



Realignment or pragmatic shifting? Corporate partisanship in response to changes in party control of congress

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Accepted: 17 June 2025
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Abstract

Political science literature suggests companies align with the Republican Party because of their shared interest in tax and regulations. However, attacks on companies by Republican elected officials and changes in party affiliation among key demographics suggest companies might move away from the Republicans and toward the Democrats. I use interviews with corporate government affairs staff and a novel dataset of corporate PAC contributions from the 2010 through 2022 election cycles to understand whether companies are realigning. Using companies' Party Proximity Index, I find that contributions shift as Congress changes hands from Republicans to Democrats. Companies slightly favor Republicans during times of Republican control and split contributions equally between Democrats and Republicans when Democrats control Congress. While all companies studied follow similar patterns, shareholder-owned companies were more likely to move away from the Republican Party after January 6 compared to private companies, and very large companies were more likely to display a long-term move away from the Republican Party during the period studied compared to smaller companies. Findings illustrate that while companies maintain access-oriented political contribution strategies that emphasize contributions to lawmakers who can influence public policy priorities, some companies may be more sensitive to changes in the national political environment than others.

Keywords Partisanship · Campaign finance · Corporate public affairs · American political economy

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Introduction

In 2021, the Texas legislature passed a law that would require the state to stop doing business with companies that boycott fossil fuels (Guo 2024). Known as the ‘anti-ESG law,’ the bill would not only restrict access to companies that boycott oil and gas, but would ban state agencies from working companies that had reduced their reliance on fossil fuels. Since then, the state has cut its ties with large investment firms, including BlackRock, an investment firm that handled a large school endowment in the state. The Texas law, along with other attacks by Republicans in reaction to BlackRock’s goal of reducing reliance on greenhouse gases, led the company’s CEO to change the way he talks about the company’s environmental initiatives, ostensibly to avoid scrutiny by Republican lawmakers.

These and other high-profile conflicts between large companies and Republican lawmakers come amid broader questions about the place of corporate America in the US political party system. Historically, the business community has allied itself with the Republican Party due to common legislative priorities around taxes and regulation (Drutman 2015; Hertel-Fernandez 2019). However, changes in the business community’s posture toward societal issues followed by the Republican Party’s skepticism about these positions have led academics and practitioners alike to question whether this partnership is changing (Hopkins 2022; Hersh and Shah 2023; Sonnenfeld and Penn 2023). Are large companies moving toward the Democratic Party as its positions on some issues come into greater alignment with the Democrats?

To better understand where companies fit on the partisan spectrum and the drivers behind these decisions, it is important to understand the relationship between companies and the political parties and the factors that predict these relationships. I argue that a company’s political contributions are a reflection of two elements: their policy positions and their policy strategy. Despite companies’ changes in *operational* policies that are focused on addressing societal issues like equity and climate change that have taken place over the last decade, many companies’ *public* policy positions are still in line with the tax and regulatory policies put forth by the Republican Party. However, companies also tend to use access-oriented public policy strategies, which focus on building relationships with the policymakers that have authority over the company’s top issue priorities. Given the constant switching of Congressional power between the parties (Lee 2016), access-oriented companies balance their PAC contributions to Democrats and Republicans as a hedge against risk. Maintaining relationships with both sides of the aisle allows companies to maintain access to those who control public policy regardless of which party controls the House and Senate.

In light of these realities, companies shift their contributions based on which party holds control of Congress—but this shifting is asymmetrical. On the whole, companies maintain distance from both parties. When Republicans hold power in Congress, contributions will shift toward the Republicans. When Democrats hold power, contributions will shift so that companies give equally to the Democratic and Republican parties—a phenomenon I call pragmatic shifting.



In this paper, I explore the relationship between companies and political parties by analyzing the party proximity of companies. I use a mixed methods approach for this research—using interviews with corporate government affairs staff and a novel dataset of 1181 companies that made political contributions at the federal level from 2009 through 2022. By analyzing contributions from these companies to Federal candidates for office in each of the seven election cycles in the dataset, I find that companies tend to have fairly nonpartisan giving profiles, but contributions shift as Congress changes hands. Companies tend to give equally to Democrats and Republicans in times when Democrats have control of Congress, while they give more contributions to Republicans when the GOP holds power in Congress. These findings hold after controlling for the company's size and the partisanship of the company's home state. I find evidence that while partisanship varies slightly based on a company's ownership, these giving patterns hold among both private and shareholder-owned companies. I also find that, while Fortune 500 companies leaned slightly more Republican in the earliest election cycle in the dataset, Fortune 500 companies are more likely to have shifted toward the Democratic Party in the time period since 2009. This finding may signal the beginning of a shift away from the Republican Party among the largest companies.

Companies, lobbying, and political contributions

Historically, political scientists have debated whether companies operate as interest groups in the political system. On the one hand, businesses have different organizing principles compared to other types of organizations, which make them distinct from interest groups (Polsky 2000). On the other hand, businesses mobilize their members as much as labor unions (Hertel-Fernandez 2018) and spend more money on lobbying than all other types of interest groups combined (Drutman 2015). Political scientists have found that companies have increased their lobbying activity over the past 50 years (Drutman 2015) because this public policy advocacy not only helps companies avoid risks, but provides opportunities to enter new markets and grow the company's bottom line (Hansen and Mitchell 2000; Drutman 2015).

In this way, companies act as interest groups when they are pursuing their public policy goals by advocating to policymakers. However, unlike other types of interest groups, which advocate for a set of policies that could benefit their membership or make progress on a set of issues supported by group members, a company's primary goal in lobbying is to help the company's bottom line. Like other interest groups, companies employ a variety of tools when attempting to influence the policymaking process, including direct lobbying, political contributions, and employee mobilization, which is also sometimes called outside lobbying.

Some scholars have found companies that lobby extensively have better financial performance compared to those that engage in less lobbying (Chen et al. 2015). Other studies have found that lobbying is not linked with a company's financial success but may be beneficial to companies with opportunities for growth (Cao et al. 2018). Moving to corporate political contributions, some have also found a link between involvement in political campaigns and a company's financial performance



(Cooper et al. 2010). Since political scientists have established that financial contributions are not directly associated with votes on specific bills but instead help companies gain access to lawmakers (Fourinaies and Hall 2015, 2018; Powell and Grimmer 2016), the relationship between financial contributions and company success is likely related to the way contributions assist companies with their lobbying goals.

Policy position vs. policy strategy

Companies lobby to avoid costs and create new market opportunities. As such, the policy agendas companies pursue are self-evident—companies will seek to stop legislation that could hurt the company's bottom line and advance legislation that could help the company grow. In this way, some scholarship focuses on the way a company's goals influence their policy positions (Hersh and Shah 2023). I build on this concept by differentiating between a company's policy positions and the strategy a company uses to accomplish its goals. If a company wants to pass or stop legislation, its leaders may choose from a wide variety of tactics to accomplish the goal, including direct lobbying, lobbying through a trade association, political contributions, and employee mobilization. All of these tactics can be used to execute a company's policy strategy.

Political scientists have long been interested in the partisanship of different parts of the interest group system (Karol 2009, 2015, 2019; Krimmel 2017). Some argue that business interests have occupied the center-right in the US political system (Crosson et al. 2021; Hacker and Pierson 2006; Krimmel 2017). Indeed, Hacker and Pearson (2006) describe the K Street Project, a program implemented in the mid-1990s by then-House Whip Tom DeLay, that encouraged corporate lobbying interests to work more closely with the Republican Party in order to work with the then-Republican majority. Others find that business interests tend to be centrist and avoid affiliating with one of the political parties (Bonica 2013; Meli 2023). We can better understand the relationship between companies and the political parties by looking at the distinction between policy position and policy strategy.

Policy Position: Businesses have traditionally maintained policy positions that align with the Republican Party on top corporate priorities—lowering taxes and decreasing regulation. These policy positions mean that companies have natural allies in the business wing of the Republican Party. Prior research has shown that party preferences change based on the company's industry, with industries like manufacturing and construction being more likely to favor the Republican Party, while health care and professional services companies are more likely to maintain political neutrality (Gimpel et al. 2014).

The director of political advocacy at a large insurance company summarized his company's approach—on the highest priority issues, the company tends to side with the Republican Party. When Republicans control Congress, the company focuses on these high-priority items, which are more likely to gain traction when Republicans are in charge. When Democrats are in power, the company identifies opportunities to work with moderate Democrats on issues of shared interest. The company



contributes to candidates from both parties regardless of which party controls Congress to maintain relationships with members of Congress on both sides of the aisle.

In addition to this calculus, there are supply-side issues that constrain companies' ability to shift their policy strategy to coincide with control of Congress. First, a significant number of Democratic offices do not accept contributions from corporate PACs, with many signing a 'no corporate PAC pledge' in response to concerns about money in politics (Evers-Hillstrom 2018; Ackley 2022). In the 2022 election cycle, 72 Democratic members of Congress refused to take corporate PAC contributions, compared to only one Republican (Ackley 2022). Secondly, any recipient of corporate PAC contributions, regardless of party, needs to be open to developing a relationship with the company and hearing their side on policy issues. This does not mean that companies only give to members of Congress whose positions match their own, but it does mean that companies will avoid contributing to members of Congress who are openly hostile to the company's point of view. While there are members of Congress that are suspicious of corporations in both parties, there are more Democrats with this disposition than Republicans.

A political director at a large energy company headquartered in a state controlled by Democrats illustrated this point when talking about which legislators the company focuses on when building relationships with the majority and minority party in that state:

... One of the things we see a lot of in [headquarters state] is the notion of supporting more moderate, business-friendly Democrats over those who may be more adversarial to large institutions... And so there are still some gradations of ideology within even just the controlling party. And we are very active both directly and also through independent expenditures in supporting those Democrats that are more business minded, and have more of an openness and a willingness to understand [the company's] business model.¹

Policy Strategy: In addition to the company's policy positions, companies must also choose their overarching government affairs strategy. Most companies choose between an access-oriented strategy, whereby lobbyists build relationships with members of Congress that are in positions to influence key policy outcomes and an ideological public policy strategy, which prioritizes relationships with policymakers whose political views align with their own (Barber 2016; Fourinaies and Hall 2014). Given that party control in Congress changes hands nearly every election cycle in the current political environment, access-oriented strategies tend to focus on an approach that maintains relationships with current and future policy decision-makers from both parties. An interview with the political director of the energy company illustrates his company's policy strategy related to bipartisan giving:

The goal is to engage stakeholders that matter for the business. And it so happens that the population of stakeholders includes members [of Congress] from

¹ IRB approval for interviews was obtained by the University of Maryland's university's Institutional Review Board. Project # 1999569-1 – Interest Group Leader and Member Interviews.



both parties, and also at the local level... We have an obligation to engage with the full spectrum of those stakeholders, and we will continue to do so.

He continues, speaking about how this strategy relates to the two major political parties:

Even in [headquarters state, which is deep blue], we support Republican legislators... So our engagement is bipartisan at all levels. And I expect [this] will continue because that's the obligation we have to engage with all those stakeholders who can have an effect on our business, and who can have an effect on all the issues that are important to our customers.

A senior director from another large company echoed these sentiments:

We make it a point up front to say that [engagement on issues] will not be a partisan exercise. We explicitly tell our folks that as a function of our business, we have to work with both parties... and people understand that they're not there to be a Democrat or Republican or an independent. They're there to advocate on behalf of the company and its business interests.

Companies and the political parties

There are two schools of thought when it comes to companies and the US political parties. The first predicts that with changes in the political environment, companies will shift their public policy strategy to focus on building relationships with Democrats. Several factors contribute to this prediction. First, survey research suggests that corporate executives perceive business leaders are shifting to the left (Hersh and Shah 2023). As company leaders become more Democratic, the companies may begin to favor Democratic policies and shift their support to Democrats in electoral politics.

Recently, interest groups representing the business community have signaled an increased willingness to support issues that are more closely aligned with the Democratic Party's policy agenda. In 2019, the Business Roundtable published a Statement on the Purpose of the Corporation, which expressed the business community's increased desire to invest in employees, support communities where companies operate, and deliver value to customers (Business RoundTable 2019). This statement signaled a move away from the business community's focus on stock prices and a potential move toward taking positions on issues not traditionally considered to be business-oriented. Grossman and Hopkins (2024) argue that these changes come in response to the way Americans with college degrees—many of whom work for or have some other interest in company operations—have moved from the Republican Party to the Democratic Party.

Additionally, changes in business's public policy priorities might contribute to a shift toward the Democratic Party. In recent years, major companies have supported policies backed by the Democratic Party, including Deferred Action for Childhood Arrivals (DACA) (Ainsley, Kapur and Tsirkin, 2022) and the John Lewis Voting Rights Act (Timm 2021). Further, companies are increasingly likely



to make statements and change company policies that coincide with the Democratic Party's positions on access to abortion (Long et al., 2024), LGBTQ+ rights (Human Rights Campaign 2024), and gun safety (Gangitano and Wong 2019). These changes have led to discussions about whether companies are shifting away from the Republican Party and toward the Democratic Party, especially among larger companies (Hopkins 2022; Sonnenfeld and Penn 2023).

Finally, the events leading up to and after the 2020 Presidential election may provide additional impetus for companies to move toward the Democratic Party. Given former President Trump's refusal to concede the 2020 election, the violent events of January 6, and the majority of House Republicans' objection to election results immediately after the insurrection, companies may want to distance themselves from the Republican Party (Isenstadt et al. 2021)—either for optics or out of concerns for the future of democracy. This leads to the first hypothesis for this project, which predicts that companies will move away from the Republican as conditions shift.

H1 *From 2008 to 2022, companies will move away from the Republican party and move towards the Democratic party.*

The second line of thinking predicts that companies will maintain an access-oriented strategy that prioritizes creating and maintaining relationships with key policymakers. Prior work identified that businesses employ an access-oriented strategy, which involves making contributions to policymakers from both sides of the aisle (Karol 2015) so that groups can influence legislative outcomes (Snyder 1992; Bonica 2013). Because the strategy is designed to focus on policymakers involved in the decisions on the company's key issues, these groups tend to focus on incumbents in key legislative positions and on members of the party that controls Congress (Fournaies and Hall 2014, 2018). While we can expect that different industries will have slightly different partisan positions (Gimpel et al. 2014), we can expect most companies to use bipartisan strategies due to these access-related concerns.

Groups that use access-oriented public policy strategies are likely to shift their political contributions from one party to the other as Congress changes hands from Democrats to Republicans. These types of groups will prioritize contributions to committee chairs, members of leadership, and senior members of key committees. To ensure their interests are represented, companies use access-oriented strategies to achieve their goals (Fournaies and Hall 2015; Li 2018). To facilitate this access, companies will build relationships with policymakers on both sides of the aisle, with a particular focus on the party (or parties) that control Congress. Due to the Republican Party's historical focus on tax and regulation policy, corporate policy positions lean toward the Republican Party. As such, this line of thinking predicts that a company's PAC contributions will be a reflection of: (1) the company's policy positions, which lean Republican and (2) the company's policy strategy, which tends to favor bipartisanship.

H2a *All things being equal, companies will maintain a bipartisan giving profile but will favor the Republican party.*



H2b *Company giving profiles will shift as Congress switches from Democrat to Republican control.*

Method

To test these hypotheses, I use a dataset of 1,181 companies that operate PACs and make contributions in Federal elections. These data comprise all of the companies in the Party Proximity Index (PPI) dataset, which is a dataset that measures the proximity of 2,040 interest groups to one of the two major political parties (Meli 2023). I analyze these companies' Federal PAC contributions over seven election cycles: 2009–2010, 2011–2012, 2013–2014, 2015–2016, 2017–2018, 2019–2020, and 2021–2022. I use a fixed effects model to test hypotheses, which allow me to see the differences by election cycle while controlling for heterogeneity within units across time. The unit of analysis is company by election cycle ($n=8,267$).

Dependent variable

Party Proximity Index (PPI): This variable measures the proximity of an interest group to one of the two political parties by comparing the ratio of an interest group's political contributions to the two political parties to the share the two parties hold in Congress (Meli 2023). For example, if Congress is 60% Republican and an interest group makes 60% of its partisan contributions to Republicans, the interest group is equidistant from both parties and employs a bipartisan strategy. PPI uses the average ratio comparison across three election cycles, which allows political scientists to track an interest group's party proximity as it changes over time. The data used in this paper include contributions from the seven election cycles spanning from 2009 through 2022.

Groups with a PPI of -1 are closest to the Democratic Party, groups with a PPI of 1 are closest to the Republican Party, and a PPI of 0 signifies groups that are equidistant from both parties ($\text{mean}=0.21$, $\text{sd}=0.48$). If we were to divide PPI into five groups, there would be 465 in the most Democratic group (-1.0 to -0.6), 714 in the lean Democratic group (-0.6 to -0.2), 2907 in the neutral group (-0.2 to 0.2), 1799 in the lean Republican group (0.2 to 0.6), and 1749 in the most Republican group (0.6 to 1.0).

Independent variables

Election Cycle: The primary independent variable in this study is Election Cycle, which corresponds directly with each two-year Congress. There are seven Election Cycles in the models, ranging from the 2010 cycle, which corresponds with the 111th Congress to the 2022 cycle, which corresponds with the 117th Congress. Table 1 provides a list of the election cycles, the corresponding Congress, and the parties that held control of the House and Senate during each period.



Table 1 Election cycles and corresponding congress information

Election cycle	Congress	House control	Senate control	President
2010	111th	Democrat	Democrat	Obama (D)
2012	112th	Republican	Democrat	Obama (D)
2014	113th	Republican	Democrat	Obama (D)
2016	114th	Republican	Republican	Obama (D)
2018	115th	Republican	Republican	Trump (R)
2020	116th	Democrat	Republican	Trump (R)
2022	117th	Democrat	Democrat	Biden (D)

Partisanship of Home State (Point Margin of Republican Presidential Candidate): To control for the political environment in the company's headquarters state, which could influence a company's partisanship, I include a variable indicating the Republican candidate's margin of victory in the current cycle's presidential election. States with positive values had more votes for the Republican candidate, while states with negative values had more votes for the Democratic candidate. States close to 0 have relatively equal shares of Democrats and Republicans (mean = -5.8, sd = 20.64).

Company Size (Fortune 500/Global 500): Since I expect that large companies, which maintain a higher profile and receive a higher level of scrutiny for their actions, could behave differently from smaller companies, I control for company size by including an indicator variable for companies on the Fortune 500 or Global 500 list in the appropriate election cycle. For the 2010 election cycle, I used data from the 2010 Fortune/Global 500 lists, for the 2012 election cycle, I used data from the 2012 lists, and so on. 311 of the Fortune 500 and Global 500 companies are in the dataset (26.25% of the companies in the dataset).

Descriptive statistics

Before moving to hypothesis tests, I first review descriptive statistics to examine how overall company partisanship changes over time. Looking at specific examples across all seven election cycles analyzed, companies that lean strongly toward the Republican Party include the gun manufacturer Smith and Wesson (mean PPI = 0.85) and Koch Industries (mean PPI = 0.94). Politically neutral companies include JetBlue Airways (PPI = -0.04) and the Coca-Cola Company (PPI = -0.02). Atlanta-based electric utility Southern Company leans Republican (PPI = 0.68), while Southern California-based electric utility Edison International leans Democrat (PPI = -0.23). Toy company Mattel leans slightly Democratic (PPI = -0.30), while property casualty insurer Erie Indemnity Company leans slightly Republican (PPI = 0.19). Technology firms Meta (PPI = -0.02) and Microsoft (PPI = 0.03) maintain distance from both parties. Although I do not include the company's sector in the model due to time-invariant multicollinearity, there are sector-related differences in party proximity. Some sectors lean



slightly toward the Republican Party, including agriculture (mean PPI=0.31), construction (mean PPI=0.36), energy (mean PPI=0.38), manufacturing (mean PPI=0.32), and real estate (mean PPI=0.33) while other sectors maintained distance from both parties, including lobbying (mean PPI=−0.03), information technology (mean PPI=0.08), health care (mean PPI=0.11), and professional services (mean PPI=0.15). These findings conform with those in prior work on the topic (Gimpel et al. 2014).

In Table 2, which provides the interquartile range and mean values for party proximity by election cycle, we can see that in all but two election cycles, the median PPI is in the most neutral category in the range. In the two election cycles that took place when Democrats controlled Congress—the 2010 and 2022 election cycles, the mean PPI scores are the lowest, meaning that they are closest to equidistant from the Republican and Democratic parties. In election cycles coinciding with Republican control of at least one chamber of Congress, mean PPI scores lean more toward the Republican Party, but are still closer to the neutral than they are to the most Republican score. During the 2016 and 2018 election cycles, companies have the highest median and mean PPI scores, and median PPI scores fall outside of the neutral category. These trends suggest that businesses are sensitive to the political environment in Washington when making political contributions.

Examining Fig. 1, which provides the distribution of company party proximity by election cycle, we can see that in all election cycles, the modal value for PPI is closer to neutral than to either political party, meaning that regardless of who holds power in Congress, there are a significant number of companies that maintain distance from both parties. On the whole, companies are also more likely to favor Republicans compared to Democrats across all election cycles, with more companies leaning toward Republicans even in election cycles when Democrats control both chambers of Congress.

Taken together, the descriptive statistics show that mean and median company PPI scores in all election cycles are closer to 0, which is politically neutral, than they are to the most Republican PPI score of 1. Scores do lean toward the Republican Party, with many companies falling between neutral and a slight Republican lean. These findings conform with expectations set out in Hypotheses 2a and 2b, which predict that companies will maintain political neutrality, but will shift their contribution profiles depending upon the party in control of Congress.

Table 2 Company party proximity descriptive statistics by election cycle

Election cycle	25th Percentile	Median	Mean	75th Percentile
2010	−0.17	0.10	0.10	0.37
2012	−0.04	0.18	0.24	0.55
2014	−0.10	0.14	0.21	0.59
2016	−0.01	0.27	0.29	0.63
2018	−0.02	0.22	0.27	0.62
2020	−0.01	0.18	0.23	0.58
2022	−0.15	0.04	0.09	0.41



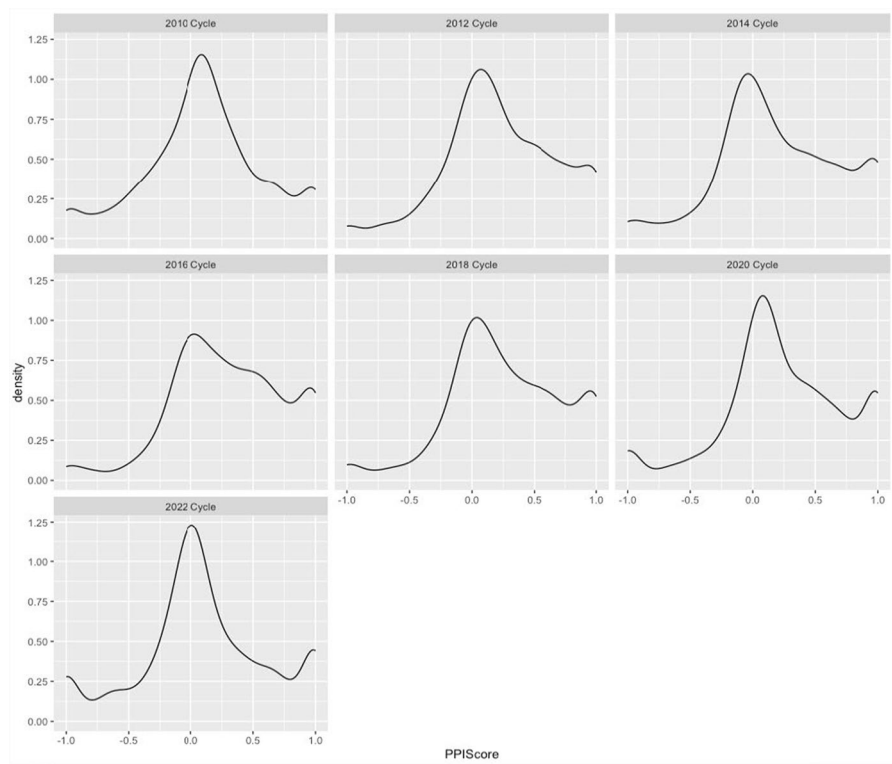


Fig. 1 PPI Score distributions by election cycle

There is some evidence that companies moved away from the Republican Party in the last election cycle analyzed. Figure 1 illustrates that the number of companies maintaining political neutrality increased in the 2022 election cycle—which is the cycle that immediately followed the 2020 election and January 6, 2021 insurrection—compared to the prior cycle. However, even in the 2022 election cycle there are more companies that lean Republican than lean Democrat (Fig. 2).

We can also see that there appear to be a group of companies that shift from leaning Republican in cycles when the GOP controls at least one chamber of Congress to neutral during cycles when Democrats control both chambers of Congress. We can also see that in the two cycles that Democrats control, PPI distribution is more symmetrical, while when Republicans control one or both houses of Congress, PPI skews to the right. I examine the companies that shifted from lean Republican to neutral the subsequent sections of this paper.



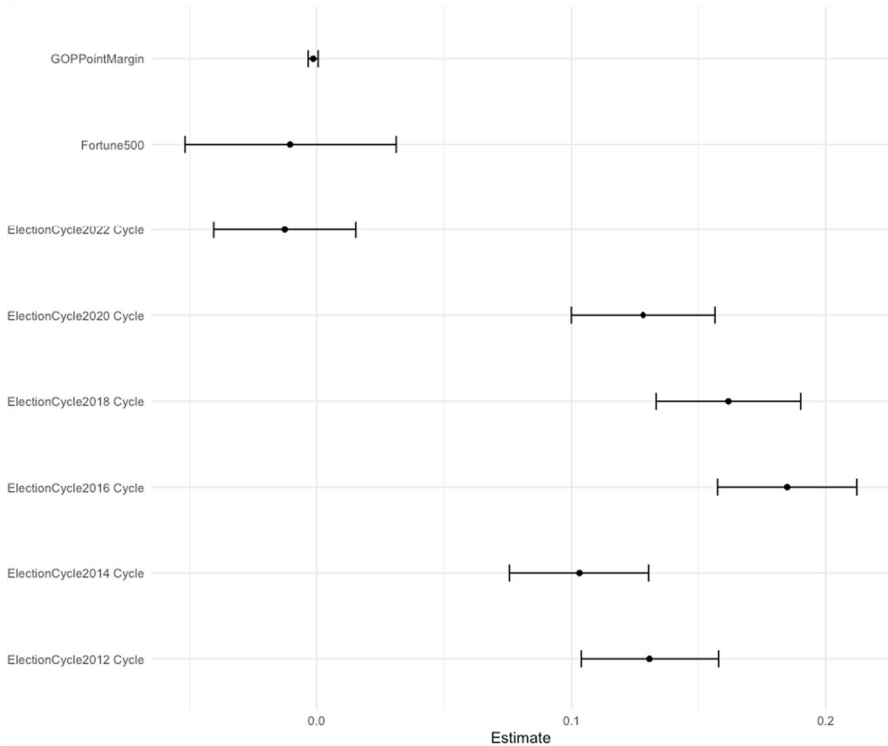


Fig. 2 Predictors of company partisanship—fixed effects model

Predicting shifts in partisanship across election cycles

To test H1, H2a, and H2b, I use a unit fixed effects model using panel data, which allows me to control for unobserved heterogeneity, with a unit of analysis of company-election cycle ($n = 8267$). The dependent variable is the company's partisanship. The primary independent variable is election cycle. I control for the partisanship of the company's home state and the size of the company by using the Republican presidential candidate's point margin in the state during the most recent presidential election. I also control for company size, denoted by the company's presence on the *Fortune* 500 or Global 500 list during the first year of the appropriate election cycle.

Model results are provided in the all companies model in Table 3. In this model, the baseline condition is the company's party proximity during the 2010 election cycle. The model predicts a statistically significant difference in a company's PPI in five different election cycles compared to the 2010 cycle: 2012, 2014, 2016, 2018, and 2020 ($p < 0.05$). There is no statistically significant difference in a company's PPI when comparing the 2010 and 2022 election cycles ($p < 0.05$).

Substantively, these differences are significant, especially in light of the way Congress changed hands during the periods examined. The election cycles with



Table 3 Predictors of partisanship in politically involved companies

	All companies	Public companies	Private companies
2012 Election Cycle	0.13* (0.01)	0.13* (0.02)	0.14* (0.02)
2014 Election Cycle	0.10* (0.01)	0.08* (0.02)	0.08* (0.02)
2016 Election Cycle	0.18* (0.01)	0.18* (0.02)	0.17* (0.02)
2018 Election Cycle	0.16* (0.01)	0.16* (0.02)	0.13* (0.02)
2020 Election Cycle	0.13* (0.01)	0.13* (0.02)	0.09* (0.02)
2022 Election Cycle	−0.01 (0.01)	−0.04^ (0.02)	−0.03 (0.02)
Republican Point Margin	0.00 (0.00)	0.00 (0.00)	0.01* (0.00)
Fortune 500	−0.01 (0.02)	−0.01 (0.02)	−0.03* (0.01)
N	8267	5012	8267
Adjusted R-Square	−0.12	−0.09	0.14

* < 0.05 (two-tailed). ^ < 0.10 (two-tailed). Models use fixed effects by company

the lowest predictions for company partisanship were 2010 and 2022, which were also the election cycles when Democrats held majorities in the House and Senate, plus the presidency. Predictions for company partisanship move toward the Republican Party in all other election cycles, when the Republican Party controlled at least one chamber of Congress.

The election period with the highest predicted partisanship for companies is the 2016 cycle, which is the first of two consecutive election cycles where Republicans held the majority in both the House and Senate. Predicted partisanship among companies was similarly high during the 2018 election cycle, which was the second of the two consecutive Congresses where Republicans held majorities in both chambers. The model predicts that companies during these two election cycles will have PPIs that are, respectively, 0.18 and 0.16 higher than the baseline condition, which represents an increase of 38% of a standard deviation for the 2016 election cycle and an increase of 33% of a standard deviation for the 2018 election cycle.

While the differences are slightly more muted, the model also predicts a statistically significant difference in companies' partisanship during the 2012, 2014, and 2021 election cycles compared to the 2010 election cycle. During these three election cycles, Republicans held the majority of seats in either the House or Senate, but not in both chambers. In these election cycles, the model predicts that companies will have PPI scores that are 0.10–0.13 points higher compared to the baseline condition of the 2010 election cycle ($p < 0.05$). This represents an increase of 21–27 percent of a standard deviation.

The only election cycle that the model does not predict a significant difference in party proximity compared to the 2010 election cycle is in 2022, which is the election



cycle immediately following January 6. This election cycle, along with the baseline condition of 2010, is the only other election cycle when Democrats hold the majority in both the House and Senate. The fixed effects model does not predict a statistically significant difference between major companies, denoted by Fortune or Global 500 status, and a company's party proximity ($p < 0.05$). The model also predicts no statistically significant relationship between the political environment in the company's home state and the company's party proximity ($p < 0.05$).

The results presented in Table 3 provide no evidence to support H1—companies are no more likely to lean Democratic in the 2022 election cycle than they are in the 2010 election cycle. Model results provide evidence to support H2a—that companies will generally maintain a bipartisan giving profile while slightly favoring Republicans—and H2b—that contributions will shift based on the party controlling Congress. When Democrats hold majorities in both chambers of Congress, companies split their contributions relatively equally between Democrats and Republicans, although even during times of Democratic control they give slightly more to Republicans than Democrats. During times of split party control of Congress, companies still maintain their distance from both parties but shift their contribution profiles so that they give comparatively more to Republicans compared to when Democrats control Congress. When Republicans hold majorities in both chambers of Congress, companies shift their contributions more strongly to the Republican Party, although a many of maintain distance from the parties, given that the average company's PPI score during these cycles is still less than 0.30—closer to a completely nonpartisan score of 0 than to a completely partisan score of 1.0.

It is possible that the ownership of a company influences a company's party proximity. Given media accounts of privately-owned companies like Hobby Lobby and Levi Strauss & Company engaging in contentious social issues (Totenberg 2014; Kapner 2019) and public scrutiny of publicly-trade companies' political activity (Freed, Hanna and Sandstrom, 2024), I test whether a company's ownership has an effect on its partisanship. Since it is not possible to include company ownership as a variable in the fixed effects model due to multicollinearity, I conduct this check by splitting the sample between publicly traded companies and private companies (the private category includes co-ops, employee-owned companies, nonprofit companies, and privately held companies).

Results are provided in the Public and Private Company models in Table 3. The direction and magnitude of the relationships between election cycles and partisanship remain generally unchanged with one exception—shareholder-owned companies are slightly more likely to have lower levels of partisanship in the 2022 election cycle ($p < 0.10$), while there are no predicted differences in privately-owned companies or the all companies model when comparing the 2010 and 2022 election cycles. Viewing the differences in coefficients in Fig. 3, it is clear that the difference between the two models is slight. However, it is notable that the coefficient in the shareholder-owned companies model is negative and statistically significant ($p < 0.10$), while the models for the full sample have negative coefficients that do not reach statistical significance, while the private model has a positive but not statistically significant relationship ($p < 0.10$). It is difficult to know precisely what is causing the slight difference between the two samples, but it is possible that the



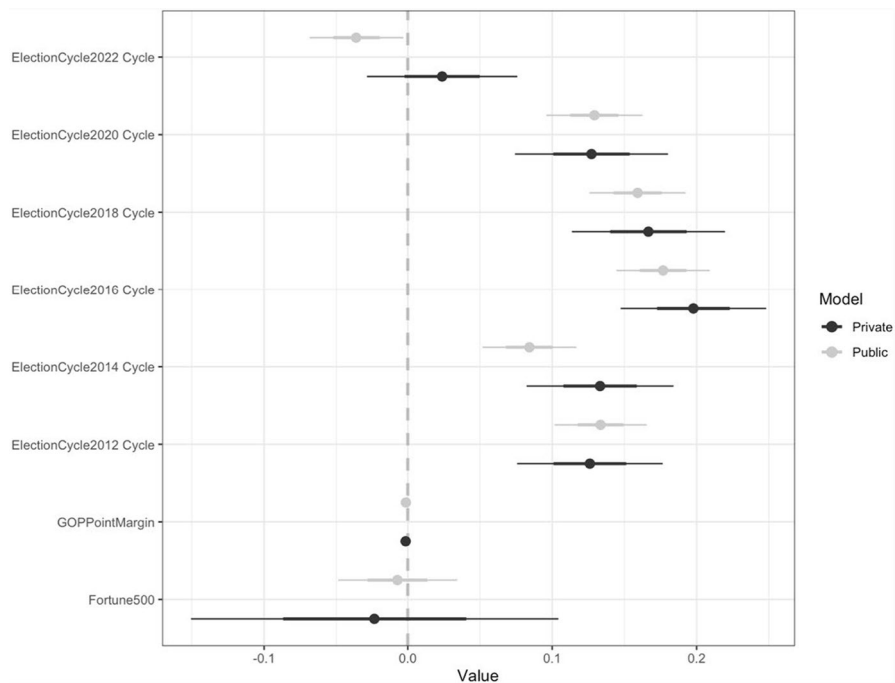


Fig. 3 Coefficients for shareholder owned vs. privately owned companies

difference is due to the significant pressure publicly traded companies received from external audiences to stop contributions to Republican objectors after January 6 (Newmyer 2021).

Identifying realigners and pragmatic shifters

The models in Table 3 help us understand how companies on the whole have oriented themselves toward the political parties since 2009. However, to understand how different types of companies have moved toward or away from one of the political parties during this period, it is important to understand the predictors of change in party affiliation during key points in this period. I first visualize the way different types of companies have changed over time by plotting the mean PPI scores for all companies in the dataset, public companies, and Fortune 500 companies in each election cycle in the dataset in Fig. 4. Viewing this figure, we can see that while all of the companies tend to move together, Fortune 500 companies, depicted with the light gray line, start in the 2010 cycle with a mean PPI of 0.16, which is more partisan than the mean of all companies and of public companies, and end in the 2022 cycle with a mean PPI of 0.08, which is in line with the all company and public company averages of 0.09 and 0.10, respectively. We can also see that public companies, represented by the medium gray line, had the highest PPI during the 2012



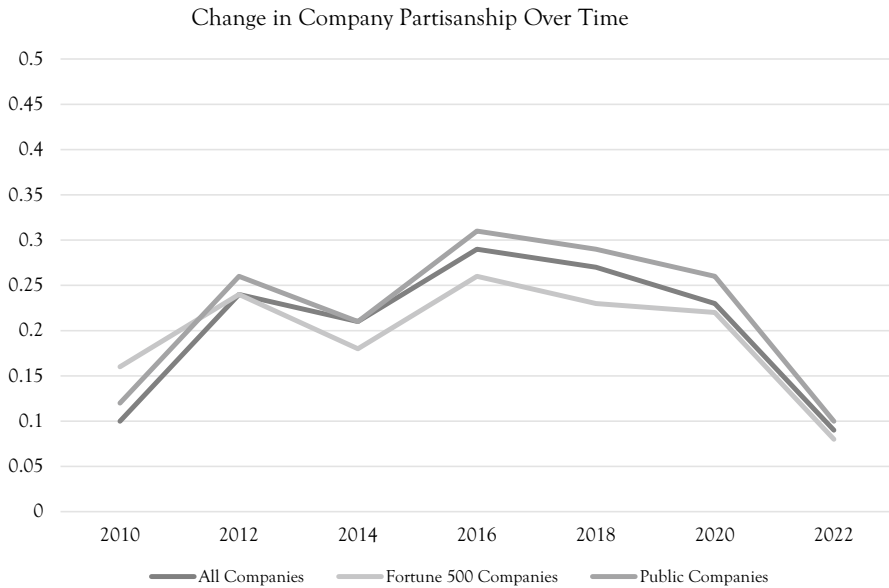


Fig. 4 Change in company partisanship over time

through 2020 election cycles, but had a PPI that was in line with the means for all companies and Fortune 500 companies during the 2022 election cycle.

To understand more about the predictors of change during the 2010–2022 time-frame, I create two models. The first, which uses a dependent variable representing a company’s difference in PPI when comparing the 2020–2022 cycles, analyzes which types of companies that had significant short-term changes, which would indicate that they may be reacting to short-term changes in party control. This change could also signal a reaction to the events of January 6, 2021, since all contributions in the cycle were made after the riots took place that day.² The second model uses a dependent variable representing the company’s difference in PPI when comparing 2010 to 2022, which signifies a long-term change in giving by party and may indicate a longer term change in giving strategy. The independent variables for both models are Election Cycle, public companies, and Fortune 500 companies. I control for the company’s industry, which I used by deriving NAICS codes for each company in the dataset.³

Model results are provided in Table 4. The first model, which looks at the short-term differences in giving, predicts that public companies will experience a decrease in party proximity of 0.09 ($p < 0.05$). This means that public companies move toward the Democratic Party from the 2020 to the 2022 election cycle—this

² Changes in reaction to January 6 may represent a short term or a long-term change in giving—we will need data from future election cycles to determine the true nature of these changes.

³ I was unable to control for industry in the Models in Table 3 due to time-invariant multicollinearity.



Table 4 Predictors of differences in political giving

	2022 to 2020 Difference	2022 to 2010 Dif- ference
Public company	−0.09* (0.03)	−0.04 (0.05)
Fortune 500	0.00 (0.03)	−0.14* (0.04)
Agriculture	0.13^ (0.07)	0.00 (0.09)
Arts/Entertainment/Recreation	−0.09 (0.08)	−0.21* (0.11)
Construction	−0.04 (0.11)	−0.07 (0.16)
Defense	0.08(0.09)	0.09(0.11)
Education	−0.01 (0.18)	0.22 (0.24)
Energy	0.00 (0.05)	0.06 (0.07)
Finance/Insurance	0.06 (0.05)	−0.05 (0.07)
Information	0.09 (0.07)	−0.07 (0.09)
Lobbying/Legal	−0.11^ (0.06)	−0.17* (0.08)
Manufacturing	0.05 (0.05)	0.00 (0.07)
Professional Services	0.08 (0.06)	0.13 (0.09)
Real Estate	−0.02 (0.12)	−0.08 (0.18)
Retail Trade	0.05 (0.08)	−0.01 (0.11)
Transportation	0.15* (0.07)	0.09 (0.10)

* <0.05 (two-tailed). ^ <0.10 (two-tailed). Fixed effects and unit coefficient models are by company

represents a change of 20% of a standard deviation. The model predicts that agriculture ($p < 0.10$) and transportation ($p < 0.05$) firms were likely to move toward the Republican Party during this period compared to the baseline healthcare industry, while lobbying firms were likely to move toward the Democratic Party compared to healthcare companies ($p < 0.05$).

In the second model, I look at changes in company PPI scores from the first election cycle in the dataset (2010) to the last election cycle in the dataset (2022). Since Democrats controlled both chambers of the House and the presidency during both of these cycles and the cycles take place more than ten years apart, analyzing the differences here allows me to identify companies that have undergone changes in



partisanship in the long term. Consequently, changes here help to identify the companies that have moved toward (or away from) the Democratic Party in response to long-term considerations like changes in elected officials' behavior or positions during the period analyzed. In this model, there is a negative and statistically significant relationship between Fortune 500 companies, lobbying firms, and companies in the arts, entertainment, and recreation industries and the difference between 2022 and 2010 party proximity ($p < 0.05$). This means that for these types of companies, party proximity moved toward the Democratic Party. In both cases, the differences are substantively significant. The model predicts that Fortune 500 companies moved 0.14 points closer to the Democratic Party, which represents a change of more than a quarter of a standard deviation. The model predicts that arts organizations moved 0.21 points closer to the Democratic Party, while lobbying and legal firms moved 0.17 points closer to the Democratic Party. The model did not predict that any types of companies would move toward the Republican Party during this time period.

Comparing the results of the 2010 to 2022 model to the trends identified in Fig. 4 provides additional context about what is happening with each of these types of companies. Fortune 500 companies started out closer to the Republican Party during the 2010 election cycle, but have moved comparatively further from the Republican Party over the time period. While public companies and all companies in the dataset moved less than Fortune 500 companies, all three types of companies end up in similar positions relative to the parties during the 2022 election cycle. From these results, we can see that Fortune 500 companies have shifted away from the Republican Party more than other types of companies, but that none of the companies has shifted definitively toward the Democratic Party.

Conclusion

The evidence provided here supports H2a and H2b, which predict that companies tend to maintain a nonpartisan political contribution profile while leaning slightly toward the Republican Party and that company giving profiles shift as Congress switches from Democratic to Republican control. After comparing the behavior of publicly traded companies and private companies, models provide some evidence that publicly traded companies were slightly more likely to support the Democratic Party during the 2022 election cycle, which is the first cycle after the insurrection on January 6, 2021. However, the differences here are slight and do not demonstrate a significant shift toward the Democratic Party. In light of these findings, there is not strong evidence to support H1, which predicts that companies will shift toward the Democratic Party to mirror shifts in corporate positions on social issues and perceptions among elites that corporate leaders are trending Democratic.

I also find that, when comparing party proximity from the 2010 cycle to the 2022 cycle, Fortune 500 companies are more likely to have moved away from the Democratic Party over the long term compared to all companies in the sample. While we will need to analyze future election cycles to understand the true meaning behind these shifts, these findings provide interesting insights about the way companies are changing—and not changing—their orientation toward the two US political parties.



These findings are significant in light of the discussion that political scientists and practitioners alike are having about the partisanship of companies in the modern US political system. This paper provides new insights into the way companies situate themselves in the current political environment. Given current discussion of ‘woke corporations,’ it is significant that we observe stability in the approach businesses use in moving toward their policy goals. Recent media reports about the Business Roundtable’s meetings with Trump (Cook 2024) suggest that, when it comes to corporate political involvement, access trumps normative concerns about democracy.

Declarations

Conflict of interest While writing this paper, the author was an employee of an organization that has companies and their public affairs departments as members.

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