United States Human Rights Policy: The Corporate Lobby: Supplemental Material

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# United States Human Rights Policy: The Corporate Lobby

*Emilie M. Hafner-Burton and Heidi M. McNamara*

## APPENDIX. ROBUSTNESS CHECKS

### Continuous specification of independent variables

We re-estimate our main models from the body of the article with continuous versions of the independent variables to replace the dichotomous measures. *% FDI with Abusers* represents the percent of a firm's sector's foreign direct investment that is made in human rights abusing states. *Total FDI with Abusers* represents the total dollar amount, in billions, that the firm's sector invests in abusing states. *%FDI*Total FDI with Abusers* is the interaction of these two terms. *% Trade with Abusers* represents the percent of a firm's sector's trade that is conducted with human rights abusing states. *Total Trade with Abusers* represents the total dollar amount, in billions, of trade a firm's sector conducts with abusing states. *%Trade*Total Trade* is the interaction of these two terms and takes on higher values the more a firm's sector trades with abusers and the higher the proportion this trade represents when compared to the sector's total trade. Table 1 displays coefficients for rare events logistic regression models using these continuous variables to predict whether firms do any lobbying on human rights policy. Table 2 displays coefficients from OLS regressions predicting firm's expenditures on human rights policy lobbying. The effects of FDI are consistent, while trade falls out of conventional levels of significance.

**Table 1.**
**Rare Events Logistic Regression: Firms' probability of lobbying human rights policy**

| | (1) | (2) |
|---|---|---|
| Percent FDI*Total FDI with Abusers | 0.305*** | |
| | (0.079) | |
| Percent FDI with Abusers | −10.440*** | |
| | (3.143) | |
| Total FDI with Abusers (billions $) | −0.047*** | |
| | (0.010) | |
| Percent Trade*Total Trade with Abusers | | 0.024 |
| | | (0.019) |
| Percent Total Trade with Abusers | | −1.000* |
| | | (0.553) |
| Total Trade with Abusers (billions $) | | −0.016 |
| | | (0.0112) |
| Employees | 0.002*** | 0.0002 |
| | (0.0008) | (0.001) |
| Tobin's Q | 0.036 | 0.007 |
| | (0.035) | (0.009) |
| Ebit | 0.000 | 0.00004*** |
| | (0.000) | (0.00001) |
| Sales Rank | 0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sector Concentration | 3.900 | −8.238** |
| | (3.497) | (2.540) |
| Sales Rank*Concentration | −0.0005 | −0.001 |
| | (0.001) | (0.0007) |
| 110th Congress | 0.266** | 0.449 |
| | (0.126) | (0.129) |
| Constant | 1.483 | −3.232*** |
| | (1.026) | (0.699) |
| Observations | 1,359 | 1,200 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

**Table 2.**
**OLS Regression: Firms' human rights lobbying expenditures**

| | (1) | (2) |
|---|---|---|
| Percent FDI*Total FDI with Abusers | 0.889*** (0.247) | |
| Percent FDI with Abusers | −30.740*** (9.685) | |
| Total FDI with Abusers (billions $) | −0.150*** (0.031) | |
| Percent Trade*Total Trade with Abusers | | 0.092 (0.063) |
| Percent Total Trade with Abusers | | −3.551** (1.778) |
| Total Trade with Abusers (billions $) | | −0.060 (0.038) |
| Employees | 0.010*** (0.003) | 0.003 (0.004) |
| Tobin's Q | 0.152 (0.112) | −0.001 (0.024) |
| Ebit | 0.00002 (0.00003) | 0.0002*** (0.00004) |
| Sales Rank | 0.001 (0.001) | 0.001 (0.001) |
| Sector Concentration | 14.531 (11.324) | −25.102*** (7.987) |
| Sales Rank*Concentration | −0.002 (0.004) | −0.003 (0.003) |
| 110th Congress | 0.604 (0.397) | 1.162*** (0.410) |
| Constant | 7.559** (3.275) | −7.211*** (2.165) |
| Observations | 1,359 | 1,200 |
| $R^2$ | 0.044 | 0.040 |
| Adjusted $R^2$ | 0.037 | 0.032 |
| Residual Std. Error | 6.905 (df = 1348) | 6.929 (df = 1189) |
| F Statistic | 6.203*** (df = 10; 1348) | 4.949*** (df = 10; 1189) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007 to 2010. $^*p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

## Logistic regressions

We estimate logistic regressions with dichotomous measures of any lobbying on each of our categories of human rights legislation as the dependent variables. Results are displayed in Table 3 and conform with the rare events logistic regression results presented in the article.

**Table 3.**
**Logistic Regression: Firms' probability of lobbying human rights policy**

|  | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 1.408*** (0.339) | |
| High Percent FDI with Abusers | −0.654** (0.296) | |
| High FDI with Abusers | −1.055** (0.339) | |
| High Trade*High Percent Trade | | 1.304** (0.553) |
| High Percent Trade with Abusers | | −0.372** (0.177) |
| High Trade with Abusers | | −1.171** (0.521) |
| Employees | 0.003*** (0.0009) | 0.001 (0.001) |
| Tobin's Q | 0.048 (0.035) | −0.002 (0.009) |
| Ebit | 0.000 (0.000) | 0.00003*** (0.00001) |
| Sales Rank | 0.000 (0.000) | 0.000 (0.000) |
| Sector Concentration | 2.031 (3.560) | −8.522*** (2.406) |
| Sales Rank*Concentration | −0.001 (0.002) | −0.001 (0.0007) |
| 110th Congress | 0.252* (0.132) | 0.495*** (0.129) |
| Constant | −0.467 (0.924) | −3.592 (0.665) |
| Observations | 1,359 | 1,200 |

Note: Table entries are logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

**More Stringent Definition of a Human Rights Abuser**

We restrict our definition of what counted as a human rights abusing country. Our main analysis in the body of the paper counts any country with a CIRI Physical Integrity score below the mean (five) as an abuser. Tables 4 and 5, below, restricts this definition to the bottom quartile of countries. Under this more stringent cutoff, any country with a CIRI Physical Integrity Score less than or equal to three is counted as a human rights abuser. Examples of states with CIRI Physical Integrity scores less than or equal to three include Azerbaijan, Bangladesh, and Iran. Examples of states that are included in our main analysis as human rights abusers, but not included in this more restrictive analysis (i.e. states with Physical Integrity scores of four or five) include Jamaica, Liberia, and Malawi. When firms invest in states that have terrible human rights records, they are more likely to lobby Congress on human rights issues and they tend to spend more money on these endeavors.

**Table 4.**
**Rare Events Logistic Regression: Firms' probability of lobbying human rights policy**

|  | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI with Severe Abusers | 1.329*** | |
|  | (0.364) | |
| High Percent FDI with Severe Abusers | −0.417 | |
|  | (0.286) | |
| High FDI with Severe Abusers | −0.381 | |
|  | (0.259) | |
| High Trade*Percent Trade with Severe Abusers | | 0.481 |
|  | | (0.324) |
| High Percent Trade with Severe Abusers | | −0.311* |
|  | | (0.162) |
| High Trade with Severe Abusers | | −0.472* |
|  | | (0.262) |
| Employees | 0.002** | 0.000 |
|  | (0.0001) | (0.001) |
| Tobin's Q | 0.046 | 0.007 |
|  | (0.036) | (0.009) |
| Ebit | 0.000 | 0.00004** |
|  | (0.000) | (0.00001) |
| Sales Rank | −0.0004 | 0.000 |
|  | (0.0003) | (0.000) |
| Sector Concentration | 0.058 | −6.553** |
|  | (3.528) | (2.768) |
| Sales Rank*Concentration | 0.001 | −0.001 |
|  | (0.001) | (0.0007) |
| 110th Congress | 0.359 | 0.440** |
|  | (0.126) | (0.145) |
| Constant | −0.720 | −3.035*** |
|  | (0.937) | (0.783) |
| Observations | 1,359 | 1,096 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying on human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

**Table 5.**
**OLS Regression: Firms' human rights lobbying expenditures**

|  | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI with Severe Abusers | 3.813*** | |
|  | (1.074) | |
| High Percent FDI with Severe Abusers | −1.249 | |
|  | (0.858) | |
| High FDI with Severe Abusers | −1.181 | |
|  | (0.755) | |
| High Trade*Percent Trade with Severe Abusers | | 1.682* |
|  | | (0.994) |
| High Percent Trade with Severe Abusers | | −1.085** |
|  | | (0.521) |
| High Trade with Severe Abusers | | −1.638** |
|  | | (0.782) |
| Employees | 0.009*** | 0.003 |
|  | (0.003) | (0.005) |
| Tobin's Q | 0.184 | −0.001 |
|  | (0.112) | (0.024) |
| Ebit | 0.00001 | 0.0002*** |
|  | (0.00003) | (0.00004) |
| Sales Rank | −0.001 | 0.001 |
|  | (0.001) | (0.001) |
| Sector Concentration | 2.431 | −19.044** |
|  | (11.646) | (8.643) |
| Sales Rank*Concentration | 0.004 | −0.003 |
|  | (0.004) | (0.003) |
| 110th Congress | 0.875** | 1.131*** |
|  | (0.400) | (0.425) |
| Constant | 0.756 | −6.523*** |
|  | (3.084) | (2.406) |
| Observations | 1,359 | 1,096 |
| $R^2$ | 0.037 | 0.041 |
| Residual Std. Error | 6.931 (df = 1348) | 6.882 (df = 1085) |
| F Statistic | 5.144*** (df = 10; 1348) | 4.681*** (df = 10; 1085) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007 to 2010. $^*p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

## Robustness Check: Single Year Cross Section

We estimate a single year cross section to evaluate whether our results are driven by multi-year dependence. Results for 2007 are displayed in Tables 6 and 7 and are broadly consistent.

**Table 6.**
**Rare Events Logistic Regression: Firms' probability of lobbying human rights policy**

|  | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 2.068*** | |
| | (0.695) | |
| High Percent FDI with Abusers | −0.661 | |
| | (0.574) | |
| High FDI with Abusers | −0.393 | |
| | (0.697) | |
| High Trade*High Percent Trade | | 1.369 |
| | | (0.872) |
| High Percent Trade with Abusers | | −0.468 |
| | | (0.314) |
| High Trade with Abusers | | −1.121 |
| | | (0.806) |
| Employees | 0.003** | 0.003 |
| | (0.001) | (0.003) |
| Tobin's Q | 0.113 | 0.119 |
| | (0.084) | (0.096) |
| Ebit | −0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sales Rank | −0.001 | 0.000 |
| | (0.0007) | (0.000) |
| Sector Concentration | −11.791 | −7.679* |
| | (7.278) | (4.181) |
| Sales Rank*Concentration | 0.003 | −0.002 |
| | (0.003) | (0.001) |
| Constant | −3.342* | −2.993** |
| | (1.961) | (1.164) |
| Observations | 399 | 357 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying on human rights bills in 2007. *p<0.1; **p<0.05; ***p<0.01

**Table 7.**
**OLS Regression: Firms' human rights lobbying expenditures in 2007**

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 7.171*** | |
| | (2.113) | |
| High Percent FDI with Abusers | −2.540 | |
| | (1.738) | |
| High FDI with Abusers | −2.173 | |
| | (2.191) | |
| High Trade*High Percent Trade | | 5.448* |
| | | (2.891) |
| High Percent Trade with Abusers | | −1.690 |
| | | (1.069) |
| High Trade with Abusers | | −4.707* |
| | | (2.650) |
| Employees | 0.013** | 0.011 |
| | (0.006) | (0.010) |
| Tobin's Q | 0.334* | 0.324 |
| | (0.201) | (0.251) |
| Ebit | −0.00001 | 0.0001* |
| | (0.00004) | (0.0001) |
| Sales Rank | −0.003 | 0.001 |
| | (0.003) | (0.001) |
| Sector Concentration | −36.397 | −26.878* |
| | (22.985) | (14.230) |
| Sales Rank*Concentration | 0.008 | −0.005 |
| | (0.009) | (0.004) |
| Constant | −8.292 | −7.983** |
| | (5.995) | (3.905) |
| Observations | 399 | 357 |
| $R^2$ | 0.069 | 0.050 |
| Residual Std. Error | 6.990 (df = 389) | 7.080 (df = 347) |
| F Statistic | 3.219*** (df = 9; 389) | 2.029** (df = 9; 347) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007. $^*p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

## Robustness Check: Box Cox Transformation

Because few of our observations participate in human rights lobbying, our dependent variables are highly skewed. In our main analysis we use the natural log of our dependent variables to help account for this skew. However, the concern remains that the lingering skewed nature of our variables bias our results. Here, we transform each dependent variable using a Box Cox transformation,[1] which scales the variable x by a manually determined λ, using the following formula:

$$x'_\lambda = \frac{x^\lambda - 1}{\lambda}.$$

As λ approaches zero, this formula approaches the log(x). Using the boxcox call in R's MASS package, we calculated the appropriate λ for each of our dependent variable and transform our data. Table 8 displays the results of our analysis using these transformed dependent variables. The transformation reverses the distribution of our data. In other words, non-lobbyers are designated a larger value than lobbyers. As such, a negative coefficient signifies an increase in lobbying. Our key independent variables—the interaction between investing a lot in human rights abusing states and having that investment be a high percent of ones overall FDI, and the interaction between trading a lot with human rights abusers and having that trade be a high percent of ones trade—remain highly significant.

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1. G. E. P. Box and D. R. Cox, *An Analysis of Transformations*, 26:2 Journal of the Royal Statistical Society. Series B (Methodological) 211-252 (1964).

Table 8.
**OLS Regression: Firms' human rights lobbying expenditures (Box Cox Adjusted)**

|  | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | −0.250*** | |
|  | (0.060) | |
| High Percent FDI with Abusers | 0.124** | |
|  | (0.053) | |
| High FDI with Abusers | 0.213*** | |
|  | (0.065) | |
| High Trade*High Percent Trade | | −0.241** |
|  | | (0.097) |
| High Percent Trade with Abusers | | 0.066** |
|  | | (0.033) |
| High Trade with Abusers | | 0.219** |
|  | | (0.091) |
| Employees | −0.001*** | −0.0003 |
|  | (0.0002) | (0.0003) |
| Tobin's Q | −0.010 | 0.0002 |
|  | (0.007) | (0.001) |
| Ebit | −0.00000 | −0.00001*** |
|  | (0.00000) | (0.00000) |
| Sales Rank | −0.0001 | −0.00001 |
|  | (0.0001) | (0.00003) |
| Sector Concentration | −0.475 | 1.545*** |
|  | (0.686) | (0.443) |
| Sales Rank*Concentration | 0.0003 | 0.0002 |
|  | (0.0003) | (0.0001) |
| 110th Congress | −0.038 | −0.087*** |
|  | (0.025) | (0.024) |
| Constant | 0.649*** | 1.234*** |
|  | (0.178) | (0.120) |
| Observations | 1,359 | 1,200 |
| $R^2$ | 0.041 | 0.040 |
| Residual Std. Error | 0.406 (df = 1348) | 0.408 (df = 1189) |
| F Statistic | 5.833*** (df = 10; 1348) | 5.018*** (df = 10; 1189) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is firms' lobbying expenditures (+1) on human rights bills from 2007 to 2010 normalized using $\lambda = -0.21$ in a Box Cox adjustment. *p<0.1; **p<0.05; ***p<0.01