Gaining Access by Doing Good: 
The Effect of Corporate Social Responsibility on 
Firm Participation in Public Policymaking

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Abstract
This article explores how organizational commitments to corporate social responsibility (CSR) affect firms’ access to public policymakers. I argue that when firms adopt other-regarding or social CSR practices, they enhance their reputations among policymakers, who then view them as more credible representatives of their shared policy goals. Adopting social CSR practices differentiates a firm reputationally and reduces the risk to politicians of being associated with the firm. I hypothesize that (i) as firms engage in social CSR at higher rates, they will be granted greater access; (ii) the access-related benefits of social CSR will be greater when Democratic politicians, who run greater risks in associating with business, have greater power; and (iii) the access-related benefits of social CSR will be greater if they compliment existing political strategies. I test these hypotheses using an 11-year-long panel on congressional appearances, CSR, and political and financial characteristics for the S&P 500 and find support for all three. These findings demonstrate a significant non-financial consequence of CSR, and more broadly, this paper extends existing theory by demonstrating that the strategic utility perspective on corporate social behavior applies to how firms employ CSR proactively to manage their relationships with the state.

Keywords: corporate social responsibility, nonmarket strategy, reputation, strategic utility

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INTRODUCTION

Firms exist in multiple, distinct institutional environments that make different demands on them (Kostova and Zaheer, 1999; Rosenzweig and Singh, 1991) and require them to speak to different audiences (Oliver, 1991). One of the most important audiences firms face is the state, which not only creates the marketplace in which firms compete (Polanyi, 1957), it regulates their continuing practices, shapes their future opportunities, and ultimately, affects their economic performance (Lux, Crook, and Woehr, 2011). As such, the ability of firms, as organizations, to shape public policy is key to their fortunes. However, to have influence in the public policymaking process, firms must first have access.

Corporate access to public policymakers has been widely studied by political scientists, economists, and management scholars but far less by sociologists and organizational theorists. While the latter disciplines have focused more on questions of elite theory (e.g., Mills, 1956; Domhoff, 1967) and whether or not there is unity among business leaders (e.g., Dreiling, 2000; Mizruchi, 1992; Mizruchi and Schwartz, 1992), the former disciplines have focused on how interests gain competitive advantage in the market for access (see, e.g., Bonardi, Hillman, and Keim, 2005; Bonardi and Keim, 2005; Moe, 1991; Hansen, 1991). Even within this latter set of research, though, the instruments that firms are thought to use to gain access have typically been limited to political action committee (PAC) contributions, lobbying expenditures, and connections created through constituency service.

This narrow conceptualization of political instruments fails to account for the important role of a firm’s reputation in its political activities and how a firm’s reputation can be shaped, in part, through political management (Walker, 2009, 2014). Although firm reputation is a multi-dimensional concept and many aspects of a firm’s performance and behavior shape its
reputation, corporate social responsibility and pro-social claims have emerged as a key tool for reputation management and differentiation in both the market (Campbell, 2007; Udayasankar, 2008) and the non-market (McDonnell and King, 2013). Nevertheless, the political impacts of CSR’s reputational effects remain understudied, despite growing calls for such studies (Walker and Rae, 2014; Werner, 2012; Lyon and Maxwell, 2008).

Exploring whether or not CSR’s reputational effects increase firms’ access to public policymakers allows for an assessment of reputation’s role in the political process and also allows for a determination of whether or not CSR can be strategically utilized by firms to enhance their non-market performance. How firms attempt to gain access, and more broadly how they manage the market and non-market, is a product of their institutional and cultural environments, as well as their strategic navigation of those environments (Oliver, 1991). Thus, given the crucial role of management in strategy formulation and in the adoption of socially responsible practices (Chin, Hambrick, and Treviño, 2013), firms will likely attempt to leverage their CSR practices externally.

Although the financial impacts of CSR remain unsettled (Margolis and Walsh, 2003; Orlitzky, Schmidt, and Rynes, 2003), CSR appears to differentiate firms in consumer product markets (Bagnoli and Watts, 2003) and labor markets (Turban and Greening, 1997) to such a degree that managers have justifiable reasons to believe that engagement in CSR could be used strategically to differentiate their firms in the non-market as well. This belief is especially likely to be true of “other-regarding” or what I term “social” forms of CSR, which go beyond technical forms of CSR that, while they may in some instances be considered socially responsible, ultimately remain profitable steps for firms to take. For CSR to have reputation-enhancing effects that public policymakers in particular will appreciate, firms must engage in social CSR
practices that provide benefits to stakeholders external to the firm or address broader social problems (see, Aguilera et al., 2007; Waddock, 2004; Mackey, Mackey, and Barney, 2007).

Social actions of this nature are a way for firms to enhance their reputations, demonstrate credibility, and thus, positively differentiate themselves from competitors in the non-market. Social CSR is particularly important to policymakers because it allows politicians to align themselves with firms in a way they otherwise could or might not. That is, assuming that elected officials are reelection focused (Mayhew, 1974), they and the organizations they inhabit will avoid aligning with organizations that can taint them via guilt by association (Jonsson, Greve, and Fujiwara-Greve, 2009). Instead, should they need to strategically align with a firm for informational or contribution purposes, they will grant access to those firms with the strongest reputations. Thus, social CSR can serve as a strategic asset in the non-market since the reputation enhancements it produces can mitigate the risks and potential costs politicians face when associating with business.

This project extends prior work on access and reputation and furthers theorizing regarding the strategic use of CSR. The paper seeks to answer two questions: first, to what extent does the adoption of social CSR create reputational capital that increases firms access to public policymakers, and second, is the effect of social CSR on access amplified by firms’ existing political strategies or the partisan makeup of the public organizations they seek to influence? To answer these questions, I examine data on access to Congressional committees for the membership of the S&P 500 firms over an 11-year period (1999 through 2010). Committee appearances are a standard measure of access to Congress and are particularly apt for testing the role of reputation in access, as hearings are public, and often highly public, affairs.
Ultimately, I empirically demonstrate that the reputational effects of social CSR lead members of Congress to grant greater access to firms. This finding demonstrates a clear, non-financial benefit to CSR and withstands various robustness checks, including an instrumental variable approach. Additionally, I find that the effect of social CSR on access is amplified when Democrats have greater power in Congress and when firms engage in lobbying at higher rates. These interactive effects suggest that the magnitude of the political benefits of social CSR is conditional on other organizational characteristics of the firm, as well as those of Congress. Theoretically, this paper extends the strategic utility perspective of CSR, which has largely only explored the insurance-like qualities of CSR against activist attacks and bad news. In contrast to these defensive uses of CSR, the theoretical argument I articulate and empirical effects I document demonstrate that firms can strategically use CSR in a proactive matter and can use CSR to enhance their relationships with the state, a stakeholder that has been understudied in this context.

The remainder of the paper is organized as follows: first, I provide background on the determinants of access in the public policymaking process, detail the paper’s theoretical argument, and articulate three hypotheses; second, I introduce the data and estimation approach; third, I present the results of the analysis, as well as various robustness checks and extensions to the main analysis, including qualitative content analysis of testimony that corroborates the quantitative findings; and fourth, I conclude by discussing the implications of the findings for both CSR and nonmarket strategy broadly.

ACCESS, REPUTATION, AND SOCIAL CSR

Background on Access
Public policymakers and the organizations they inhabit suffer from informational overload and asymmetry (Baumgartner and Jones, 2005). Additionally, elected public policymakers, while often concerned with goals such as making good public policy or increasing their personal influence within an organization (Fenno, 1973), often are best thought of as “single-minded seekers of reelection” (Mayhew, 1973). As a result, in engaging in policymaking, lawmakers search for quality information on the importance of problems, the likely substantive impact of policy proposals, and the political impact of these proposals on their reelection prospects (Krehbiel, 1992). This set of circumstances has led political scientists, economists, and management scholars alike to conceive of policymakers’ search for information as a market in which interest groups, organizations, and individuals compete to gain access (Bonardi, Hillman, and Keim, 2005; Hansen, 1991; Moe, 1991), and three non-mutually exclusive approaches grapple with the question of how interests establish competitive advantage in this market.

First, given the largely accepted assumption that members of Congress have a proximate goal of reelection, many scholars focus on the role campaign finance plays in the decision to supply access. Studies that suggest a link include Wright (1990), which finds that members grant greater access to a firm when its associated political action committee (PAC) contributes to their campaigns, and Hojnacki and Kimball (2001), which finds that those firms that are more engaged in electoral politics, broadly conceived, have greater access to members and leaders. These scholars effectively argue that the campaign contributor list becomes a call list or at least a screen when members seek information or witnesses.

These findings have been contested. Sorauf (1988) argue that other concerns (constituency preferences, party, and ideology) may trump contributions in determining who is
supplied access. Further, firms themselves may be skeptical of the market value of contributions since very few firms give the maximum amount allowed to favored candidates, and those firms that engage in both electoral politics and lobbying spend, on average, ten times the amount that they give through their PACs on lobbying (Milyo, Primo, and Groseclose, 2000). Nevertheless, the increasing cost of campaigns, as well as the increasing amount of time that members spend fundraising, warrant considering financing effects.

The second approach to access suggests that members will preferentially supply access to those with ties to their constituencies. Members seek out information on the impact of potential policies on their constituencies, particularly if the policy will affect their electoral prospects or alter the local distribution or intensity of public opinion (Lord, 2003). Unsurprisingly, members also dedicate more resources to addressing the concerns of constituents (Chin, Bond, and Geva, 2000). As a result, members are likely to supply access to those firms with ties to their constituencies and will seek out such firms when searching for information.

Finally, two approaches exist related to the role of information in determining the quantity of interests’ access to public policymakers. In the first approach, researchers view the good that interests have to offer members in the competition for access as being private (see, e.g., Hansen, 1991; Austen-Smith and Wright, 1992; 1994), and as a result, those interests that possess better quality private information hold a competitive advantage. The second approach to understanding information’s role in access views interests and lobbyists not as providing private information but rather as subsidizing the participation of lawmakers and other policymakers by bearing the costs of summarizing public information (Hall and Deardorff, 2006). In this view, policymakers supply access to interests when they seek to supplement their legislative enterprises (Ainsworth, 1997), and interests become, in effect, “service bureaus” for legislators
and legislative organizations (Bauer, Pool, and Dexter, 1963).

Implicitly underlying all three existing understandings of access is the role of interests’ and policymakers’ reputations. Although only the first informational approach explicitly
discusses reputation, all of these schools of thought agree that the actors in political
organizations are agents who care about their own reputations vis-à-vis their principals, whether
that principal is the voters in the case of members of Congress or the Congress and presidency in
the case of bureaucrats. As a result, elected officials are less responsive to well-represented
interests such as firms when they believe that being associated with business or its policy
positions is contrary to constituent preferences (Smith, 1999, 2000), and bureaucratic agencies
are on guard against regulatory capture by industries due to concerns they have regarding their
own reputations as organizations (Carpenter, 2010). This interplay of reputational concerns
across organizational boundaries creates opportunities for interests and firms to manage
strategically their own reputations in order to increase their access to public policymakers.

**Reputational Effects and the Strategic Utility of Social CSR in the Market for Access**

Elected officials are particularly concerned with their connections to business due to its
relatively controversial role in American politics. As Smith (2000) documents in a study of
public attitudes toward business, the public’s favorability rating of business has been trending
downward since the early 1970s. Similarly, Bartels (2008), in an analysis of the 2004 American
National Election Study (ANES), found that big business had the lowest feeling thermometer
score of any economic group tested, including labor unions, welfare recipients, and wealthy
individuals. Big business’ mean feeling thermometer score was 55.7 (out of 100), and only 51.9
percent of respondents rated big business at a score of 50 or higher. Additionally, these data
capture attitudes prior to the 2008 financial crisis, an event that likely did little to restore the public’s faith in big business.\(^1\)

Despite the obvious drawbacks of being associated with business, members of Congress still desire to provide firms access if they have relevant information, the ability to make campaign contributions, or are viewed positively by the public. Given the constraints on Congress as an organization (i.e., information overload and asymmetries), when members seek to build a case for a preferred policy, they need to extend beyond its organizational boundaries through alliances with outside interests and actors. This outreach and subsequent grants of access can be understood as a form of strategic alliance building between actors inside and outside of the state that share common policy goals. The strategic aspect of members’ access-related decisions focuses on these outside organizations’ existing resources, principally their reputation, which will determine for members whether or not it is worthwhile to supply the organization access.\(^2\)

Alliance building with high reputation firms not only decreases the costs to politicians of being connected to business, it also decreases the risk that, in the minds of individual voters, the politicians granting access to firms will be tarred through guilt by association (see, Walther, 2002 on the micro-foundations of this concept). Given that the guilt of deviant organizations can quickly extend beyond their own boundaries to other similar or connected organizations (Jonsson, Greve, and Fujiwara-Greve, 2009), guilt by association and its potential electoral costs provide members of Congress with strong incentives to carefully screen firms based upon

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\(^1\) Preliminary data from the 2012 ANES reveals that perceptions of big business eroded further in the wake of the crisis. Its mean feeling thermometer score dropped to 44.9 and remained below all other economic groups tested.

\(^2\) The dynamics of strategic alliance building between governmental actors and firms, in which firms must first have a positive reputation in order for policymakers to supply them access, is analogous to the dynamics of across-firm strategic alliance building in the market, in which “firms must have resources in order to get resources” (Eisenhardt and Schoonhoven, 1996: 137).
reputation. If members of Congress are careful when determining which firms they grant access to, especially in public forums such as committee hearings, the probability of voters drawing connections between controversial actors and themselves should be quite low.

Such reputational screening routinely occurs vis-à-vis campaign finance, as members often refuse or return campaign contributions from controversial organizations, especially business firms. For example, following Enron’s collapse in late 2001, over 37 members of Congress, in addition to politicians at the state and local level, donated the contributions they had received from the firm or its executives to funds for the company’s displaced employees. Mary Matalin, then a counselor to Vice President Dick Cheney argued that politicians took such steps to avoid “guilt by contribution” (Dewan, 2002). In the wake of the BP Horizon explosion in the Gulf of Mexico, Democratic Texas Representative Charlie Gonzalez explicitly articulated this logic and the role firm reputation plays in politics, saying, “It makes good sense on everyone’s part for a company PAC to suspend campaign money during a period of scrutiny or a period of investigation. What I look for is whether the company is accountable for its mistake, assumes responsibility and takes substantive measures to correct it. Then I’ll make a decision about accepting support” (Levinthal, 2012). These anecdotes provide strong suggestive evidence that politicians and thus the organizations they inhabit are concerned with being associated with firms and other controversial actors unless they have an established reputation as a responsible actor.

For firms and their managers, the incentives of members of Congress and the screening behavior that arises from these incentives imply that firms need to develop and adopt proactive strategies to differentiate themselves in the nonmarket environment. Although standard political instruments such as campaign finance and lobbying present some opportunity for firms to differentiate themselves, they are often easily replicable and thus cannot produce a lasting
competitive advantage (Hadani and Schuler, 2012). Further, and especially with regard to campaign contributions, it is not necessarily the case that these instruments are reputation enhancing. In contrast, individual firms can strategically utilize CSR, especially social CSR, to burnish their reputations with particular communities and specific public policymakers. As a result, social CSR can be viewed as possessing offensive strategic utility for firms that seek to differentiate themselves in the non-market.

Firms have reason to believe that social CSR will help separate themselves from their competitors in the nonmarket environment based upon its ability to do so in the market (Mackey, Mackey, and Barney, 2007). Among other effects, CSR helps firms differentiate themselves by building brand equity and increasing their public visibility (Fombrun, 1997; Brammer and Millington, 2005), and these reputation-enhancing effects occur in both national and local markets (Udayasankar, 2008; McWilliams and Siegel, 2001; Waddock and Graves, 1997). Further, Gardberg and Fombrun (2006) argue that CSR’s, particularly corporate citizenship’s, reputation-enhancing effects are so great that they effectively create an intangible asset for practicing firms, as such behavior creates “a reinforcing cycle through which global companies create legitimacy, reputation, and competitive advantage” (Fombrun, 1996: 330).

Within the nonmarket context, firms previously have used CSR strategically to manage relations with stakeholders other than the state. These attempts have largely been reactive, however, and confined to efforts designed to build reputations that are capable of withstanding activists’ criticism of their practices. Firms that have built positive reputations appear to benefit from a “halo” effect that shields them from the criticism of activists, as well as market participants (Fombrun and Shanley, 1990; Roberts and Dowling, 2002; Sine, Shane, and Di Gregorio, 2003). For example, Bansal and Clelland (2004) find that firms that make explicit
commitments to the natural environment decrease the unsystematic market risk of future
deficient environmental behavior, and Baron and Diermier (2007) argue theoretically that such
public commitments and reputation management more broadly can aide those firms that choose
to engage and react to criticisms from organized activists. Similarly, Godfrey, Merrill and
Hansen (2009) and Godfrey (2005) view engagement in social CSR, especially philanthropy, as
a form of stakeholder management and risk management that helps to protect firm value when
firms experience legal or regulatory problems.\(^3\)

In addition to these insurance-like benefits for firms, CSR has constitutive effects for
firms that, in turn, enhance their reputations in a manner that is likely to be of particular
importance to public policymakers. First, engaging in CSR and pro-social activities enhances
firms’ reputations among actors in the non-profit world and allows for alliance building between
firms and these organizations (Bansal and Roth, 2000; Hoffman, 1999; Himmelstein, 1997).
Second, and particularly important given the role of constituents in members’ decision-making
processes, social CSR practices strengthen ties between firms and their employees and local
communities, in effect building social capital for the firm (Marquis, Glynn, and Davis, 2007;
Adler and Kwon, 2002). As a result of this greater integration, firms build trust and legitimacy
(Rao, 1994), enhancing both their reputational capital and their organizational networks
(Fombrun, 1996; Hall, 1992).

These results for pro-active CSR initiatives suggest that firms that utilize social CSR
strategically are likely to improve their reputations in measurable ways. Unlike technical or
strategic CSR, which is deigned to enhance firms’ performance directly by being profitable,

\(^3\) The claim of a “halo” effect has not gone uncontested. Several studies suggest that rather than protecting a firm
from additional attacks, conceding to activists’ demands only makes that firm a more attractive target in the future
(see, e.g., King and McDonnell, 2013; Bartley, 2007).
social CSR differentiates firms on dimensions such as public perception and trustworthiness that are likely to matter a great deal to image-conscious and reelection-focused public policymakers. Further, the particular connections that social CSR creates strongly suggest that these reputational benefits are due to firms’ social CSR commitments and are not attributable to their more general reputation or status. Ultimately, social CSR appears to have the ability to differentiate a firm and to enhance its reputation in ways that lower the risk of guilt by association for members of Congress and other elected officials and thus, also to decrease the potential costs of providing the firm access in the policymaking process. These claims produce the following hypothesis:

Hypothesis 1 (H1): The greater a firm’s engagement in social CSR, the greater its access to public policymakers.

The Amplifying Role of Organizational Power

Although firms’ own characteristics play the largest role in determining their level of access, Congress’ organizational attributes, which are not constant across time, will likely moderate the ability of firms to use social CSR strategically as a political instrument. In particular, the differing attitudes of the two major political parties toward business (Jabobs, 1998) and CSR⁴ suggest that partisan control of Congress will likely affect the relationship between CSR and access. Since Democrats are more skeptical of business’ role in society and have stronger preferences for CSR, I expect that the effect of CSR on access will be greater when Democrats have greater power within Congress as an organization (i.e., when they are the majority party in one or both chambers).

⁴ A clear and expected partisan division exists with regard to mass attitudes on CSR. In a 2007 survey conducted by Fleishman-Hillard Inc. on behalf of the National Consumers League, 96 percent of Democrats agreed with the statement that Congress should ensure that companies address social issues, compared to just 65 percent of Republicans. See, http://www.marketingcharts.com/?attachment_id=400.
Although partisan preferences alone could potentially explain this relationship, the potential for guilt by association also plays a role in partisanship amplifying the relationship between social CSR and access. That is, if the political benefits of CSR stem from the signal they send that a firm is a reputable and trustworthy, then this signal will matter more for those members of Congress who are more at risk for being tainted by allying with business. There is micro-level evidence that suggests that the threat of guilt by association is greater for Democratic politicians. Roberts et al. (2010), in a survey experiment exploring how voter intentions change based upon the source of candidates’ campaign funds, find that although the probability of voting for a Republican candidate is insensitive to the source of her funds (i.e., whom she is associated with via campaign contributions), the probability of voting for a Democrat drops significantly when she receives contributions from controversial corporate actors such as tobacco companies. Given these findings, along with the tenable assumption that granting an actor access associates a politician with that actor to an even greater degree than a contribution since politicians have all of the agency in the former action, I expect Democrats to put a stronger emphasis on a firm’s reputation and thus its social CSR practices when deciding whether or not to grant access. This argument leads to the following hypothesis:

Hypothesis 2 (H2): The relationship between a firm’s engagement in social CSR and access to public policymakers is moderated by partisan control. Specifically, the relationship between social CSR and access will be heightened during periods of Democratic control.

The Amplifying Role of Existing Political Engagement

Firms’ strategic use of CSR in politics will also likely be constrained or amplified by their existing political strategies. The majority of large firms in the U.S. actively engage in electoral politics and many more, of all sizes, engage in legislative and regulatory lobbying.
Both of these existing efforts provide greater opportunities for firms that develop positive reputations via social CSR to leverage those reputations into increased access. That is, existing political engagement, whether through contributions to candidates or lobbying, provides a baseline level of connectivity between a firm and important or friendly politicians and, additionally, provides a conduit through which representatives of the firm can communicate and highlight their firms’ social CSR efforts for public policymakers.

The implications of this argument are that CSR and traditional political instruments are compliments and not substitutes (Oliver and Holzinger, 2008) in the marketplace for access. CSR and the reputational benefits it produces are unlikely to displace traditional political instruments, and these traditional political instruments will only purchase so much for a firm, given the risks politicians run in allying with firms. As a result, I expect CSR, campaign contributions, and lobbying to compliment one another and have interactive and amplifying effects on firms’ access. Suggestive evidence exists for this relationship. For example, Werner (2012) documents that firms that employ traditional political tools at higher rates adopt more CSR practices, and both Hadani and Coombes (2013) and Schuler and Rehbein (2013) find similar relationships between firm political activity and philanthropy and citizenship programs, respectively. Additionally, Richter (2011) finds that firms’ joint engagement in CSR and lobbying enhances their economic performance. The following two-part hypothesis regarding the relationship between social CSR and traditional forms of corporate political activity captures this logic:

Hypothesis 3 (H3): The relationship between a firm’s engagement in social CSR and access to public policymakers is positively moderated by its traditional political activity. Specifically, the relationship between social CSR and access will:

a) heighten as a firm increases its PAC contributions;
b) heighten as a firm increases its lobbying expenditures.
METHODOLOGY

Sample and Overview of Research Design

Based upon lobbying and CSR data availability, the sample in the main analysis consisted of the membership of the Standard & Poor’s (S&P) 500 firms between 1999 and 2009. I started in 1999 as reliable data on firm-level lobbying only became available in 1998, following the passage of a law mandating disclosure of such expenditures in 1995. I ended in 2009, as the dataset I use to measure firm-level CSR – Kinder, Lydenburg, Domini (KLD) Stats – altered its measurement and reporting practices significantly in 2010. I used the membership of the S&P 500 since every component of this index was included in the KLD dataset each year during this eleven-year period.5

The specific variables included in the analyses are detailed in the next three subsections. For now, I note that I employed a lagged research design in which I measured the dependent variable at time \( t \) and the independent variables, with three exceptions, at time \( t-1 \). As a result, for a firm to appear in the data set, it must remain in the S&P 500 for a minimum of two consecutive years. Although this lagged design eliminates some observations, it ensures that the measure of CSR employed precedes the measure of access, which lessens concerns regarding a simultaneous or recursive relationship between the two. Nonetheless, although I argue that endogeneity is unlikely in this relationship, I formally tested for its presence, and although I did not find evidence of it, as a robustness check, I report the results of an instrumental variable analysis, which produced results consistent with the main findings presented.

5 All of the reported results are insensitive to the choice of using firm–year, as opposed to firm–Congress (i.e., a two-year period), as the unit of analysis. Using the former is advantageous, as it increases \( n \), and I controlled for potential election year effects through the use a binary indicator in all of the specifications.
**Dependent Variable: Access to Congress**

To measure access, I used the count of non-hostile appearances in front of Congressional committees for each firm–year using data I hand-coded from ProQuest’s Congressional Hearings dataset.\(^6\)\(^7\) Counting appearances before Congressional committees is a common technique for measuring access to policymakers (e.g., Schuler and Rehbein, 2011; Dreiling and Darves, 2011; Hansen and Mitchell, 2000; Hansen, 1991) and invitations to testify are a limited good that interests compete over (Hansen, 1991; Holyoke, 2008).\(^8\) Interviews with lobbyists confirm that firms spend a lot of time testifying or trying to (Baumgartner et al., 2009), and such a dedication of resources makes sense, for as Hall and Wayman (1990) note, committees are Congress’ main device for procuring information and writing legislation. Unsurprisingly, the other key actors involved in legislating, such as members (Diermier and Feddersen, 2000) and staff (DeGregorio, 1992), also view hearings as an important part of credibility building in the policymaking process. Further, the implications of who Congress supplies access are broad: Hearing testimony reflects the influence of those offering it (Wright, 1996) and serves as an important conduit in information transfer between private interests and public policymakers (Burstein and Hirsch, 2006; Esterling, 2004).

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\(^6\) I defined a setting as hostile if the witness knew ahead of time from the subject of the hearing that her firm would be the subject of criticism. One prominent example of such a hostile setting would be the appearances of British Petroleum executives in the summer of 2010 as a result of the Gulf of Mexico oil spill. Since such appearances represent an undesired form of access, I excluded them from the analysis. The number of such appearances is quite small (less than 20 total across 4,720 firm–year observations) and tied to highly salient, controversial, and idiosyncratic events such as business scandals (e.g., Enron, Worldcom) or large-scale disasters.

\(^7\) Additionally, I screened out firm appearances in which the firm-connected witness testified as a representative of a trade association, as I am interested in how individual firms’ CSR practices allow them to differentiate themselves from other firms, including those in their industry. Including these appearances does not change the statistical results I present but does decrease the magnitude of social CSR’s effect on access.

\(^8\) Were access to Congressional hearings competitive because the number of slots in any given year was zero-sum, the assumption of independent and identically distributed errors might be violated; however, since Congress can theoretically hear from as many witnesses as allowed by physical time in a year, this violation is unlikely.
Despite their widespread use as a measure of access, Mayhew (1974) and Oleszek (1984) both suggest that hearings amount to little more than opportunities for members of Congress to engage in position-taking, and with specific regard to business’ political activity, and Berry (1997) argues that firms prefer less public venues over hearings to communicate with policymakers. However, even if one were to grant that hearings have limitations as a direct measure of access, as Hansen (1991) argues, they perform well as a latent measure: “lawmakers are on display in committee hearings, and their reactions to witnesses yield important clues about their relationships with those witnesses. Excluded groups confront hostile questions; irrelevant groups receive no questions; favored groups field softball questions” (24). Further, the highly public nature and political performance aspects of hearings make it likely that members of Congress will be worried about associating with controversial or low-reputation firms and thus will be unlikely to invite them to appear in a friendly setting.

**Key Independent Variable: Net Social CSR**

To measure firm–year level engagement in CSR, I employed the KLD Stats data set. KLD Stats has been widely used in empirical studies of CSR and is considered the best available CSR data in terms of the number of issues and firms covered (see, e.g., Chin, Hambrick, and Treviño, 2013; Choi and Wang, 2009; Coombs and Gilley, 2005). KLD’s analysts compile ratings for firms across seven issue areas – community, corporate governance, diversity, employee relations, environment, human rights, and product – based upon various sources, including firm and media reports, and notes whether firms have a “strength” or “concern” in specific subcategories.

Even though it is a standard data source, critics have raised concerns regarding the
transparency (Vogel, 2005), subjectivity (Entine, 2003), and precision (Chiu and Sharfman, 2011) of KLD Stats. Some have even argued that the use of individual subcategory ratings from KLD Stats is inappropriate when precise measures of firm social engagement are available (Chatterji, Levine, and Toffel 2009). Since the concern here is with aggregate firm behavior, the latter of these concerns is lessened; the former set of concerns remain legitimate, but they are softened by studies that show the KLD data to be empirically reliable and valid (Szwajkowski and Figlewicz, 1999; Sharfman, 1996), as well as superior to other measures of comprehensive CSR (Wong, Ormiston, and Tetlock, 2011), and by their widespread use by investing professionals.

To measure each firm’s annual commitment to CSR, and to separate social CSR from strategic, profitable CSR, I split the KLD categories along two dimensions, institutional and technical, uncovered by Mattingly and Berman (2006) in a factor analysis of KLD Stats. Mattingly and Berman’s factor analysis reduced the KLD Stats data set to four components: institutional strengths, institutional weaknesses, technical strengths, and technical weaknesses. The institutional indicators capture the environmental, community, and diversity categories within KLD Stats, and the technical indicators the employee, product, and governance categories.

This split in the data set mirrors other categorizations of CSR that reflect whether a firm’s actions are social/other-regarding (institutional) or are strategic/self-regarding (technical).

To create CSR indicators for analysis, I calculated the difference between the sum of the institutional strengths and the sum of the institutional weaknesses for each firm–year (“Net Social CSR”), as well as the difference between identical summations of each firm’s technical

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9 Mattingly and Berman do not analyze KLD’s Human Rights category, so I excluded it from the analysis as well. If I were to include its strengths and concerns among the institutional/social factors, the results presented below would not change statistically or substantively. In addition, I did not include the controversial issues screens from KLD Stats since they are not comparable conceptually to the subcategories captured by the rest of the data set.
strengths and weaknesses by year (“Net Strategic CSR”). Netting these variables is inline with
the prior approach of scholars employing KLD Stats data (Chin, Hambrick, and Treviño, 2013;
Wong, Ormiston, and Tetlock, 2011; Choi and Wang, 2009) and is consistent with the
reputational effects this indicator is intended to capture: all of the reputational benefits that firms
gain from pro-social CSR activity are, in the calculations of public policymakers, likely to be
discounted by firms’ social CSR concerns. Given the argument captured by H1, the Net Social
CSR measure is the key independent variable of interest, and the Net Strategic CSR measure is a
control for strategic CSR-related effects.

Amplifying Variables

To test H2 and H3, the Net Social CSR variable must be interacted with additional
independent variables. The first variable captures the degree of Democratic control of Congress
and ranges from 0 (minority party in both chambers) to 1 (majority party in both chambers).
During the sample period, the Democrats controlled the U.S. Senate between 2001 and 2002 (0.5
control) and both the U.S. Senate and House from 2007 through 2010. The interaction between
this variable and the key independent variable (Net Social CSR) tests H2.

H3’s two parts require that each firm’s annual Net Social CSR be interacted with its
annual campaign contributions (part a) and its annual lobbying expenditures (part b). To capture
the former and test H3a, I coded the contributions made by each firm’s associated PAC to
Congressional candidates using hand-matched data from the Federal Election Commission
(FEC). I logged transformed this variable due to a substantial right skew in its untransformed
distribution.\textsuperscript{10} To capture lobbying efforts and test H3b, I included a logged measure of each

\textsuperscript{10} Since members of both parties can invite (and thus, grant access), I included contributions to both parties; the
firm’s annual federal lobbying expenditures, using hand-matched data from the Center for Responsive Politics.

Although I am primarily interested in all three of these variables stems from their interactive effects with Net Social CSR, including them on their own also controls for the competing understandings of access related to campaign finance and information discussed in the previous section, as well as the generic difference in and potential effect of partisan attitudes toward business.

**Other Control Variables**

I controlled for a variety of potential confounding factors through the inclusion of additional independent variables. To control for the constituency effects argument for access and specifically the key role of the committee leadership in determining access (Grier and Munger, 1991), for each firm, I counted the number of committee chairs and ranking minority members across both chambers in the current year that held a U.S. Senate seat or House district in the firm’s headquarters state. I matched members of Congress to firms using data on firms’ headquarters available in S&P’s COMPUSTAT database, which was the data source of all of the financial variables I employed. A second control I included to tap potential constituency effects was employee count (logged). As Bombardini and Trebbi (2011) document, firms with more employees are be able to employ this natural coverage of geographic-based districts to influence results reported below would not change statistically were I to include separate variables for each party or only contributions to the majority party but the magnitude of campaign contributions’ effect would decrease. These results are unsurprising, as corporate PACs tend to be conservative actors, directing most of their contributions to incumbents, rather than a preferred party (Wright, 1996). During the sample period, the by firm–year amount contributed to Republicans and the amount contributed to Democrats had a Pearson product moment correlation coefficient of 0.81, suggesting that this pattern held throughout the 2000s.
policymakers, suggesting that as a firm has more employees, it does not have to make as much use of other political instruments, such as campaign contributions.

Firms with greater contracting relationships with the government are also more likely to have greater access. That is, although contracting is more often thought of as an output of a firm’s political efforts (see, e.g., Wilson, [1990]), it is important when considering access to Congressional committees to capture a firm’s pre-existing relationships with the federal government, as they relate to processes such as oversight that are handled by committees. Thus, I calculated and included a binary indicator for whether the firm was among the top-100 contractors of the federal government, using data from the Federal Procurement Report.

To control for broader societal effects on access that stem from the perceived importance of the firm in policymakers’ eyes, I summed and logged the annual number of firm mentions in headlines or first paragraphs of stories in both the Wall Street Journal and the New York Times (see, e.g., Cook et al. 2006; Bushee and Miller, 2007). Similarly, to ensure what reputational effects I uncover stem from the firm’s social CSR activity and not its more general reputation, I included a measure of each firm’s reputation through a scaled value of the firm’s score in Fortune magazine’s annual survey of most admired corporations. Fortune surveys industry insiders and analysts on eight attributes of firm performance and produces a mean reputation score for each firm. To capture firms in the sample but not reported in the results of the Fortune survey, following King (2008), I translated the raw survey scores into an ordinal scale in which firms that were not among the 100 ranked received a 0, firms with scores between 1 and 5 received a 1, firms between 5.1 and 6.99 received a 2, and firms with scores above 7 received a 3. Since, this variable is based upon surveys from the prior year, I did not lag it.
To capture each firm’s information environment and to control for the potential for a firm’s information to be valuable to lawmakers (i.e., the degree to which it has a positive informational asymmetry versus members of Congress), I included a measure of each firms’ research and development (R&D) intensity (Borisov, Goodman, and Gupta, 2013) by dividing its R&D expenditures by its total sales.

I also controlled for a set of firm economic characteristics that are correlated with the decision to be active politically, as they will likely affect access too. Firm size, measured as logged assets, is perhaps the key determinant of political activity (Grier, Munger, and Roberts, 1994) and also provides some sense of how important an individual firm is to economy a whole. Firm performance, although negatively correlated with political participation (Cooper, Gulen, and Ovtchinnikov, 2010), ought to be positively correlated with access, as following the same logic as the reputational arguments, politicians are likely to try and align themselves with economically successful firms. I measured performance with two indicators that capture different dimensions of it. First, I included return on equity (net income divided by total market value of equity) to give a sense of a firm’s overall financial performance, and second, to capture how a firm is performing relative to its industry peers, I included market share (the firm’s percentage of industry-wide sales at the three-digit Standard Industrial Classification [SIC] level).

To control for changes in Congressional behavior that might affect access, I included a binary indicator that identifies whether or not the current year included regularly scheduled congressional elections (i.e., was an even numbered year). Policymaking, including committee hearings, typically slows during election years so that members can spend more time in their
districts campaigning for reelection.\textsuperscript{11} Finally, I included year and industry (at the two-digit SIC level) fixed effects to capture macro-economic/political effects that affect all firms and non-time varying, baseline effects that affect all firms in a given sector, respectively. The industry fixed effects are particularly important, as industry membership affects firms’ overall levels of participation in politics since it captures persistent attributes such as regulation (Schuler, Rehbein, and Cramer, 2002; Masters and Keim, 1985). Table 1 reports the descriptive statistics and correlation matrix for all of the variables.

[Insert Table 1 Here]

\textbf{Estimation Methods}

I estimated the main models using a generalized estimating equations (GEE) approach, specifying a negative binomial distribution and link function due to the count nature of the dependent variable, along with an autoregressive (AR[1]) within-group correlation structure. Since GEE models can accommodate non-independent observations, they are a reasonable estimator for data sets with repeat observations (Liang and Zeger, 1986). In an attempt to capture year-to-year persistence in firms’ access to Congress, however, in the GEE specifications, I included a lagged value of the dependent variable. Across all of the GEE specifications, I calculated robust standard errors (White, 1980) and clustered the standard errors at the firm level.

As a robustness check on these GEE-estimated findings, I also estimated a conditional fixed-effects negative binomial panel model with robust standard errors. In addition to including fixed effects for firms, I again included year fixed effects through the use of binary indicators.

\footnote{\textsuperscript{11} For example, Ornstein et al. (2013) report that during the sample period, the U.S. House and Senate, respectively, held 35\% and 60\% fewer floor votes during non-election years.}
and implemented industry fixed effects by de-meaning the independent variables at the two-digit SIC level. Using a fixed-effects approach is beneficial as it captures all non-time-varying unit-level covariates that can affect the dependent variable and allows each unit to serve effectively as its own control. There are trade-offs to using fixed effects, however, which is why I present these results as a robustness check. First, the unit fixed effect subsumes estimates for non-time-varying covariates. Second, since the unit fixed effect fully explains the behavior of firms that do not vary on the independent variable (i.e., firms that are never invited to testify), they cannot be included. Finally, unit fixed effects models also make it quite likely that variables that are highly persistent across time within a unit (e.g., assets, political spending) will be statistically insignificant despite strong substantive priors regarding their importance.

RESULTS

Social CSR and Access

Table 2 presents the results of the GEE analyses in columns 1, 3, 4, and 5. In the first specification (column 1), the coefficient for Net Social CSR is positively signed and statistically significant, providing initial evidence in favor of H1. Increases in a firm’s social CSR have reputation-enhancing effects that increase its access to policymakers. Although the substantive effect for the variable is not, in itself, large (a one standard deviation shift in a firm’s Net Social CSR score results in an average increase of only 0.10 appearances), it is substantively significant when benchmarked to the effect of traditional political instruments: a one standard deviation increase in PAC contributions leads to 0.18 additional appearances, and a one standard deviation increase in lobbying expenditures produces 0.17 additional appearances. Further, the mean number of annual appearances for a firm is only 0.70, so the increase generated by a positive
one-standard-deviation shift in Net Social CSR represents a 14.3 percent increase in access. Finally, this reputational effect is substantial when considering it is only the reputational effect for social CSR, as the firm’s more general reputation is controlled for in the model.

[Insert Table 2 Here]

Of the control variables in the first specification, those that are significant are signed as expected. A firm’s number of employees; amount of PAC contributions, lobbying, and press coverage; and its R&D intensity all are positively correlated with its access to public policymakers, suggesting that prominent and politically active firms and those firms with information to share are attractive allies to elected officials. Interestingly, a firm’s general reputation, which likely reflects its status in its field, is not associated with access; this null effect is likely due to the highly persistent nature of the Fortune-based measure, however.

Firm economic performance is correlated with access, with bigger (greater assets) and more successful (higher ROE, larger market share) firms being granted greater access. Prior access also is associated strongly with future access, which suggests that the sort of alliance building that policymakers and firms are engaging in is long-term oriented. Finally, organizational characteristics of Congress produced mixed results. Partisan control on its own is not correlated with access; however, the number of appearances by a firm, on average, is significantly lower in election years, which reflects the priorities of legislators running for reelection.

When assessing the fit of a count model, goodness-of-fit statistics such as \( r^2 \) are not available. Instead, researchers focus on how well the distribution of predicted counts matches the distribution of observed counts. Figure 1 plots both of these distributions and suggests that the fit of Table 2’s first specification is quite good, and this pattern holds in unreported figures for the
other specifications in Table 2. The model slightly under-predicts the proportion of observations with 0 appearances and, correspondingly, slightly over-predicts the proportions for 1 and 2 appearances; however, these discrepancies are not large.¹²

[Insert Figure 1 Here]

**Accounting for Potential Endogeneity**

Before considering the interactive effects of Net Social CSR with Congress’ organizational characteristics and firms’ existing political strategies, it is important to rule out the possibility that the relationship between access and CSR is endogenous. Although it is unlikely that firms engage in CSR, which has a multitude of origins internal and external to the firm (for a discussion, see, Chin, Hambrick, and Treviño, 2013), for access-related reasons, the possibility cannot be ruled out, as firms’ CSR commitments appear to be the product of a virtuous cycle (Orlitzky, Schmidt, and Rynes, 2003), one part of which could be political in nature.

To address, the possibility of endogeneity, I first need to assess whether there is correlation between the Net Social CSR variable and the error term of the regression presented in Table 2’s first specification (Bascle, 2008). The Pearson product moment correlation between Net Social CSR and the residuals of the regression is 0.06, with a *p*-value of 0.19. Despite this test producing little statistical evidence for the presence of endogeneity, I can corroborate the causal effect of the key independent variable by using an instrumental variable analysis (Morgan and Winship, 2007).

¹² The large proportion of observations with zero appearances in these data might suggest that a zero-inflated count model would be more appropriate than a standard count model. However, zero-inflated models are only appropriate when the observations with zeros were not at risk of the “event” occurring (see, Cameron and Trivedi, 2013).
The key properties of an instrumental variable are that (i) it should correlate strongly with/predict the key independent variable and (ii) it should not affect the dependent variable except through the key independent variable. Thus, the instrument needs to predict a firm’s Net Social CSR but not directly affect its amount of access. Such an instrument exists in the form of the political ideology of a firm’s new CEO. The political ideology of firm’s new CEO, as measured by the partisan makeup of her campaign contributions, affects its commitment to CSR (Chin, Hambrick, and Treviño, 2013; Di Giuli and Kostovetsky, 2013), but it is highly unlikely that a firm, as an organization, will be denied access because of the past behavior of a new CEO.  

To conduct this analysis, I used data from Fremeth, Richter, and Schaufele (2013), who gathered and processed FEC records on the political activity of CEOs at the S&P 500 firms over the sample period. I restricted the sample in this analysis to those firms that hired a new CEO during this time period, and I measured CEO liberalism by calculating the proportion of the new CEO’s contributions that went to Democratic candidates in three cycles prior to their becoming CEO. These restrictions decreased the number of firms in the dataset from 687 to 512 and the number of firm year observations from 4,720 to 2,935. Since the dependent variable is a count, I conducted the instrumental variable analysis using the Generalized Method of Moments (GMM) approach developed by Mullahy (1997). Similarly to two-stage least squares regression, in the first stage of the GMM approach, the instrument is used to predict value of the key independent variable; however, in the second stage, a Poisson model, rather than an ordinary least squares

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13 The results presented in this section hold even if the sample is further limited to those firms that hired new CEOs who did not work for the firm previously (i.e., were external hires). Imposing this condition would strengthen the only through exclusion restriction of the instrumental variable analysis further but would decrease n.
model, is fit to the count data. As part of this analysis, I calculated bootstrapped standard errors that I clustered at the firm level.

The second specification of Table 2 reports the results for the second stage Poisson regression. The results discussed above for specification one largely hold, and H1 one remains strongly supported. The estimate of Net Social CSR’s causal effect actually increases in magnitude in the instrumental approach, suggesting that the GEE approach might be producing a conservative underestimate of the positive effect of social CSR on access. The only control variable that produces a different result between specification one and two is media prominence, which is no longer significant. Overall, the stability of the findings across specifications one and two suggest that endogeneity does not threaten the results of this analysis and that the relationship between social CSR and access is causal.

The Amplifying Effects of Partisanship and Existing Nonmarket Strategies

The remaining specifications (3-5) in Table 2 test the interactive effects predicted by H2 and H3. The results in these specifications provide strong support for H2, as Democratic control heightens the effect of Net Social CSR on access, and mixed support for H3. Although there is a positive and significant interactive effect between Net Social CSR and firms’ lobbying expenditures (H3b), there is no such effect for the interaction between firms’ Net Social CSR and their PAC Contributions (H3a). There are two likely reasons for the non-finding for the Net Social CSR and PAC Contributions interaction. First, unlike lobbying expenditures, PAC contributions are capped, which limits the degree to which anyone firm can strategically utilize them: while on their own they are positively associated with access, it's unlikely that the regulations placed on campaign finance allow firms to be particularly creative in strategically
utilizing them. Second, since lobbying is best understood as the communication of information between interests and policymakers, it provides a logical mechanism for how a firm communicates its reputation for social responsibility to policymakers. In contrast to the substantive nature of these exchanges, PAC contributions often consist of little more than a PAC treasurer sending a check to a campaign treasurer.

To illustrate the full – that is both direct and interactive – effect of a firm’s social CSR practices on its level of access to public policymakers, I calculated how the predicted probabilities of access vary across values of Net Social CSR, holding all other variables, expect the interactions, at their means. I calculated these probabilities for the mean level of Net Social CSR (0.70) and ± one standard deviation (2.40) of Net Social CSR around its mean. Figure 2 plots these predicted probabilities and illustrates how substantively significant the access-related effects of social CSR are. As the figure reveals, firms with relatively strong reputations for social CSR are far more likely to appear at least once \( (p \sim 0.43) \) and have a predicted probability of appearing at least twice that is above 0.10. In contrast, firms at or below the mean level of social CSR have a predicted probability of 0 appearances that exceeds 0.85.

[Insert Figure 2 Here]

Beyond the interactive results, the results for the individual variables in specifications three through five are largely consistent with the results in specification one. The level at which some variables are statistically significant varies, and the substantive effects of several variables are larger in the final, full specification five, but there are no major differences, and the results are consistent with an interpretation that specification five is the best specified model of access.

**ROBUSTNESS & EXTENSIONS**
A Firm-level Fixed Effects Approach

As discussed above, in addition to the instrumental variable analysis, I conducted a second robustness check of the findings by applying a conditional fixed effects negative binomial model to the data. Although this approach allows for firm, industry, and year fixed effects, one trade-off in implementing it is a significant reduction in $n$. The principal reason for the reduction in sample size from 687 to 374 is that many firms do not appear before a Congressional committee in any year in the data, which means that they drop from the model because the firm fixed effect fully explains their (lack of) variation. A second trade-off in implementing all three sets of fixed effects is that they, especially the firm fixed effect, will capture most of the variation in the model, rendering statistically insignificant covariates that are persistent. Before running this model, I also dropped the lagged appearances variable from my specification, as the fixed effect captures its effect.

Acknowledging these limitations, I reran specifications one and five from Table 2 using the conditional fixed effects model. As Table 3 reports, across both specifications, there is support for H1, and the second specification, which includes the interactive effects, also supports H2 and H3b. These results for the key independent variables are fully consistent with the main results in Table 2, as well as the instrumental variable analysis. Unsurprisingly, there are fewer control variables that are significant after including firm fixed effects. Only the count of employees, lobbying expenditures, and market share remain significant, and all are positively associated with access.

[Insert Table 3 Here]

Access to Strategically Important Committees
Although increased overall access is beneficial for firms, increasing access to committees that are strategically important to a firm or its industry is obviously a key goal of non-market strategy. As an extension to the main findings, I analyzed whether or not the reputational effects of social CSR pay such specific dividends for firms by rerunning the GEE analyses with a more narrowly defined dependent variable. Specifically, I reran specifications one and five from Table 2 and limited the count of appearances included in the dependent variable to appearances before those committees denoted as strategically important in the mapping between committees and four-digit SIC industries developed by Ovtchinnikov and Pentaleoni (2012).

The results of this extended analysis appear in Table 4 and are largely consistent statistically and substantively with those in the prior models. There remains strong support for H1, H2, and H3b, and the magnitudes of the estimated causal effects are similar. However, there are fewer statistically significant control variables in both specifications, but those that are significant are signed as expected. The key implication of this extension is that the access-related benefits that are created by the reputation-enhancing effects of social CSR can have real economic consequences for firms.

[Insert Table 4 Here]

**Content Analysis of Commerce Committee Testimony**

Although the above analysis demonstrates that a firm’s access to Congress increases with its commitment to social CSR, I can corroborate the role of reputation in strategic alliance building between firms and politicians by analyzing how firms present themselves when they are granted access and testify publicly. To do so, I completed a content analysis of testimony provided by S&P 500 witnesses. Examining hearing rooms reveals whether and how firms and
lawmakers jointly seek to portray corporate witnesses as particularly reputable due to their firms’ social CSR practices. Mirroring the quantitative analyses, I examined testimony given between 1999 and 2009. Given the large number of total corporate appearances over this time period, however, I limited the analysis to the House and Senate Commerce Committees. This restriction is a sound choice and produces a tough case to examine, for as King (1994) notes, the Commerce committees are the most jurisdictionally expansive authorization committees and hence, the “noisiest” committees from a non-spending policymaking perspective.

Over this 11-year period, employees of S&P 500 firms testified 582 times in front of these committees under non-hostile circumstances. Although this may seem low, the S&P 500 compose only part of business, and businesses represent just one part of the full universe of witnesses. I reviewed all 582 pieces of testimony and coded whether or not the testimony mentioned the appearing firm’s CSR efforts. The following quotations are from representatives of ALCOA and Time Warner during hearings on climate change and cable competition, respectively, and they help to give a sense of how firms discuss their CSR in legislative hearings:

“In support of this vision and our values, ALCOA has established clear, measurable goals… Our environmental goals include reductions of SO₂ by 60 percent by the year 2010, the reduction of NOₓ by 30 percent by 2007, and especially relevant to this discussion, the reduction of greenhouse gas emissions by 25 percent by the year 2010.”

“Time Warner is taking action as well. We have run PSAs [public service announcements] educating our customers about parental controls more than 31,000 times in the past few months. We have sent educational mailers to more than four million customers, fifteen hundred educators and more than a thousand local elected officials and community leaders.”

Table 5 summarizes the content analysis. Over the eight-year period, 399 witnesses from S&P 500 firms testified before the House Commerce Committee. Of these 399, 157 (39.3 percent) discussed their firms’ CSR practices. That is, almost 40 percent of S&P 500
representatives that testified used some portion of the very limited time granted to them to discuss CSR. Even more interesting than this aggregate statistic though, is the across-time trend in witnesses mentioning CSR, as it reveals that firms are increasingly discussing their practices. In 1999, firms mentioned their CSR practices to the committee in just 14 percent of appearances, but in 2009, they mentioned it over 70 percent of the time, a 539 percent increase.

[Insert Table 5 Here]

The trends for the Senate Commerce Committee shown in Table 5 are similar. In total, witnesses mentioned their firms’ CSR practices in 29.5 percent of appearances (54 times out of 183 appearances). More importantly, and as with the House, disaggregating these data by year reveals that the rate at which firms discussed CSR grew substantially. In 1999, firms mentioned CSR to the committee just 6.7 percent of the time, but in 2009, they mentioned it in 50 percent of appearances, a 746 percent increase. These findings demonstrate that corporate witnesses are emphasizing their CSR-related commitments in these public forms. Given that congressional staff typically vets testimony in public forums, such as committee hearings, ahead of time (DeGregorio, 1992), it is clear that both firms and members of Congress view CSR-related discussions as increasingly important for achieving their shared policy goals.

DISCUSSION AND CONCLUSIONS

Existing studies of the strategic utility of CSR have ignored how firms might employ it as a political instrument. The above analysis shows that firms use social CSR to enhance their reputations, to build strategic alliances with members of Congress, and thus, to achieve greater access to public policymakers, including those that are most strategically important to the firm.
These findings have important implications for the study of CSR and nonmarket strategy, yet, there remain limitations on this paper’s conclusions.

**Implications for CSR**

The CSR-related implications of the above results matter for scholars and managers alike. First, this paper extends the strategic utility perspective of CSR (Bansal and Clelland, 2004) to demonstrate how social forms of CSR can be used proactively to manage firms’ reputations vis-à-vis the state and public policymakers. This extension not only demonstrates how CSR can be used strategically and proactively to benefit firms as a product of reputation management, it also extends the strategic utility perspective to understand why and how alliances are built across firm–state organizational boundaries, which have previously gone unstudied in this context.

Second, for scholars of CSR, an additional contribution of this paper is to expand the range of potential outcomes to examine when assessing the impacts of CSR. Similarly to work on the use of CSR and pro-social claims to manage activists (King and McDonnell, 2013; McDonnell and King, 2013), this paper demonstrates that non-financial outcomes, such as access to politicians, are ripe areas for research on CSR’s effects.

Third, these results suggest that firms and scholars of CSR alike to need be conscious of how CSR initiatives shape firms’ reputations in the eyes of public policymakers and members of the broader public, not just in their role as consumers but as citizens. For firms and their managers, the positive access-related effects of social CSR can help justify sustained organizational commitments to CSR, given the weak evidence in favor of it being financially beneficial. However, when considered in a broader normative framework, the dynamics created by the political use of social CSR are similar to those produced by corporate grassroots
campaigns (see, Walker 2009, 2014): social CSR can not only have concrete effects on firms’ political prospects, but such practices may also help legitimate firms as societal actors in Gramscian manner by decreasing negative attitudes toward firms among the mass public. One potential limit on the ability of firms to use social CSR in this manner though is that practicing firms may find themselves increasingly obligated to uphold or even expand their social CSR initiatives in order to avoid claims of organizational hypocrisy (Holzer, 2010; Harrison, Ashforth and Corley, 2009) and a subsequent loss of the political benefits they gained through CSR.

**Implications for Nonmarket Strategy**

Social CSR appears to enhance the instrumental power of business (Lindblom, 1977) both directly and indirectly. The direct effect is the increase in access attributable to increases in just social CSR, and the indirect effect is the interactive increase achieved when social CSR compliments firms’ lobbying efforts. This two-fold effect reveals that managers need to view CSR as a key component of nonmarket strategy. Further, given CSR’s ability to differentiate the firm in the market as well, CSR should explicitly be viewed as a mechanism through which firms can integrate their market and nonmarket strategies (Baron, 1999). Importantly, for firms and managers, the reputational assets created by CSR are more difficult for rival organizations to replicate. This is particularly true in the competitive and highly uncertain market for political access, as traditional political instruments, such as campaign contributions to candidates, are easier to replicate (Hadani and Schuler, 2012) and as corporate interests are the only set of interests that can engage in CSR.

The results of the paper also revealed an interesting partisan split among elites regarding CSR that might inform nonmarket strategy. The differentiating effects of CSR are stronger when
Democrats have greater organizational power within Congress, which reveals that they place a greater value on its ability to shield them from criticism regarding allying with firms and that they, more fundamentally, have greater worries about being perceived as guilty due to mere association with business. Such a result suggests that playing up commitments to CSR as a part of an integrated strategy will pay greater benefits for firms during periods of Democratic control.

**Limitations**

The findings and conclusions of this paper have two key limitations. First, the empirical analysis is limited to the membership of the S&P 500, meaning only large and prominent firms. Although this limits empirical inferences to similar firms, in the context of CSR and politics, such a limitation might not be especially problematic, for as Werner (2012) finds, the largest and most prominent firms are those that are most likely to engage in both CSR and political activity.

The more important limitation of the study is that it provides an understanding of how firms gain access to policymakers but not necessarily how they influence them. Of course, as stated in the introduction, to achieve influence, firms must first have access, demonstrating the importance of studying access in its own right. Further, Burstein and Hirsch (2007) argue that, “the nature of. . . the legislative process make[s] it likely that information provided at hearings is new to many members of Congress” (180) and that information on policy effectiveness can significantly affect the likelihood of a committee endorsing and Congress enacting a policy proposal, which suggests that corporations will have a greater ability to shape perceptions of policy effectiveness when they engage in social CSR at higher rates.

Following up on this question of influence, on policy issues in which firms are pursuing change from the status quo, CSR’s reputational effects can have an additional benefit for firms.
When an organization seeks not to be left alone but rather, intervention from an audience (e.g., the state) and especially when that intervention that would produce costs for another entity, the demands in terms of reputation and credibility on that organization will be quite high (DiMaggio, 1988). Whether or not social CSR can help organizations meet the demands the state makes in terms of influencing policy remains an open question. But if they do meet such demands, then the strategic use of CSR can result in the enactment of public policies that decrease aggregate societal welfare. That is, the role of social CSR in reputation management and political access speaks to broader debates over the proper scope and nature of relationships between public and private organizations (e.g., Mahoney, McGahan, and Pitelis, 2009) and uncovers at the micro-level how private actions such as CSR can have implications for public welfare through the granting of privileged access to some private organizations. This result parallels the claims of those critics of CSR who object to it as an undemocratic substitute for public policy since citizens do not get a vote on firms’ decisions (Seidman, 2007). Although voters can always respond to the effects of CSR on public policy by electing new representatives, many pluralists would likely still object to corporate power and influence being enhanced further and especially by a seemingly innocuous instrument like CSR.

**Conclusions**

This paper demonstrates a causal effect by which firms that are more socially responsible are invited to testify before Congress at a higher rate. This effect is heightened when Democrats have greater organizational power in Congress and when the firm lobbies at a higher rate. These findings are robust to a variety of additional analyses, including an instrumental variable analysis and fixed effects modeling. Together, these results suggest that engagement in social
CSR enhances firms’ reputations in the eyes of public policymakers and lowers the risk that mere association with such actors will taint politicians. In theoretical terms, these results reveal that CSR has strategic utility for firms in their relationships with the state and that CSR can be used proactively to manage stakeholders.

Research on the links between corporate political activity and corporate social responsibility is beginning to grow, and the organizational interconnections between the two are expanding in practice. This paper demonstrates how these interconnections provide a significant non-financial benefit for firms in the form of political access. Future research can explore whether these dynamics apply in settings, such as regulatory rulemaking, where the public policymaker is not an elected official and can ask whether or not public policymakers incorporate the CSR practices adopted by firms that gain greater access into laws and regulations, a prospect that might cause scholars to significantly reevaluate the importance of CSR to business, politics, and society.
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| Variable               | Mean | S.D. | 1   | 2   | 3   | 4   | 5   | 6   | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  |
|-----------------------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. Appearances        | 0.50 | 1.16 | 1   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 2. Net Social CSR     | 0.70 | 2.40 | .12 |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 3. Net Strategic CSR  | -0.55| 1.78 | -.05| -.01|    |    |    |    |    |    |    |    |    |    |    |    |    |
| 4. Committee Leaders  | 3.40 | 3.29 | .04 | .12 | .09 |    |    |    |    |    |    |    |    |    |    |    |    |
| 5. Employees†         | 1.37 | 0.50 | .28 | .18 | -.19| -.11|    |    |    |    |    |    |    |    |    |    |    |
| 6. PAC Contributions† | 2.84 | 2.35 | .22 | -.02| -.13| -.10| .31 |    |    |    |    |    |    |    |    |    |    |
| 7. Lobbying Expenditures† | 4.09 | 2.75 | .24 | -.02| -.07| -.02| .26 | .48 |    |    |    |    |    |    |    |    |    |
| 8. Top-100 Contractor | 0.06 | 0.24 | .21 | -.04| -.03| -.01| .25 | .16 | .18 |    |    |    |    |    |    |    |    |
| 9. Media Prominence†  | 0.94 | 0.60 | .35 | .27 | -.05| .08 | .46 | .28 | .33 | .16 |    |    |    |    |    |    |    |
| 10. Reputation        | 1.28 | 1.19 | .17 | .14 | .01 | -.01| .45 | .21 | .20 | .10 | .35 |    |    |    |    |    |    |
| 11. R&D Intensity     | 1.08 | 1.26 | .11 | -.01| .22 | .18 | .09 | .01 | .11 | .20 | .17 | .09 |    |    |    |    |    |
| 12. Assets†           | 4.09 | 0.61 | .36 | -.17| -.04| .44 | .45 | .38 | .09 | .42 | .29 | -.15|    |    |    |    |    |
| 13. Market Share      | 13.14| 17.81| .09 | -.07| -.10| -.11| .38 | .15 | .07 | .14 | .15 | .22 | .02 | .08 |    |    |    |
| 14. ROE               | 0.13 | 0.54 | .02 | .02 | .03 | -.05| .02 | .03 | .03 | -.02| -.01| .03 | .01 | -.01| .01 | .14 | -.01|
| 15. Democratic Control| 0.34 | 0.42 | .03 | -.05| -.04| .10 | -.02| .03 | .02 | .01 | -.14| -.11| .02 | .09 | .01 | -.05|    |
| 16. Election Year     | 0.46 | 0.50 | -.05| .01 | -.03| .01 | .03 | -.01| -.01| .01 | -.01| .01 | -.01| -.01| .01 | -.01| .01 |

* p < .05 for correlations in bold.
† Variable is log-transformed in all analyses and tables.
Statistics were calculated using the 4720 observations in Table 2.
### Table 2. GEE/GMM Analyses of Effects of Firms’ CSR on Political Access

<table>
<thead>
<tr>
<th>Variable</th>
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<th>2 – IV†</th>
<th>Specification</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td>0.039***</td>
<td>0.083***</td>
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<td>-0.009</td>
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<td>-0.004</td>
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<td>(0.010)</td>
<td>(0.011)</td>
<td>(0.010)</td>
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</tr>
<tr>
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<td>0.025***</td>
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<td>0.001</td>
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<td></td>
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<td>0.013***</td>
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<td>Employees_{t,i}</td>
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<td>0.043***</td>
<td>0.015*</td>
<td>0.038*</td>
<td>0.027*</td>
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<td>0.041***</td>
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<td>(0.143)</td>
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<td>0.131***</td>
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<td>0.022</td>
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<td>0.021</td>
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<tr>
<td>(0.015)</td>
<td>(0.018)</td>
<td>(0.017)</td>
<td>(0.018)</td>
<td>(0.017)</td>
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<td>0.095**</td>
<td>0.079***</td>
<td>0.049***</td>
<td>0.086***</td>
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<td>(0.020)</td>
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<td>(0.032)</td>
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<td>Assets_{t,i}</td>
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<td>0.264***</td>
<td>0.032***</td>
<td>0.270*</td>
<td>0.173*</td>
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<td>(0.111)</td>
<td>(0.089)</td>
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<td></td>
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<tr>
<td>Market Share_{t,i}</td>
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<td>0.004**</td>
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<td>0.004*</td>
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<td>0.058*</td>
<td>0.061**</td>
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<td>0.051*</td>
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<td>Democratic Control_{t}</td>
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<td>(0.058)</td>
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<td></td>
</tr>
<tr>
<td>Election Year_{t}</td>
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<td>-0.198*</td>
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<td>-0.128*</td>
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<tr>
<td>(0.070)</td>
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<td>(0.052)</td>
<td>(0.063)</td>
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<td>Appearances_{t,i}</td>
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<td>0.036***</td>
<td>0.124***</td>
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<td>0.031***</td>
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<td>(0.011)</td>
<td>(0.005)</td>
<td>(0.015)</td>
<td>(0.012)</td>
<td>(0.008)</td>
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</tr>
<tr>
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<td>-2.965***</td>
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<td>-3.497***</td>
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<tr>
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<td>(0.384)</td>
<td>(0.481)</td>
<td>(0.547)</td>
<td>(0.495)</td>
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<td></td>
</tr>
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</table>

Firm Fixed Effects? N N N N N
Year Fixed Effects? Y Y Y Y Y
Industry Fixed Effects? Y Y Y Y Y

n (observations) 4720 2935 4720 4720 4720
n (firms) 687 512 687 687 687
Wald χ² 396.31*** 636.69*** 381.93*** 319.98*** 303.75***

* p < .10, ** p < .05, *** p < .01.
† Robust, clustered (firm-level) standard errors are in parentheses; all GEE specifications (1, 3-5) specify an autoregressive (AR[1]) error structure.
‡ Specification 2 reports the second-stage results of generalized method of moments instrumental variable estimator of a Poisson regression with robust, clustered standard errors.
Table 3. Conditional Fixed Effects Negative Binomial Analysis of Effects of Firms’ CSR on Political Access

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<th>Variable</th>
<th>Specification</th>
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<th>2</th>
</tr>
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<td>Net Social CSR$_{it}$</td>
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<td>0.098***</td>
<td>0.087**</td>
</tr>
<tr>
<td></td>
<td>(0.019)</td>
<td>(0.044)</td>
<td></td>
</tr>
<tr>
<td>Net Strategic CSR$_{it}$</td>
<td></td>
<td>-0.010</td>
<td>-0.012</td>
</tr>
<tr>
<td></td>
<td>(0.021)</td>
<td>(0.021)</td>
<td></td>
</tr>
<tr>
<td>Net Social CSR$<em>{it}$ x Democratic Control$</em>{i}$</td>
<td></td>
<td>0.045***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.021)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Social CSR$<em>{it}$ x PAC Contributions$</em>{it}$</td>
<td></td>
<td>0.009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Social CSR$<em>{it}$ x Lobbying Expenditures$</em>{it}$</td>
<td></td>
<td>0.014**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.007)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committee Leaders$_{it}$</td>
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<td>-0.023</td>
<td>-0.022</td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>(0.016)</td>
<td></td>
</tr>
<tr>
<td>Employees$_{it}$</td>
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<td>1.093***</td>
<td>1.131***</td>
</tr>
<tr>
<td></td>
<td>(0.260)</td>
<td>(0.261)</td>
<td></td>
</tr>
<tr>
<td>PAC Contributions$_{it}$</td>
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<td>0.031</td>
<td>0.013</td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.037)</td>
<td></td>
</tr>
<tr>
<td>Lobbying Expenditures$_{it}$</td>
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<td>0.055**</td>
</tr>
<tr>
<td></td>
<td>(0.021)</td>
<td>(0.025)</td>
<td></td>
</tr>
<tr>
<td>Top-100 Contractor$_{it}$</td>
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<td>-0.141</td>
<td>-0.133</td>
</tr>
<tr>
<td></td>
<td>(0.145)</td>
<td>(0.147)</td>
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</tr>
<tr>
<td>Media Prominence$_{it}$</td>
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<td>0.049</td>
<td>0.043</td>
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<td></td>
<td>(0.098)</td>
<td>(0.097)</td>
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<tr>
<td>Reputation$_{it}$</td>
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<td>0.039</td>
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<td>(0.036)</td>
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<td>-0.049</td>
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<td></td>
<td>(0.079)</td>
<td>(0.080)</td>
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<tr>
<td>Assets$_{it}$</td>
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<td>0.258</td>
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<td>(0.197)</td>
<td>(0.198)</td>
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</tr>
<tr>
<td>Market Share$_{it}$</td>
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<td>0.012**</td>
<td>0.012**</td>
</tr>
<tr>
<td></td>
<td>(0.005)</td>
<td>(0.005)</td>
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</tr>
<tr>
<td>ROE$_{it}$</td>
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<td>0.045</td>
<td>0.047</td>
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<td>(0.067)</td>
<td>(0.068)</td>
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<tr>
<td>Democratic Control$_{i}$</td>
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<td>0.050</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>(0.126)</td>
<td>(0.128)</td>
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</tr>
<tr>
<td>Election Year$_{i}$</td>
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<td>-0.080</td>
<td>-0.059</td>
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<td>(0.129)</td>
<td>(0.129)</td>
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<td>-2.347***</td>
</tr>
<tr>
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<td>(0.709)</td>
<td>(0.721)</td>
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</table>

Firm Fixed Effects? Y Y
Year Fixed Effects? Y Y
Industry Fixed Effects? Y Y
n (observations) 3212 3212
n (firms) 374 374
Wald $\chi^2$ 102.10*** 108.61***

* $p < .10$, ** $p < .05$, *** $p < .01$.
† Robust standard errors are in parentheses.
‡ Implemented by de-meaning the independent variables at the two-digit standard industrial classification (SIC) code level.
Table 4. GEE Analysis of Effects of Firms’ CSR on Political Access to Strategically Important Committees

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<th>Specification</th>
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<td>Net Social CSR_{t-1}</td>
<td>0.055** (0.024)</td>
</tr>
<tr>
<td>Net Strategic CSR_{t-1}</td>
<td>-0.036 (0.025)</td>
</tr>
<tr>
<td>Net Social CSR_{t-1} x Democratic Control_{t}</td>
<td>(0.028)</td>
</tr>
<tr>
<td>Net Social CSR_{t-1} x PAC Contributions_{t-1}</td>
<td>(0.014)</td>
</tr>
<tr>
<td>Net Social CSR_{t-1} x Lobbying Expenditures_{t-1}</td>
<td>(0.010)</td>
</tr>
<tr>
<td>Committee Leaders_{t}</td>
<td>-0.003 (0.019)</td>
</tr>
<tr>
<td>Employees_{t-1}</td>
<td>0.542** (0.215)</td>
</tr>
<tr>
<td>PAC Contributions_{t-1}</td>
<td>0.017 (0.044)</td>
</tr>
<tr>
<td>Lobbying Expenditures_{t-1}</td>
<td>0.096* (0.052)</td>
</tr>
<tr>
<td>Top-100 Contractor_{t-1}</td>
<td>-0.226 (0.188)</td>
</tr>
<tr>
<td>Media Prominence_{t-1}</td>
<td>0.519*** (0.124)</td>
</tr>
<tr>
<td>Reputation_{t}</td>
<td>-0.038 (0.044)</td>
</tr>
<tr>
<td>R&amp;D Intensity_{t-1}</td>
<td>-0.045 (0.049)</td>
</tr>
<tr>
<td>Assets_{t-1}</td>
<td>0.121 (0.179)</td>
</tr>
<tr>
<td>Market Share_{t-1}</td>
<td>-0.006 (0.006)</td>
</tr>
<tr>
<td>ROE_{t-1}</td>
<td>-0.006 (0.005)</td>
</tr>
<tr>
<td>Democratic Control_{t}</td>
<td>0.279* (0.169)</td>
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<td>Election Year_{t}</td>
<td>-0.277* (0.165)</td>
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<td>Appearances_{t-1}</td>
<td>0.562*** (0.041)</td>
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<td>-5.944*** (0.592)</td>
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</table>

Firm Fixed Effects? N N
Year Fixed Effects? Y Y
Industry Fixed Effects? Y Y

n (observations) 4720 4720
n (firms) 687 687
Wald $\chi^2$ 71.26*** 68.07***

* p < .10, ** p < .05, *** p < .01.
† Bootstrapped, clustered (firm-level) standard errors are in parentheses.
Table 5. Content Analysis of Corporate Testimony before the House and Senate Commerce Committees

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<th>Witnesses Mentioning CSR</th>
<th>Percentage of Witnesses Mentioning CSR</th>
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† Hearing data collected from ProQuest’s Congressional Committees database or the Government Printing Office’s GPO Access website and coded by the author.
Figure 1. Assessing Model Fit: Predicted versus Observed Appearances before Congressional Committees

Note: Predicted counts are based upon Specification 1 in Table 2.
Figure 2. Predicted Probabilities varying Net Social CSR, including Interactive Effects

Note: Predicted probabilities are based upon Specification 5 in Table 2 and include the direct and interactive effects of Net Social CSR. All other variables were held constant at their means.