fellow citizens or of the same ethnicity as the individual (Weber & Federico, 2013).

Moral Foundations and Influence

Research on human motivation has consistently outlined the importance of morality in practically every aspect of human behaviour, from determining whether an individual engages in ethical behaviour (Cropanzano et al., 2001) to how likely an employee is to be committed to their organization (He, Zhu, & Zheng, 2014). I extend this line of thinking by arguing that morality, as determined by moral foundations, is also likely to determine whether an individual is successfully influenced by a provision of resources – as in the case of a corporation donating to a politician. Incentives provided to individuals who have greater emphasis on certain moral foundations may be more influential than others.

Moral foundations act as cognitive and emotional lenses through which individuals perceive and react to the world, including efforts to influence them (Liu & Piefer, 2022). As such, my argument is that these foundations likewise shape how policy makers perceive donating firms, whether they feel obligated toward these firms, and their ultimate orientation toward them and their policy goals. Drawing on Rest's model of moral decision-making (Rest, 1982; Narvaez & Rest, 1995), I argue that moral foundations influence the success of political donations through three key processes involved in moral behaviour: sensitivity, judgement, and motivation.

As noted by Rest and colleagues (Rest, 1982; Narvaez & Rest, 1995), moral behaviour is a highly complex phenomenon that involves multiple psychological components and processes, a failure in any one of which prevents the behaviour from manifesting. According to Rest's component model of moral behaviour, a moral behaviour takes place when four internal processes all occur: sensitivity, judgement, motivation, and implementation. Sensitivity involves a moral, rather than amoral or neutral, interpretation of the situation that activates moral feelings, such as empathy or disgust (Narvaez & Rest, 1995). Judgement involves a formulation of the moral meaning of the situation and a determination of the appropriate attitude and ideal course of action (Narvaez & Rest, 1995). Motivation involves the

prioritization of the moral value and the fulfilment of the ideal over other, non-moral, considerations (Narvaez & Rest, 1995). Implementation concerns the execution and implementation of the chosen moral behaviour, as informed by the other components, which is dependent on the moral fibre and steadfastness of the particular individual (Rest, 1982; Narvaez & Rest, 1995). Each of these processes must be successfully completed for moral behaviour to take place, and a failure in any one of these would preclude moral behaviour.

In my model of how moral foundations impact the success of a political donation in the policy sphere, I argue that certain moral foundations, through influence on Rest's processes, cause the recipient politician to perceive acting in the interests of a donating firm as a moral behaviour, and that this perception significantly increases the likelihood of successful influence due to these donations. The key departure point between my model and that of Rest is that while he assumes a universality in moral behaviour (generally, a pro-social empathetic universal morality), I follow moral foundations theory (Clifford & Jerit, 2013) and argue that what is considered to be moral behaviour differs according to which moral foundation is dominant, such that according to some moral foundations acting in a donating firm's interests is equivalent to the moral behaviour with which Rest is concerned. This occurs through key effects upon the three of the four processes that Rest identifies, namely sensitivity, judgement, and motivation. I exclude the implementation process since it is based on individual-level characteristics like steadfastness and moral fibre (Rest, 1982; Narvaez & Rest, 1995); these characteristics represent stable individual differences that are unlikely to systematically vary with moral foundations. In other words, while moral foundations shape how individuals interpret situations (sensitivity), determine appropriate responses (judgement), and prioritize moral concerns (motivation), they do not inherently affect an individual's capacity to follow through on their chosen course of action (implementation).

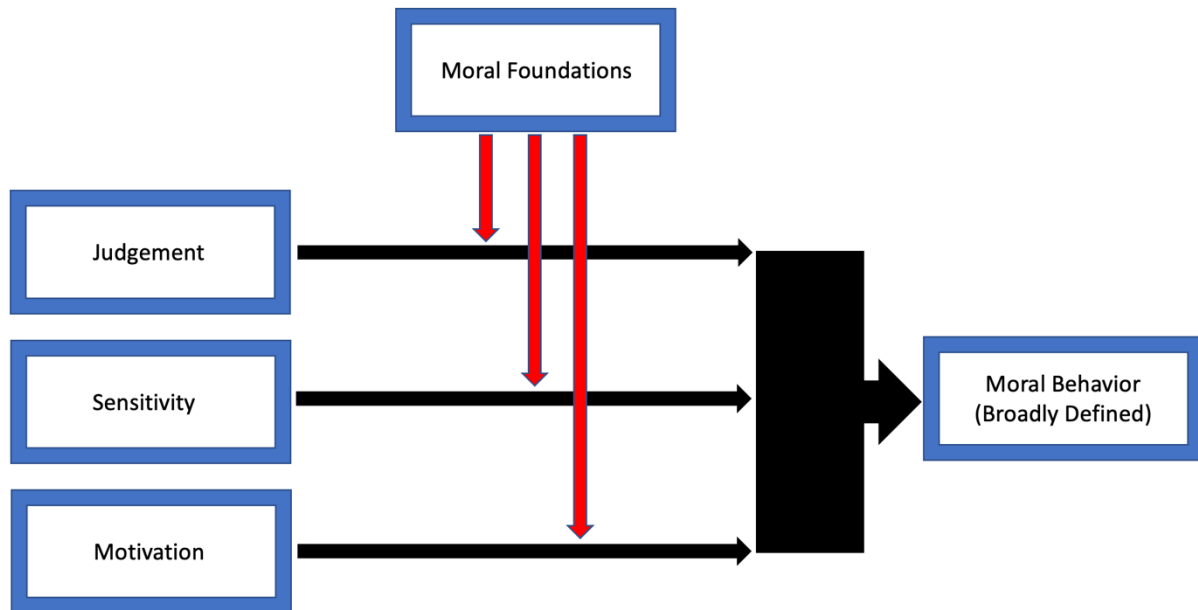
When a politician is in a situation in which they receive a political donation, the sensitivity that Rest identifies as activating relevant moral feelings (Rest, 1982; Narvaez & Rest, 1995) is likely to be determined by the moral foundation(s) that are most dominant in the mind of the politician. These different moral foundations are likely to entail different types of moral feelings depending on the logic of the moral foundations themselves (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015). For example, if an individual is dominated by an emphasis on the loyalty/betrayal foundation, they are likely to have different feelings be activated by a situation than individuals who are dominated by an emphasis on the care/harm foundation (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015). Indeed, it is likely that different moral foundations will entail different types of sensitivities, as it is unlikely that individuals with different underlying moral foundations will have identical sensitivities; for example, a politician who is high on the loyalty/betrayal foundation may be highly sensitive to a situation wherein a firm that provided the politician with political donations requires their aid in the policy sphere, while a politician who is high on the care/harm foundation is likely to be less sensitive to such a situation. As such, moral foundations exert an important influence at the sensitivity process of Rest's model (Rest, 1982; Narvaez & Rest, 1995).

Politicians in a political donation situation are also likely to have key differences between one another in how they are likely to formulate their moral ideal based on their dominant moral foundation(s) in the judgement component of Rest's model. Different moral foundations constitute different moral intuitions and moral rationales, which in turn are likely to inform differently the moral ideals that an individual in a political donation situation is likely to formulate (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015). For example, a politician with a dominant emphasis on the loyalty/betrayal foundation is likely to see the fulfilment of a donating firm's policy wishes as their moral ideal because they feel bonds of loyalty to this donating firm, while a politician with an emphasis on the fairness/cheating

foundation would be less likely to feel such bonds of loyalty, and indeed may see the donation as constituting an attempt to subvert fair rules of representative politics. As such, moral foundations exert a determinative effect on the judgement component of Rest's model of moral behaviour (Rest, 1982; Narvaez & Rest, 1995).

Differences between moral foundations will also determine how Rest's motivation process (Rest, 1982; Narvaez & Rest, 1995) takes place and whether it is successfully completed in a political donation situation. Different moral foundations are likely to determine differently whether the moral behaviour in question (acting in a donating firm's interests) will take priority over other concerns (Graham et al., 2013; Weber & Federico, 2013; Fehr et al., 2015). For example, a politician who has a dominant emphasis on the loyalty/betrayal foundation is likely to be motivated to prioritize acting in the donating firm's interest because not doing so would violate their desire to show their devotion to an entity which rendered them aid, while a politician who emphasizes the fairness/cheating foundation would be less likely to make such a prioritization as they would be more concerned with following what they consider to be fair representation of their constituents. As such, differences in moral foundations are likely to exert an important effect on the motivation process in Rest's model (Rest, 1982; Narvaez & Rest, 1995).

FIGURE 1
The Effect of Moral Foundations on Rest's Model of Moral Behaviour



Since each moral foundation affects these three processes differently, I argue that moral foundations are key to deciphering the role that morality is likely to play in influence contexts in which material benefits are employed, such as political donations. As previously outlined, MFT identifies six foundations, each of which must be examined for their likely effect on the ability of political donations to successfully influence policy makers through these processes.

Loyalty/Betrayal

The loyalty/betrayal foundation causes an individual to value their coalitions and alliances and prioritize the groups and individuals with whom they are affiliated (Graham et al., 2013). When a politician is faced with a political donation, the guiding loyalty/betrayal foundation they hold is likely to cause them to successfully complete Rest's sensitivity process and activate moral feelings associated with the foundation, like devotion, fidelity, and dependability (Rest, 1982; Narvaez & Rest, 1995). This activation occurs because pecuniary rewards carry with them connotations of loyalty (Gherghina & Tap, 2024; Zdaniuk & Levine, 2001). As a result, the political donation is likely to cause a recipient politician guided by the

loyalty/betrayal foundation to successfully complete the sensitivity process, thus imbuing the situation with moral meaning in the mind of the recipient (Rest, 1982; Narvaez & Rest, 1995).

As the feelings associated with the loyalty/betrayal foundation are activated in the sensitivity process, the foundation forms the lens through which the political donation is interpreted in Rest's judgement process (Rest, 1982; Narvaez & Rest, 1995). According to the logic of this foundation, the political donation constitutes an instance of rendering aid that in turn entails expectations of loyal behaviour toward the entity providing the aid (Graham et al., 2013). As such, this moral foundation would cause the recipient of the donation to interpret the donation as establishing a relationship with the donor to which the recipient ought to be loyal. Working in the donating firm's interest is therefore likely to be seen as an ideal moral behaviour by a politician with an emphasis on the loyalty/betrayal foundation, successfully completing the judgement process.

In the motivation process, the loyalty/betrayal foundation is likely to encourage prioritization of the moral behaviour formulated in the judgement process (acting in the donating firm's interests) and successfully complete this component of Rest's model. This is because a dominant loyalty/betrayal foundation, which would prioritize relationships with affiliated individuals and entities (Graham et al., 2013), will likewise be conducive to prioritization of behaviour that satisfies such an entity. Since the donation itself is likely to create a bond of loyalty between the recipient politician and the donating firm (Gherghina & Tap, 2024; Zdaniuk & Levine, 2001), it would therefore follow that the recipient politician would prioritize this behaviour. As such, the loyalty/betrayal foundation is likely to complete the motivation process of Rest's model required for acting in a donating firm's interests.

Therefore, a recipient politician who is guided by the loyalty/betrayal foundation is likely to complete the crucial processes identified by Rest's model of moral behaviour (Rest, 1982; Narvaez & Rest, 1995). As a result, an increased emphasis on the loyalty/betrayal

foundation will increase the likelihood of a recipient politician perceiving that supporting the donating firm's interests in the policy sphere constitutes moral behaviour, and acting on this perception. Firms that donate to such politicians should therefore benefit from increased success in the policy sphere.

Authority/Subversion

The authority/subversion foundation causes an individual to value extant hierarchies and defer to the traditions and authority that is derived from these hierarchies (Graham et al., 2013). When an individual is presented with a political donation, the authority/subversion moral foundation they hold is likely to successfully complete the sensitivity process, activating feelings associated with the foundation, such as obedience, conformity, and compliance (Graham et al., 2013). This is because the provision of pecuniary rewards when provided by a powerful actor, like a donating firm, implies hierarchical patron-client relationships between the donor and the recipient of the rewards (Casas-Zamora, 2024; Scott, 1972); while in exceptional cases (e.g., among politicians with national profiles who have the ability to independently raise large sums of money), there may be power parity between the firm and the politician that might prevent this perception, I expect this dynamic to hold true for the vast majority of politicians, whose campaign expenditures would be dwarfed by the billions that firms spend on political influence annually (Thomas & LaPira, 2017: 207). The political donation therefore constitutes a stimulus with respect to the sensitivity process, and as a result is likely to be imbued with moral meaning in the mind of a recipient who holds the authority/subversion moral foundation (Rest, 1982; Narvaez & Rest, 1995).

Once the feelings associated with the foundation are activated in the sensitivity process, the authority/subversion foundation becomes the lens through which the stimulus of the political donation is interpreted in Rest's judgement process (Rest, 1982; Narvaez & Rest, 1995). According to the logic of this moral foundation, the political donation represents a

provision of resources that is constitutive of a hierarchical relationship between patron and client (Casas-Zamora, 2024). As such, in the judgement process, the political donation will be interpreted through the logic of authority/subversion as endowing the donating firm with authority that the recipient politician would be motivated to obey.

In the motivation process, a recipient politician who emphasizes the authority/subversion foundation will be likely to prioritize the moral behaviour formulated in the judgement process, and thus successfully complete this component of Rest's model (Rest, 1982; Narvaez & Rest, 1995). This is because an appreciation of hierarchical relationships that is implied by this foundation is likely to engender a prioritization of behaviour that satisfies one's patron. Since the donating firm is likely to be seen as a patron by a recipient politician with a higher emphasis on the authority/subversion foundation, it therefore follows that the moral behaviour that satisfies these patrons would be prioritized and the motivation process successfully completed.

Therefore, an increased emphasis on the authority/subversion foundation is likely to encourage the successful completion of key components of Rest's model of moral behaviour (Rest, 1982; Narvaez & Rest, 1995). This means that this increased emphasis will increase the chances that acting in the donating firm's interests will be perceived as moral behaviour and that this perception will be acted upon. As such, firms that donate to such politicians should benefit from greater success in influencing policy.

Liberty/Oppression

The liberty/oppression foundation causes an individual to oppose efforts to control or restrain their behaviour and prioritize their own liberty to act in spite of such efforts, especially in the context of understandings between willing parties, such as in the context of market transactions (Weber & Federico, 2013). In a political donation situation, the liberty/oppression foundation that an individual holds is likely to cause them to successfully complete Rest's

sensitivity process and activate moral feelings associated with the foundation, like feelings of self-determination, appreciation of economic freedom, and aversion to control (Rest, 1982; Narvaez & Rest, 1995). This is because the implied exchange of pecuniary rewards for policy help resembles a free-market exchange, which individuals high on this foundation are particularly likely to value (Graham et al., 2013). The political donation therefore constitutes a stimulus that is likely to cause a recipient politician whose liberty/oppression foundation is dominant to successfully complete Rest's sensitivity process and so imbue the donation with moral meaning (Rest, 1982; Narvaez & Rest, 1995).

Once the sensitivity process is completed and the moral feelings associated with the liberty/oppression foundation are activated, the foundation forms the lens through which the political donation and the individual's ideal response to it is interpreted in Rest's judgement process (Rest, 1982; Narvaez & Rest, 1995). According to the logic of this foundation, reception of the political donation would constitute the first part of a legitimate market transaction that ought to be reciprocated by the recipient politician (Graham et al., 2013). As such, the political donation will create the expectation of a reciprocation that the recipient politician would be motivated to satisfy by providing a donating firm with their preferred policy.

In the motivation process, a recipient politician guided by a strong liberty/oppression foundation would be likely to prioritize the moral behaviour formulated in the judgement process and successfully complete this component of Rest's model (Rest, 1982; Narvaez & Rest, 1995). This is because the valuing of economic transactions implied by this foundation would prioritize engaging in reciprocal economic behaviour when one is engaged in an economic transaction. Since the political donation represents an economic transaction, a recipient politician emphasizing this foundation would likely prioritize the reciprocal behaviour of supplying the firm with their preferred policy. As such, the moral behaviour

formulated in the judgement process would be prioritized and the motivation process would be successfully completed when the recipient politician has a strong liberty/oppression foundation.

Increased emphasis on the liberty/oppression foundation is therefore likely to cause a recipient politician to complete the processes constituting the key components of Rest's model of moral behaviour. This means that an increased emphasis on liberty/oppression will increase the likelihood that the recipient politician would perceive providing the donating firm with their preferred policy (as part of the policy-for-donations exchange) as a moral behaviour and will act on this perception. The scenario represented by an increased emphasis on liberty/oppression closely resembles what the political markets view theorizes, with the politician selling their policies in exchange for donations; the complication that my framework adds, however, is that this scenario is most likely to occur when the politician's morality supports it, rather than being the universal dynamic between politicians and firms. As such, firms that donate to politicians with a higher emphasis on the liberty/oppression foundation should benefit from greater policy influence.

Care/Harm, Fairness/Cheating, and Sanctity/Degradation

The care/harm, fairness/cheating, and sanctity/degradation foundations are unlikely to enhance the success of political donations and rather are likely to cause different components of Rest's model to fail (Rest, 1982; Narvaez & Rest, 1995). The care/harm foundation, while activated by a firm's plea for help through donations, may equally cause the target to care for non-donating parties making similar pleas, causing failure to prioritize the behaviour in the motivation process (Rest, 1982; Narvaez & Rest, 1995). The fairness/cheating foundation produces ambiguous interpretations, as donations simultaneously suggest reciprocity while potentially being viewed as subverting the fairness of democratic processes through preferential treatment, therefore causing failure in the judgement process (Rest, 1982; Narvaez

& Rest, 1995). The sanctity/degradation foundation is unlikely to be activated by political donations, as this foundation typically relates to bodily and religious sensibilities rather than political corruption, therefore causing failure in the sensitivity process (Rest, 1982; Narvaez & Rest, 1995).

The Role of Moral Foundations in Political Influence

My framework argues that an increased emphasis on liberty/oppression will increase positive recipient politician behavioural responses to firms' influence attempts using political donations. As such, I hypothesize that when a donor firm's recipient politicians have greater emphasis on this foundation, the firm is more likely to achieve their desired policy change:

H1: Recipient politicians' increased emphasis on the liberty/oppression foundation will enhance a donating firm's likelihood of successfully securing political influence.

My framework likewise argues that increased emphasis on loyalty/betrayal and authority/subversion is likely to increase positive behavioural responses to influence attempts using political donations. As such, I hypothesize that when a donor firm's recipient politicians have greater emphases on the loyalty/betrayal and authority/subversion foundations, the firm is more likely to achieve their desired policy change (I group these foundations together for empirical purposes, as will be made clear in my methods section):

H2: Recipient politicians' increased emphases on the loyalty/betrayal and authority/subversion foundations will enhance a donating firm's likelihood of successfully securing political influence.

The Role of Perceived Danger: Crisis as a Moderator

While a core tenet of MFT is that emphases on certain moral foundations vary according to individual characteristics (Graham et al., 2013), these emphases can also be enhanced by environmental factors. Specifically, when individuals face danger and uncertainty, they are more likely to adopt moral intuitions that emphasize moral foundations

that may be advantageous when an individual is faced with such conditions: loyalty/betrayal and authority/subversion (Van Leeuwen & Park, 2009). In conditions of danger and uncertainty, an individual is likely to benefit from increased affiliation with individuals with whom one is affiliated because these relationships constitute a source of safety, enhancing the loyalty/betrayal foundation (Van Leeuwen & Park, 2009; Altemeyer, 1988). Likewise, when an individual faces uncertain and dangerous conditions, they are also likely to defer to existing sources of authority, a behaviour that would allow the individual to both gain rewards from and avoid punishment by powerful individuals and groups (Van Leeuwen & Park, 2009; Altemeyer, 1988). Supporting these arguments, empirical research in MFT has shown that during times of crisis, which increase perceived dangers or threats, individuals tend to heighten their emphases on certain moral foundations, including loyalty/betrayal and authority/subversion (Van Leeuwen & Park, 2009).

This heightened emphasis on loyalty/betrayal and authority/subversion in the face of a perceived threat can amplify the effect of those moral foundations on successful political influence as identified above. By enhancing recipient politicians' emphases on these moral foundations, there is a heightened likelihood that acting in the donating firm's interests in the policy sphere will be perceived as moral behaviour as well as the likelihood that this perception will be acted upon. This is likely to happen through increasing the chances that the processes in Rest's model will be completed successfully. In the sensitivity process, if a recipient politician's emphasis on moral foundations of loyalty/betrayal and authority/subversion is enhanced by a crisis situation, they are more likely to experience the moral feelings associated with these foundations and therefore successfully complete this process. Likewise, in the judgement process, when emphases on these moral foundations are enhanced during crisis, the recipient politicians who hold them are more likely to conclude that acting in the firm's interests in the policy sphere is an ideal moral behaviour. Lastly, in the motivation process, an

enhanced emphasis on these moral foundations during crisis is likely to increase prioritization of this moral behaviour over other concerns, increasing the likelihood that this process will be completed successfully and that the recipient politician will act in the donating firm's interests.

Therefore, I hypothesize that crisis will strengthen the effect of the foundations of loyalty/betrayal and authority/subversion on donating firms' policy outcomes:

H3: The effect of recipient politicians' increased emphases on the loyalty/betrayal and authority/subversion foundations on successful policy influence (as proposed in H2) will be stronger during crisis.

TABLE 4
Moral Foundations and Effects on Political Donations

Moral Foundation	Logic	Effect on Political Donation Success	Ideological Association	Enhanced by Crisis
<i>Loyalty/Betrayal</i>	Valuing one's coalitions and alliances	Increases likelihood of donation success	Economic Conservatism	No
<i>Authority/Subversion</i>	Valuing extant hierarchies and deference to authority	Increases likelihood of donation success	Cultural Conservatism	Yes
<i>Liberty/Oppression</i>	Prioritize one's liberty in opposition to efforts to restrain the individual	Increases likelihood of donation success	Cultural Conservatism	Yes

METHODS

Sample

My initial sample was derived from the S&P 1500 index of firms in the years between 2014-2022. This sample of firms captures most large American firms that are likely to seek to influence the federal government in the United States, where the information on political donations is most complete and collected by the Federal Electoral Commission (FEC). The

2014-2022 timeframe was selected for several reasons. First, this period captures significant variation in the U.S. political environment, including three different presidential administrations (4 years of Democratic rule under Obama and Biden and 4 years of Republican rule under Trump) and multiple shifts in congressional control, providing natural variation in the political context of CPA. Second, the period encompasses both the COVID-19 pandemic (2020-2021) and non-crisis years, allowing for tests of my crisis-related hypothesis while maintaining sufficient non-crisis observations for comparison. Finally, this timeframe represents a period of consistent electronic reporting requirements for political donations to the Federal Election Commission, ensuring data quality and completeness in my key independent variables (FEC, 2017).

Political donation information was collected from OpenSecrets, a nonprofit organization that organizes and publishes campaign contribution data from the FEC and other sources. Firm-level data was collected through COMPUSTAT. Politician data on ideological measures was derived from voteview.com, which uses DW-NOMINATE to calculate and make available information on politician ideology based on roll-call voting (Voteview, 2024).

My initial sample was reduced to 442 firms once I removed firms for which there was no donation data available for the period in which I examined my data and because firms in the banking industry do not report their federal taxes paid in the COMPUSTAT database. This final sample represented 2813 firm-year observations.

Dependent Variables

Policy Change. To measure policy change, I operationalize *effective federal tax rate (EFTR)* using information from COMPUSTAT. This refers to federal taxes paid divided by pre-tax income on an annual basis. Since tax rates are directly dependent on government policy, they have been used as a measure of the effectiveness of firms' political influence (Richter, Samphantharak, & Timmons, 2009; McIntyre & Nguyen, 2000; 2004). Tax rates are a useful

measure of policy change caused by a firm's influence over politicians because firms can use their influence to gain tax breaks (including credits and deductions) (Brown, Drake, & Wellman, 2015), weaken tax enforcement for themselves (DeHaan, Kedia, Koh, & Rajgopal, 2011), and even influence the tax code more fundamentally to gain structural advantages for their operations (Martin, Mehrotra, & Prasad, 2009).

In my case, since I am focusing on donations made to federal politicians, I use tax rates at the federal level to reduce any noise that might result from policy change due to state-level or municipal politicians to whom a firm might be donating or not donating. The choice of this dependent variable addresses some of the concerns about other measures of CPA effectiveness, as recent studies have criticized the use of more distal variables representing firm performance, such as profits or return on assets, with questionable connections to policy (Katic & Hillman, 2023; Hadani et al., 2016). Effective federal tax rates represent a far more proximal measure of influence over federal policy and therefore reduces a significant portion of these concerns (Richter, Samphantharak, & Timmons, 2009). Following previous practice that caps effective tax rates because they represent ratios (Mascagni & Mengistu, 2019), I capped EFTR at 10 (representing 1000% of annual earnings being taxed). This allows me to capture tax variation during years where earnings might have been very low (e.g., during the pandemic years), but federal taxes were still paid, while still excluding very extreme values. To ensure that the results were robust to different capping practices, I ran the same analyses with a capped ratio of 1, which gave the same results (see Appendix).

Independent Variables

Moral Foundations. My approach to measure the moral foundations of politicians builds on a rich MFT literature which identifies how political ideology reflects and is underpinned by different moral foundations (e.g., Graham et al., 2013; Weber & Federico, 2013). Current understandings of MFT identify political ideology primarily along two

dimensions, the first being an "economic" dimension concerning resources, economic (in)equality, and the role of government in regulating transactions, and the second being a "cultural" dimension concerning personal freedoms, tradition, and the legitimacy of extant hierarchies (Stenner, 2005, 2009; Weber & Federico, 2013).

These two dimensions reflect distinct moral foundations. Economic conservatives are characterized by their placing greater importance on the liberty/oppression foundation (Graham et al., 2013; Weber & Federico, 2013). This emphasis is especially concerned with economic and property-related freedoms. Specifically, economic conservatives will oppose government providing services (e.g., health and education) and generally support individuals being free to make their own way without government intervention or help (Graham et al., 2013; Weber & Federico, 2013).

The cultural dimension has been found to reflect a different set of moral foundations. Specifically, cultural conservatives emphasize the loyalty/betrayal, authority/subversion, and sanctity/degradation foundations (Graham et al., 2013; Weber & Federico, 2013). This emphasis is associated with social issues, such as abortion and the equal treatment of marginalized populations (Graham et al., 2013; Weber & Federico, 2013). Cultural conservatives will oppose abortion access and oppose equal rights for sexual and racial minorities.

Because of the established relationship between these two dimensions of conservatism and the three moral foundations (Graham et al., 2013; Weber & Federico, 2013) that I identify as likely to affect the success of donating firms, I use them as proxies for these foundations. Specifically, I identify economic conservatism as a proxy for increased emphasis on the liberty/oppression foundation, and I identify cultural conservatism as a proxy for increased emphases on the loyalty/betrayal and authority/subversion foundations.

To measure these dimensions empirically, I use DW-NOMINATE. This established measure (Ramey, Klingler, & Hollibaugh, 2022; Hall & Thompson, 2018; Lindgren & Southwell, 2014; Diermeier, Godbout, Yu, & Kaufmann, 2012) uses politicians' voting records to create two ideological dimensions, with higher values indicating more conservative positions. The first dimension refers to substantive issues regarding the economy (Carroll, Lewis, Poole, & Rosenthal, 2009; Caughey & Schickler, 2016). The second dimension concerns culturally relevant issues, such as attitudes toward minorities and abortion (Carroll et al., 2009; Caughey & Schickler, 2016). I use the first dimension representing economic conservatism to operationalize the increased emphasis on the liberty/oppression foundation while using the second dimension to operationalize the combined effect of the loyalty/betrayal and authority/subversion foundations.

To connect corporate donations to moral foundations, I use DW-NOMINATE scores to construct measures of donor firms' recipient politician ideology. I average the DW-NOMINATE values of donating firms' recipient politicians each year, weighing them according to the donation amounts provided to each politician to measure the cultural and economic conservatism or progressivism of the recipient politicians to whom a firm donates, creating two variables: 1) weighted average politician economic conservatism; and 2) weighted average politician cultural conservatism. This weighted average allows me to capture the ideological profile of the firm through its donation patterns. Like the donations themselves, these values are lagged by one year.

Pandemic. For the pandemic variable, I use a dummy variable for whether the year was a pandemic year. 2020 and 2021 are coded as 1, while all other years are coded as 0 for this variable (Shen et al., 2021; Ma, Rogers, & Zhou, 2020).

Control Variables

Following prior research on corporate tax outcomes, I control for several firm-level financial characteristics that may affect effective tax rates.

Equity in Earnings. Equity in the earnings of subsidiaries is controlled for, as it can significantly affect effective tax rates through differences in international tax treatment (Dyreng & Lindsey, 2009). Firms with higher equity earnings from subsidiaries, particularly foreign subsidiaries, often face different tax considerations and may have greater opportunities for tax planning, potentially confounding the relationship between political activity and tax outcomes.

Special Items. Special items are included following prior tax research (e.g., Dyreng et al., 2008) to control for the impact of one-time events and unusual charges. These extraordinary items can significantly distort effective tax rate calculations by affecting both pre-tax income and tax expenses, potentially confounding the relationship between political activity and tax outcomes.

Capital Expenditures. Capital expenditures are controlled for because firms' investment activities can directly influence their tax obligations through various tax incentives (Vu & Le, 2021). Tax benefits, like accelerated depreciation and investment tax credits, can substantially reduce effective tax rates, making this an important control for isolating the effects of politician morality.

Interest and Related Expense. Interest and related expense is included to account for firms' debt financing decisions (Schwab, Stomberg, & Xia, 2022). Tax-deductible interest payments can reduce effective tax rates through debt tax shields, and variations in firms' debt levels could create differences in tax outcomes unrelated to political activity.

Sales/Revenue. Sales/revenue is included as a control for firm size, following extensive research showing that larger firms have both greater resources and opportunities for political activity (Schwab, Stomberg, & Xia, 2022) and different tax planning capabilities due to

economies of scale in tax planning (Rego, 2003). Firm size has been consistently shown to influence both political activity and tax outcomes (Hillman et al., 2004; Rego, 2003).

Pretax Income. Pretax income is controlled for, as it directly influences both the calculation of effective tax rates and a firm's capacity for political activity (Chen et al., 2010; Hillman et al., 2004). This measure of profitability is crucial, as it accounts for firms facing losses that may entail different tax planning incentives and constraints than those of profitable firms.

Total Assets. Total assets is included as an additional measure of firm size and complexity, following research showing that larger firms have different tax planning opportunities and constraints (Mills, Erickson, & Maydew, 1998). While correlated with sales/revenue, total assets captures a distinct aspect of firm size that particularly influences tax planning capacity and sophistication, making it an important control for isolating the effects of political influence on tax outcomes.

PAC Contributions. Total amount of PAC contributions is included to control for the level of political donations, separate from the target(s) of those donations (Cooper et al., 2010). This helps isolate the effect of donation recipient characteristics from the overall level of political spending.

Political Party. Recipient politician political party affiliation is controlled for using a weighted average of the party affiliation of the recipient politicians, lagged by one year to match the ideology measures. I included this measure to control for politician level effects which are not due to ideology but rather to party.

Partisanship. Partisan control of Congress is included as a dummy variable for Republican control, as the majority party's agenda-setting power can significantly influence tax policy outcomes regardless of individual politician characteristics (Grossmann & Hopkins, 2015).

Pandemic. Finally, I include a pandemic dummy variable for the years 2020-2021, as this period was characterized by considerable tax policy instability and unique economic conditions (Auerbach et al., 2022). This controls for the potential confounding effects from this unprecedented period that could affect both political influence and tax outcomes.

Analytical Approach

For all models, I use within-firm fixed-effects panel specification using the *plm* package in R. This approach allows me to control for time-invariant firm characteristics and is better suited for addressing potential endogeneity concerns (Brüderl & Ludwig, 2015). Further, fixed effects analysis is particularly well-suited for testing my theoretical framework, which is concerned with how changes in the ideological makeup of donating firms' recipient politicians affects firm-level outcomes. Specifically, the fixed effects approach focuses on within-firm variation over time, allowing me to examine how the lagged changes in a firm's political donation recipients' ideologies correlate with changes in that same firm's policy outcomes, while controlling for any unobserved but stable characteristics of the firm that might otherwise bias the results.

I consistently use Driscoll-Kraay standard errors in my fixed effects analysis. This approach addresses potential heteroskedasticity, autocorrelation, and cross-sectional dependence which are common in panel data, ensuring reliable inference (Hoechle, 2007; Driscoll & Kraay, 1998). I compute Driscoll-Kraay standard errors using the *vcovSCC* function from the *plm* package for all models.

To address potential issues with outliers and extreme values, I winsorize my continuous variables at the 1st and 99th percentiles for my models. Throughout my analysis, I compare results across different model specifications (base model, extended model, and a full model with two-way interactions). All models are checked for multicollinearity by calculating the

Variance Inflation Factor (VIF) to ensure that they are below accepted thresholds (<5) (Shrestha, 2020).

For the EFTR models, I use an OLS fixed effects specification. I choose OLS (instead of a 2SLS instrumental variable approach) as my main analysis because EFTR represents a highly proximal variable with a short hypothesized causal chain with my independent variables of interest, thus significantly limiting endogeneity concerns (Frühwirth & Sögner, 2015). As a supplement, I do conduct and report 2SLS analysis for this variable even though a Wald test suggests that OLS is sufficient. A Wald test for endogeneity assesses whether an explanatory variable is endogenous by testing if the residuals from its first-stage regression on instruments significantly affect the outcome, indicating correlation with unobserved factors (Lochner & Moretti, 2015; Wellalage & Locke, 2016). I present my instrumental variable strategy in the next subsection.

As a supplementary analysis, I examine my hypothesized relationships on the dependent variable of return on assets (ROA) to represent firm performance. For this analysis, I use a two-step least squared (2SLS) specification since ROA is a more distal variable with a longer hypothesized causal chain with my independent variables of interest. Here, a Wald test suggests that endogeneity is present and that a 2SLS analysis is justified (Lochner & Moretti, 2015; Wellalage & Locke, 2016).

Instrumental Variable

For my supplementary 2SLS analyses, which I undertake to address potential endogeneity concerns for the recipient ideology measures, I construct instruments by interacting state-level public opinion data on cultural and economic issues (abortion restrictions and EPA CO2 regulations) from the firm's home state with the weighted average of the same opinion measures from the home states of recipient politicians. These interactions serve as valid instruments because while they are likely to influence recipient politician ideology through

regional ideological alignment, they should not directly affect firm outcomes except through their impact on politician ideology, thus fulfilling the restriction and exclusion restrictions, respectively. The theoretical rationale is that firms' selection of which politicians to support should partially be determined by the ideological alignment between their home state constituency and the constituencies of potential recipient politicians, but that this alignment should not independently affect politicians' support for donating firms except through recipient politician ideology.

RESULTS

Table 5 presents correlations and descriptive statistics for the variables. All VIF values were below accepted thresholds (<5) (Shrestha, 2020). The correlation analysis reveals weak associations between EFTR and other variables, with coefficients generally below 0.12 in absolute value. The strongest correlations with EFTR are with special items (-0.122) and capital expenditures (-0.108). Notable correlations exist between size-related financial variables, particularly interest expense with total assets (0.758) and sales revenue with pre-tax income (0.693). PAC contributions show moderate correlations with firm size measures (0.39-0.57), but weak correlation with EFTR (0.062). Political ideology measures (recipient cultural and economic conservatism) display moderate correlation with each other (0.368).

	Mean	SD	EFTR	Equity in Earnings	Special Items	Capital Expenditures	Interest Expense	Sales Revenue	Pre-tax Income	Total Assets	PAC Cont.	Recip. Cultural Conservatism	Recip. Economic Conservatism
EFTR	0.123	0.140	1.000	-0.067	-0.122	-0.108	-0.054	0.077	0.026	-0.042	0.062	-0.096	-0.024
Equity in Earnings	42.65	172.08	-0.067	1.000	-0.097	0.378	0.167	0.338	0.229	0.201	0.180	0.043	0.029
Special Items	-254.42	762.86	-0.122	-0.097	1.000	-0.318	-0.313	-0.353	-0.179	-0.197	-0.279	-0.033	-0.011
Capital Expenditures	1207.74	2540.32	-0.108	0.378	-0.318	1.000	0.548	0.622	0.540	0.323	0.504	0.074	0.030
Interest Expense	455.96	848.55	-0.054	0.167	-0.313	0.548	1.000	0.574	0.590	0.758	0.537	0.053	0.025
Sales Revenue	18002.94	32487.89	0.077	0.338	-0.353	0.622	0.574	1.000	0.693	0.495	0.569	0.035	-0.016
Pre-tax Income	2126.89	4443.27	0.026	0.229	-0.179	0.540	0.590	0.693	1.000	0.591	0.539	0.032	-0.009
Total Assets	52533.72	120940.51	-0.042	0.201	-0.197	0.323	0.758	0.495	0.591	1.000	0.394	0.038	0.034
PAC Cont.	236548.59	415090.37	0.062	0.180	-0.279	0.504	0.537	0.569	0.539	0.394	1.000	0.079	0.043
Recip. Cultural Conservatism	0.043	0.134	-0.096	0.043	-0.033	0.074	0.053	0.035	0.032	0.038	0.079	1.000	0.368
Recip. Economic Conservatism	0.216	0.255	-0.024	0.029	-0.011	0.030	0.025	-0.016	-0.009	0.034	0.043	0.368	1.000

Notes: All financial variables in millions of dollars.

TABLE 5. Descriptive Statistics and Correlation Table

Table 6 presents the results of the OLS fixed effects panel regression models predicting effective federal tax rate (EFTR). Model 1 includes the control variables, Model 2 adds the effect of PAC donations, Model 3 adds the scores for weighted average recipient politician economic conservatism (proxy for liberty/oppression foundation) and cultural conservatism (proxy for loyalty/betrayal and authority/subversion foundations), and Model 4 adds the two-way interactions between recipient politician ideology measures (as proxies for their respective moral foundations) and the pandemic variable.

	<i>Dependent variable:</i>			
	Effective Federal Tax Rate			
	Controls (1)	With Donations (2)	With Ideology (3)	With Interactions (4)
Equity in Earnings	0.00003* (0.00002)	0.00004** (0.00002)	0.00004** (0.00002)	0.00004** (0.00002)
Special Items	-0.00002*** (0.00000)	-0.00002*** (0.00000)	-0.00002*** (0.00000)	-0.00002*** (0.00000)
Capital Expenditures	-0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Interest Expense	-0.00002*** (0.00001)	-0.00001* (0.00001)	-0.00001* (0.00001)	-0.00001* (0.00001)
Sales Revenue	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)
Pretax Income	-0.00001*** (0.00000)	-0.00001*** (0.00000)	-0.00001*** (0.00000)	-0.00001*** (0.00000)
Total Assets	-0.000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Pandemic Period	-0.031*** (0.011)	-0.012 (0.010)	-0.012 (0.010)	-0.015* (0.009)
Political Donations (log, t-1)		-0.008** (0.004)	-0.008** (0.003)	-0.008** (0.003)
Republican House Control		0.030** (0.013)	0.027** (0.013)	0.028** (0.013)
Party Affiliation (t-1)		-0.0001*** (0.00005)	-0.0001* (0.0001)	-0.0001* (0.0001)
Cultural Conservatism (t-1)			-0.080*** (0.024)	-0.073*** (0.026)
Economic Conservatism (t-1)			-0.011 (0.013)	-0.015 (0.012)
Cultural Conservatism X Pandemic				-0.031** (0.016)
Economic Conservatism X Pandemic				0.022* (0.013)
Chi-squared	-	42.9	56.8	57.8

Observations	2,813	2,813	2,813	2,813
Note:	*p<0.1; **p<0.05; ***p<0.01			
	Notes: Driscoll-Kraay standard errors in parentheses.			

TABLE 6. OLS EFTR Models

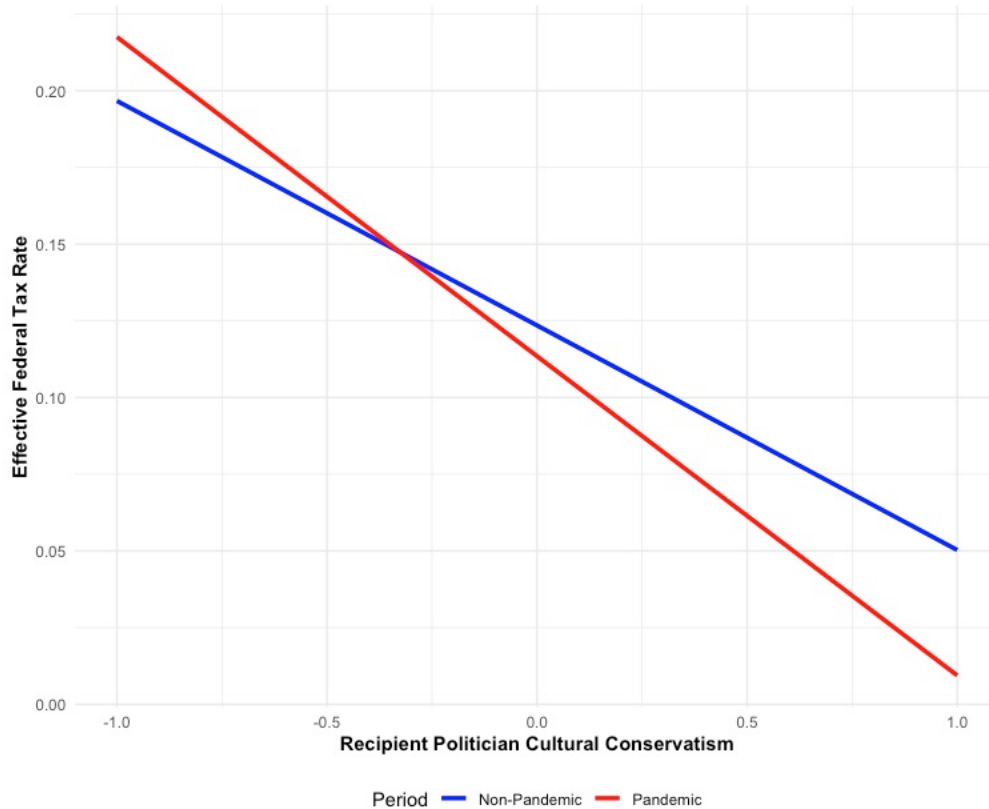
The results from all models indicate that PAC contributions have a significant negative effect on EFTR ($p < 0.05$).

Hypothesis 1 predicted that the liberty/oppression foundation (which underpins economic conservatism) would result in positive policy change for the donating firm. The results from Model 3 show that although recipient politicians' economic conservatism has a negative effect, it is not significant at conventional levels, failing to support Hypothesis 1.

Hypothesis 2 predicted that the loyalty/betrayal and authority/subversion foundations (which underpin cultural conservatism) would result in positive policy change for the donating firm. The results from Model 3 show that recipient cultural conservatism has both a negative and significant ($p < 0.01$) effect on EFTR, supporting Hypothesis 2.

Hypothesis 3 predicted that the effects of the loyalty/betrayal and authority/subversion foundations on policy change would be exacerbated during the pandemic. The results from Model 4 show that the interaction term of cultural conservatism and the pandemic is both significant and negative ($p < 0.05$), meaning that the already negative effect of cultural conservatism on EFTRs is significantly enhanced during the pandemic, supporting Hypothesis 3. See Figure 2 for a visual representation of this interaction effect:

FIGURE 2
Interaction Effect of Recipient Politician Cultural Conservatism by Pandemic Period, EFTR



Taken together, my results suggest that firms that donate to politicians who have greater emphases on the loyalty/betrayal and authority/subversion foundations (cultural conservatives) benefit from lower effective federal tax rates and that this effect was enhanced during the pandemic. Notably, the liberty/oppression foundation (associated with economic conservatism) does not seem to have the same effect, and firms that donate to politicians who have higher emphasis on this foundation do not seem to benefit from lower federal tax rates.

Supplementary Analyses and Robustness Checks

Two-Stage Least Squared (2SLS) Analysis

As a robustness check, I employed two-stage least squares (2SLS) instrumental variable approaches (with Driscoll-Kraay standard errors) to control for potential endogeneity in the

recipient ideology measure. Here, I used the instrumental variable strategy described in my methods section, treating ideology as an endogenous variable.

With respect to the EFTR model, the strength of these instruments is supported by significant first-stage F-statistics (31.3 and 53.4 for economic and cultural ideology dimensions respectively), well above conventional thresholds for weak instruments (Stock & Watson, 2015). A Wald test fails to reject the null hypothesis of no endogeneity ($p = 0.77$), suggesting that OLS estimates may be sufficient. Nevertheless, the results from this 2SLS analysis, summarized in Table 7, corroborate the finding supporting H2 from the OLS fixed effects analysis, with the measure for recipient politicians' cultural conservatism being both negative and significant ($p < 0.05$) in the second stage, while recipients' economic conservatism is positive and not significant at conventional levels. See Table 7 for the results of this specification.

	<i>Dependent variable:</i>		
	Cultural Conservatism (t-1)	Economic Conservatism (t-1)	Effective Federal Tax Rate
	First Stage (Cultural)	First Stage (Economic)	Second Stage
	(1)	(2)	(3)
Home State Abort. x State Avg. Abort.	-0.0002 (0.0003)	0.001 (0.0005)	
Home State EPA x State Avg. EPA	0.00000 (0.00002)	-0.0001 (0.0001)	
State Avg. Abortion Illegality	0.029*** (0.008)	0.024*** (0.008)	
State Avg. EPA CO2	-0.007*** (0.001)	-0.004 (0.006)	
Equity in Earnings	0.00001 (0.00001)	-0.00003* (0.00002)	0.00004** (0.00002)
Special Items	-0.00000 (0.00000)	0.00000 (0.00000)	-0.00002*** (0.00001)
Capital Expenditures	0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)
Interest Expense	0.00000 (0.00000)	-0.00000 (0.00000)	0.00000 (0.00000)
Sales Revenue	0.00000* (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)
Pretax Income	0.00000* (0.00000)	-0.00000** (0.00000)	-0.00000*** (0.00000)
Total Assets	-0.00000* (0.00000)	-0.00000 (0.00000)	0.00000** (0.00000)
Pandemic Period	-0.020*** (0.005)	0.007 (0.028)	-0.016 (0.013)
Republican House Control	-0.032*** (0.006)	0.047 (0.030)	0.020 (0.019)
Political Donations (log, t-1)	0.001*** (0.0002)	0.003*** (0.0002)	-0.0001 (0.0002)
Party Affiliation (t-1)	-0.002 (0.003)	0.014* (0.009)	-0.011*** (0.003)
Cultural Conservatism (t-1)	-0.087*** (0.018)		
Economic Conservatism (t-1)		-0.223*** (0.042)	
Fitted Cultural Conservatism			-0.187** (0.095)
Fitted Economic Conservatism			0.077 (0.079)
F-statistic	31.3	53.4	11.5
Observations	2,813	2,813	2,813

Note:

*p<0.1; **p<0.05; ***p<0.01

TABLE 7. 2SLS Results, Direct Effects EFTR Model

To address potential endogeneity concerns in my ideology measures for the pandemic interaction for the EFTR variable (H3), I conduct a multiple endogenous variables two-stage least squares (2SLS) analysis using the same interaction term of firm- and recipient politician state-level attitudes toward abortion illegality and EPA CO2 regulation as instruments, this time to establish the interactions of the ideology measures with the pandemic. In this case, both the ideology scores and their interactions with the pandemic dummy are treated as endogenous variables, meaning there are four first stage regressions. The results for this specification are presented in Table 8. The F-Statistics of these instruments was above conventional cutoffs (ranging from 30.4 to 261) for economic and cultural ideology dimensions and their interaction terms with the pandemic. Wald tests of the joint significance of the first-stage residuals fail to reject the null hypothesis of no endogeneity, with a very large p-value ($p=0.84$). The 2SLS estimates, using Driscoll-Kraay standard errors, show a similar pattern to the OLS results for cultural conservatism, though with larger magnitudes and reduced precision. Specifically, the main effect of cultural conservatism remains negative but only marginally significant ($p < 0.1$); in contrast, its pandemic interaction flips signs and becomes marginally significant in the positive direction ($p < 0.1$). The economic ideology coefficient remains statistically insignificant in this 2SLS specification. Given the lack of evidence for endogeneity and the greater precision of OLS estimates, I retain OLS as the primary specification for the test of H3.

	First Stage Cultural (1)	First Stage Economic (2)	First Stage Cultural x Pandemic (3)	First Stage Economic x Pandemic (4)	Second Stage EFTR (5)
HS Abort x State Abort	-0.0004 (0.0002)	0.001 (0.0005)	0.0003* (0.0002)	0.0004* (0.0002)	
HS EPA x State EPA	0.00004 (0.00003)	-0.0001 (0.0001)	0.00002 (0.00002)	0.00003* (0.00002)	
HS Abort x State Abort x Pandemic	-0.0001* (0.0001)	-0.0001 (0.0001)	-0.00003 (0.00002)	-0.0004*** (0.0001)	
HS EPA x State EPA x Pandemic	-0.00000 (0.00001)	0.00003* (0.00001)	-0.00003*** (0.00000)	-0.0001*** (0.00001)	
State Abort	0.034*** (0.007)	0.024*** (0.007)	-0.005* (0.003)	-0.008 (0.005)	
State EPA	-0.011*** (0.002)	-0.003 (0.006)	-0.001 (0.001)	-0.002* (0.001)	
Equity in Earnings	-0.00000 (0.00001)	-0.00003* (0.00002)	-0.00001 (0.00000)	0.00001** (0.00000)	0.00004** (0.00002)
Special Items	-0.00000 (0.00000)	0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00002*** (0.00001)
Capital Expenditures	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000* (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Interest Expense	0.00000*** (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000* (0.00000)	0.00000 (0.00000)
Sales Revenue	0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000* (0.00000)	-0.00000 (0.00000)
Pretax Income	0.00000 (0.00000)	-0.00000** (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)	-0.00000*** (0.00000)
Total Assets	-0.00000*** (0.00000)	-0.00000 (0.00000)	0.00000*** (0.000)	0.00000 (0.00000)	0.00000 (0.00000)
Pandemic	-0.072*** (0.015)	0.061*** (0.023)	-0.044*** (0.011)	0.027*** (0.004)	-0.012 (0.010)
Republican House	-0.034*** (0.007)	0.048 (0.030)	0.0002 (0.001)	-0.004 (0.003)	0.018 (0.020)
Party Affiliation	0.001*** (0.0002)	0.003*** (0.0002)	0.00000 (0.0001)	0.0003* (0.0002)	-0.0002 (0.0002)
Donations (log)	-0.002 (0.003)	0.014* (0.008)	0.002 (0.001)	0.001 (0.003)	-0.012*** (0.003)
Cultural Conservatism	-0.081*** (0.018)		-0.026 (0.017)		
Economic Conservatism		-0.214*** (0.042)		-0.054 (0.037)	
Cultural x Pandemic			0.048*** (0.016)		
Economic x Pandemic				0.120*** (0.034)	
State Abort x Pandemic	-0.015*** (0.005)	0.007** (0.003)	0.009*** (0.001)	0.062*** (0.002)	
State EPA x Pandemic	0.005***	-0.004***	0.001***	-0.007***	

	(0.001)	(0.001)	(0.0004)	(0.001)	
Fitted Cultural					-0.197*
					(0.118)
Fitted Economic					0.109
					(0.099)
Fitted Cultural x Pandemic					0.451*
					(0.234)
Fitted Economic x Pandemic					-0.142*
					(0.084)
F-statistic	30.4	43.4	56.8	261	10
Observations	2,813	2,813	2,813	2,813	2,813
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01					
Notes: Driscoll-Kraay standard errors in parentheses.					

TABLE 8. 2SLS Results, 2-Way Interaction EFTR Model

ROA Analysis

While firm performance measures have been criticized in CPA research for being too distal a variable to capture the effects of political influence (Katic & Hillman, 2023), I conduct analyses of my hypothesized relationships on a firm performance measure on return on assets (ROA) as a supplement. Conducting supplementary analyses on this more distal firm performance measure helps paint a fuller picture of the effects of recipient politician morality and provides additional evidence for my hypothesized relationships, since it is unlikely that the benefits of political influence are limited to federal taxes alone. In conducting this analysis, I seek to explore the effect of my hypothesized relationships on firm performance measures, while recognizing the primacy of more proximal measures representing policy as more theoretically and empirically justified.

Table 9 presents the results of the fixed effects panel regression 2SLS models predicting ROA. While the Wald test for endogeneity yielded a p-value of 0.159, indicating that we cannot reject the null hypothesis of exogeneity at conventional significance levels, the relatively low p-value provides some empirical justification for employing a 2SLS estimation to address potential endogeneity concerns in our model of corporate financial performance. However, I do report the

OLS analysis in Table 11 (further below in the section), and the results corroborate the 2SLS analysis on the direct effects of cultural conservatism.

	<i>Dependent variable:</i>		
	Cultural Conservatism (t-1)	Economic Conservatism (t-1)	Return on Assets
	First Stage (Cultural) (1)	First Stage (Economic) (2)	Second Stage (3)
Home State Abort. x State Avg. Abort.	0.0003 (0.0002)	-0.001* (0.0003)	
Home State EPA x State Avg. EPA	-0.00002 (0.00003)	-0.0003*** (0.0001)	
State Avg. Abortion Illegality	0.022*** (0.005)	0.046*** (0.006)	
State Avg. EPA CO2	-0.006*** (0.002)	0.010* (0.005)	
Economic Conservatism (t-1)	-0.088*** (0.014)		
Cultural Conservatism (t-1)		-0.210*** (0.029)	
Capital Expenditures	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Total Assets	0.00000* (0.00000)	-0.00000** (0.00000)	-0.00000*** (0.00000)
Number of Employees	-0.0001* (0.0001)	0.0002 (0.0001)	-0.0002*** (0.00003)
Cash Holdings	-0.101*** (0.031)	-0.076* (0.041)	0.064*** (0.014)
Sales Revenue	0.00000** (0.00000)	-0.00000* (0.00000)	0.00000*** (0.00000)
Pandemic Period	-0.020*** (0.003)	0.014 (0.032)	-0.008 (0.007)
Political Donations (log, t-1)	-0.006** (0.003)	0.007 (0.007)	-0.0005 (0.001)
Party Affiliation (t-1)	0.001*** (0.0002)	0.003*** (0.0003)	0.00004 (0.00003)
Republican House Control	-0.030*** (0.005)	0.051 (0.033)	-0.002 (0.005)
Fitted Economic Conservatism			-0.022 (0.014)
Fitted Cultural Conservatism			0.074** (0.035)
F-statistic	52.6	87.7	10.7
Observations	4,002	4,002	4,002

Note:

*p<0.1; **p<0.05; ***p<0.01

Notes: Driscoll-Kraay standard errors in parentheses.

TABLE 9. 2SLS Results, Direct Effects ROA Model

Mirroring the results from my EFTR analysis that failed to find support for H1, I find that economic conservatism does not have a positive effect on ROA in my 2SLS specification predicting this variable. Indeed, I find a negative, but ultimately not significant at conventional levels, effect on ROA.

Corroborating the results of my OLS EFTR analysis finding support for H2, I likewise find that weighted recipient politician cultural conservatism has a positive and significant ($p < 0.05$) effect on ROA in my 2SLS analysis predicting ROA.

To address potential endogeneity concerns in my ideology measures for the pandemic interaction for the ROA variable (H3), I conduct a multiple endogenous variables two-stage least squares (2SLS) analysis using the same interaction term of firm- and recipient politician state-level attitudes toward abortion illegality and EPA CO2 regulation as instruments, this time for the interaction of the ideology measures with the pandemic. As in the EFTR analysis, both the ideology scores and their interaction with the pandemic dummy are treated as endogenous variables, resulting in 4 first stage regressions. The Wald test strongly rejects the null hypothesis of no endogeneity ($p < 0.001$), indicating that 2SLS estimation is appropriate for addressing endogeneity in these measures. The results for this model are presented in Table 10. The F-Statistics of these instruments was above conventional cutoffs (ranging from 46.4 to 408) for economic and cultural ideology dimensions and their interaction terms with the pandemic. The 2SLS estimates, using Driscoll-Kraay standard errors, show that while the base effect of cultural conservatism is not significant at conventional levels, its interaction with the pandemic shows a strong positive effect ($p < 0.05$). The economic ideology coefficient remains statistically

insignificant in the direct effect. These results provide support for H3, showing that the positive effect of cultural conservatism on firm performance is particularly pronounced during crisis.

	First Stage Cultural (1)	First Stage Economic (2)	First Stage Cultural x Pandemic (3)	First Stage Economic x Pandemic (4)	Second Stage ROA (5)
Home State Abort x State Abort	0.0001 (0.0002)	-0.001* (0.0003)	0.0005* (0.0003)	0.0004 (0.0003)	
Home State EPA x State EPA	0.00000 (0.00004)	-0.0003*** (0.0001)	0.00004 (0.00003)	0.00001 (0.00002)	
Home State Abort x State Abort x Pandemic	-0.0001*** (0.00003)	0.00003 (0.0001)	-0.0002*** (0.00001)	-0.0003*** (0.0001)	
Home State EPA x State EPA x Pandemic	-0.00001 (0.00001)	0.00002* (0.00001)	-0.00004*** (0.00000)	-0.0001*** (0.00001)	
State Abortion Illegality	0.027*** (0.003)	0.044*** (0.006)	-0.008* (0.005)	-0.008 (0.006)	
State EPA CO2	-0.008*** (0.003)	0.011** (0.005)	-0.003 (0.002)	-0.001 (0.001)	
Capital Expenditures	0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000* (0.00000)	-0.00000 (0.00000)	0.00000 (0.00000)
Total Assets	0.00000 (0.00000)	-0.00000** (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000*** (0.00000)
Number of Employees	-0.0001** (0.0001)	0.0002 (0.0001)	-0.00000 (0.00003)	0.0002* (0.0001)	-0.0002*** (0.00002)
Cash Holdings	-0.089*** (0.032)	-0.086** (0.040)	-0.060** (0.028)	-0.022 (0.016)	0.080*** (0.017)
Sales Revenue	0.00000** (0.00000)	-0.00000 (0.00000)	0.00000 (0.00000)	-0.00000* (0.00000)	0.00000*** (0.00000)
Pandemic	-0.058*** (0.011)	0.074** (0.031)	-0.045*** (0.010)	-0.008* (0.005)	-0.001 (0.006)
Republican House Control	-0.031*** (0.005)	0.052 (0.033)	0.0005 (0.001)	-0.007* (0.004)	-0.008 (0.008)
Party Affiliation	0.001*** (0.0002)	0.003*** (0.0003)	0.0001 (0.0001)	0.0004 (0.0003)	-0.00003 (0.00004)
Political Donations (log)	-0.005** (0.003)	0.007 (0.007)	-0.0003 (0.001)	-0.0004 (0.002)	-0.001 (0.001)
Cultural Conservatism	-0.081*** (0.013)		-0.023* (0.014)		
Economic Conservatism		-0.198*** (0.029)		-0.061 (0.040)	
Cultural x Pandemic			0.026 (0.018)		
Economic x Pandemic				0.079* (0.045)	
State Abort x Pandemic	-0.011*** (0.003)	0.006* (0.003)	0.017*** (0.0005)	0.058*** (0.002)	
State EPA x Pandemic	0.005*** (0.001)	-0.004*** (0.001)	0.001** (0.0003)	-0.005*** (0.001)	
Fitted Cultural					0.005 (0.048)
Fitted Economic					0.034 (0.033)
Fitted Cultural x Pandemic					0.335** (0.149)

Fitted Economic x Pandemic					-0.137*** (0.046)
F-statistic	46.4	69.3	84.9	402	9.68
Observations	4,002	4,002	4,002	4,002	4,002
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01 Notes: Driscoll-Kraay standard errors in parentheses.					

TABLE 10. 2SLS Results, 2-Way Interaction ROA Model

These supplementary analyses of firm performance provide additional support for my theoretical framework about the role of moral foundations in political influence. Even when examining a more distal outcome like ROA, which has traditionally yielded mixed results in CPA research (Hadani et al., 2017), I find that donations directed to politicians with greater emphases on loyalty/betrayal and authority/subversion foundations (measured through cultural conservatism) yield positive outcomes for firms, corroborating the support for H2 in the EFTR analysis. Further, when examining the interaction effects with a multiple endogenous variables 2SLS specification, it seems that this effect is heightened during crisis, providing further support for H3. This suggests that the effect of moral foundations on political influence outlined in H2 and H3 are robust enough to manifest not only in direct policy outcomes, but also in broader measures of firm performance. The fact that these results hold across both proximate (EFTR) and distal (ROA) measures strengthens the evidence for my theoretical argument about the importance of recipient politicians' moral foundations in determining CPA effectiveness.

	<i>Dependent variable:</i>			
	Return on Assets (ROA)			
	Controls	With Donations	With DW-NOMINATE	With Interactions
	(1)	(2)	(3)	(4)
Capital Expenditures	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Total Assets	-0.00000*** (0.00000)	-0.00000*** (0.00000)	-0.00000*** (0.00000)	-0.00000*** (0.00000)
Number of Employees	-0.0002*** (0.00002)	-0.0002*** (0.00002)	-0.0002*** (0.00002)	-0.0002*** (0.00002)
Cash Holdings	0.068*** (0.016)	0.068*** (0.016)	0.068*** (0.015)	0.065*** (0.015)
Sales Revenue	0.00000*** (0.00000)	0.00000*** (0.00000)	0.00000*** (0.00000)	0.00000*** (0.00000)
Pandemic Period	-0.010 (0.006)	-0.010 (0.006)	-0.010 (0.007)	-0.007 (0.005)
Party Affiliation (t-1)	0.00001 (0.00003)	0.00002 (0.00003)	0.00003 (0.00003)	0.00003 (0.00003)
Republican House Control	-0.005 (0.005)	-0.005 (0.005)	-0.004 (0.005)	-0.004 (0.004)
Political Donations (log, t-1)		-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Economic Conservatism (t-1)			-0.008*** (0.003)	-0.010** (0.004)
Cultural Conservatism (t-1)			0.013 (0.011)	0.024** (0.011)
Economic Conservatism X Pandemic				0.002 (0.011)
Cultural Conservatism X Pandemic				-0.058*** (0.014)
Chi-squared	-	0.629	4.93	14.8
Observations	4,002	4,002	4,002	4,002
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01 Notes: Driscoll-Kraay standard errors in parentheses. Model Comparison chi-squared statistics test the improvement in fit over the Controls model (Model 1).				

TABLE 11. OLS ROA Models

State-Level Proxy for Cultural and Economic Conservatism

Lastly, I seek to address concerns that dimension 2 of DW-NOMINATE may not reflect cultural conservatism. As a robustness check, I replace my original measure of cultural

conservatism (DW-NOMINATE dimension 2) with a state-level measure of attitudes towards abortion. Specifically, I use 2022 Cooperative Congressional Election Study (CCES) survey data to determine the percentage of people in a recipient politician's home state who support making abortion illegal. This alternative measure provides an opportunity to provide external validation of my cultural conservatism construct, drawing on public opinion data that is independent of my original data source, but which is nevertheless likely to be highly correlated with politicians' personal ideologies (Binder, Maltzman, & Sigelman, 1998). I re-ran my main analysis using this new measure, maintaining the same model structure and control variables. This approach allows me to test whether my findings regarding the moderating effect of cultural conservatism on the relationship between political donations and effective tax rates are robust to an alternative, more direct operationalization of cultural conservatism. Table 12 presents all models using this measure. The results of this robustness check (using Driscoll-Kraay standard errors) corroborate my original findings regarding H2, with this measure having a statistically significant effect ($p < 0.05$) on federal tax rates in Model 4. The two-way interaction with the pandemic testing H3 (also in Model 4) using this measure was, however, not in the expected direction.

	<i>Dependent variable:</i>			
	Effective Federal Tax Rate			
	Controls (1)	With Donations (2)	With Policy Preferences (3)	With Interactions (4)
Equity in Earnings	0.00003* (0.00002)	0.00003** (0.00002)	0.00004** (0.00002)	0.00004** (0.00002)
Special Items	-0.00002*** (0.00000)	-0.00002*** (0.00001)	-0.00002*** (0.00000)	-0.00002*** (0.00000)
Capital Expenditures	-0.00000 (0.00000)	-0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Interest Expense	-0.00002*** (0.00001)	-0.00002*** (0.00001)	-0.00001* (0.00001)	-0.00001* (0.00001)
Sales Revenue	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)
Pretax Income	-0.00001*** (0.00000)	-0.00001*** (0.00000)	-0.00001*** (0.00000)	-0.00001*** (0.00000)
Total Assets	0.000 (0.00000)	0.000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Pandemic Period	-0.031*** (0.011)	-0.030*** (0.010)	-0.011 (0.010)	-0.014 (0.012)
Political Donations (log, t-1)		-0.009** (0.005)	-0.008*** (0.003)	-0.008*** (0.003)
Republican House Control			0.030** (0.013)	0.030** (0.013)
Party Affiliation (t-1)			-0.0001* (0.0001)	-0.0001** (0.0001)
Abortion Rights Support (t-1)			-0.002* (0.001)	-0.003** (0.001)
EPA CO2 Regulation Support (t-1)			0.001 (0.0004)	0.001* (0.0004)
Abortion Rights X Pandemic				0.002** (0.001)
EPA CO2 Regulation X Pandemic				-0.001 (0.0004)
Chi-squared	-	8.63	45.4	46.8
Observations	2,813	2,813	2,813	2,813

Note:

*p<0.1; **p<0.05; ***p<0.01

Notes: Driscoll-Kraay standard errors in parentheses. Chi-squared statistics test the improvement in fit over the Controls model (Model 1).

TABLE 12. Home State Measure of Ideology, EFTR Model

This less granular measure of politician cultural conservatism (state-level vs. individual politician-level) therefore provides qualified support for the observed relationship between policy success and cultural conservatism in my main analyses. The difference in results for H3 suggests that the moderating effect of the pandemic on politician ideology might be detectable only at the individual politician level. While using state-level abortion attitudes as a proxy has limitations, such as potentially masking within-state variations among politicians, it provides valuable external validation for the main findings related to the overall effect of cultural conservatism on the donation-outcomes relationship (H2).

Likewise, though my economic conservatism measure (DW-NOMINATE dimension 1) was not significant in any of the models in my main analysis, to check that another measure of economic conservatism would not give different results, I also used a state-level measure of this dimension of ideology. For this, I used 2022 CCES survey data to determine the percentage of people in a recipient politician's home state who support allowing the Environmental Protection Agency's (EPA) efforts to regulate CO₂, which should be inversely related to economic conservatism. The results of this measure did not substantially change the result, with the caveat that this economic conservatism measure was marginally significant in the expected direction only in Model 4.

DISCUSSION AND CONCLUSION

This study advances our understanding of CPA by demonstrating that policy maker morality plays a crucial role in determining the success of firms' political influence strategies. Drawing on moral foundations theory (MFT), I show that the effectiveness of political donations depends on recipient politicians' moral foundations, and specifically on their emphases on the authority/subversion and loyalty/betrayal foundations. My findings suggest that political donations to culturally conservative politicians, who emphasize these foundations, lead to greater political

influence, and that this effect seems to be intensified during crises like the COVID-19 pandemic. Contrary to my predictions, however, recipient politicians' emphasis on the liberty/oppression foundation, which is associated with economic conservatism, does not seem to lead to greater political influence.

I make several contributions to the literature on political influence and CPA with this study. First, I demonstrate that morality is a key driver of policy maker behaviour when faced with instrumental influence attempts. By showing that recipient politicians' moral foundations significantly impact donating firms' ability to achieve political influence, my paper lays a foundation for understanding policy maker motivation in the CPA process.

This introduction of policy maker morality encourages further exploration of more complex and nuanced iterations of the relationship between firms and policy makers. While my framework focuses on donor firms and the significance of the authority/subversion, loyalty/betrayal, and liberty/oppression foundations, it is likely that other moral foundations influence the CPA process in different contexts. For example, greater emphasis on the care/harm foundation may cause a policy maker to be more likely to render aid to a struggling or entrepreneurial firm, regardless of whether that firm is a donor.

Relatedly, by expanding policy makers' motivations to include moral foundations, my framework introduces the possibility of how appeals may be made to the full spectrum of these foundations. A key implication of my framework is that there are other factors at play on the policy maker side of the CPA process than self-interest, and particularly that moral foundations are likely to play an important role. While I only introduce the possibility that moral foundations complicate the outcomes achieved by donating firms in ways that previous scholarship has not considered, future scholarship can build upon how other foundations can be appealed to directly outside of the

donation context. Building upon the mechanism I introduce in this paper, future studies could examine how different appeals by firms may impact specific foundations through Rest's model of moral behaviour (Rest, 1982; Narvaez & Rest, 1995). For example, a firm seeking anti-dumping policies may make a fairness appeal through congressional testimony or lobbying to an economically progressive (liberal) politician with a greater emphasis on the fairness/cheating foundation and who would therefore seek to level the playing field between domestic and foreign firms. Such possibilities may explain why firms are still donating to progressive (liberal) politicians despite securing better outcomes when donations are more focused on (culturally) conservative politicians; in these cases, the donation may be part of a multi-dimensional and longer-term process.

The second contribution of this paper is that I demonstrate how the impact of moral foundations on political influence is likely to vary depending on the broader context, with conditions such as danger potentially amplifying the effect of recipient politician moral foundations on CPA success. This finding adds a crucial dynamic element to our understanding of the interplay between morality and CPA. In particular, my results suggest that during times of perceived threat or crisis, the effect of recipient politicians' stronger emphases on the authority/subversion and loyalty/betrayal foundations are even more pronounced. For instance, in the wake of national security concerns or economic instability, firms donating to culturally conservative politicians might see increased benefits. This amplification effect could be attributed to the heightened salience of these moral foundations in times of uncertainty, as individuals and institutions seek stability and in-group cohesion.

This contextual approach to moral foundations and political influence opens new avenues for research in CPA. Future studies could explore how different types of crises or societal changes

modulate the effectiveness of appeals to various moral foundations. For example, how might a global health crisis versus an economic recession differently affect the influence of politicians with varying moral profiles? Additionally, longitudinal studies could investigate how the relationship between moral foundations and political influence evolves over time as societies face different challenges and threats.

Thirdly, and most broadly, my paper contributes to the literature on instrumental influence outside of CPA by suggesting that the moral foundations of the recipient of material rewards matters at least as much as the rewards themselves. My research indicates that individuals who emphasize the moral foundations of loyalty/betrayal and authority/ subversion are most likely to be influenced when material rewards are employed. The framework I propose, supported by statistical analysis, argues that such individuals are likely to build bonds of authority and loyalty with the influencers who supply them with resources.

This finding has important implications for influence in the context of organizational outcomes. It suggests that when attempting to influence individuals, their moral foundations are likely to act as an important determinant of success. In particular, it indicates that individuals who are higher on the loyalty/betrayal and authority/subversion foundations are most likely to be successfully influenced when material influence is employed. This insight suggests that such individuals may be highly valued by organizations seeking to acquire loyal employees, managers, and contractors through material benefits.

The extension of these findings beyond the CPA context also opens rich avenues for future research. For instance, studies could explore how different types of rewards (monetary, status-based, or intangible) interact with various moral foundations in organizational settings. Researchers might investigate whether the effectiveness of different employee retention strategies

varies based on the moral profiles of the workforce. Additionally, this framework could be applied to areas such as supplier relationships, strategic alliances, and even consumer loyalty programs to examine how moral foundations influence the effectiveness of various incentive structures.

Furthermore, this research raises intriguing questions about the potential dark side of the effect of moral foundations. If individuals with certain moral foundations are more susceptible when material rewards are employed, how might this affect ethical decision-making within organizations? For example, it may be likely that someone with a greater emphasis on the loyalty/betrayal and authority/subversion foundations is more likely to act faithfully in the interests of their principals, therefore possibly reducing unethical behaviour; however, it may be equally likely that these foundations may create a moral “blindness” effect that causes them to ignore unethical requests from those principals. Future studies could explore whether different moral foundations encourage ethical decision-making, and which types of rewards and types of influence are most effective at encouraging ethical decisions among individuals with different moral foundations.

Therefore, by extending my findings to the broader context of instrumental influence, this research not only enriches our understanding of CPA, but also provides a novel lens through which to view various organizational processes. It underscores the importance of considering individual moral foundations in any context where influence is sought through the provision of material rewards, potentially calling for such nuance to be incorporated in a variety of fields, from human resource management to stakeholder relations.

Along with these important contributions, my paper comes with several limitations and caveats. First, though my framework argues that the impact of ideology on CPA is achieved through moral foundations, it is possible that this relationship occurs through a different pathway.

I cannot say definitively that another aspect of ideology is not responsible for the effects that I observe rather than ideology's relationship with moral foundations. In this respect, the statistical support I found for H3 offers support for the MFT reading of the results because it is well-established that the moral foundations associated with cultural conservatism are heightened in dangerous contexts (Van Leeuwen & Park, 2009). Further, I note that the effect of ideology I measure is unlikely to be the result of partisan effects, since the results are robust to the inclusion of recipient politician party. Nevertheless, the proposed relationship between ideology and moral foundations is at its core a theoretical one that relies on the logic of the framework rather than the measured effects of moral foundations on influence. As such, this constitutes a limitation of my paper that invites further examination, perhaps most effectively by micro researchers studying the relationship between material influence, ideology, and moral foundations in a laboratory setting.

Secondly, my paper examines only one type of CPA (political donations) and is therefore unlikely to capture other non-rewards-based types of CPA and their interactions with moral foundations. While I follow the lead of other studies (Masters & Baysinger, 1985; Schuler, Rehbein, & Cramer, 2002; Akey, 2015; Werner, 2017) in this choice, my focus on political donations limits the generalizability of my paper to political influence attempts that rely on material benefits. Other major types of CPA such as lobbying are therefore not addressed by my paper. As such, I leave unexamined how moral foundations impact the success of this type of CPA. This therefore constitutes a significant limitation of my paper, which I invite future scholarship to remedy.

Thirdly, while I have made concerted efforts to address endogeneity concerns, I acknowledge that some relationships in my study may still be affected by this issue. While I have no strong theoretical reason to suspect endogeneity in the relationship between recipient politician

ideology and policy change (and in my supplementary analysis examining firm performance), I cannot entirely rule out this possibility. Unobserved factors could simultaneously influence both political donations and firm outcomes, potentially biasing my results. To mitigate these concerns, I employ the use of one-year lagged variables to reduce simultaneous causality and apply fixed effects analysis to control for time-invariant unobserved heterogeneity. I also attempt to address endogeneity through the use of a 2SLS specification using firm- and home state-based ideology-based instrumental variables for recipient politician ideology, which supports my initial findings. Despite these precautions, I recognize that endogeneity with this variable remains a potential limitation of my study.

Finally, my paper relies on specific expressions of ideology and morality as they exist in a Western (and specifically American) political context, which limits its generalizability. As has been noted by research in this field, both ideology and morality express themselves differently in non-Western contexts, where both the progressive (liberal)-conservative spectrum often becomes less relevant and typical norms of morality are more highly variable than those in Western countries (Hsieh & Chen, 2021). Because my framework relies on established relationships between ideology and morality, its value may be highly limited outside this context.

By illustrating the role of recipient politicians' moral foundations in the political influence of donating firms, my study both recontextualizes the inconsistent results of existing studies and offers new paths for examining the relationship between policy makers' morality and CPA efforts. Previous studies have generally assumed away the morality of policy makers by considering them to be self-interested suppliers in a market for policies. My paper offers a crucial complication to this markets-based view, showing that appeals to policy makers' self-interest cannot be understood without an understanding of their morality.

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APPENDIX

Effect of Political Ideology on EFTR (Capped at 1)

	<i>Dependent variable:</i>			
	Effective Federal Tax Rate			
	Controls	With Donations	With Ideology	With Interactions
	(1)	(2)	(3)	(4)
Special Items	-0.00002*** (0.00001)	-0.00002*** (0.00001)	-0.00002*** (0.00000)	-0.00002*** (0.00000)
Capital Expenditures	-0.00000 (0.00000)	-0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Interest Expense	-0.00002*** (0.00001)	-0.00002*** (0.00001)	-0.00001* (0.00001)	-0.00001* (0.00001)
Sales Revenue	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)	-0.00000 (0.00000)
Pretax Income	-0.00001*** (0.00000)	-0.00001*** (0.00000)	-0.00000*** (0.00000)	-0.00000*** (0.00000)
Total Assets	0.000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)	0.00000 (0.00000)
Pandemic Period	-0.031*** (0.011)	-0.030*** (0.010)	-0.012 (0.010)	-0.015* (0.009)
Political Donations (log, t-1)		-0.009** (0.005)	-0.008** (0.003)	-0.008** (0.003)
Republican House Control			0.027** (0.013)	0.028** (0.013)
Party Affiliation (t-1)			-0.0001* (0.0001)	-0.0001* (0.0001)
Cultural Conservatism (t-1)			-0.079*** (0.025)	-0.073*** (0.026)
Economic Conservatism (t-1)			-0.011 (0.013)	-0.015 (0.012)
Cultural Conservatism X Pandemic				-0.032** (0.015)
Economic Conservatism X Pandemic				0.023* (0.013)
F-statistic	16.2	15.2	13.6	11.7
Chi-squared	-	8.89	56.3	57.4
Observations	2,813	2,813	2,813	2,813

Note:

*p<0.1; **p<0.05; ***p<0.01

Notes: Driscoll-Kraay standard errors in parentheses.

CHAPTER 3

CORPORATE POLITICAL ACTIVITY, MARGINALITY, AND SOCIETAL OUTCOMES

ABSTRACT

The legitimacy of corporate political activity (CPA) has generally been examined through an ethical lens whereby the two sides of the ongoing debate cannot agree as to whether CPA is beneficial or harmful to society as a whole. Drawing on egalitarian arguments and marginality theory, we present a framework of CPA's effect on society during crisis conditions. We empirically test our framework using COVID-19 data from the United States. Because approximately half of all fifty states allow direct political donations from corporations to politicians and the other half prohibit them, the effect of the pandemic creates a unique natural experiment to test our framework. We find support for our predictions. We find that the economies of states in which corporate political donations are legal weathered the pandemic better than those of states in which they are prohibited. Further, we find that corporate political donations exacerbate the harmful effects of crises on marginalized communities. The positive relationship between marginalized communities and excess deaths during the COVID-19 pandemic was significantly stronger in states where political donations are legal than in states where such donations are not legal.

There is an ongoing debate among management scholars on the legitimacy of firms' efforts to influence politics through corporate political activity (CPA) (Alzola, 2013; Dworkin, 2000; Hamilton & Hoch, 1997; Heath, 2007; Néron, 2016). Proponents argue that CPA should be embraced as an extension of the efficiency of the free market in the political sphere (Silver, 2015). Furthermore, some stakeholder theorists argue that CPA constitutes a crucial avenue of political expression for firms' stakeholders; therefore, firms should not only be allowed to engage in political activity, but are obligated to do so (Hamilton & Hoch, 1997). Contradicting this view, opponents argue that CPA deteriorates the integrity of the political systems in which it operates, corrupting policy makers and undermining equality (Alzola, 2013; Dworkin, 2000). This is an important debate because firms' endeavours to influence government policy are a widespread practice among large and economically important firms. A recent study, for example, found that 85% of a sample of 150 firms comprising the 50 largest firms from the United Kingdom, Germany, and the United States, respectively, engage in publicly disclosed lobbying (Favotto & Kollman, 2021: 266).

While the extant body of CPA literature proposes important arguments that inform the ongoing debate on the legitimacy and potential effects of CPA on society, these scholars have largely engaged in conceptual argumentation (Néron, 2016). As a result, empirical evidence required to inform this ongoing theoretical debate is sparse. In particular, to our best knowledge, studies have yet to examine the social impacts of CPA on disadvantaged members of society, such as the poor and racial minorities. It is unlikely that firms' political activity will influence all parts of society equally. Policies often have asymmetrical impacts on individuals who are endowed with different resources and who hold differing levels of power (Beaumont, 2011). Tax cuts, for example, are likely to benefit the wealthy who are able to take advantage of the lowered tax rates

(Bartels, 2005). Meanwhile, individuals who rely on government aid programs and protections are likely to suffer from the associated drop in government resources (Loopstra, Reeves, Barr, Taylor-Robinson, McKee, & Stuckler, 2016). Any framework that attempts to examine the impacts of CPA on society therefore cannot treat society as a monolith. Instead, theorizing about how CPA impacts different parts of society is warranted. Given the growing emphasis on equity and diversity in management research (Amis, Brickson, Haack, & Hernandez, 2021; Umphress, Rink, Muir, & Hideg, 2022), shedding light on the influence of CPA on disadvantaged communities is timely and important.

In this paper, we draw on the extant egalitarian critiques of CPA (Alzola, 2013; Neron, 2016) and complement them with marginality theory to present and test a framework for CPA's impact on societal outcomes that centres its impact on marginalized individuals and groups. The core of the egalitarian critique of CPA is that CPA undermines the equality of citizens in a democratic society. According to this view, CPA deteriorates the three foundations of political equality: democratic deliberation, popular sovereignty, and citizen equality (Alzola, 2013). CPA undermines public discourse by allowing firms to privilege some views over others, undermines popular sovereignty by allowing corporate interests to dominate the political process, and undermines citizen equality by privileging corporations and their owners in the political process (Alzola, 2013). Furthermore, it has a deleterious effect on societal outcomes, causing policy to be detached from the interests of the public and skewing the political process toward a narrow set of interests (Dworkin, 2010; Alzola, 2013).

Marrying egalitarian critiques of CPA with marginality theory is a logical choice for our purposes because the former identifies CPA's erosion of political equality, which is vital to a healthy democratic polity, while the latter allows us to identify the members of society most likely

to be impacted by this erosion. While the egalitarian critique convincingly argues that CPA undermines political equality in democratic societies, *how* such diminished political equality impacts the members of these societies is not clear. Marginality theory suggests that individuals living under conditions of structural marginality have limited social, economic, and human capital (Billson, 1988). Integrating these views, we suggest that in using CPA to gain political support to weather crises, firms may exacerbate the harmful effects of marginality in a crisis. Accepting the egalitarian critique's core contention that CPA's effect on societal outcomes is its impairment of political equality, we extend this logic to argue that the harms associated with decreased political equality, which is generated by CPA, are often borne by marginalized individuals in crisis situations.

We test our framework in the context of the COVID-19 pandemic in the United States. Because approximately half of all fifty states allow direct political donations from corporations to politicians and the other half prohibit them, variation in the outcomes of the pandemic among states created a unique natural experiment. This variation illuminates how CPA impacts governments' safeguards of public health in a disaster context wherein the interests of corporations and ordinary citizens are at odds with one another. We conduct our study using health data in the United States. We examine the moderating effect of the legalization of corporate political donations on the well-established positive relationship between marginalized populations and mortality caused by the COVID-19 pandemic.

We make several contributions with this study. Firstly, we provide important support for the egalitarian critique of CPA by providing needed empirical evidence for the societal effects of corporate political contributions. We show that the legitimacy of CPA should be examined not primarily through its effect on society as a whole, but crucially through its effect on marginalized

populations. Secondly, our study constitutes the first study (to our knowledge) examining the impact of CPA on society, rather than on firm outcomes. In doing so, we join a small but growing body of literature examining the societal impacts of firm actions, encouraging further inquiry on how firm actions impact stakeholders with different degrees of power. Thirdly, our study suggests that the societal effects of CPA must be understood in extreme situations, especially disasters. In doing so, we demonstrate that firms' behaviour, as it pertains to their impacts on society, are likely to vary during extreme situations, and that marginalized populations may be most vulnerable to the negative effects of these differences.

THEORY AND HYPOTHESES

The Egalitarian Critique of CPA

The egalitarian critique of CPA suggests that CPA's primary effect on society is to deteriorate the political equality on which democracies are based (Alzola, 2013; Néron, 2016). This view has its roots in the ideas of American Founding Father James Madison, who wrote that, "In every political society, parties are unavoidable. A difference of interests, real or supposed, is the most natural and fruitful source of them. The great object should be to combat the evil: 1. By establishing a political equality among all" (1792:197). According to this view, political equality has been an essential part of democracy since the beginning of modern democratic thought, and, as this critique suggests, CPA undermines it (Alzola, 2013; Néron, 2016).

Political equality refers to the substantive equality between citizens. This equality is substantive in that it does not only address, for example, the technical or theoretical equality of citizens in relation to their abilities to vote or stand for office, but also addresses a wider equality of involvement in the political process (Alzola, 2013). Political equality requires the interlocking properties of popular sovereignty, democratic deliberation, and citizen equality (Alzola, 2013). Popular sovereignty refers to the ability of citizens to effectively exercise their power over their

political representatives; in other words, it requires the citizenry, rather than the officials, to be the masters of the political process (Alzola, 2013; Gilens & Page, 2014; Neron, 2016). Democratic deliberation, in turn, concerns the ability of citizens to engage in the political discourse that shapes politics outside the electoral context (Dworkin, 2000). Finally, citizen equality involves the ability of citizens to engage in the political process on an equal basis such that each of them has an equal opportunity to exert political influence, whether such exertion takes the form of influencing politicians or shaping political discourse (Alzola, 2013; Dworkin, 2000).

The effect of CPA on political equality can be understood by examining its deleterious effect on each of the latter's requirements. CPA undermines popular sovereignty by diverting political officials' attention from the public and toward firms and the individuals who own and manage them (Alzola, 2013; Gilens & Page, 2014). Instead of being dependent on the public for their resources and legitimacy, CPA allows officials to depend on corporate entities (Alzola, 2013). Likewise, CPA undermines democratic deliberation by allowing corporations to manipulate political discourse (Alzola, 2013). Instead of a process in which citizens collectively determine the best policy for the public, CPA encourages a process in which the views of the public may be disregarded in favour of those of the corporations engaging in it (Alzola, 2013; Dworkin, 2000; Neron, 2016). Lastly, CPA undermines citizen equality by allowing the wealthy, who share interests with and are the owners of corporations, to have enhanced opportunities to gain political influence than poor or average citizens. Instead of an equality of opportunity to influence political affairs, CPA encourages inequality among citizens, bestowing political influence on some citizens while withholding it from others (Alzola, 2013; Gilens & Page, 2014).

By undermining the requirements of political equality, therefore, CPA encourages political inequality in the societies in which it is allowed. This political inequality is antithetical to

democracy such that it severely constrains the quality of a democracy (Rueschemeyer, 2004). If political inequality persists such that individuals with higher power, class, and/or status establish control over a society's political system, the degree to which that system can be called democratic is in question even if the officials in that system are chosen through free and fair elections (Rueschemeyer, 2004).

CPA and the Economic Effects of Disaster

The uncertain conditions of crisis (Weick, 1988) enhance the importance for firms of securing government support to weather the adverse effects of the crisis, thus incentivizing their engagement in political influence efforts and, consequently, increasing political inequality. Political inequality is therefore not generated by firms engaging in CPA for its own sake, but rather arises as a result of firms' desire to secure policy support. This support is especially crucial in disaster contexts, when it could mean the difference between survival and bankruptcy.

The political inequality generated by corporate political influence results in policy outcomes that reflect corporate priorities over the interests of the public. The egalitarian critique posits that firms, through their attempts to secure supportive policies, distort the incentives of policy makers and encourage them to prioritize firms' profits over the needs of members of the public. Because firms gain more profit when there is greater economic activity in a society (Abaidoo, 2012), the inequality caused by CPA is expected to result in policies that emphasize and stimulate economic activity during disaster conditions. This means that under such conditions, societies with greater political inequality are expected to emphasize economic activity over, and perhaps at the expense of, the interests of marginalized populations. The trade-off between corporate interests and public needs is especially salient during health crises, when governments must balance economic priorities against public health considerations.

CPA constitutes a rational response by firms to the uncertainty and danger represented by crisis. Firms have an interest in using government support to protect their revenues during disaster and to engage in CPA to secure this support. Though firms may try to gain competitive advantage for themselves over their rivals through political activity (Oliver & Holzinger, 2008), there are also key shared interests that businesses can advance in the political sphere (Pagliari & Young, 2014). As such, firms have been known to collaborate on initiatives in the political sphere, for example in reducing taxes (Minnick & Noga, 2017) or opposing regulation (Polk & Schmutzler, 2005). The uncertain conditions of crisis (Weick, 1988) exacerbate the importance of securing government support. Firms faced with uncertainty and a lack of control during crisis conditions seek certainty and control through closer relationships with governmental actors (Sutton, Devine, Lamont, & Holmes, 2021). These relationships can generate not only tangible support in the form of subsidies provided by governments, but also less tangible policy support (Oliver & Holzinger, 2008) that can prove especially effective in crisis conditions (Igan, Mishra, & Tressel, 2012).

By engaging in CPA to weather crises, we predict that firms skew policy makers' decisions toward maintaining high levels of economic activity during crisis conditions. As such, we expect states in which corporate political donations are legal to exhibit a smaller decrease in economic activity as a result of the pandemic:

Hypothesis 1: The adverse effects of the COVID-19 pandemic on economic activity will be lower in states in which corporate donations to politicians are legal than in states where they are illegal.

While under normal conditions, enhancing economic activity may be in the interests of both the public at large and firms, we expect these interests to diverge in disaster conditions. In such a context, firms have a greater interest in preserving economic activity than does the wider

public, which instead places greater value on preserving safety and health (Tracy, Rea, & Upshur, 2009). In using CPA self-interestedly to secure policy support for their shared interests, firms generate political inequality, which we expect to adversely affect marginalized populations in crisis conditions.

Marginality and Crisis

Marginality, in its broadest sense, refers to the degree to which an individual or group lies outside a mainstream or central position (Billson, 1988). While there are different types of and meanings to marginality, we focus here on structural (Billson, 1988) or systemic (Mehretu, Pigozzi, & Sommers, 2000) marginality. Structural marginality defines disenfranchised populations' state of powerlessness across political, social, and economic dimensions. Structural marginality is defined as "[...] an involuntary position and condition of an individual or group at the margins of social, political, economic, ecological and biophysical systems" (Gatzweiler, Baumüller, Ladenburger, & von Braun 2011:3). It is associated with limited social, economic, and human capital.

Marginality can stem from a variety of attributes, including geographic location, gender, poverty, and race (Von Braun & Gatzweiler, 2014). Of these, poverty and race have proven to be particularly persistent sources of marginality in modern developed societies. Even though developed democracies such as the United States have made important strides toward addressing racial marginalization during periods such as the Civil Rights Movement, racial marginalization persists in a variety of institutions (Kovera, 2019), as manifested in recent controversies around the policing of racialized minorities in the country (Headley & Wright, 2020). Likewise, poverty represents a difficult problem in the United States. Economic inequality is being increasingly recognized by both policy makers and commentators as an important challenge facing the country as a whole (Starke, 2020).

Importantly, marginality often leads to a broad set of diminished outcomes for those individuals who occupy marginalized positions, outcomes which often also result in increased mortality (Dalsania et al., 2021). Black citizens of the United States of America, arguably the paramount bearers of racial marginalization in the country due to a long history of enslavement and legalized segregation (Alexander, 2020), have a significantly higher rate of mortality resulting from racial disparities. For example, one study estimated that Black Americans suffered 1.63 million more deaths than their White counterparts due to racial disparities in the 22 years between 1999 and 2020 (Caraballo et al., 2023). Poverty, likewise, is associated not only with the obvious economic outcomes of decreased financial security and decreased wages, but also important outcomes in the health sphere. Health researchers have estimated that poverty may be responsible for nearly as many, and perhaps more, premature deaths as tobacco use and poor diet in the United States (Galea, Tracy, Haggatt, DiMaggio, & Karpati, 2011).

In the context of our study, therefore, we hypothesize that polities in which there are more marginalized individuals will suffer to a greater degree in disaster situations. The COVID-19 pandemic is such a disaster. Indeed, there is evidence that poverty is associated with a higher mortality rate caused by COVID-19 (Finch & Hernandez Finch, 2020; Price-Haywood, Burton, Fort, & Seoane, 2020). In line with these studies, our baseline hypothesis is that states with a greater proportion of economically marginalized individuals—those living below the poverty line—will have greater rates of mortality from COVID-19:

Hypothesis 2a. The greater the proportion of people living below the poverty line in a state, the higher the number of COVID-19-related deaths will be.

In a similar manner, due to their unique history of oppression and exploitation (Alexander, 2020), Black populations are another marginalized group addressed in our study. We hypothesize,

in line with previous studies (e.g., Price-Haywood et al., 2020), that Black Americans, as a proxy for those subject to racial marginalization, are more exposed to the devastating effects of the COVID-19 pandemic:

Hypothesis 2b. The greater the proportion of individuals of Black Americans in a state, the higher the number of COVID-19-related deaths will be.

CPA's Impact on Marginalized Populations in Disaster Situations

We contend that CPA exacerbates the negative effects of marginality in disaster conditions. By attempting to have their interests represented in policy making through CPA, firms erode the foundations of political equality—namely democratic deliberation, popular sovereignty, and citizen equality—and thereby increase political inequality. Societies with less political equality privilege the interests of the wealthy and socially dominant, including firms themselves (Alzola, 2013; Gilens & Page, 2014), even when this skewed privilege has an adverse effect on the government aid upon which marginalized populations rely. Though marginalized populations are, as we showed above, already structurally disadvantaged and therefore suffer more than their non-marginalized counterparts during disasters, the enhanced political inequality caused by political influence makes this effect even stronger. CPA's influence on political equality therefore increases the already negative effects of marginalization. This effect is more salient in disaster situations, in which the interests of marginalized populations on the one hand and the wealthy and socially dominant on the other diverge to a greater degree.

In societies with less political equality, marginalized populations have fewer opportunities to have their interests reflected in policy, leading to policy outcomes that instead reflect the interests of the wealthy and socially dominant (Griffin & Newman, 2016). Even in democratic societies with regular voting, a lack of political equality means that policymaking tends to skew

toward the interests of economically and socially dominant groups. In the United States, a wide body of empirical work suggests that politicians tend to represent wealthy and White Americans over poor and racial minorities (Jacobs & Page, 2005; Bartels, 2005; Griffin & Newman, 2016; Ellis, 2012; Flavin, 2012; Gilens, 1996; Gilens & Page, 2014; Griffin & Newman, 2016). This tendency is a direct result of reduced political equality and requires concerted effort by democratic societies to ameliorate it (Griffin & Newman, 2016). At the same time, societies may adopt policies that decrease overall political equality and further sideline marginalized populations in their political systems (Rocha & Matsubayashi, 2014).

The privileging of the wealthy and socially dominant in the policymaking of societies with less political equality means that marginalized populations are less likely to have access to government interventions that help alleviate the effects of marginality. Marginalized populations by definition have less access to economic and social capital than their non-marginalized peers (Von Braun & Gatzweiler, 2014). Without meaningful possession of such resources, marginalized populations are unable to advance and protect their interests through the market or their social networks. As such, marginalized individuals often rely on government for crucial resources and solutions to challenges (Nelson, 2013). For example, instead of renting or buying a home on the open market, or otherwise gaining access to free or subsidized housing through family and friends, an economically or socially marginalized family will be more likely to rely on government housing to find adequate accommodations (Seicshnaydre, 2010). In conditions of reduced political equality, however, the wealthy and socially dominant, who usually oppose government aid to marginalized populations (Gilens, 1996), are more likely to gain influence over government. When there is less political equality, therefore, governments are less likely to offer policies that mitigate the effects of marginality.

The resource-intensive government interventions required by marginalized populations during disasters often run against the interests of powerful and wealthy entities (Klein, 2007; Vilenica, McElroy, Ferreri, Fernández Arrigoita, Garcia-Lamarca, & Lancione, 2020). This is either because they require greater government expenditures (for example, giving direct payments to individuals in a lockdown during a pandemic) that are funded to a greater extent by the wealthy through taxation, because they require government action that hinders commerce (for example, in the case of a pandemic requiring quarantine periods and lockdowns), or both (Klein, 2007; Vilenica et al., 2020).

Because, as the egalitarian critique of CPA suggests, CPA acts as an important contributor in increasing political inequality in a society (Alzola, 2013; Néron, 2016), and because political equality is especially important during disasters, it follows that CPA will enhance the negative effects of marginality during a pandemic. We therefore predict that the influence of marginality on COVID-19 outcomes will depend on the degree of CPA in a given polity, such that the legality of corporate political donations will exacerbate marginalized populations' COVID-19-related deaths:

Hypothesis 3a: The positive relationship between the proportion of people living under the poverty line and COVID-19-related deaths will be moderated by CPA legality, such that the relationship will be stronger in states in which corporate donations to politicians are legal.

The same logic applies to the effects on the Black American population:

Hypothesis 3b: The positive relationship between the proportion of Black Americans and COVID-19-related deaths will be moderated by CPA legality, such that the relationship will be stronger in states in which corporate donations to politicians are legal.

METHOD

Sample

We collected our data at the state level in the United States of America from January 2020 to February 2021. We compiled health data from the Center for Disease Control (CDC), demographic data from the US Census, and CPA data from archival data on states' campaign financing laws. We excluded territories and dependencies (e.g., Guam or the U.S. Virgin Islands) for which information was not available on some relevant health and CPA measures.

Dependent Variables

COVID-19 Deaths. To measure "COVID-19 Deaths," we adopt the commonly-used measure of excess deaths (Shiels et al., 2021; Banerjee et al., 2021; Taylor, 2021). We measure excess deaths in each state between the beginning of the pandemic in March 2020 and February 2021, before vaccines came into broad use. Excess deaths are calculated by the US Center for Disease Control (CDC). This measure is calculated by subtracting the observed deaths during a given time period from the expected deaths in that same time frame (the CDC data is segmented weekly). In our measure, we adopt an approach used by public health researchers (Akhmetzhanov, 2021; Kawashima et al., 2021) and use the conservative measure of excess deaths that counts those deaths that are above the 95% confidence interval for the expected deaths in that time period. This means that we take excess deaths above the upper-bound 95th percentile confidence interval threshold in the weeks comprising our observed period, adding them to calculate the total excess deaths in that period. To normalize for state populations, we divide the excess deaths for a given

state by that state's population and multiply it by 100,000. Our measure is therefore excess deaths per 100,000.

We chose the measure of excess deaths because it is considered more accurate than reported COVID-19 deaths by overcoming any inaccuracies that stem from the differences in testing intensity across jurisdictions and the difficulties in determining whether a death was actually caused by COVID-19 (Beaney et al., 2020). One criticism of excess deaths is that it counts deaths that are not caused directly by COVID-19, but rather also those caused by the ancillary effects of the pandemic, such as the resulting increased strain on healthcare systems. For our purposes of measuring societal outcomes at large, however, this aspect of excess deaths is less of a concern since we are concerned with the total effect of the pandemic on populations' health.

Economic Effects of Disaster. We use publicly available data on quarterly state-level economic data released by the Bureau of Economic Analysis. Our measure of the economic effects of the COVID-19 pandemic is the rate of decline in GDP between Q1 2020 and Q3 2020:

$$\frac{\text{Q3 2020 GDP} - \text{Q1 2020 GDP}}{\text{Q1 2020 GDP}}.$$

Independent Variables

Poverty. Our measure is the percentage of a state's population living in poverty. We use the US Census's three-year average between 2018 and 2020 for the percentage of a state's population living in poverty. Poverty refers to individuals who live under the poverty line, an individual-level measure of annual income accounting for the size of an individual's household, the number of minor children in the household, and the number of individuals over retirement age in the household (US Census, 2023).

Marginalized Minorities. We focus in this study on the Black community due to the unique history of the marginalization of Black people in the United States, including being subjected to

slavery and the discriminatory formal and informal institutions that have been maintained since emancipation (Alexander, 2020). We use the percentage of the total state population defined as African-American by the US Census.

Moderator Variable

Corporate Political Activity (CPA). Twenty-nine states have legalized corporate political donations. In the other twenty-one states, corporate donations to politicians are not legal. In our analysis, CPA is a dummy variable. States that have legalized corporate political donations are coded as 1 and those which have not are coded as 0.

There are types of CPA that are legal in all 50 states, such as lobbying and the involvement of so-called SuperPACs. Importantly, however, corporate political donations (in states where they are legal) represent the only direct contributions of financial resources to candidates' coffers by corporations allowed in the United States, whether at the federal or state levels. Furthermore, though information about state-level expenditures is inconsistently collected and published (Center for Political Accountability et al., 2020), research conducted on the topic suggests that firms use direct donations to state-level politicians extensively. For example, a survey of large corporations conducted in 2020 shows that direct contributions to state-level politicians was the most commonly used method of political spending reported by surveyed firms in the S&P 500 index (Center for Political Accountability et al., 2020: 24).

Control Variables

Following previous studies on pandemic outcomes (e.g., Neelon, Mutiso, Mueller, Pearce, & Benjamin-Neelon, 2021), we include state-level measures of population, mask use, urbanicity, number of physicians per 100,000 individuals, governors' political party, and average Protective Policy Index (PPI) for 2020 as confounding variables.

Population. To control for a state's population size, we include population as a predictor in our model. We use publicly available data on the size of a state's population. Specifically, we use the US Census's estimate of states' populations as of July 2019. We use the Census' total resident population count for each state.

Mask Use. To control for different populations' attitudes toward personal health, we include mask use as a predictor in our model. We use YouGov's survey data from March to April 2020 on mask use by state.

Urbanicity. To control for the degree to which states' populations live in large and dense concentrations, which may cause the faster spread of infectious diseases, we include urbanicity as a predictor in our model. To do so, we use the US Census' 2010 estimation of the percentage of the total population living in urban areas. "Urban" is defined as all populations living in urbanized areas and urban centers (US Census, 2010).

Physicians per 100,000. To account for the differing availability of healthcare professionals in each state, we control for the number of physicians per 100,000 residents in each state. To do so, we use the Association of American Medical Colleges' 2020 estimate for number of physicians per 100,000 individuals by state.

Governor's Party. To control for political differences among policy makers between states, we control for governors' party affiliations. We include a dummy variable in which Republican governors are coded as 1 and Democratic governors are coded as 0. We use publicly available electoral data to identify governors' political affiliations as of the beginning of the pandemic.

Average Protective Policy Index (PPI) Rating. To control for the effect of announced policymaking measures taken during the pandemic at the sub-national level, we include the average Protective Policy Index (PPI) rating during our period of interest. This index was created

by a group of international health researchers and includes not only those policies made by politicians, but also those issued by the bureaucratic and judicial branches of government (Shvetsova et al., 2022). We believe that including this index removes an important source of noise and instead allows us to isolate the choices made by politicians who could, for example, decide whether to enforce measures made by state health agencies.

Analysis

Our hypotheses were tested using ordinary least squares (OLS) multiple regression. This method has been previously used in analyses of COVID-19 outcomes (Finch & Hernandez Finch, 2020). Visual and statistical analysis of the residuals (e.g., Shapiro-Wilk's tests, studentized Breusch-Pagan tests, and residual plots) indicate that the assumptions of linearity, normality, and homoscedasticity were not violated. Likewise, variance inflation factors (VIF) were all within acceptable bounds. All VIF values were below 3, indicating a sufficient lack of multicollinearity. For ease of comparison, we standardized all our variables except the dummy variables of corporate political donation legality and governor party in the regression analyses.

RESULTS

We present the non-standardized summary statistics and correlations for our study in Table 13. Consistent with previous studies (Finch & Hernandez Finch, 2020; Price-Haywood et al., 2020), we find that both impoverished ($r = 0.54$) and Black ($r = 0.54$) populations are positively associated with excess deaths over the course of the COVID-19 pandemic. Additionally, poverty and the proportion of Black populations are associated with one another ($r = 0.51$).

TABLE 13
Descriptive Statistics and Correlations

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1. Excess COVID-19 Deaths per 100,000	107.50	55.46	1										
2. Corporate Political Donations Legal	0.56	0.50	-.06	1									
3. Percent Pop. in Poverty	10.89	2.78	.54	-.02	1								
4. Percent Pop. Black	10.15	9.13	.54	.25	.51	1							
5. Population, thousands	6550.68	7389.28	.32	.05	.11	.18	1						
6. Mask Use	40.36	7.24	.14	.22	-.07	.20	.34	1					
7. Percent of Population Urban	73.59	14.57	.12	.10	-.29	.02	.45	.51	1				
8. Physicians per 100,000	279.64	57.44	-.16	-.05	-.42	-.09	.09	.54	.28	1			
9. Republican Governor	0.54	0.50	.08	-.09	.16	.03	-.14	-.35	-.37	-.28	1		
10. Average Protective Policy Index Rating (Standardized)	0.30	0.05	-.22	.05	-.12	.02	-.04	.30	.18	.31	-.33	1	
11. GDP Drop 2020 Q1 & 2020 Q3	1.42	2.36	-.05	-.08	.02	-.13	-.06	.49	.24	.22	-.26	.28	1

Hypothesis 1 predicted that the adverse effect of the COVID-19 pandemic on GDP will be lower in states in which political donations are legal. The negative and significant ($p < 0.05$) coefficient for corporate political donation legality supports our hypothesis. As expected, in states where corporate political donations are legal, the drop in GDP from the first to the third quarter of 2020 was lower, which suggests that firms were able to use their political influence to better weather the adverse effects of the pandemic. Table 14 presents the results from our analysis predicting the pandemic's effect on GDP.

TABLE 14
Multiple Regression Analysis Predicting Recorded
GDP Drop Between 2020 Q1 and 2020 Q3

VARIABLES	Model 1	Model 2
Corporate Donations Legal		-0.576* (0.281)
Literacy Rate (Standardized)	-0.490* (0.184)	-0.649** (0.194)
Life Expectancy (Standardized)	0.324* (0.151)	0.375* (0.147)
Republican Governor	-0.318 (0.282)	-0.308 (0.272)
Population (Standardized)	-0.489* (0.187)	-0.587** (0.187)
GDP Growth Rate, 2019 (Standardized)	0.047 (0.135)	0.002 (0.132)
Constant	0.172 (0.200)	0.489 [†] (0.248)
Observations	50	50
R ²	0.238	0.306
Adjusted R ²	0.151	0.209
Residual Std. Error	0.921	0.890
F Statistic	2.743*	3.154*

Note: Standard errors in parentheses

[†] $p < .10$

* $p < .05$

** $p < .01$

TABLE 15
Multiple Regression Analysis Predicting Excess COVID-19 Deaths, Per 100,000

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5
Corporate Donations Legal		-0.162 (0.244)	-0.462 [†] (0.247)	-0.329 (0.228)	-0.289 (0.249)
Percent Pop. in Poverty (Standardized)		0.590** (0.144)		-0.041 (0.245)	
Percent Pop. Black (Standardized)			0.517** (0.126)	0.296* (0.133)	-0.199 (0.350)
Mask Use (Standardized)	0.271 (0.187)	0.103 (0.174)	0.167 (0.170)	0.139 (0.159)	0.166 (0.163)
Percent of Pop. Urban (Standardized)	0.013 (0.173)	0.264 (0.159)	0.086 (0.148)	0.165 (0.147)	0.051 (0.143)
Physicians per 100,000 (Standardized)	-0.254 (0.166)	0.027 (0.164)	-0.181 (0.147)	-0.068 (0.150)	-0.156 (0.141)
Republican Governor	0.162 (0.307)	0.134 (0.262)	0.069 (0.263)	0.115 (0.236)	-0.106 (0.264)
Average Protective Policy Index Rating (Standardized)	-0.193 (0.151)	-0.208 (0.129)	-0.211 (0.129)	-0.235* (0.116)	-0.300* (0.130)
Population (Standardized)	0.242 (0.157)	0.099 (0.138)	0.148 (0.136)	0.123 (0.125)	0.215 (0.134)
Corporate Donations Legal X Percent Pop. in Poverty				0.559* (0.250)	
Corporate Donations Legal X Percent Pop. Black					0.823* (0.377)
Constant	-0.087 (0.214)	0.018 (0.231)	0.221 (0.233)	0.127 (0.212)	0.119 (0.228)
Observations	50	50	50	50	50
R ²	0.206	0.450	0.450	0.578	0.508
F Statistic	1.860	4.191**	4.189**	5.343**	4.595**
[†] p < .10 * p < .05 ** p < .01					

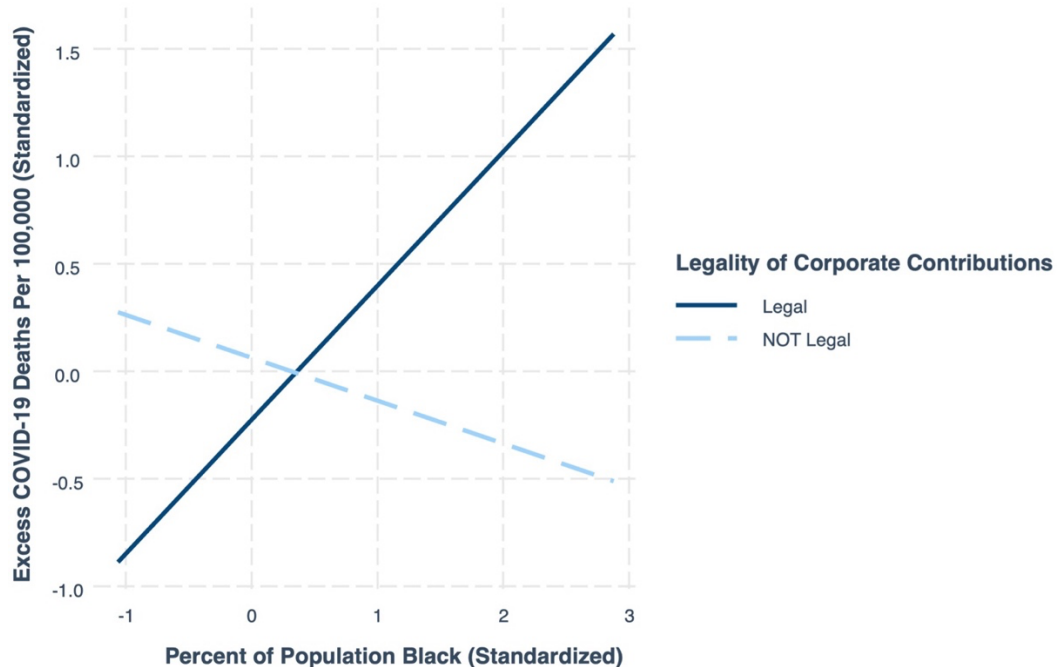
In Table 15, we present the results of our analysis predicting excess deaths. Model 1 includes only the control variables. In Models 2 and 3, we introduce the percentage of the population living in poverty and the proportion of the Black population, respectively, in addition to the legality of corporate political donations. Hypothesis 2a predicted that higher rates of poverty would be positively associated with higher excess deaths. The positive and significant ($p < 0.01$) coefficient for higher rates of poverty supports this hypothesis. Similarly, Hypothesis 2b predicted that higher rates of Black populations would be positively associated with higher excess deaths. The positive and significant ($p < 0.01$) coefficient for higher proportions of Black populations supports this hypothesis as well.

In Models 4 and 5, we add the interactions between the legality of corporate political donations with poverty and Black populations respectively. In Model 4, we test Hypothesis 3a, which predicted that the positive relationship between poverty and excess deaths would be strengthened by the legality of corporate political donations. The positive and significant coefficient ($p < 0.05$) of the interaction supports this hypothesis. Figure 3 presents an illustration of this interaction. In Model 5, we examine Hypothesis 3b, which predicted that the positive relationship between Black populations and excess deaths would be strengthened by the legality of corporate political donations. The positive and significant coefficient ($p < 0.05$) of the interaction supports this hypothesis as well. We conclude that when corporate political donations are legal, the effect of the proportion of the Black population in a state on excess deaths is stronger. Figure 4 presents an illustration of the interaction between these variables.

FIGURE 3
Interaction Effect of Legality of Corporate Political Donations by Poverty, Excess
Deaths Per 100,000



FIGURE 4
Interaction Effect of Legality of Corporate Political Donations by Black Population,
Excess Deaths Per 100,000



Supplemental Analysis and Rigor Checks

Our main contention is that CPA has an adverse effect on marginalized communities when their interests diverge from firms' interests. To further support this argument, we

replicated our study in the context of another illness: influenza. Unlike the COVID-19 pandemic, during which there was a divergence of interests between the business community, which wished to keep the economy growing, and the public health outcomes that were believed to result from restricting the normal flow of business, closing businesses was not considered in the context of influenza and this divergence of interests was therefore less likely to exist. Therefore, though we would expect marginalized communities to face worse outcomes from influenza (as was the case for COVID-19), this lack of divergence between firm and community interests suggests that the legality of corporate donations will not have the same impact in the influenza context.

Our dependent variable in this additional analysis is deaths from influenza in 2019—one year before the COVID-19 pandemic. To allow comparison, we again standardize all the variables. As expected, we find that, as in the COVID-19 case, the main effect of the percentage of individuals living in poverty on influenza deaths is positive and significant ($p < 0.01$), while the percentage of individuals with Black ancestry is also positive but not significant ($p=0.11$). Examining potential interactions with the legality of political donations, we find that these interactions do not seem to be present ($p=0.85$ and $p=0.89$ for the interactions with poverty and Black populations, respectively), further supporting our contention that CPA is harmful to marginalized communities when their interests diverge from those of corporations but does not have an effect otherwise. Table 16 presents the results of the influenza analyses. Furthermore, because we standardize all variables, it is possible to compare the effect of corporate donations on influenza deaths, as depicted in Figures 5 and 6, to the COVID-19 deaths depicted in Figures 3 and 4. Whereas Figures 3 and 4 strongly indicate that allowing corporate political donations adversely affects marginalized populations when their interests are at odds with those of corporations, there is no such effect in the absence of such a divergence of interests, as in Figures 5 and 6.

TABLE 16
Multiple Regression Analysis Predicting Recorded Influenza/Pneumonia Deaths Per 100,000, 2019

VARIABLES	Model 1	Model 2	Model 3	Model 4
Corporate Donations Legal	0.076 (0.243)	-0.079 (0.260)	0.073 (0.246)	-0.068 (0.277)
Percent Pop. in Poverty (Standardized)	0.402** (0.143)		0.359 (0.270)	
Percent Pop. Black (Standardized)		0.218 (0.132)		0.169 (0.389)
Mask Use (Standardized)	0.332† (0.173)	0.415* (0.178)	0.337† (0.177)	0.415* (0.181)
Percent of Population Urban (Standardized)	-0.166 (0.158)	-0.306† (0.156)	-0.172 (0.164)	-0.308† (0.159)
Physicians per 100,000 (Standardized)	-0.124 (0.163)	-0.294† (0.155)	-0.130 (0.168)	-0.292† (0.157)
Republican Governor	-0.236 (0.260)	-0.259 (0.276)	-0.234 (0.264)	-0.271 (0.294)
Average PPI Rating (Standardized)	-0.434** (0.128)	-0.431** (0.136)	-0.436** (0.130)	-0.437** (0.144)
Population (Standardized)	-0.176 (0.137)	-0.120 (0.143)	-0.173 (0.140)	-0.116 (0.149)
Corporate Donations Legal X Percent Pop. in Poverty			0.052 (0.276)	
Corporate Donations Legal X Percent Pop. Black				0.057 (0.419)
Constant	0.085 (0.229)	0.184 (0.245)	0.086 (0.232)	0.177 (0.254)
Observations	50	50	50	50
R ²	0.457	0.392	0.457	0.392
Adjusted R ²	0.351	0.273	0.335	0.256
Residual Std. Error	0.806	0.852	0.815	0.863
F Statistic	4.313**	3.306**	3.748**	2.870*
† p <.10				
* p <.05				
** p <.01				

FIGURE 5
Interaction Effect of Legality of Corporate Political Donations by Poverty, Recorded
Influenza/Pneumonia Deaths Per 100,000, 2019

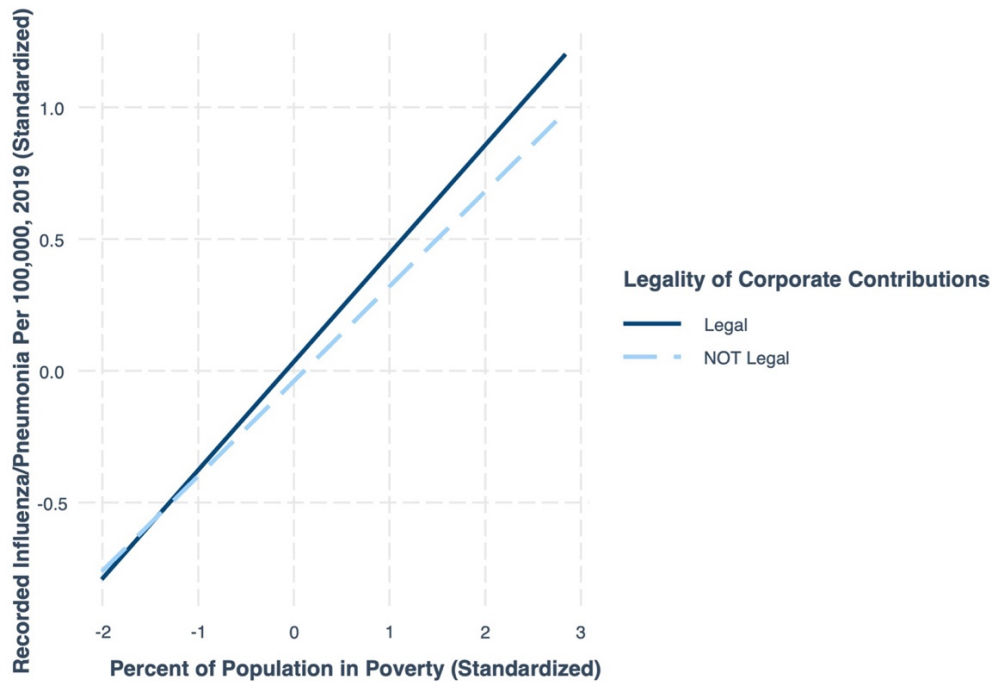
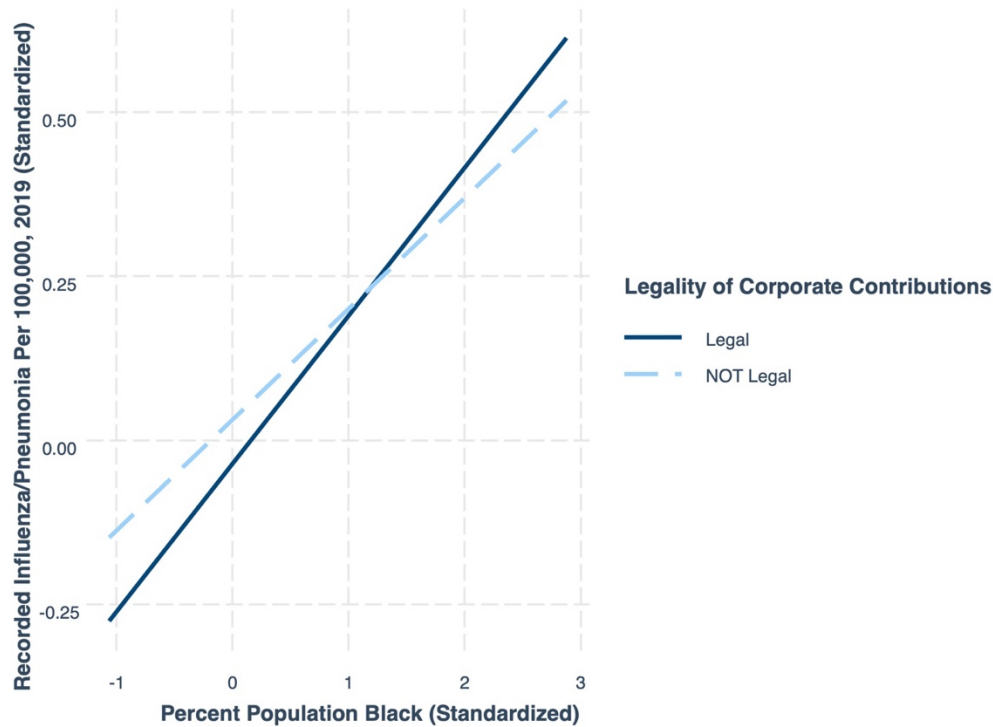


FIGURE 6
Legality of Corporate Political Donations by Black Population, Recorded
Influenza/Pneumonia Deaths Per 100,000, 2019



We conducted several additional analyses to ensure the robustness of our results. In our main analysis, we use excess deaths as our dependent variable. As a robustness test, we instead

tested recorded COVID-19 deaths as the dependent variable. This dependent variable represents deaths which were confirmed by health authorities as having been caused by COVID-19 rather than deaths above the expected number of deaths, as in the excess deaths calculation. As presented in Table 17, we find similar results. The interaction of poverty and political donation legality (in Model 4) is significant ($p < 0.01$), and the interaction of the Black population and political donation legality (in Model 5) is partially significant ($p < 0.1$).

TABLE 17
Multiple Regression Analysis Predicting Recorded
COVID-19 Deaths

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5
Corporate Donations Legal		-0.147 (0.275)	-0.404 (0.273)	-0.185 (0.255)	-0.248 (0.281)
Percent Pop. in Poverty (Standardized)		0.485** (0.161)		-0.169 (0.280)	
Percent Pop. Black (Standardized)			0.454** (0.139)		-0.197 (0.394)
Mask Use (Standardized)	0.118 (0.195)	-0.017 (0.195)	0.026 (0.188)	0.070 (0.184)	0.026 (0.183)
Percent of Pop. Urban (Standardized)	0.239 (0.180)	0.445* (0.179)	0.303 [†] (0.164)	0.349* (0.170)	0.271 (0.161)
Physicians per 100,000 (Standardized)	0.021 (0.173)	0.249 (0.184)	0.084 (0.163)	0.157 (0.174)	0.107 (0.159)
Republican Governor	0.106 (0.320)	0.083 (0.295)	0.025 (0.291)	0.114 (0.274)	-0.135 (0.298)
Average PPI Rating (Standardized)	-0.285 [†] (0.157)	-0.298* (0.145)	-0.301* (0.143)	-0.327* (0.135)	-0.382* (0.147)
Population (Standardized)	0.006 (0.164)	-0.112 (0.156)	-0.076 (0.151)	-0.064 (0.145)	-0.015 (0.151)
Corporate Donations Legal X Percent Pop. in Poverty				0.793** (0.287)	
Corporate Donations Legal X Percent Pop. Black					0.747 [†] (0.425)
Constant	-0.057 (0.222)	0.038 (0.260)	0.213 (0.258)	0.049 (0.241)	0.120 (0.257)
Observations	50	50	50	50	50
R ²	0.139	0.305	0.326	0.416	0.374
Adjusted R ²	0.018	0.169	0.195	0.285	0.234
Residual Std. Error	0.991	0.912	0.897	0.846	0.875

F Statistic	1.153	2.244*	2.479*	3.168**	2.659*
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Note: Standard errors in parentheses

† $p < .10$

* $p < .05$

** $p < .01$

To examine the possible effect of outliers on the significance of our results, we also tested the effect of removing outliers individually and together. By graphing the standardized residuals of each case by its leverage and flagging cases that were highly influential on the model, we identified 3 outliers for the analysis of Hypothesis 3a (New Jersey, California, and Hawaii) and 3 outliers for the analysis of Hypothesis 3b (New York, California, and Maryland). The results were still significant ($p < 0.05$), both when each of the relevant states was removed separately and when all three were removed together.

Furthermore, because we used the legality of corporate political donations as our variable of interest and because it is a binary variable, we chose to examine whether there were any systematic differences between states that allow for corporate political donations and those that do not. Here, we conducted a series of t-tests on a variety of variables, including all of those used in our models and some that were not (including population density, GDP per capita, and median age). None of the t-tests we conducted here were significant ($p < 0.05$). Only one variable, the proportion of the Black population, showed a relatively large difference on average between the two different types of states (7.6% mean in states where CPA is illegal and 12.1% mean in states where it is legal) and was partially significant on the t-test ($p < 0.1$). To ensure that the percentage of the Black population was not driving the results, we conducted an analysis of the poverty-legality interaction on excess deaths (Model 4 in Table 15) with it added as a control, and we found that the interaction was still significant ($p < 0.05$). Furthermore, the poverty variable did not show a large difference between the two types of states (10.9% mean in states where CPA is illegal and 10.8% mean in states where it is legal).

We therefore do not expect that our results are derived from inherent differences between the two groups of states.

Lastly, to address the effects of these systemic differences between the two different types of states (with and without legalized corporate political donations) and to partially control for unobserved heterogeneity that may be associated with these differences, we employed propensity score weighting. Propensity score weighting improves causal inference by creating balanced comparison groups while preserving observations. This approach estimates the probability of the “treatment” (in our case, when a state has legalized corporate donations) based on covariates and assigns weights to create comparable groups (Rosenbaum & Rubin, 1983). Using this method, we found further support for the interaction effects described by Hypothesis 3a and Hypothesis 3b. Specifically, the interaction between corporate donation legality and poverty remained significant ($p < 0.05$), as did the interaction between corporate donation legality and the percentage of the Black population ($p < 0.05$), corroborating our original findings that found support for Hypothesis 3a and Hypothesis 3b, respectively. The support we find using this method further suggests that our initial results are not being driven by systematic differences in observed variables (including partisanship, mask use, urbanization, and population, among others) between states that have legalized corporate political donations and those that do not. See Table 18 for these results:

TABLE 18
Propensity Score Weighted Analysis of COVID-19 Excess Deaths

VARIABLES	Model 1	Model 2
Corporate Donations Legal	-0.287 (0.208)	-0.210 (0.214)
Percent Pop. in Poverty (Standardized)	-0.093 (0.256)	0.414* (0.158)
Percent Pop. Black (Standardized)	0.311* (0.131)	-0.259 (0.296)
Mask Use (Standardized)	0.147 (0.168)	0.064 (0.170)
Percent of Pop. Urban (Standardized)	0.155 (0.154)	0.157 (0.156)
Physicians per 100,000 (Standardized)	-0.038 (0.167)	0.039 (0.169)
Republican Governor	0.190 (0.248)	-0.027 (0.265)
Average PPI Rating (Standardized)	-0.216 (0.117)	-0.222 (0.120)
Population (Standardized)	0.135 (0.120)	0.165 (0.125)
Corporate Donations Legal X Percent Pop. in Poverty	0.607* (0.252)	
Corporate Donations Legal X Percent Pop. Black		0.686* (0.314)
Constant	0.044 (0.186)	0.066 (0.187)
Weighting Method	Propensity Score	Propensity Score
Observations	50	50
R ²	0.574	0.564
Adjusted R ²	0.465	0.453
Residual Std. Error (df = 39)	0.725	0.734
F Statistic (df = 10; 39)	5.261***	5.050***

Note:

Results based on propensity score weighting
with all 50 states.

† p < .10
* p < .05
** p < .01

DISCUSSION

In this paper, we answer the call to further examine the legitimacy of CPA and its effect on society (Néron, 2016). The issue of whether CPA is legitimate is not only an important question for management scholars, but also one that is relevant for broader society. We inform the ongoing debate on this issue via an empirical study rather than through the more typically used ethical argumentation. Our empirical examination suggests that one important societal effect of CPA is its exacerbation of the effects of disaster on marginalized communities. We show that when the interests of the wealthy and socially dominant diverge from those of marginalized individuals in a given society, the former gain at the expense of the latter. Specifically, our results suggest that polities with greater CPA prioritize economic activity in conditions of disaster, perhaps at the expense of their marginalized populations. Firms, in attempting to deal with the economic challenges posed by disasters, use the political inequality resulting from corporate political donations to divert policy makers' attention and thereby protect their interests, even when such action harms marginalized populations and their ability to weather disasters.

Our paper makes several important contributions to the literature on CPA. First, we provide important support for the egalitarian critique of CPA (Alzola, 2013; Néron, 2016) by providing the sought-after empirical evidence on the social effects of legalizing corporate contributions to politicians. We further elaborate this critique and offer important dimensions through which the legitimacy of CPA can be examined. We demonstrate that the legitimacy of CPA should be examined not only through the lens of how it may affect society as a whole, but rather how it impacts different members of society based on their differential relationships to power. We thus make the first step to allow future research to examine how other marginalized members of society (for example, children) are negatively impacted by CPA. Future research could also examine how the most powerful members of society, for example the top 1% of income earners, may be *positively* impacted by increased CPA. Although our study finds that

polities with legalized corporate donations encourage economic activity, future studies could specifically pinpoint which segments of society benefit from firms' influence efforts.

Another important contribution we make to the literature on CPA legitimacy is to identify the importance of disasters in examining the effects of CPA on society. As shown by our empirical analysis, CPA's effect on marginality is most salient in disaster conditions when firms' interests are at odds with those of marginalized communities. While we examined the immediate consequences in disaster situations, future research could build on our findings and examine how CPA impacts societal outcomes when a given society is faced with cumulative disasters over the long term. One possible avenue is to explore how CPA impacts the ability of societies to manage and recover from extreme situations. Such an analysis could add important nuance to the view of CPA's societal effects as presented here.

Secondly, to the best of our knowledge, this is the first paper that looks at how CPA impacts societal rather than firm outcomes. In doing so, we join and contribute to a growing number of studies in the corporate social responsibility (CSR) literature that seek to examine whether CSR activities benefit the societies in which they operate (e.g., Barnett, Henriques, & Husted, 2020; Wickert, 2021). We thus provide a new angle to an increasingly recognized need in the management literature to examine how society at large is impacted by firm behaviour rather than just how the narrowly defined stakeholders of firms are so impacted (Barnett et al., 2020; Wickert, 2021). Our paper is perhaps the first to show that show the effects of firms' influence strategies on non-core stakeholders, while core stakeholders are often the focus in studies on stakeholders due to their role in value creation (Jones, Harrison, & Felps, 2018). Our paper suggests that further inquiry is warranted to better understand how differential relationships with political decision-making determines how members of society are impacted by firms' behaviour.

Thirdly, we highlight the importance of studying the social impact of CPA both in normal *and* extreme situations, during which the cleavages and shortcomings of a society are likely to become exacerbated. It has been argued in the CSR literature that CSR could be conceived as filling in for, and offering services that are traditionally the domain of, governments (Kaplan, 2015; Eberlein, 2019). Our study suggests that even if CSR efforts provide societal benefits in normal times, this view of its societal effects is incomplete without examining its effects on societies in disaster conditions. When firms try to overcome an extreme situation, their behaviour may change and their efforts may not be directed at helping those who are most in need. As such, while this semi-governmental role of CSR in filling institutional voids may provide some benefits in normal times, future research can examine whether it holds in extreme situations.

Limitations

Our paper has some limitations. First, we examine the impacts of CPA as measured by corporate political donation legality in the United States of America. It is an open question whether our findings could be generalized to less institutionally developed polities. The same effect of political donations may not be present in less developed countries, where illicit means of providing resources to politicians may be more present and/or normalized. The effects of the legality of corporate political donations may only hold when tendencies toward corruption are relatively weak. These, and other differences with other non-US contexts, should be kept in mind when generalizing these results.

Second, we addressed only one dimension of CPA in this study: the ability of firms to donate funds to politicians. However, CPA may take the form of non-monetary contributions and actions. For example, we did not examine the effects of lobbying on societal outcomes. Though this type of CPA is legal across the United States, the question of whether it has the same effect as monetary contributions is an open question. Therefore, although our focus on

monetary contributions is common in the CPA literature (Cooper, Gulen, & Ovtchinnikov, 2010; Hersch, Netter, & Pope, 2008), it should be kept in mind that it does not cover the full range of CPA efforts.

Third, our results may be impacted by unobserved state-level heterogeneity. For example, there may be systematic differences between states in which political donations are legal and those in which they are not legal. Importantly, we did attempt to account for such differences by controlling for as many factors as possible, by comparing the two groups of states on various factors that we did not include in our controls, and through the propensity score weighting method, as summarized in the supplemental analysis portion of our results section. While we are relatively confident that our results are unlikely to be driven by unobserved heterogeneity, this possibility cannot be fully ruled out.

CONCLUSION

The relationship between firms' political activity and the broader societies in which they operate is an ongoing and growing debate in management research. Despite multiple studies that have contributed to this debate thus far, because of the sparse empirical evidence available, little is known about the effect of firms' political activity on societies. In this paper, we take an important step in informing this debate. We hope that other scholars will continue this line of investigation, as it may have important social implications beyond the theoretical contributions we make to the CPA literature.

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