



RED FIRM BLUE FIRM

EMPLOYEE POLITICAL CONTRIBUTIONS AS A
MEASURE OF WORKFORCE ALIGNMENT

THESIS

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**Red Firm, Blue Firm:
Employee Political Contributions as
a Measure of Workforce Alignment**

by

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I test claims of the existence and importance of “shared values” by measuring firms’ and their employees’ “values” in terms of political contributions; assessing the degree to which these values are “shared” within firms; and analyzing the relationships between these “shared values” and corporate performance. I find a negative relationship between political diversity – the inverse of “shared values” – and employee satisfaction, but no relationships between political diversity and financial performance.

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“Starbucks is a team of people who have really done something together with shared vision, shared values.”

Howard Schultz, Starbucks CEO

“Our personal integrity, our shared values, and our ethical business conduct form the basis of 3M’s reputation around the world.”

Inge Thulin, 3M CEO

“McCormick’s success is grounded in our shared values.”

Alan Wilson, McCormick CEO

THESE CEOs’ CLAIMS THAT “SHARED VALUES” CONTRIBUTE TO THEIR FIRMS’ PERFORMANCE – or even determine their firms’ performance – are propositions begging to be tested. But, of course, “shared values” are hard to define and even harder to measure. Research into diversity analyzes the degree to which group members’ characteristics are “shared”, and has found effects of *surface-level diversity* – group heterogeneity in overt traits like sex, age, and race – ranging from none to negative.¹ Studies of *deep-level diversity* – group heterogeneity in underlying information, attitudes, and beliefs, which are conceptually closer to “shared values” – are less numerous but slightly more conclusive. Miles (1964), Senger (1971), Turban and Jones (1988) Zalesny and Kirsch (1989), each found similarity between supervisors and subordinates in work- and task-related attitudes (such as those regarding the group’s immediate goals or working conditions) to have positive effects on supervisors’ ratings of their subordinates’ performance. Jehn, Northcraft, and Neale (1999) demonstrated that similarity of work- and task-related attitudes within groups is related to higher member satisfaction and commitment to the group. Terborg, Castore, and Deninno (1976) grouped individuals based on agreement or disagreement

¹ This range of results is exemplified by those studies which test the relationship between surface-level diversity and supervisors’ ratings of their subordinates’ performance: For heterogeneity of sex, particular studies show no relationship (Mobley 1982) or a negative relationship (Tsui and O’Reilly 1989); for age, no relationship (Tsui and O’Reilly 1989) or a negative relationship (Judge and Ferris 1993); and for race, no relationship (Pluakos, Oppler, White, and Borman 1989) or a negative relationship (Kraiger and Ford 1985).

with 20 statements on topics such as “state income tax, legal drinking age, [and] athletics” before asking them to collaborate on an unrelated land-surveying task; groups’ similarity in their responses to the attitudinal statements had a large and significant positive relationship with their satisfaction and cohesion, but no significant relationship with the accuracy of their land-surveying performance.

In general, this existing research shows a negative relationship between deep-level diversity and group cohesion. However, for several reasons, the question of whether “shared values” matter to large firms is left unanswered by these studies: Most of them focus on attitudes directly related to the task at hand (for example, Jehn, Northcraft, and Neale 1999) rather than more fundamental personal “values”, analyze only a small number of small groups (for example, Terborg, Castore, and Deninno 1976) rather than a large number of large firms, and use dependent variables which focus on individual satisfaction (for example, Zalesny and Kirsch 1989) rather than group performance. I use public disclosures of financial contributions to political candidates in order to approximate “values” in firms and individuals, measure the degree to which these values are “shared” in particular firms, and determine the relationship between these “shared values” and firm performance. This builds on existing research by exploring a new political dimension of deep-level diversity, by applying methods that enable broad quantitative analysis, and by using dependent variables that capture the group-wide performance of large firms.

A POLITICAL CONTRIBUTIONS

In the United States, a subset of many citizens’ values is expressed every two years when the country elects its federal political representatives. Rigorous analysis of firms’ and their

employees' political preferences is made possible in the United States by the Federal Election Commission (FEC), which maintains public records of the way these elections are funded. Every candidate, political party, interest group, corporation, or other entity that spends more than \$1,000 to influence a United States federal election must register a "political committee" with the FEC. The FEC recognizes several types of political committees, which fit broadly into two categories: committees belonging to federal candidates and political parties, through which these political actors raise and spend money to pay staff, run advertisements, and perform other campaign functions; and political action committees (PACs) belonging to outside groups such as corporations, trade associations, and labor unions, which enable these groups to contribute money to or spend money on behalf of federal candidates' campaigns.

All committees must report at least quarterly to the FEC where their money comes from and how that money is spent. The FEC requires disclosure by each committee for any contribution of \$200 or more that the committee receives from an individual, as well as for any contribution to or expenditure on behalf of a candidate (ranging from standard financial contributions to campaigns to in-kind services, loan forgiveness, and independent advertising campaigns) which the committee makes. The result is a remarkably robust accounting of money in politics: For the years 2011 and 2012, the most recent two-year federal election cycle, FEC public records contained 5,632 federal candidates, 14,445 registered committees, 394,785 contributions from committees to candidates, and 3,349,245 contributions from individuals to committees (the records of which include the names of individuals' employers) as of April 1, 2013.

Of course this data, however robust, does not capture more opaque forms of financial influence in politics, from the age-old steakhouse dinners paid for by lobbyists to the much newer Super PACs, independent groups which must register with the FEC but face minimal

reporting and disclosure requirements. My aim, however, is not to use FEC data to comprehensively measure political contributions by firms and their employees. Rather, I seek only to establish the values of these firms and individuals, which are reflected in the partisanship of FEC-disclosed contributions from corporate PACs and corporate employees.² (These firms' and individuals' less transparent financial contributions to politics, such as anonymous donations to super PACs or financial support for Presidential inaugurations, seem unlikely to diverge from their publicly disclosed contributions in terms of partisanship.)

In order to apply this data in the measurement of “shared values”, I rely on a logical chain linking contributions to partisanship, partisanship to ideology, and ideology to values.

1 From contributions to partisanship

First, I argue that individual contributions to candidates of particular political parties relate to actual partisan preferences. In other words, most individuals contribute to Democrats or to Republicans because the individuals normatively prefer either Democrats or Republicans to govern, rather than because they expect to profit from their contributions by influencing the governing decisions of particular candidates. The disagreement among researchers on this point is the debate between the *investment* and *consumption* theories of political contributions. Ovtchinnikov and Pantaleoni (2012) found that individuals living in areas with a particular industry cluster are more likely to contribute to politicians who sit on legislative committees overseeing that industry; they present this as evidence that the individuals are attempting to influence legislators with purchases in a sort of public policy market, and thus as support for the

2 Other research has analyzed FEC contributions data as a more instrumental variable, using it, for example, to determine the impact on firms when the recipients of their corporate PAC contributions gain or lose control of the Senate (Jayachandran 2006) or Presidency (Shon 2010) or to measure the (astronomically high) return on investment for firms' corporate PAC contributions (Cooper, Gulen, and Ovtchinnikov 2010).

investment theory. Conversely, Tullock (1972) examined the relative sizes of corporate political contributions (Ansolabehere, Defigueiredo, and Snyder (2003) provide the example of \$13.2 million in contributions by defense contractors in 2000) and their corresponding political interests (\$134 billion in defense procurement in 2000) to conclude that if money in politics were really seen as investment, we should see much more of it; other researchers make similar arguments in favor of the consumption theory, such as Edlin, Gelman, and Kaplan (2007) who write that “large contributions, or contributions to local elections, could conceivably be justified as providing access or the opportunity to directly influence policy. But small-dollar contributions to national elections, like voting, can be better motivated by the possibility of large social benefit than by direct instrumental benefit to the voter”. Ansolabehere, Defigueiredo, and Snyder (2002) reviewed a range of studies and concluded in favor of the consumption theory, writing that “only one in four studies from the previous literature support the popular notion that contributions buy legislators’ votes”.

2 From partisanship to ideology

Second, I argue that partisan preferences relate to political ideology. This ideology, defined by Lane (1967) the set of “concepts that deal with problems of who rules and how, that are important, pervasive in intent, reform-oriented, normative, and in part reflective of group and cultural ties”, is typically described in the United States on a spectrum from liberal to conservative. These two broad sets of beliefs correspond to the two major American political parties. According to the polling organization Gallup in 2011, 39 percent of self-identified Democrats also identified as liberal or very liberal (compared with 21 percent of the general

population), while 71 percent of self-identified Republicans also self-identified as conservative or very conservative (compared with 40 percent of the general population).

3 From ideology to values

Third, I argue that political ideology relates to underlying values. Lakoff (1996) proposed that liberals and conservatives operate with fundamentally different world views: Their values diverge in terms of what is good (for liberals, caring for others; for conservatives, maintaining moral character), what is bad (for liberals, selfishness; for conservatives, indiscipline), and what role the state should play in national life (for liberals, a “nurturing parent”; for conservatives, a “strict father”). More recently and more thoroughly, Haidt (2012) identified five “moral foundations” and tested the degree to which liberals and conservatives prioritized these values when making moral judgments: Strongly and proportionately to the strength of ideology, conservatives scored high on all five foundations (valuing care, fairness, purity, loyalty, and authority) while liberals focused on only two (ranking care and fairness much higher than other values). This shows that differing political ideologies are linked to divergent views regarding basic values like the importance of caring for others or of respecting authority.

In summary, individuals’ political contributions reflect their partisan preferences, their partisan preferences reflect their political ideology, and their political ideology represents their underlying values. With this logical chain complete, we can use political contributions as a measure of “shared values” within firms.

B HYPOTHESES

Consistent with the stated importance of “shared values” and the suggestive evidence of existing deep-level diversity research, I propose that political diversity has a negative relationship with corporate performance. This is because employees with differing political views may come into conflict even without arguing directly about politics. Chambers, Schlenker, and Collisson (2012) found increased prejudice from conservatives against groups when those groups were identified as liberal-leaning (for example, African-Americans and homosexuals) and from liberals against groups identified as conservative-leaning (for example, “Christian fundamentalists” and “businesspeople”). In the workplace, for example, conservatives and liberals, who diverge in the degree to which they value respect for authority (Haidt 2012), might clash over the appropriate way to deal with organizational hierarchy; since they also differ in terms of the importance they place on caring for the vulnerable (Haidt 2012), they may disagree about what responsibilities their firm has to certain stakeholders; or they may find themselves less personally compatible due to characteristics which are unrelated to their work but correlated with their political preferences, such as their religiosity or socio-economic background.

Interactions like these could, in turn, lead to lower group cohesion and worse group performance. As such, I expect to firms perform worse when their employees have political preferences that are inconsistent in three dimensions: horizontally, meaning employees’ political preferences are different from each other’s; vertically, meaning employee’s political preferences are different from the political preferences of the CEO; and organizationally, meaning employee’s political preferences are divergent from the political preferences of the firm. This leads to three specific hypotheses:

1 Political heterogeneity among employees

If the standard deviation of the partisan allocation of employees' contributions increases, then corporate performance (ROA, ROE, Tobin's Q and workplace rankings) decreases. This hypothesis is based on work group diversity research which finds that various dimensions of group heterogeneity exacerbate intra-group conflict (Jehn, Northcraft, and Neale 1999) and dampen group cohesion (Terborg, Castore, and Deninno 1976).

2 Political divergence between employees and the CEO

If the average absolute distance between the partisan allocation of employees' contributions and the partisan allocation of the CEO's contributions increases, then corporate performance (ROA, ROE, Tobin's Q and workplace rankings) decreases. This hypothesis is based on work group diversity research which focuses on bilateral relationships between supervisors and subordinates, showing that surface- and deep-level differences between these pairs negatively influences their perceptions of each other's aptitude (for example, Miles 1964).

3 Political divergence between employees and the firm

If the average absolute distance between the partisan allocation of employees' contributions and the partisan allocation of the corporate PAC's contributions increases, then corporate performance (ROA, ROE, Tobin's Q and workplace rankings) decreases. This hypothesis is based on research which shows that individuals sometimes bond not to each other but to a larger identity of the group (Prentice, Miller, and Lightdale 1994). In other words, employees may be satisfied or unsatisfied with their workplace regardless of who their individual peers are, but simply because they perceive some affinity with the firm itself. Politically, the presence or

absence of this affinity may be represented by the alignment or divergence between employees' partisanship and the corporate PAC's partisanship.

In summary, I hypothesize that horizontal (among employees), vertical (between employees and the CEO), and organizational (between employees and the corporate PAC) political diversity are negatively related with firm performance.

C METHODS

In order to test my hypotheses, I set out to measure each political diversity variable for each hypothesis for major firms (those with at least \$10 billion in 2011 revenue) and their subsidiaries, and then perform a regression analysis of these variables with corporate performance variables. This took place in three sets of steps: First, I organized political contributions data by corporate and individual contributors and according to the partisanship of recipient candidates; second, I aggregated corporate PAC and employee contributions by firm and measured the partisanship of the PAC's and each unique employee's contributions; and third, I calculated independent variables and gathered control and dependent variables to perform a regression analysis.

1 Organize political contributions data

First, I aimed to answer the question: What amount did each corporate PAC and each individual contribute to Democratic Party candidates and to Republican Party candidates in the 2012 election cycle? I focused on the most recent cycle, which contains transactions from the years 2011 and 2012, in order to maximize the currency of this analysis; this cycle also offers the

especially robust data, with more committee contributions than any other cycle and more individual contributions than any other cycle except 2007 – 2008. I only included contributions to Democratic and Republican candidates because this allowed for a straightforward, two-dimensional measure of partisanship; candidates not affiliated with either major party claimed only 0.37% of corporate PAC contributions³ and only 0.87% of individual contributions in the 2012 cycle.

In order to ascertain the amount contributed to each major party by each corporate PAC and individual, I constructed a relational database using four of the data sheets available on the FEC web site. These sheets and their relevant fields are described in *Figure C1*.

3 Most corporate of these corporate PAC contributions went to Angus King, a former governor of Maine who successfully ran for United States Senate as an independent.

C1 FEC data sheets

retrieved from http://www.fec.gov/finance/disclosure/ftpdet.shtml#2011_2012

CN Candidate Master Contains information about all registered federal candidates	CM Committee Master Contains information about all registered federal committees	PAS2 Committee Contributions Contains information about contributions from any committee to any candidates' principal campaign committee	INDIV Individual Contributions Contains information about contributions of more than \$200 from any individual to any committee
CAND_ID The unique ID of the candidate	CMTE_ID The unique ID of the committee	CMTE_ID The ID of the filing committee, which is the committee making the committee contribution	CMTE_ID The ID of the filing committee, which is the committee receiving the individual contribution
CAND_PTY_AFFILIATION ^{4,5} The party affiliation of the candidate	CMTE_NM The name of the committee	TRANSACTION_TP The transaction type (such as 24K for direct committee contributions or 24E for independent advertising campaigns)	TRANSACTION_TP The transaction type (such as 15 for direct individual contributions or 16C for loans from individuals)
	CMTE_DSGN For candidate committees, the committee designation	TRANSACTION_AMT The dollar amount of the transaction, including negative transactions for refunds to contributions	TRANSACTION_AMT The dollar amount of the transaction, including negative transactions for refunds to contributions
	ORG_TP For outside group committees, the category of the organization responsible for the committee (such as C for corporation or L for labor union)	OTHER_ID The ID of the committee receiving the contribution	NAME The self-reported name of the individual contributor
	CONNECTED_ORG_NM For outside group committees, the name of the organization responsible for the committee (such as "The Coca-Cola Company" or "AFL-CIO")		EMPLOYER The self-reported employer of the individual contributor
	CAND_ID For candidate committees, the ID of the affiliated candidate		OCCUPATION The self-reported occupation of the individual contributor
	[FIRM_NM] An additional field (see below)		
	[FIRM_TP] An additional field (see below)		

Records for the 2012 election cycle as of April 1, 2013

5,632	14,445	394,785	3,349,245
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- 4 The party affiliation code DFL represents the Democratic-Farmer-Labor Party, the Minnesota affiliate of the national Democratic Party, which formed when the Minnesota Democratic Party merged with the Farmer-Labor Party in 1944. The DFL fills an equivalent role to other state Democratic parties, and all of its members, including Senators Al Franken and Amy Klobuchar, caucus with Democrats in Congress. As such, DFL party affiliations are always considered equivalent to DEM party affiliations in this analysis.
- 5 I manually changed the incorrect party affiliations of three sitting House members who ran for re-election in 2012 and received contributions from corporate PACs: Rob Woodall, Republican Representative of Georgia, was reclassified to REP (Republican) from UNK (unknown); Kevin Yoder, Republican Representative of Kansas, was reclassified to REP from UNK; and Gregorio Kilili Camacho Sablan, Democratic Delegate of American Samoa, was reclassified to DEM (Democrat) from IND (independent).

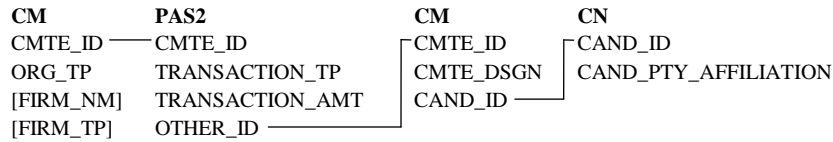
In order to ensure the accuracy of measures of corporate PAC contributions, I needed to deepen the available information about corporate PACs. Of the 14,445 committees registered with the FEC for the 2012 cycle, 1,858 (13 percent) were corporate PACs (ORG_TP = C). Of these, 1,511 (81 percent) were active, meaning they contributed to candidates in the 2012 election cycle. And of these, 438 (28 percent) are missing a listed connected firm (CONNECTED_ORG_NM) in the FEC data. In each of these 438 instances, the name of the PAC (CMTE_NM) led me confidently to the connected firm, including to several very prominent cases such as “Johnson and Johnson Political Action Committee” and “Alcoa Inc. Employees Voluntary Political Action Committee”. I then coded each of the 1,511 active PACs’ connected firm, distinguishing its status as independently publicly-traded (designated “I”, N = 712), acquired by an independent firm during the 2012 election cycle (“A”, 24), otherwise a subsidiary of an independent firm (“S”, N = 10), a subsidiary of an independent firm where the parent company does not have an active corporate PAC (“N”, N = 13), a subsidiary of a foreign firm (“F”, N = 171), private (“P”, N = 572), or defunct (“D”, N = 9). This further data gathering established two new fields in the Committee Master (CM) data sheet: firm name (FIRM_NM), which includes the names of connected firms for all 1,511 active corporate PACs; and firm type (FIRM_TP), which lists the letter designation of each corporate PAC’s connected firm.

With this additional information, I constructed queries which summarized the amount that each corporate PAC and each individual contributed to Democratic Party candidates and to Republican Party candidates in the 2012 election cycle. These queries, described in *Figure C2*, resulted in summary partisanship data for 743 corporate PACs belonging to 683 unique independent parent firms, and for more than 800,000 unique combinations of individual contributor names and employers.

C2 Database queries

see field names and descriptions on preceding pages

CORPORATE PAC CONTRIBUTIONS



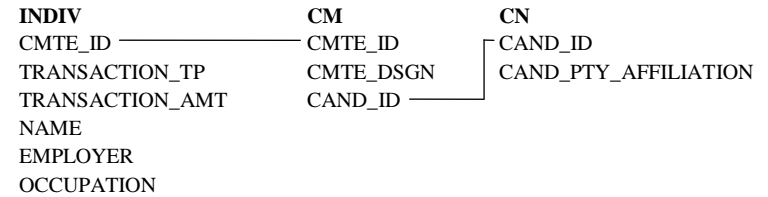
Row headings FIRM_NM
CMTE_NM

Column headings CAND_PTY_AFFILIATION

Values TRANSACTION_AMT
sum

Filters ORG_TP = C
in order to include only corporate PAC contributions
FIRM_TP = I, S, A
in order to include only corporate PAC contributions from companies with available corporate performance data
TRANSACTION_TP = 24K
in order to include only direct financial contributions, as opposed to independent ad campaigns or other contributions which are uncommon among corporate PACs
CMTE_DSGN = P
in order to include only principal campaign committees, which are always affiliated with a candidate and so always lead to a party affiliation

INDIVIDUAL CONTRIBUTIONS



Row headings EMPLOYER
NAME

Column headings CAND_PTY_AFFILIATION

Values TRANSACTION_AMT
sum

Filters OCCUPATION ≠ Retired, Retiree, Unemployed
in order to exclude contributors who list firms which no longer employ them
TRANSACTION_TP = 15, 15C, 15E
in order to include only direct financial contributions, as opposed to loans or other contributions which are uncommon among individuals
CMTE_DSGN = P
in order to include only principal campaign committees, which are always affiliated with a candidate and so always lead to a party affiliation

2 Measure corporate PAC and employee partisanship by firm

Second, with summary partisanship data in hand, I aimed to answer the question: What is the partisanship of contributions from the corporate PACs and from each unique employee at independent firms with at least \$10 billion in 2011 revenue? Of the 683 unique parent firms in the corporate PAC contributions query, 187 had 2011 revenue of \$10 billion or more. This revenue threshold corresponds roughly with a rank of 250 on the Fortune 500 list of the largest American firms by revenue, suggesting that the majority of large firms have active corporate PACs. These 187 firms form the sample for this analysis because their active PACs enable measurement of not only political heterogeneity among employees, but also political divergence between employees and the firm's political interests as expressed by its PAC contributions.

To measure corporate PAC partisanship by firm, I summed the Republican contributions from the PAC(s) of each firm and its subsidiaries, and divided this figure by the total Democratic and Republican contributions from those PAC(s). This expresses the percentage of each firm's PAC(s) contributions to Democrats and Republicans that went to Republicans. (Contributions to independent and third-party candidates, which again make up just 0.37% of all corporate PAC contributions, were omitted.) For example, General Electric contributed a total of \$654,900 to Democratic candidates and \$1,030,175 to Republican candidates through two corporate PACs in the 2012 cycle, which yields a corporate PAC partisanship score of 61.

To measure corporate employee partisanship by firm, I faced three mutually-reinforcing challenges: First, I needed to determine which individuals actually worked for each firm, including its subsidiaries which may operate under different trade names; second, I needed to manage the typographical errors endemic in individuals' names and employers, which are self-reported by contributors and often transcribed by harried campaign staff; and third, I needed to

determine partisanship for each of thousands of individual employees, since finding the total Republican proportion of all contributions by a firm's employees could not measure heterogeneity among individuals in the workforce. I used the Lexis-Nexis corporate affiliations database to determine the names of each company's subsidiaries, and searched for variations of the parent company and subsidiary names in the EMPLOYER field of the individual contributions query output. On a new spreadsheet, I aggregated matched employees for each firm and merged each employee's varying self-reported names into one name.

For example, contributions by Paul Critchlow of Bank of America are listed under five slightly different names (Critchlow, Paul; Critchlow, Paul Mr.; Critchlow, Paul W; Critchlow, Paul W Mr; and Critchlow, Paul W. Mr.) with nine variations of his employer (including Bank of America; Bank of Am/Merrill Lynch; and Merrill Lynch, Pierce, Fenner & Smith). To merge all of Critchlow's contributions⁶ and those of others like him, I sorted all of the matched employees for Bank of America and its subsidiaries by last name, and then created a new column where I copied only one version of each employee's name. I then calculated partisanship scores, expressed as the Republican percentage of total Democratic and Republican contributions, for each edited name. Across his 13 unique name-and-employer combinations, for example, Critchlow contributed \$26,000 to Democratic candidates and \$17,000 to Republican candidates. His partisanship score, the percentage of his contributions which went to Republicans, was 23. I repeated this process of searching for employees of all 187 firms and their subsidiaries,

6 Both the amount and distribution of Critchlow's contributions are unusual, as individuals tend to contribute far less than Critchlow and tend to contribute to candidates in only one of the two major parties. Critchlow is the Vice Chairman for Public Markets at BAML, where he, perhaps not surprisingly given his prolific political participation, "leads business development efforts with state, local, and tribal government clients in the United States and is a liaison with governors, mayors, and treasurers on various corporate matters". He was previously an aide to Dick Thornburgh, a Republican governor of Pennsylvania, and before that worked as a political journalist.

aggregating them, and merging their differently-named contributions to obtain partisanship scores for a total of 25,434 unique contributor employees of the 187 firms in the sample.

3 Calculate independent variables and gather control and dependent variables

Third, with partisanship scores calculated for the corporate PACs and employees of the 187 major firms in the sample, I aimed to answer the question: What is the political diversity of these companies and how does it compare with corporate performance? I calculated a heterogeneity variable for each of my three hypotheses, regarding political partisanship horizontally across the workforce, vertically between employees and the CEO, and also between employees and the corporate PAC. I employed two sets of corporate performance variables: Financial performance, measured by 2012 return on assets, return on equity, and Tobin's Q; and workplace rankings on the 2013 Forbes Best Places to Work and Glassdoor.com Best CEOs lists.

To test my first hypothesis, regarding political heterogeneity among employees, I calculated the standard deviation of the partisanship scores for the all contributor employees at each firm to establish the EMP variable. For example, imagine a firm with exactly three employees who made contributions of at least \$200 to federal candidates in the 2012 election cycle: One who contributed \$10,000 to only Republicans; one who contributed \$500 to Democrats and \$500 to Republicans; and one who contributed \$200 only to Democrats. Their respective partisanship scores would be 100, 50, and zero. The EMP variable, the standard deviation of these scores, would be 50.

To test my second hypothesis, regarding political divergence between employees and the CEO, I calculated the average absolute difference between the CEO's partisanship score and

each employee's partisanship score to establish the CEO variable.⁷ For example, imagine that in the firm above the employee who contributed \$500 to Democrats and \$500 to Republicans is the CEO, whose partisanship score would therefore be 50. The absolute differences between each employee's partisanship score and the CEO's partisanship score would be 50 (the all-Republican employee), 0 (the CEO himself), and 50 (the all-Democrat employee). The CEO variable, the average of these absolute differences, would be 33.

To test my third hypothesis, regarding political divergence between employees and the corporate PAC I calculated the average absolute difference between the firm's PAC partisanship score and each employee's partisanship score to establish the PAC variable.⁸ For example, imagine that the firm above operated two corporate PACs: One contributed \$25,000 to Democrats and \$60,000 to Republicans; the other contributed \$15,000 to only Republicans. The firm's PAC partisanship score would be 75, the percentage of its total Democratic and Republican PAC contributions which went to Republicans. The absolute differences between each employee's partisanship score and the firm's PAC partisanship score would be 25 (the all-Republican employee), 25 (the CEO who contributed equally to candidates of both parties), and 75 (the all-Democrat employee). The PAC variable, the average of these absolute differences, would be 42.

After calculating these three variables for each firm, I obtained control and dependent variables. I sought to control for firm size and industry, which I measured with the natural

7 Of the 187 firms in the sample, 32 firms changed CEOs during the 2012 cycle, in which cases the contributions of both CEOs, if both made contributions, were combined to calculate one partisanship score. Additionally, 40 of the firms in the sample had CEOs with no contributions in the FEC data, in which cases the firms are not included in analyses which rely on the CEO heterogeneity variable.

8 Of the 187 firms in the sample, 32 had multiple PACs during the 2012 cycle, in which cases the contributions of both PACs were combined to calculate one partisanship score.

logarithm of year-end 2012 assets and the Global Industry Classification (GIC) code, respectively.

I used two groups of dependent variables, financial ratios and workplace rankings, to evaluate corporate performance. First, the ratios of return on assets (ROA, the ratio of annual net income to year-end assets), return on equity (ROE, the ratio of annual net income to year-end assets), and Tobin's Q (Q, the ratio of the sum of year-end market capitalization and liabilities to year-end assets) quantified 2012 financial performance of each firm.⁹ I also used two methods to adjust these ratios by industry for each firm in the sample. To adjust by industry average ratios, I calculated 2012 ROA, ROE, and Q for each company in each industry in the Compustat database and then, from the ratios of each firm in the sample, I subtracted its population industry average ratios. To adjust by industry-wide ratios, I calculated the total industry-wide 2012 ROA, ROE and Q for each industry in the Compustat database (for example, industry-wide 2012 ROA for the tobacco industry is the ratio of all 2012 net income in the entire tobacco industry to all 2012 year-end assets in the entire tobacco industry) and then, from the ratios of each firm in the sample, I subtracted its population industry-wide ratios. The former method is the standard for adjusting financial data by industry, while the latter was also used because it yields fewer extreme results. (For example, an industry with one small firm that performed very poorly for idiosyncratic reasons would have very low industry average financial ratios, while it might have more reasonable industry-wide financial ratios because the small firm's losses would be offset by larger firms' profits.)

Second, I used 2013 rankings on the Fortune 100 Best Companies to Work For and Glassdoor 50 Highest Rated CEOs lists to measure performance in terms of employees'

9 Of the 187 firms in the sample, 11 planned to report their 2012 financial results after April 1, 2013. For these 11 firms – Computer Sciences Corporation, ConAgra Foods, FedEx, General Mills, McKesson, Medtronic, Nike, Oracle, RiteAid, Smithfield Foods, and SuperValu – I used annual performance data from 2011 instead of from 2012.

satisfaction with their employers and leaders. Best Companies to Work For, produced by Fortune magazine in association with the Great Places to Work Institute, invites participation from any company more than five years old and with more than 1,000 United States-based employees. The top 100 firms each year are ranked according to a score which measures employees' responses to survey questions "related to their attitudes about management's credibility, job satisfaction, and camaraderie" and "about pay and benefit programs and a series of open-ended questions about hiring practices, methods of internal communication, training, recognition programs, and diversity efforts". In 2012, the year in which the 2013 rankings were calculated, 259 firms participated in the Fortune surveys. Meanwhile, 50 Highest Rated CEOs, produced by the career search and review web site Glassdoor, ranks the CEOs with the highest percentages of approval from Glassdoor users. When users review a company, they are asked whether they approve or disapprove of the CEO, and these responses are used to generate the annual rankings. The 2013 Glassdoor list is based on feedback submitted between February 25, 2012 and February 24, 2013.

The full set of variables used in the regression analysis is summarized in *Figure C3*.

C3 Summary of variables

		DESCRIPTION	CALCULATION	SOURCE
Political diversity	EMP	Heterogeneity of political partisanship among employees	Standard deviation of individual employee partisanship scores	FEC
	CEO	Heterogeneity of political partisanship between employees and CEO	Average absolute difference between CEO partisanship score and individual employee partisanship scores	FEC
	PAC	Heterogeneity of political partisanship between employees and corporate PAC(s)	Average absolute difference between PAC partisanship score and individual employee partisanship scores	FEC
Control	ASSETS	The size of the firm, approximated by its assets	The natural logarithm of the firm's year-end 2012 assets	Compustat
	INDUS	The industry of which the firm is a part	The Global Industry Classification Code for the firm, of which the leading two digits allow for a less granular sector analysis	Compustat
Financial ratios without industry adjustment	ROA	The firm's 2012 return on assets	The firm's ratio of 2012 net income to year-end 2012 assets	Compustat
	ROE	The firm's 2012 return on equity	The firm's ratio of 2012 net income to year-end 2012 equity	Compustat
	Q	The firm's year-end 2012 Tobin's Q	The firm's ratio of the sum of year-end 2012 market capitalization and liabilities to its assets	Compustat
Financial ratios adjusted by subtracting industry avg. performance	ROA	The firm's 2012 return on assets, adjusted by subtracting the industry average ROA	The firm's ratio of 2012 net income to year-end 2012 assets, minus the average of the same ratio for all other firms in the same industry	Compustat
	ROE	The firm's 2012 return on equity, adjusted by subtracting the industry average ROE	The firm's ratio of 2012 net income to year-end 2012 equity, minus the average of the same ratio for all other firms in the same industry	Compustat
	Q	The firm's year-end 2012 Tobin's Q, adjusted by subtracting the industry average Tobin's Q	The firm's ratio of the sum of year-end 2012 market capitalization and liabilities to its assets, minus the average of the same ratio for all other firms in the same industry	Compustat
Financial ratios adjusted by subtracting industry-wide performance	ROA	The firm's 2012 return on assets, adjusted by subtracting the cumulative industry-wide ROA	The firm's ratio of 2012 net income to year-end 2012 assets, minus the ratio of all 2012 net income in the firm's industry to all year-end 2012 assets in the industry	Compustat
	ROE	The firm's 2012 return on equity, adjusted by subtracting the cumulative industry-wide ROA	The firm's ratio of 2012 net income to year-end 2012 equity, minus the ratio of all 2012 net income in the firm's industry to all year-end 2012 equity in the industry	Compustat
	Q	The firm's year-end 2012 Tobin's Q, adjusted by subtracting the cumulative industry-wide Tobin's Q	The firm's ratio of the sum of year-end 2012 market capitalization and liabilities to its assets, minus the ratio of the sum of all year-end 2012 market capitalization and liabilities in the firm's industry to all year-end 2012 assets in the industry	Compustat
Workplace rank as binary indicator	WRK	The firm's presence in the 2013 Fortune 100 Best Companies to Work For rankings	A binary variable, 0 if the firm is present on the rankings list and 1 if the firm is not	Fortune
	CRK	The firm's presence in the 2013 Glassdoor 50 Highest Rated CEOs rankings	A binary variable, 0 if the firm is present on the rankings list and 1 if the firm is not	Glassdoor
Workplace rank as ordinal rankings	WRK	The firm's rank in the 2013 Fortune 100 Best Companies to Work For rankings	An ordinal variable which takes the number of the firm's rank or, if the firm is not ranked, 999	Fortune
	CRK	The firm's rank in the 2013 Glassdoor 50 Highest Rated CEOs rankings	An ordinal variable which takes the number of the firm's rank or, if the firm is not ranked, 999	Glassdoor

In summary, I organized political contributions data by corporate and individual contributors and according to the partisanship of recipient candidates; I aggregated corporate PAC and employee contributions by firm and measured the partisanship of the PAC's and each unique employee's contributions; and I prepared independent, control, and dependent variables to perform a regression analysis. I tested these variables for a sample of all 187 firms which are independent and publicly-traded, are based in the United States, had 2011 revenue of \$10 billion or more, and had at least one PAC connected with the parent company which was active in the 2012 election cycle.

D RESULTS

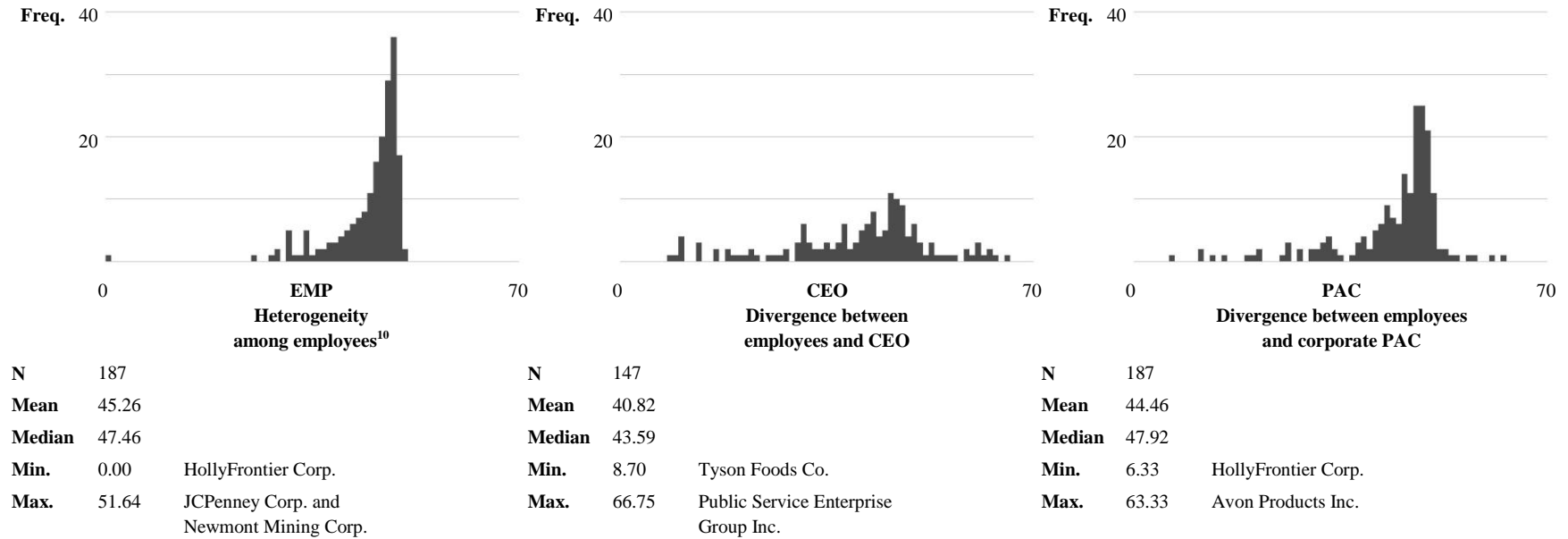
Distributions of the three political diversity variables, all of which are slightly left-skewed as shown in *Figure D1*, represent a broad range of diversity from full alignment (HollyFrontier Corp.'s seven contributor employees all gave only to Republican candidates) to wide heterogeneity (JCPenney's 15 contributor employees included eight all-Democratic contributors and seven all-Republican contributors).

There are several significant correlations, detailed in *Figure D2*, among sets of variables. Some of these correlations are simply intuitive (such as those among adjusted and unadjusted financial ratios, or those between control variables and financial ratios) while others are more insightful: In particular, positive correlations among different political diversity variables (EMP, CEO, and PAC) indicate that political alignment or heterogeneity tends to occur in all dimensions together, and significant correlations between political diversity variables and control variables suggest systematic variations of political diversity depending on firm size and industry. Some correlations are notable for their insignificance; in particular, the insignificant relationships

between financial ratios and workplace rankings offer cursory evidence that the satisfaction of employees as a group does not significantly affect the financial performance of their employer.

The regression analysis, summarized in *Figure D3*, shows no significant results for the hypothesized negative relationship between political diversity and financial performance ratios. However, there is a marginally significant relationship between political heterogeneity among employees and workplace rankings on the Fortune 100 Best Companies to Work For list. In particular, consistent with my hypothesis, more politically heterogeneous firms tend to have higher values of the WRK variables. These higher values, signifying less likely presence or lower rankings on the list, suggest that employees who are more politically heterogeneous with their peers are less likely to rate their employers as good places to work.

D1 Descriptive statistics for political diversity variables



¹⁰ The EMP variable is calculated for all available employees of a firm and its subsidiaries, based on the self-reported EMPLOYER field of the FEC Individual Contributions data sheet for the 2012 election cycle. Of the 187 firms in this sample, 157 had at least 30 contributor employees. The mean number of contributor employees per firm is 92; the median is 45. Bank of America had the maximum number of contributor employees, with 1,104 individual contributors identifying their employer as Bank of America or one of its subsidiaries; HollyFrontier Corp. had the minimum number of contributor employees, seven.

D2 Pairwise correlations

** highly significant ($p \leq .010$)

* significant ($p \leq .050$)

† marginally significant ($p \leq .100$)

	Political diversity			Control		Financial ratios without industry adjustment			Financial ratios adjusted by subtracting industry avg. performance			Financial ratios adjusted by subtracting industry-wide performance			Workplace rank as binary indicator		Workplace rank as ordinal rankings	
	EMP	CEO	PAC	ASSETS	INDUS	ROA	ROE	Q	ROA	ROE	Q	ROA	ROE	Q	WRK	CRK	WRK	CRK
EMP		.725 **	.611 **	.160 *	.198 **	-.089	-.027	-.020	-.069	-.028	-.092	-.037	-.029	-.051	.097	-.052	.103	-.051
CEO	.725 **		.626 **	.288 **	.390 **	.027	-.021	.004	.044	-.018	-.055	.080	-.023	-.037	-.041	-.160 †	-.039	-.160 †
PAC	.611 **	.626 **		.127 †	.365 **	-.050	-.021	.129	-.017	-.025	.024	.047	-.036	.058	.019	-.100	.023	-.100
ASSETS	.160 *	.288 **	.127 †		.291 **	-.053	.053	-.268 **	.039	.052	-.046	.096	.045	.028	-.140 †	-.289 **	-.137 †	-.288 **
INDUS	.198 **	.390 **	.365 **	.291 **		-.210 **	-.044	-.161 *	-.090	.007	-.052	-.066	-.036	-.063	-.084	-.143 †	-.083	-.144 *
ROA	-.089	.027	-.050	-.053	-.210 **		.150 *	.484 **	.832 **	.125 †	.316 **	.831 **	.168 *	.352 **	-.084	-.070	-.085	-.071
ROE	-.027	-.021	-.021	.053	-.044	.150 *		.066	.149 *	.950 **	.118	.158 *	.901 **	.087	.003	.000	.003	.000
Q	-.020	-.004	.129	-.268 **	-.161 *	.484 **	.066		.189 **	.060	.523 **	.207 **	.119	.549 **	-.079	-.137 †	-.083	-.139 †
ROA	-.069	.044	-.017	.039	-.090	.832 **	.149 *	.189 **		.139 †	.431 **	.967 **	.103	.424 **	.044	-.028	.045	-.029
ROE	.044	-.018	-.025	.052	.007	.125 †	.950 **	.060	.139 †		.097	.135 †	.862 **	.084	-.005	-.010	-.005	-.010
Q	-.092	-.055	.024	-.046	-.052	.316 **	.118	.523 **	.431 **	.097		.422 **	.024	.900 **	.096	-.044	.091	-.046
ROA	-.037	.080	.047	.096	-.066	.831 **	.158 *	.207 **	.967 **	.135 †	.422 **		.114	.483 **	.021	-.044	.023	-.044
ROE	-.029	-.023	-.036	.045	-.036	.168 *	.901 **	.119	.135 †	.862 **	.024	.114		.000	.012	.011	.012	.011
Q	-.051	-.037	.058	.028	-.063	.352 **	.087	.549 **	.424 **	.084	.900 **	.483 **	.000		.049	-.022	.046	-.025
WRK	.097	-.041	.019	-.140 †	-.084	-.084	.003	-.079	.044	-.005	.096	.021	.012	.049		.426 **	.999 **	.428 **
CRK	-.052	-.160 †	-.100	-.289 **	-.143 †	-.070	.000	-.137 †	-.028	-.010	-.044	-.044	.011	-.022	.426 **		.424 **	1.000 **
WRK	.103	-.039	.023	-.137 †	-.083	-.085	.003	-.083	.045	-.005	.091	.023	.012	.046	.999 **	.424 **		.427 **
CRK	-.051	-.160 †	-.100	-.288 **	.144 *	-.071	.000	-.139 †	-.029	-.010	-.046	-.044	.011	-.025	.428 **	1.000 **	.427 **	

D3 Regression analysis

** highly significant ($p \leq .010$)

* significant ($p \leq .050$)

† marginally significant ($p \leq .100$)

Financial ratios without industry adjustment

Each heterogeneity variable is tested separately with controls for size the logarithm of year-end 2012 assets (ASSETS) and for industry by GIC code (INDUS).

	Return on assets (ROA)						Return on equity (ROE)						Tobin's Q (Q)					
	Heterogeneity variable			Model			Heterogeneity variable			Model			Heterogeneity variable			Model		
	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.
EMP	-.051	-.694	.489	183	2.996	.032*	-.027	-.359	.720	183	.452	.716	.038	.528	.598	183	5.373	.001**
CEO	.117	1.285	.201	143	1.902	.132	-.023	-.243	.808	143	.396	.756	.137	1.548	.124	143	5.092	.002**
PAC	.030	.390	.697	183	2.881	.037*	-.007	-.091	.927	183	.412	.745	.223	2.999	.003**	183	8.529	.000**

Financial ratios adjusted by subtracting industry avg. performance

Each heterogeneity variable is tested separately, with control for size by the logarithm of year-end 2012 assets (ASSETS).

	Return on assets (ROA)						Return on equity (ROE)						Tobin's Q (Q)					
	Heterogeneity variable			Model			Heterogeneity variable			Model			Heterogeneity variable			Model		
	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.
EMP	-.077	-1.036	.301	184	.679	.508	-.038	-.506	.614	184	.374	.689	-.087	-1.164	.246	184	.876	.418
CEO	.046	.534	.594	144	.143	.867	-.040	-.460	.646	144	.414	.662	-.036	-.416	.678	144	.491	.613
PAC	-.022	-.296	.767	184	.186	.831	-.032	-.435	.664	184	.340	.712	.031	.415	.679	184	.284	.753

Financial ratios adjusted by subtracting industry-wide performance

Each heterogeneity variable is tested separately, with control for size by the logarithm of year-end 2012 assets (ASSETS).

	Return on assets (ROA)						Return on equity (ROE)						Tobin's Q (Q)					
	Heterogeneity variable			Model			Heterogeneity variable			Model			Heterogeneity variable			Model		
	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.
EMP	-.053	-.720	.473	184	1.117	.330	-.037	-.502	.616	184	.310	.734	-.048	-.643	.521	184	.278	.758
CEO	.068	.785	.434	144	.582	.560	-.041	-.472	.638	144	.291	.748	-.019	-.224	.823	144	.332	.718
PAC	.035	.474	.636	184	.969	.382	-.043	-.575	.566	184	.349	.706	.063	.849	.397	184	.432	.650

D3 Regression analysis (continued)

** highly significant ($p \leq .010$)

* significant ($p \leq .050$)

† marginally significant ($p \leq .100$)

Workplace rank as binary indicator

Each heterogeneity variable is tested separately with controls for size the logarithm of year-end 2012 assets (ASSETS) and for industry by GIC code (INDUS).

	Best Companies to Work For (WRK)						Highest Rated CEOs (CRK)					
	Heterogeneity variable			Model			Heterogeneity variable			Model		
	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.
EMP	.133	1.792	.075 [†]	183	2.446	.065 [†]	.004	.052	.959	183	5.841	.001**
CEO	-.003	-.029	.977	143	.510	.676	-.067	-.760	.449	143	5.121	.002**
PAC	.061	.773	.440	183	1.556	.202	-.048	-.638	.524	183	5.989	.001**

Workplace rank as ordinal rankings

Each heterogeneity variable is tested separately with controls for size the logarithm of year-end 2012 assets (ASSETS) and for industry by GIC code (INDUS).

	Best Companies to Work For (WRK)						Highest Rated CEOs (CRK)					
	Heterogeneity variable			Model			Heterogeneity variable			Model		
	β	t	Sig.	df	F	Sig.	β	t	Sig.	df	F	Sig.
EMP	.139	1.867	.063 [†]	183	2.491	.062 [†]	.005	.065	.948	183	5.792	.001**
CEO	-.001	-.009	.993	143	.499	.684	-.067	-.753	.453	143	5.087	.002**
PAC	.065	.829	.408	183	1.538	.206	-.048	-.638	.524	183	5.939	.001**

E DISCUSSION

The stated existence and importance of “shared values” led me to hypothesize that political diversity – the inverse of “shared values” – has a negative relationship with corporate performance. These hypotheses, which aimed to test political diversity among employees, between employees and their CEO, and between employees and their corporate PAC, enabled a broad analysis of whether “shared values” mattered to financial performance and workplace rankings for 187 firms. The lack of findings for the hypothesized negative relationship between political diversity and financial performance hints at two limitations of my research design and at opportunities for improvement. First, FEC individual contributions data may not be representative of firms’ political diversity because only a small proportion of employees are politically active, and only a few of those contribute to candidates in amounts above the \$200 threshold needed for public disclosure. A stronger test of my hypotheses might omit companies with a small number or proportion of contributor employees, or focus only on sectors where these numbers and proportions tend to be higher (for example, technology or financial services). Second, firm-wide performance at large firms is subject to many complex processes. A stronger test of my hypotheses might isolate the effects of political diversity using the small-group, experimental structure predominant in previous deep-level diversity research; this could involve creating small Democrat-only, Republican-only, and mixed groups and asking them to collaborate on complex tasks without knowing each other’s political partisanship, in which case the politically heterogeneous groups would be expected to have lower levels of cohesion and performance.

My analysis discovered one significant relationship: Political diversity in terms of heterogeneity among employees has a negative relationship with workplace rankings on the

Fortune 100 Best Companies to Work For list; that is, employees of more politically heterogeneous firms tend to rate their firms worse (leading to lower placement or less likely presence on the list, represented by higher values of my WRK variables) than do employees of more politically homogenous firms. It is not clear that strong workplace rankings are directly related to financial performance, but managers may seek employee satisfaction as an end in itself. If that is the case, my findings suggest that they can contribute to employee satisfaction by hiring teams of like-minded individuals, even in terms of attitudes not directly related to work. While it seems unreasonable (and is even illegal in some states) to screen for political partisanship in the hiring process, managers could expand their repertoire of “fit” questions in job interviews from task-related prompts like “Can you describe a time you dealt with a difficult team member?” or “What interests you about working at our company?” to more values-based inquires which attempt to match the fundamental attitudes of potential employees with the those of current employees. This would result in teams with more “shared values” and thus, as my findings suggest, greater employee satisfaction.

This analysis also contributes to three questions which can be further explored in future research:

1 Common-bond versus common-identity cohesion

Do satisfied employees view their workplaces as common-bond or common-identity groups? A relationship with workplace satisfaction in terms of rankings on the Fortune 100 Best Companies to Work For list is present for political diversity in terms of heterogeneity among employees, but not in terms of divergence between employees and their corporate PAC. This suggests that satisfied employees view their workplaces as common-bond groups, in which they

are fulfilled by their relationships with individual co-workers, rather than as common-identity groups, in which they feel committed to the group as a whole regardless of which individuals are within it (Prentice, Miller, and Lightdale 1994). If satisfied employees saw their workplaces as common-identity groups, we might expect workplace rankings relate with political diversity in terms of divergence between employees and the corporate PAC, the latter of which expresses the political preferences of the group as a whole. Instead, we see a relationship of workplace rankings only with political diversity in terms of heterogeneity among employees, suggesting that satisfied employees see their workplaces as common-bond groups.

2 Relationship between cohesion and performance

Does group cohesion really matter for group performance? I find no relationship between political diversity and financial ratios, and also demonstrate no significant correlations between financial performance and workplace rankings variables. This suggests that group cohesion and group performance, while often assumed to go hand-in-hand, are not necessarily always related. Terborg, Castore, and Deninno (1976) found similar, even more conclusive results when they performed an experiment which included a groups with a two-by-two matrix of characteristics: High ability, high attitudinal similarity; high ability, low attitudinal similarity; low ability, high attitudinal similarity; and low ability, low attitudinal similarity. The researchers found that high attitudinal similarity did lead to high group cohesion, but that the high ability was the only determinant of high performance. Like these findings, mine also hint at the tenuousness between group cohesion and group performance.

3 Relevance of political values in the workplace

Do political values affect how people interact outside of politics? Hypothesized negative relationships between political diversity and corporate performance were based on claims of the existence and importance of “shared values” in large firms. But the absence of these relationships may confirm another, more idealistic set of claims – often made by politicians themselves – that Americans are able to work together in non-political contexts without regard for their partisan differences. Chambers, Schlenker, and Collison (2012) do show increased prejudice by conservatives and liberals against groups identified as liberal or conservative, respectively, but in this case subjects were politically primed – asked to identify their own ideology and presented with other groups in terms of those groups’ perceived ideologies. The apparent independence of political diversity and corporate financial performance lends support to the proposition that, without this priming, individuals are capable of ignoring actual or perceived political differences.

This analysis shows, as measured by political contributions, CEOs’ claims of the existence and importance of “shared values” are on the mark with respect to employee satisfaction, but far from universal in terms of financial performance. Future research can strengthen these tests, probe these findings, and build on this methodology.

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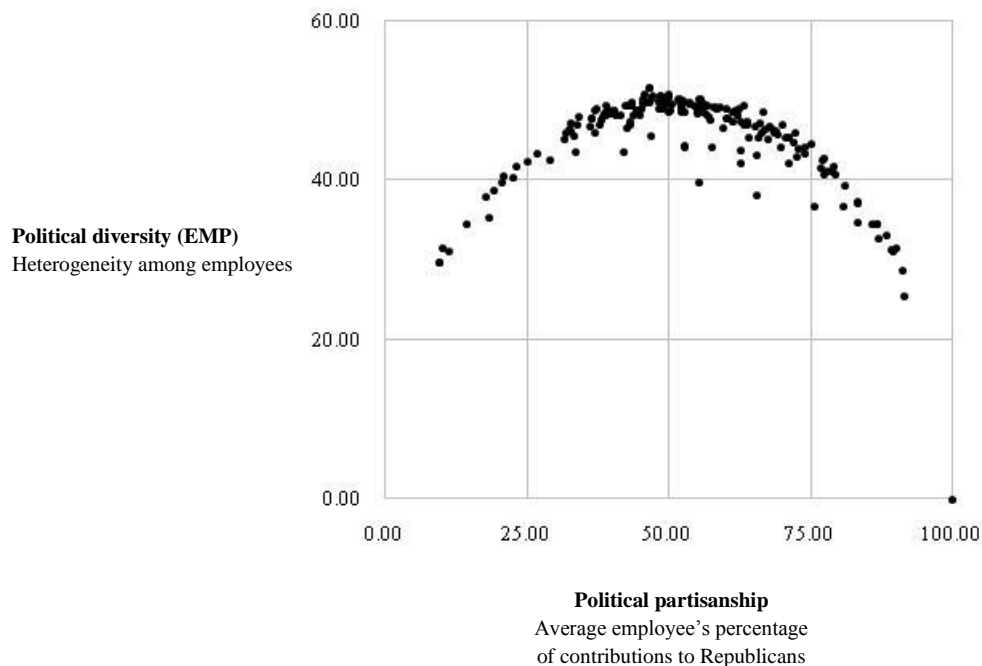
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G ADDITIONAL ANALYSIS

1 Political partisanship and diversity

Figure G1 shows the relationship between the partisanship (percent of contributions to Republican candidates) of 187 firms' average employees and the political heterogeneity among firms' employees. It demonstrates that extreme partisanship and political homogeneity go hand-in-hand, fit parabolically with $R^2 = 0.878$. This offers suggestive support for theory that individual political contributions represent consumption rather than investment: Since all firms are regulated by Congressional committees with nearly equal numbers of Democrats and Republicans, employees contributing to candidates in order to obtain favorable treatment for their employers would be expected to contribute to both Democrats and Republicans; this would lead to firms with both moderate partisanship and low heterogeneity, which, as shown here, are not observed in the 2012 FEC data.

G1 Political partisanship and diversity



2 Political partisanship and diversity by sector

Figure G2 shows political partisanship (expressed as the percentage of contributions to Republican candidates) and diversity by sector. This adds detail to the significant correlations I show between firms' political diversity and industry (see Figure D2). The energy sector contributed with by far the most partisan consistency in the 2012 election cycle.

G2 Political partisanship and diversity by sector

Sector name	Sector		Partisanship			Diversity		
	GIC sector code	Number of firms in sample	Average firm's average employee	Average firm CEO	Average firm PAC	Average firm EMP heterogeneity	Average firm CEO divergence	Average firm PAC divergence
Energy	10	16	80.04	95.38	90.51	36.72	24.40	24.96
Materials	15	13	65.83	79.73	67.86	44.88	31.56	42.14
Industrials	20	32	61.94	71.47	65.91	46.04	38.48	43.70
Consumer discretionary	25	24	43.75	57.15	61.69	45.43	42.71	48.42
Consumer staples	30	20	51.33	38.99	58.83	46.36	37.75	47.49
Healthcare	35	22	47.94	70.67	58.08	46.66	47.29	47.97
Financial services	40	25	53.19	57.21	58.38	47.56	47.88	47.73
Technology	45	14	38.58	59.03	53.21	46.91	47.30	49.68
Telecom	50	4	41.22	62.56	58.39	48.93	50.23	50.84
Utilities	55	17	49.77	54.42	59.39	43.16	40.65	41.71
<i>Total</i>		<i>187</i>	<i>54.18</i>	<i>65.08</i>	<i>63.22</i>	<i>45.26</i>	<i>40.82</i>	<i>44.46</i>

3 Political partisanship and diversity in selected universities

Figure G3 shows average political partisanship and diversity for employees of ten leading private universities in the United States, which are displayed along with their placement in the 2013 Times Higher Education World University Rankings. Although it holds no statistical validity, this data demonstrates a potential further application of the methodology in this analysis.

G3 Political partisanship and diversity in selected universities

