

DOES CORPORATE LOBBYING BENEFIT SOCIETY?

It Depends!!!



THINGS THAT WE CAN AGREE ON?

- Consensus about the Definition of Lobbying

Lobbying involves communicating information for the purpose of influencing political actions (Ridge, Ingram & Hill, 2017)

- Lobbying is not inherently beneficial and/or harmful, it is a political tool.
- Firms spend more money on lobbying, than other types of political tactics (Ridge, Ingram & Hill, 2017)
- Consensus that this tool can be powerful/firms can impact their regulatory environment (regulatory capture, one of David's argument)
- Political constraints in terms of when lobbying is effective, in terms of leading to positive social outcomes (Brian's arguments)
- Lobbying for good has not been the norm (firms often preferring self regulation)
- **Bottom line:** *It can be a very effective corporate tool to be used in the political arena, especially if you know how to use it strategically (corporations being one part of the political coalition)*



NEW QUESTION: WHEN DOES CORPORATE LOBBYING BENEFIT SOCIETY?

- Empirical Finding (Delmas, Lim & Nairn-Birch, 2016): based on 1,141 firms from 2006 to 2009, suggest that *both dirty and clean firms are active in lobbying*, which challenges the view of adversarial corporate strategy!!
- *The puzzle*: when are firms likely to provide support for a public good? Or when do you know that firms are placing public interest at the center of their decision-making? (Samuelson, 2021)
- When are politicians going to be motivated to support beneficial legislation for the public?





**IT DEPENDS ON
FIRM DEMAND FOR
SOCIAL
LEGISLATION**

- Acceptance of the necessity of public/private partnerships in developing legislation that is beneficial for society
- Governance deficit (at least in the U.S.) – a lack of focus on social legislation, addressing key issues such as healthcare, environmental and racial inequities
- CSR deficit-“CSR [is] not a substitute for effective government .” Moreover, CSR efforts are often “drops in the bucket, nibbling at the edge of major public problems. They are not the road out , the road out is a functioning government, a good court system, economic opportunity for growth” (Vogel (1995: 170, Lyon, et. al., 2018)
- “Lobbying can have more influence on environmental protection and arguably represent the greatest impact a company can have on protecting-or harming the environment.” (Lyon, et. al, 2018: 8)
- “Civil and government regulation both have a legitimate role to play in improving public welfare (Vogel, 1996; Lyon, et. al., 2018: 8)

THE FORTUNE CEO INITIATIVE



- Focus on four key areas: making technology a force for good, addressing the urgency of climate change and human impact on the environment, ensuring a more equitable society, and preparing our global workforces for the challenges of the future
- *While business alone can make substantial progress on both the climate and plastic waste challenges, collaborations with government to develop market-based solutions that place a price on carbon and encourage recycling and other waste-reduction efforts will ultimately be necessary to solve both these critical problems.*
- Over the past two years, the call by investors for deeper voluntary corporate disclosure about climate-related business risks has grown louder—and many companies, including leading oil and gas concerns, have responded with more information.
- *But there's only so much the business world can do on its own, noted the working group participants. The case is growing for more federal-level policies, such as a market-driven price on carbon, the working group agreed*



- A primary argument for supporting social legislation has been gaining a competitive advantage (see Fremeth & Richter, 2011; Delmas, et. al., 2016)
- Another possible argument for supporting social legislation, is the alignment of a firm's CSR and CPA (alignment defined as strategic fit, when firms use – or are perceived to use – their CSR and CPA to achieve the same outcome in addressing a policy issue, Den Hond, et. al, 2014).
- When and why do firms have an incentive to align their social agenda and their political goals, in this case lobbying?



**IT DEPENDS ON FIRM'S
MOTIVATION**

POLITICAL BENEFITS OF ALIGNING CSR AND CPA

- **Access:** A firm's CSR activities can increase a firm's reputation, lower barriers to political entry (Wang & Qian, 2011; Werner, 2015; Werner & McDonnell, 2016)
- **Political Efficacy:** CSR firms have stronger and a more diverse set of relationships with stakeholders (e.g. NGOs) are able to build a more effective political coalition
- **Superior Issue Positions:** Co-operative efforts lead to issue positions with wider breadth and increased depth of knowledge (benefits and costs) (Rehbein & Schuler, 2014)



IT DEPENDS ON POLITICAL TRANSPARENCY

(LYON, DELMAS, MAXWELL, BANSAL, CHIROLEU-ASSOULINE, CRIFO, DURAND, GOND, KING, LENOX, TOFFELL, VOGEL, WIJEN, 2018)

2020 CPA-Zicklin Index of Corporate Political Disclosure and Accountability

*Trump Years: Boom in Political Disclosure as
Companies Manage Riskier Environment*



- Problems with secret political transactions, including policy bias, political capture by private interests
- Still a contradiction between what Corporate America says are the most important issues of our time and their political spending (Sorkin, NYT, 07/21/2020)
 - Corporate donations to Social Welfare groups, 527s
 - Companies like Google, AT& T, Sony, and Target who say they support BLM donated to the election campaign of Senator Kelly Loeffler of Georgia (opposed to BLM)
- Some of Fortune's Change the World Firms (Shared Value) such as Wal-Mart, Tyson Foods, Hilton, Centene, Henry Schein and Illumina do very little in terms of providing their shareholders and other stakeholders information about their political involvement (Rehbein, Leonel, Den Hond & De Bakker, 2020)



POSSIBLE FUTURE RESEARCH IDEAS

- 1) There has been quite a bit of conceptual work looking at this topic, other models developed (e.g. Lawton, et. al., 2014; Mellahi, et. al., 2016), numerous qualitative and quantitative opportunities exist! (see JMS special issue call)
- 2) Time to build on Anastasiadis, S. (2014) work to understand the micro-level factors that impact a firm's decision to align CSR and CPA. There are indications that CSR managers (Wickert and De Bakker, 2016) and public affairs managers (Schlichting, 2014) may play a role on when and how alignment occurs in addition to top management!
- 3) Much more information is needed about how the institutional context may shape when alignment occurs (e.g. Dorobantu, et. al., 2017). In the U.S., might be time to update Baumgartner, Berry, Hojnacki, Kimball and Leech's (2009) insightful work, post Citizen United!
- 4) Future empirical work needs to develop more fine-grained measure of CSR and CPA, in order to understand spillover effects between CSR and CPA, and noting when alignment actually occurs? (see Hadani, Doh & Schneider, 2016;2019)

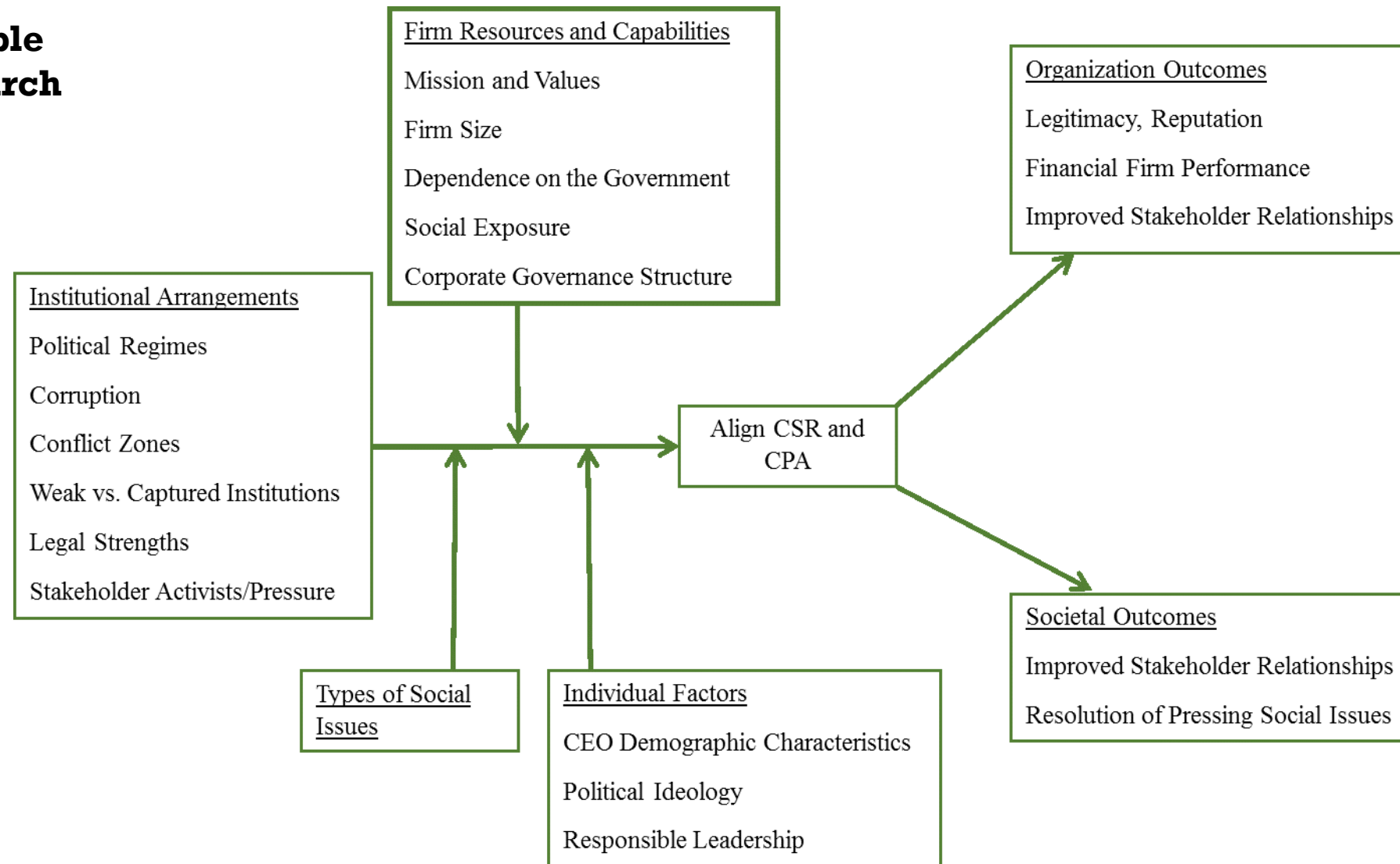
INSTITUTIONAL LEVEL FACTORS	FIRM LEVEL FACTORS	INDIVIDUAL LEVEL FACTORS
Legal and Political Factors	Resources and Capabilities Firm Size	CEO Demographic Characteristics Age/Gender Educational Experience Tenure
Institutional Strength Institutional Voids Conflict Zones	Ownership Structure Institutional Ownership	CEO Socio- Psychological Characteristics Political Ideology
Stakeholder Activists/Pressure	Board Structure Board Size Board Independence	CSR Managers and Public Affairs Managers

**SOME RESEARCH
QUESTIONS:
MULTI-LEVEL
FACTORS
AFFECTING
ALIGNMENT
BETWEEN CSR AND
CPA**

(REHBEIN, DEN HOND & DE BAKKER, 2018)



Possible Research Ideas



HELPING THE GOOD DO BETTER



HOW A WHITE HAT LOBBYIST
ADVOCATES FOR SOCIAL CHANGE

THOMAS F. SHERIDAN
FOUNDER AND PRESIDENT OF THE SHERIDAN GROUP

NEED FOR SOCIAL LEGISLATION

- “Time for the entire country to step up, lean in, push harder and take action. Participating in advocacy is no longer a luxury- it is a necessity!”
- “Political success is the result of collaboration. Building a strong coalition is intrinsic to success on a large scale. It requires symbiosis, each stakeholder has to recognize and understand how the partnership will benefit them and why they are a benefit to others”
- “Second winning requires strategy, an informed, strategic approach is required in order to achieve lasting effects.”
- “Time to fight the good fight: social entrepreneurs, corporate CEOs,We can all do our part to make government work for people in order to create real and lasting change, let’s get down to business”

