Borderless Politics: New Frontiers in Worldwide Business Lobbying

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Abstract
How and why do large firms participate in politics at home, abroad, and at trans- and supranational levels? We present a new research project that investigates these questions by tracking the behaviour of 2,000 transnational corporations across different types of activities (lobbying, campaign contributions, corporate social responsibility) and venues (national, EU and UN). Our research design and unique comparative database serve to explain firms’ decisions to participate in a variety of political activities including less instrumental, voluntary efforts to improve their human rights and environmental policies and performance. In addition to data on firm size, headquarters and industry, as well as on relevant country-level factors such as the institutional and cultural environments of host and home countries, we will collect information about firms’ lobbying activities, campaign contributions and corporate social responsibility (CSR) activities across the different political venues. We complement our quantitative data with qualitative interviews with firm managers, regulators and NGOs to gain insights into the motivations behind, and the effects of, the theoretically underspecified activity of CSR. By simultaneously analysing business lobbying and CRS-related activities at different levels and venues, our study contributes to the analysis of European business lobbying in a multi-level, multi-arena context.

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It is difficult to remember a time when questions about the role that firms play in politics has been a more passionately debated subject than it is today. It has also arguably never been more important than today for political scientists and democratic theorists to understand the contributions of firms to political problems and solutions. Five years after the global financial and economic crisis began, and after a decade of high profile corporate scandals in multiple countries, governments, organized groups and ordinary citizens are questioning the corporation’s proper place in society. In advanced industrial democracies, business participation is the largest component of interest group activity, whether measured by the number of participants or the resources committed to lobbying (Baumgartner and Leech 2001; Grant 1993; Greenwood 2007). But the field remains under-informed about the role that corporations play in politics, especially how their role varies across political venues and types of activity. While citizen participation tends to be territorially limited, many business corporations have the resources and incentives to take up multiple activities in various national and international arenas. Traditionally, capitalist democracies relied on the authority of the state to regulate corporate actors, but in recent years transnational policymakers, a host of non-governmental groups and alternative governance modes beyond the state have emerged.

Globalization and the evolution of multi-level systems of governance thus pose new challenges and opportunities for firms and those actors seeking to influence their behaviour. In order to increase the levels of accountability and transparency necessary for democratic politics, policymakers and the public need information about the kind of organizations that have interests in a policy and the access they have to elected and appointed officials. Policymakers and civil society groups interested in increasing accountability in public life need sound data to evaluate the efficacy of various programmes for regulating and monitoring firms’ political participation.

How and why do large firms participate in politics at home, abroad, and at trans- and supranational levels? Attempting to address these questions means tackling two different frontiers: First, as global markets continue to integrate and political decision-making expands to inter- and supranational levels, firms face incentives to develop their non-market strategies accordingly to engage these new frontiers of political and social engagement. Secondly, political scientists have only periodically contributed to the crucial debates about the firm’s role in society with studies that seek to uncover how firms participate in politics and policymaking processes. As the literature to date has not adequately addressed the variety
of forms corporate political participation can take, a new frontier in academic research opens up. In addition to lobbying and donating to political parties, firms, in increasing numbers, are participating in self-regulatory schemes commonly referred to as corporate social responsibility (CSR). And while we know that some firms are active in several types of non-market strategy at once, we do not know whether these are employed independently or whether they are linked strategically. If, as some commentators fear, firms use CSR strategically to avert stricter regulation and real accountability then any achievements of global governance goals resulting from PPVIIs may be undone by the setbacks that result from anti-regulatory lobbying facilitated by the very same schemes. This question is yet to be addressed by systematic research (Vogel 2010). The project described in this paper seeks to improve our understanding of how and why firms participate in politics by tracking the behaviour of 2,000 transnational corporations across different types of activities (lobbying, campaign contributions, corporate social responsibility) and venues (national, EU and UN). Explaining how and why different actors participate in politics is a core area of political research, but the field remains surprisingly under-informed about corporate political behaviour despite widely shared concerns that firms exert considerable influence over public policy. Most of the work on firm political behaviour has concentrated on single countries and focussed on one mode of engagement (e.g. lobbying, campaign contributions, or corporate social responsibility) at a time. As a result, we have little understanding of how firm behaviour varies across different political arenas and modes of activity.

We argue that comparative data are required to explain and understand firms’ decisions to participate in a variety of activities including less instrumental voluntary efforts to improve their human rights and environmental policies and performance. Specifically, we will collect data on firm size, headquarters and industry, as well as on relevant country-level factors such as the institutional and normative environments of host and home countries for a sample of firms operating across national borders in the US, European and global markets. We will also collect information about firms’ lobbying, campaign contributions and corporate social responsibility (CSR) activities across these different venues. In addition to learning a great deal about the extent and patterns of firm political participation, these data can be used to refine theories of firm behaviour in political science and beyond. Presently, the literature is dominated by a rational, profit-seeking explanation of firm political engagement. While we expect this model to be helpful in explaining the more instrumental aspects of firm participation such as lobbying and campaign contributions, we want to explore to what extent these models are adequate for explaining less instrumental forms of behaviour such as decisions to participate in voluntary CSR.
schemes. We draw on constructivist approaches in international relations, organizational theory and the burgeoning literature on CSR in management studies to explain outcomes where the standard model of firm behaviour proves lacking. We anticipate that our inter-disciplinary approach will contribute to our understanding of the cross-arena similarities and differences and help establish which sorts of firms and industries are more active on which sorts of issues and types of corporate activity, and why. Ultimately, we hope that these insights may yield an improved theoretical framework for the analysis of firm political behaviour.

The project is expected to yield practical value for policymakers, NGOs interested in ‘good governance’ and CSR, as well as the business community. The database we are beginning to construct will shed light on what types of firms have interests in particular policy areas as well as how they use (or fail to use) different strategies and venues to engage policymakers and various non-governmental stakeholders. In addition, our analysis will serve to assess the efficacy of schemes designed to regulate corporate lobbying such as the use of registers and mandatory reporting as well as the effects of CSR codes. The EU, the UN and British and German governments are all currently reviewing the use of such policy instruments. By including key stakeholders in the project through an early user meeting and disseminating our findings and data to these user communities via a conference at the end of the project and policy briefing papers, we hope to feed our research into these policy review processes. The information generated by the project would be of particular use to the European Commission if it is to deliver on its commitment to balanced interest representation.

Policymakers, civil society groups and international NGOs have become increasingly interested in the efficacy of corporate social responsibility (CSR) practices and schemes, which are designed to enhance firms’ environmental, human rights and labour policies beyond what is contained in law. Our research will identify the mix of normative commitment, self-interest, and external pressure that motivates firms’ CSR efforts as well as how these new commitments and reporting activities affect their labour, human rights and environmental practices and performance. Over the past decade both the EU and national governments have published important policy papers calling on business and policymakers to improve CSR codes of conduct and corporate social and environmental reporting. In the UK, the 2006 Companies Act has increased the requirements of such corporate reporting and in the same year the UK government issued new guidelines for firms reporting on their environmental impacts. Both initiatives remain under review. In addition the UN launched a high profile voluntary CSR code in the form of the
Global Compact just over a decade ago. The Global Compact calls on participating firms to commit to improving and reporting on their CSR practices and performance. The UN, governments, and (transnational) NGOs’ need systematic knowledge about the patterns and determinants of firms’ participation in efforts to promote responsible corporate citizenship through initiatives such as the Global Compact if their vision of a more sustainable and inclusive global economy are to succeed.

In the next section we outline how we expect to integrate the various strands in the literature to develop a unified analytical framework for the analyses of firms’ non-market activities. We then describe the data needed to evaluate our theoretical expectations empirically and detail how we plan to collect these data. In the final section, we deal with potential problems and our plans for communicating our research findings to a variety of audiences.

**An Integrated Theoretical Framework for the Corporate Political Action Repertoire**

Corporations engage in non-market activities in a variety of ways, often with the aim of influencing public policy and preventing adverse regulation (Grier et al. 1994, Stigler 1971). In addition their public reputations and the trust of key external actors in the political arena and civil society are important corporate assets. Managing these assets is a key part of corporate political strategies. While research on corporate political activity has mainly focused on corporate lobbying of policy makers and financial contributions to electoral campaigns, there is growing recognition that corporations are expanding their repertoire of political activity as part of an integrated non-market strategy (Baron 2010, Rehbein et al. 2011, Schuler et al. 2002). In this context, the legitimacy that a corporation can gain by participating in public-private voluntary initiatives can reduce the threat of adverse consumer, public or political activity (Meznar and Nigh 1995). Consequently, scholars have begun to examine the political dimensions of what is generally referred to as corporate social responsibility (CSR) (Hillman and Hitt 1999, Matten and Crane 2005, Waddock 2008), including the political and institutional factors that shape corporate decisions to participate in CSR-related activity and voluntary codes (Brammer and Pavelin 2006, Doh and Guay, 2006). Of central concern is the considerable variation in participation across different countries, economic sectors and types of corporations (Kollman and Prakash 2001, Bennie et al. 2007, Perez-Batres et al. 2011). For example, while only 2.4 corporations per 100,000 inhabitants of Egypt have signed up to the UN Global Compact, 24 corporations from South Korea have – that is ten times as many. Researchers have tried to explain this variation referring to a variety of factors including corporations’ individual characteristics, differences in the mobilization of normative biases within their home
countries, the behaviour and strategies of countervailing interests, and the wider institutional environment in which corporations exist and operate.

We are interested in the how, where and what of corporate political action. How can, for example, refer to the choice of direct lobbying versus associational representation (Schneider 2006; Bernhagen & Mitchell 2009); where concerns the choice of the political arena or institution, e.g. the national, supranational or global level (Bennett 1999; Eising 2004) and what refers to the kind of activity employed, where options range from the more instrumental and specific (e.g. lobbying) to the less specific and symbolic, e.g. CSR (Edelman 1964; Nye 2004). We can break these overarching questions down into six operationalizable questions:

1) How do firms’ activities in one political arena affect their strategies in others? Is there a subset of firms and sectors active in multiple arenas?
2) Do the same processes drive domestic, supranational, and international participation?
3) To what extent is the decision to participate in politics driven by the characteristics and interests of the firm and how do the political, institutional and normative environments in which these firms exist shape corporate political activity?
4) What issues generate firm political activity?
5) Do the same factors explain both the more instrumental corporate activities such as lobbying and their less instrumental activities such as corporate social responsibility?
6) What can be expected of CSR initiatives beyond short-term, reputational benefits for the firm?

To address these questions, we draw on insights from multiple disciplines, including sociological institutionalism and business management as well as political science literatures. This enables us to develop a comparative, multi-level analysis of the general incentives firms have to engage in political activity and how these incentives are influenced by market structures, political institutions and the social and cultural milieu in which firms operate. Our comparative approach bridges constructivist and rationalist approaches to the study of firm behaviour (Stigler 1971; Ruggie 1998; Woll 2008; Kollman 2008). Specifically, we draw on conventional models of firm political activity (Grier, Munger and Roberts 1994; Hansen, Mitchell and Drope 2005), theories of interest intermediation (Schmitter and Lehmbruch 1979; Siaroff 1999), research on interest group politics in multi-level systems of governance (Coen and Richardson 2009; Greenwood 2007), analyses of transnational political advocacy (Keck and Sikkink 1998;
Della Porta and Tarrow 2005), research that examines how private authority exercised by firms shapes new forms of global governance (Kollman and Prakash 2001; Josselin and Wallace 2001) as well as management studies on CSR (Crane et al 2008; Kolk 2003; Matten and Moon 2008).

Decades of comparative political research have revealed that individuals participate in politics in a multitude of ways. They vote, contribute to parties and candidates, participate in collective action, and contact representatives directly (Lipset 1963; Verba et al. 1978; Barnes and Kaase 1979; Norris 2002). These activities differ in the degree to which they are aimed at achieving a specific consequence. Analogously, corporations engage in various non-market strategies that may be more or less instrumental and visible (Baron 2010). They contribute financially to political parties and candidates, participate in collective action at the industry level, serve on advisory committees, employ government or former government officials, lobby, and assume social and environmental responsibilities. In contrast to social responsibility and philanthropic activities, lobbying tends to be less visible, while carrying highly policy-specific information often aimed at obtaining individual benefits, such as subsidies, antitrust or merger rulings.

When accounting for individual participation, scholars see voting as a choice produced by both a ‘personal and social calculus’ (Beck et al. 2002). Similarly, corporate political activities are chosen by a firm embedded in neighbourhoods and other social contexts, where the mix of forces at work is related to the visibility, perceived appropriateness and instrumentality of the chosen activity (Granovetter 1992; Hillman and Hitt 1999; Ruggie 2004; Kollman 2008). The characteristics of a firm and its sensitivity to signals and shared norms from its social context provide us with a useful line of inquiry. The task is to isolate the relevant contextual factors and distinguish them from the characteristics of the actor. The first step in building an explanatory framework is to classify forms of participation into categories of a clearly defined ‘political action repertoire’ (cf. Barnes and Kaase 1979; Dalton, Recchia and Rohrschneider 2003). Using this action repertoire as our dependent variable, we then develop models of political action to explain the different modes of participation. Based on the logic of a combined individual and social calculus, we expect firm size and sectoral characteristics such as market concentration to be important determinants of more directly instrumental forms of corporate political activity (lobbying or campaign contributions). Contextual factors such as the institutional and normative environments of the firm’s home country and host country are expected to explain more visible, symbolic and less instrumental actions such as participation in CSR schemes (Table 1).
Our strategy is to start with a simple, profit-seeking model of the firm and carefully extend this baseline model to assess how variations in structures, rules, values and norms affect firms’ decisions to participate in politics. In this way we seek to create a theory of corporate political behaviour that is rich enough to account for the observed patterns of corporate political action while relying only on those assumptions and variables that are necessary to explain them. We expect several factors to structure firms’ incentives for participating in the various political activities: firm characteristics (size, ownership); sector characteristics (degree of competition); home and host country characteristics (politico-economic systems, normative and cultural environments). Now, a set of explanatory factors can be outlined.

**Corporate Characteristics**

A corporation’s size reflects its resources and market power as well as what it has at stake in economic and political conflict (Grier et al. 1994). As larger corporations have more to gain from political activity than smaller ones, at least in absolute terms, they will often ignore the free-rider incentives of others (Olson 1965). Larger corporations often also have increased reputational incentives for participating in political activity as they have to protect publically-visible brand names. Indeed, individual firm size has consistently been an important determinant not only of political activity but also of CSR-related activities and voluntary disclosure (Hillman et al. 2004: 839, Meek et al. 1995). Similarly large corporations are more likely to participate in global initiatives. Research on the non-market behaviour of the Forbes Global 2000 corporations, for example, shows that larger firms are significantly more likely to sign the UN Global Compact (Bennie et al. 2007).

Differences in corporate governance systems might also affect the decisions that corporations make about participating in non-market activities. As Kolk and van Tulder (2005) argue for CSR, the ‘outsider’ system of corporate governance dominant in the United States combines diffuse shareholding with a prominent role of the CEO. Together with its high propensity for liability and class-action suits, this system, they reason, might encourage socially responsible investment (Kolk and van Tulder 2005: 8). The European and Japanese systems of corporate governance, by contrast, are ‘insider systems’ whose two-tier board structure and less prominent CEO status might combine to use codes of conduct more as an ‘internal control (rule-setting) instrument’ (*ibid*). However, no empirical evidence exists to date to support this expectation. What is supported, however, is the view that a corporation’s involvement in political activity can be shaped by the personal preferences and ideals of management (Ozer 2010).
Above all, corporations’ involvement in politics and CSR is likely to be shaped by the nature of their sectoral activity. Corporations in extractive sectors are exposed to a higher risk of conflict with external actors, especially in the areas of environment and human rights. Natural resources such as oil, gas and minerals are often fixed and located in politically as well as geographically difficult environments. The largest proven oil reserves are found in countries with autocratic regimes, poor human rights records and weak and often inadequate environmental regulations. As established and easily accessible oil reserves mature, challenging regions such as the deep seas are increasingly explored and exploited under perilous and poorly regulated conditions. For global corporations active in these locations, reputation-building, political communication and engagement to safeguard their investment become important political activities. Hence, these ‘resource-cursed’ corporations seek opportunities to enhance their reputation and take counter measures to increase their public legitimacy (Bennie et al. 2007) as well as lobbying policymakers.

Beyond the characteristics of firms, decisions to participate take place within particular institutional and normative contexts (cf. Huckfeldt and Sprague 1993). We expect the relevance of particular neighbourhood cues and signals to inform a firm’s choice of political activity. First, to the extent that political institutions offer different ‘political opportunity structures’ (Kitschelt 1986), the propensity to participate politically will differ across political arenas (Marks and McAdam 1996; Naoi and Krauss 2009; North 1997). While a number of parallels between the US and EU political systems make comparative analysis across these different systems meaningful (Menon 2006), procedural differences are likely to elicit different lobbying patterns. For example, other things equal, we expect that firms will be more likely to lobby members of the US Congress than members of the EP (Coen 1997, Lehmann 2009). Second, firms’ political engagement is likely to be shaped by their involvement in transnational business networks (Coen and Grant 2001; Perkins and Neumayer 2010) and by the extent to which they can rely on trade or industry associations to pursue their political interests (Streeck et al. 2006). Third, to the extent that organizations respond to what is considered appropriate in their social contexts (March and Olsen 1989), we take into account the influence that the social norms and cultural values of firms’ home and host countries have on their behaviour. This suggests an explanatory role for countervailing actors.

Countervailing Actors
As employers and producers, corporations exercise substantial power over people in their roles as workers and consumers (Hart 2010). NGOs and organized labour can provide ‘countervailing power’ to corporations’ economic and political clout (Galbraith 1954). A vital element of pluralist societies, these countervailing political actors are of particular importance in the transnational or global arena, where traditional governance structures are under-developed or non-existent. While labour unions have struggled with globalization, NGOs have become formidable countervailing powers to global corporations since the mid-1970s. International NGOs have become active in the development and implementation of environmental policies and IOs are increasingly relying on their services (Rowlands 2001). NGOs can confront global corporations directly using voluntary codes or certification systems in a carrots-and-sticks approach, where carrots include corporations’ enhanced reputation and market access, while sticks can involve the ‘naming and shaming’ (Vogel 2010: 74) of corporations whose behaviour is found to be unethical or socially or environmentally irresponsible. The reputational leverage of NGOs can easily be underestimated, and in some instances global corporations have done so to their disadvantage. A prominent example is the case of Shell, which was successfully targeted by Greenpeace for planning to sink an oil loading facility, the Brent Spar, in the North Atlantic (Jordan 1998).

Existing analyses support the expectation that global corporations react to the pressure of countervailing powers and adapt to the normative context of their home countries: corporations located in countries with strong environmental movements are more likely to participate in the UN Global Compact (Bennie et al. 2007). As countervailing actors shift their political strategies from the national to the transnational level, the incentives for corporations to participate in non-market activity at this level also increase. Thus, corporate involvement in CSR and lobbying activities may be influenced by the level of participation of countervailing actors, i.e. the more countervailing groups sign up to voluntary agreements, the more corporations should do the same. However, the empirical evidence that exists to date does not always support the expectation that corporations respond to the participatory behaviour of NGOs (Perez-Batres et al. 2011). In fact, UN Global Compact participation is discouraged by national embeddedness in international NGO networks, as many advocacy groups within these networks have been critical of the programme (Berliner and Prakash 2012). These results highlight the need for more research on the role that different non-corporate actors play in encouraging corporate participation in voluntary schemes.
Institutions form ‘the rules of the game’ that structure and constrain actors’ behaviour (North 1990: 97). These rules can be formal (legally-binding rules and regulations) or informal (soft-law codes of conduct, norms of behaviour, and conventions). Therefore, corporations’ institutional environments condition their non-market strategies. Nation states are the foundations of the most important institutions in the international system, and even globally active corporations operate on the basis of nationally distinct politico-economic systems. Among the formal institutions, the political regime plays a particularly important role in shaping corporations’ strategic environment and their related decisions about participation in non-market activities. Liberal democracies provide opportunities for external pressure from autonomously-organized interest groups representing diverse areas including environmental issues (Li and Reuveny 2006) and human rights concerns (Bueno de Mesquita et al. 2005, Davenport and Armstrong 2004). Together with relatively free media, these groups’ activities ensure that citizens and consumers in democracies are generally better informed about the social and environmental externalities of corporations. Therefore, corporations from democratic countries are exposed to increased demands from a variety of actors. Furthermore, the same pluralist features and participatory opportunities that empower non-business interests in democratic countries also enable corporations to pursue a wider array of non-market strategies. In their efforts to engage or ally with non-business actors and improve their legitimacy and reputation, corporations headquartered in democratic countries face increased incentives, as well as a more conducive environment, to engage in non-market activities, especially those relating to CSR, compared to corporations from non-democratic countries.

The empirical evidence concerning the role of the political regime of the corporation’s home country again is mixed. Perkins and Neumayer (2010) find that democracy has a positive, conditioning influence on the spread of Global Compact participation across borders: transnational connectivity increases participation in democratic countries more than in nondemocratic ones. However, these authors find no similarly conditioning effect of democracy on the uptake of ISO 14001, where national levels of wealth appear to be a more important conditioning factor. Berliner and Prakash’s (2012) analysis suggests that any positive influence democratization may have on Global Compact adoption would take several years to take effect. However, Berliner and Prakash’s data include up to a maximum of 89 countries, so that less than the full spectrum of political regimes that can be found in today’s world is analysed.
Differences in national styles of capitalism might further help to explain variation in corporate non-market activities. Various attempts have been made to identify different types, or ‘varieties’, of capitalism, but Hall and Soskice’s (2001) is arguably the most established one. These authors compare liberal market economies with co-coordinated market economies. These two forms of capitalism are distinguished from one another by the degree to which they depend on market or non-market forms of coordination. In liberal market economies, like the UK or US, ‘firms coordinate their activities primarily via hierarchies and competitive market arrangements’, while in coordinated market economies, such as Germany or Sweden, ‘firms depend more heavily on non-market relationships to coordinate their relationships with other actors’ (Hall and Soskice 2001: 8). More accustomed to taking responsibility for their employees and the concerns of external actors, corporations from coordinated market economies in continental Europe might be expected to be more likely to agree to long-term commitments to the principles of human rights, the society and the environment (Janney et al. 2009). By contrast, corporations from liberal market economies are used to weaker trade unions and employment protection and are more likely to put pressure on governments for deregulation with the aim of coordinating activities through contractual rather than non-market relations. Empirically, this expectation points in the opposite direction of what Kolk and van Tulder (2005) argued about the role of corporate governance: while these authors expect American corporations to participate in CSR schemes at higher rates than their European counterparts, the broader mechanics of liberal market economies should make participation by US firms less likely. Like the argument about corporate governance, the role of nationally distinct types of capitalism has not yet been researched empirically in great depth.

Finally, the non-market behaviour of global corporations is partly shaped by national regulatory regimes. Countries have different rules on lobbying and financial contributions as well as different requirements for corporate reporting in areas of social or environmental responsibility. Increasingly, such requirements are legally mandated, placing similar demands on corporations as voluntary schemes in these areas do. In Denmark, the Financial Statement Act was amended in 2009 to require reporting on corporate social responsibility. France has had a legal requirement since 1977 for corporations with more than 300 employees to publish a social review (KPMG et al. 2010). More recently in 2003, the ‘Nouvelles Regulations Economiques’ came into force, requiring these corporations to report their social and environmental performance as well as their financial performance. More generally research on the uptake of environmental management systems has shown that the regulatory environment affects participation, although researchers disagree on the nature of this effect. Prakash and Potoski find that...
corporations operating in countries with more stringent environmental legislation are more likely to join ISO 14001 (Prakash and Potoski 2006: 142–4). Neumayer and Perkins, by contrast, find that participation rates in a similar management code, EMAS, are suppressed in countries with greater levels of state environmental regulation (Neumayer and Perkins 2004). In a qualitative study of EMAS and ISO 14001 participation in Germany, the UK and the US, Kollman and Prakash found that the type, and not just the level, of regulation affects corporate take up (Kollman and Prakash 2001). This may partially explain the contradictory findings in the quantitative studies. The next section outlines how we intend to address these issue with the help of improved empirical data.

Data Collection
In contrast to individual participation by citizens, where there is an extensive range of cross-national datasets from election studies and opinion surveys, there are no comparable datasets for firm-level political action. Thus, at present we lack the information necessary for such a systematic comparative analysis of corporate political activity in multiple arenas and at different levels of government. There are a number of single country studies of firm political behaviour, most concerning lobbying and contributions to elections in the US (Baumgartner and Leech 1998; Hillman, Keim and Schuler 2004 for overviews), but very few systematic comparisons of participation extending beyond national borders. Quantitative research on business political activity in the US focused initially on contributions to elections (Grier, Munger and Roberts 1994) and, with changing legislation, more recently on lobbying (Hansen, Mitchell and Drope 2005). Most analyses have relied on data from the Fortune 500 or Fortune 1000 largest firms (Brasher and Lowery 2006). While only a few non-American firms appear in these rankings, the global comparative design of this project requires a cross-national sample of companies likely to operate in the expanded, transnational markets associated with globalization.

To track different types of firm political engagement in multiple national, supra-, and transnational policy arenas, we will compile information on the political activities of 2,000 firms from across the globe. At the national level we will gather information on firm participation in three countries representing important politico-economic system types: the US, UK, and Germany. We will sample these 2,000 firms from Standard & Poor’s Capital IQ database of almost 60,000 public and more than 1.7m private companies from all over the world. To ensure sufficient counts of active firms from different countries, we will over sample large firms and those from outside the US. The Capital IQ data contain firm-level information on size, sales, sectoral activity, and type of ownership. To this base of observations we will
add information on corporate political action, market structure, regulation, and institutional and normative environment variables in four steps:

1. We will survey all 2,000 firms in the sample with a short, standardized internet questionnaire to obtain self-reported information on our dependent variable – their political activities at the national, supranational and global level, as well as participation in CSR schemes. The survey will also include questions about independent variables such as issue areas and firms’ involvement in transnational business networks, and control variables such as the extent to which firms rely on trade or industry associations to pursue their political interests.

2. We will collect data on the political activities of these 2,000 firms from public archives and lists. For national-level participation we will consult the Electoral Commission data on company donations to political parties (UK), the report and accounts of political parties as published by the President of the German Bundestag, and the Federal Election Commission (US). We will also code whether firms in the dataset have submitted evidence to hearings or inquiries of parliamentary committees in the three countries. Data is available from the House of Commons’ Information Policy Division for the UK, the Congressional Information Service for the US, and the Bundestag’s archive for Germany. Lastly, for Germany and the UK we will record whether an MP or member of the central executive serves on the board of directors of any of the firms in our sample. Lobbying data for the EU will be collected through firm-level searches of the EP register of accredited lobbyists, the European Public Affairs Directory and the Commission’s Register of Expert Groups. Less instrumental political activities will be captured by identifying firms that sign on to the human rights, environmental and good governance principles that constitute the UN Global Compact as well as from content analyses of firms CSR policies and reports (see below). The dataset will thus provide us with measures of corporate political activity for three countries, the EU, and the UN.

For the independent variables beyond the information available through Capital IQ and the survey we include measures of firms’ exposure to regulation. Data on firm exposure to European Commission and Court of Justice decisions are available and have been used successfully in a pilot study (Bernhagen and Mitchell 2009). For the US, data on firm-level interactions with federal agencies such as the Environmental Protection Agency, the Federal Energy Regulatory Commission or the Occupational Safety and Health Administration are available through the Westlaw federal regulatory search service.
Indicators of exposure to government and public opinion at the global level are available in the form of industrial sector characteristics and characteristics of the host countries in which the operations of transnational corporations take place. For firms’ home country context we include measures of support for the environment and human rights from election studies, the World Values Survey, and membership numbers in relevant non-governmental organizations, in addition to political system variables (Lijphart 1999) and measures of politico-economic integration (Siaroff 1999). Market concentration ratios will be computed from the Capital IQ sales data. We will code firms’ areas of non-market activity according to existing coding schemes to ensure the compatibility of the resulting dataset with other collections (Jones and Baumgartner 2005; Gray and Lowery 2001; Kohler-Koch and Quittkat 1999).

3. To add to our quantitative measures of CSR participation we will carry out content analyses of the human rights and environmental policies as well as the CSR reports of 300 firms. This analysis will allow us to examine trends in firm CSR rhetoric and policy, their obligations resulting from Global Compact membership, and reported changes in behaviour. Our goal is to analyse the CSR policies and reports of 100 firms that participate in the Global Compact as well as the reports and policies of 200 other firms in our sample. Using this strategy we can gain insight into the general trends of CSR management within medium and large firms as well as examine the specific effects of UN Global Compact participation. Where possible we will examine firms’ CSR reports at two points in time, i.e. reports published in 2000-01 and reports published in 2009-2011, to evaluate how firm CSR policies and reported activities have changed over time. Although this content analysis will largely be used to enhance our measures of CSR activity (dependent variable), we will also code for any reported motivations (or pressure) to participate in CSR activity listed in the firm policies and reports (independent variables).

4. Finally, we will carry out semi-structured interviews with CSR managers from 30 of the firms included in the content analysis (10 from Germany, 10 from the UK and 10 from the US). The interviews will be used to tease out the subjective motivations firms have for participating in this theoretically underspecified mode of political engagement and to gauge the effects that participating in CSR activity has on firm behaviour. The firm interviews will be supplemented by approximately 15-20 interviews with non-business groups and regulators in the UK, Germany and the US to obtain third-party views about the efficacy and value of these activities. In addition to deepening our understanding of the motivations behind CSR, the information from these interviews will permit us to check for any omitted
Potential Problems and User Engagement

Surveying firms may prove difficult in some countries, notably China. To minimize nonresponse, we will seek help from the British Council, the British Chambers of Commerce (BCC), the German Chamber (AHK) in China, and the Chinese Academy of the Social Sciences to seek official approval of the survey by the Chinese authorities. To maximize response rates for the entire sample, we will mail paper questionnaires to firms that fail to respond to reminders of the online survey. More broadly we will invite a multi-disciplinary group of senior scholars and practitioners to provide ongoing feedback on the project as members of an international advisory group, including David Coen (UCL), Neil Mitchell (UCL), and Kathleen Rehbein (Marquette University). As a group these scholars have outstanding experience in research on organized interests, business lobbying and CSR. We will also consult interested policymakers and advocacy groups at an early user conference during the first months of the project to identify the type of information they seek to evaluate corporate lobbying as well as the efficacy and potential problems of lobby registers. We will further enhance users’ exploitation of lobbying data by making our database publicly available via the project website. We will publicize key project findings through press releases crafted by our universities communications office to ensure maximum impact.

In addition to distributing our findings and analysis of firm lobbying activity at a final user conference that will be held in Brussels during the closing months of the project we will draft policy briefing papers on corporate lobbying aimed at policy practitioners that will be distributed at the conference and via email to potential users. A PDF version will be available, alongside data and research papers, from the project website. To ensure that this timely research is relevant for, and feeds into, the EU and British CSR policy review processes and informs the wider, now global, community of CSR stakeholders, we will invite representatives of the following organizations to participate in one or both of the projects’ two user conferences: CORE (Corporate Responsibility Coalition; UK), Business in the Community (UK), Department of Business, Innovation and Skills (UK), Global Compact (UN), European Commission Enterprise and Industry (EU). We will also produce an accessible policy briefing paper on CSR activities to communicate the project’s key findings that will be distributed at the final user conference. We will issue a press release to announce the publication of the policy briefing, email a PDF of the document to key CSR stakeholders and make the PDF available to the broader public via the project website. Finally,
we will make the data from the content analysis of firms CSR reports and policies available to the public on the website. This cross-national and longitudinal data will be of interest to the growing community of business actors, NGOs and policymakers doing research on CSR initiatives and reporting. The aim is to facilitate investigations of questions beyond those directly examined in the project. Our comparative data on corporate political participation will permit others interested in lobbying and policy research to investigate both the causes and policy consequences of corporate political participation in multiple arenas. We will make use of established coding schemes to make our data compatible with large-scale, multi-country data projects such as the Policy Agendas project (John 2006; Jones and Baumgartner 2005) or the EUROLOB project on the Europeanization of Interest Intermediation (Kohler-Koch and Quittkat 1999).
References


https://www.globalreporting.org/resourcelibrary/Carrots-And-Sticks-Promoting-Transparency-And-Sustainability.pdf


McAdam, D., J. D. McCarthy, and M.N. Zald, eds. (1996) *Comparative Perspectives on Social Movements: Political Opportunities, Mobilizing Structures, and Cultural Framings*, New York: Cambridge UP.


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<tr>
<th>FIRM and SECTORAL FACTORS</th>
<th>Size, government involvement, industry associations, corporate governance modes</th>
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<td>NEIGHBOURHOOD and AUDIENCE FACTORS of Firm Home and Host Countries</td>
<td>1) Regulatory environment: regulatory structures, exposure to regulation and liability, corporate governance</td>
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<td>2) Representational structures: regime type, party system, interest group system)</td>
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<td>3) Mobilisation of bias: green movements and parties, transnational NGO/IO pressure, foreignness, peer firms; business networks</td>
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<td>4) Culture: environmental values, human rights discourses, views on capitalism</td>
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Expected explanatory power: • = strong; ○ = medium; ◯ = weak.
Figure 1. Data Collection and Sampling Strategy

Data collection steps

1) **Online survey of 2,000 large firms**
on their political activities at the national,
supranational and global level, issue areas, and
involvement in transnational business networks.

2) **Collect data on non-market activities,**
regulatory exposure, and network
involvement

   Sources: UK Electoral Commission, German
   Bundestag, US Federal Election Commission,
   EP list of lobbyists, UN Global Compact office,
   European Commission, European Court of
   Justice, US federal agencies.

3) **Content analyses of 300 firms’ CSR**
policies

   If fewer than 100 of the 2,000 firms in our
dataset are GC members, we will top up from a
joint search of the Capital IQ database and the
UN’s list of GC participants. If there are more
than 100 GC members in our sample, we will
randomly select 100 of them.

4) **Face-to-face interviews for 30 firms**
CSR and public affairs officers, regulators, and
senior staff in non-business groups.