Corporate Political Funding and Managements' Perception: Evidence from India

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Abstract:

The present study aims to ascertain the factors which can impact the corporate political funding (CPF) decisions. It examines the perceptions of key managerial personnel (top management) about CPF gathered through a structured questionnaire. The focus of the study is to find out the antecedents to corporate political funding and analyse the perception of the top management which impacts CPF decisions. The study analyses the perception of the top management board of directors who make the decisions in the context of political funding using a structured questionnaire. Using Independent T-test, One-way Anova and OLS, the study attempts to explore various factors which impact managements' decision related to corporate political funding and indicate the most prominent amongst them. The study provides evidence towards motive behind the funding is the main antecedent to CPF decisions. For sufficient and transparent corporate funding in India, a balance is needed between public and private funding with transparent and precise criteria defining ceiling caps, disclosure and audit norms for enabling state contribution and private donations, which is absent as of now. The results from this study provide evidence that sectors which depend on Government policies or usage of restricted natural resources spend more on CPF. Companies from the sector of refinery, mineral and natural resources, real estate, followed by the manufacturing sector in India has emerged as the dominant Sector providing corporate political funding.It highlights that public funding should be encouraged to give all candidates a level playing field and reduce the influence of money in politics to reduce crony capitalism. It indicates the way forward in improving CPF related practices leading to a better governance environment.

Key words: Corporate Political Funding, Corporate Governance, Key Managerial Personnel, Funding Disclosures.

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INTRODUCTION

India is among the largest democracies in Asia which has a parliamentary system of government in place. The country's social and ethnic diversity has allowed many political parties which are actively involved in the democratic dispensation of the political process. While chasing the majority and power positions all political parties require funding for financing the functions of political parties, generally known as political finance or political funding and there are two predominant sources are state funding and private funding Sharma (2015). State funding in India has not yet taken concrete shape, and there is still a long way to go before state funding of political parties becomes a reality. However, political parties do get subsidies from the government during an election period. The primary source of revenue for the political parties is still private funding through membership fees and donations from individuals and corporations. When large donations are made to political parties by companies or other organisations, suspicions arise that the donations are made for reasons other than charity.

When a donor makes donations to political parties of both sides, it may be a gesture of philanthropic support to the system of party politics or it may be an antithesis to the philosophy of donation. It has been observed that companies not having any competitive advantage create a sudden monopoly in the market majorly due to change of the rules of the game and those donor companies starts to attain benefits. Though, funding is essential for political parties but the suspicions arise when crony capitalism leads to erosion of public resources and adversely impacts the development of the nation. On one side the corporates are providing finance to the electoral system to fuel the country's democracy, and on the other hand, that system is eroding public wealth, and the country faces a dearth of infrastructure, absence of adequate education and scarcity of primary resources. Corporate contributions may not help the donating companies on an average to influence voting outcomes, but there is evidence that the funds raised by candidates help them win elections. The present study aims to examine the impact of varied factors – Industry Oriented Factors (Market capitalisation of the firm, Age of the firm, Size of operation of the firm, Sector of the firm), Corporate Governance Factors (Board of directors, Shareholder pattern, CEO duality, Disclosure practices) and possible solutions for more transparent CPF on the intention of political funding. Further, it unearths issues arising out of it, the role of corporate governance mechanisms and related laws in streamlining the process of corporate political funding in India. The purpose of the study is to look into the perception and intentions of corporate donors and attempt to develop a CPF structure which is more streamlined, transparent and has checks and balances in place to ensure its adherence in true spirit.

LITERATURE REVIEW

The available literature in the context of corporate political funding is extensive in developed economies though the evidence is scant in emerging economies. The literature has been bifurcated into three sections given below describing political donations and its impact on firm and society, corporate political funding, CSR in comparison with corporate political funding, corporate governance and its presence in India.

Corporate Political Funding and Impact on Firm and Society

Blechinger (2000) presented an overview of the System of Political Finance in Japan. It exhibits the evolution of political finance before 1993 and after the introduction of the political reform legislation of 1994. It investigates political finance scandals between 1993 and 2000 and concludes the absence of any foreign firms in such scandals. Welsh & Young (2010) examined the political spending patterns and oversight at some of America's largest companies, with a closer look at the nature and extent of the voluntary governance reforms companies have made, using a broad definition of 'political spending to see if these practices affect their political spending. Heeg & Crone (2010) examined the legal framework in Britain regarding the funding of political parties, lists its impact, limitations along with myths and realities in party funding and election spending. Smilov& Toplak (2008) assess the topic of political finance by combining campaign finance and party funding and presented case studies of the legal regulation and the practice of political funding in East European countries Aggarwal et.al (2012) suggested that corporate political donations are pointing towards the presence of agency problems. They found that firms with worse standards of corporate governance tend to donate more and there exists a negative correlation between donation and returns. Another striking finding was that firms that make political donations appear more inclined towards acquisitions and their acquisitions are also worse as compared to the non-donating firms.

In a similar context, Zhu & Chung (2014) explored the relationship between the political ties and business strategies during 1998 to 2006 with emphasis that ties to a ruling party facilitate entry to new businesses while having ties to both ruling and opposition parties create roadblocks. They find evidence to the effect that a company with enough resources and market access experience has better prospects in succeeding without political clout, which somehow seems to contradict their prior finding. Bonica (2016) examined the political contributions made by directors and executives of 500 Fortune companies in the United States and found substantial heterogeneity in the political choices of executives within and across companies. Richter & Werner (2017) examined the role of executives' political contributions acting as a surrogate means for corporate political funding of firms employing them in the scenario where a candidate prohibits contributions from corporate-linked political action committees. It found evidence that the CEO'S tactically act as an alternate means for political funding instead of their companies' linked political action committees. Banerjee &Venaik (2018) have applied the institutional theory to study the strategies utilised by multinational subsidiaries to attain legitimacy in the foreign markets. They investigate the different kinds of corporate political actions utilised by multinational subsidiaries to legitimise operations in different regulatory and institutional formworks around the world.

Bertrand et al. (2018) did a cost-benefit analysis of potential costs of political affiliations of a company against the benefits garnered by such connections. They find evidence to suggest that politically affiliated executives change employment decisions to help politician with re-election but found little evidence of the company benefiting in the process with any preferential treatment in government contracts or tax exemptions. They suggest that politically affiliated top executives harm firm profitability, possibly indicating that this nexus of political funding and long term survival of corporate are two sides of the same coin. Similarly, Schoenherr (2018) documents the distortion in government resource allocation and contracts in Korea due to the political affiliations of the firms. It shows how the winning political group appoints its people as executives in state-controlled firms which impact the allocation process of government contracts to private companies. The private companies with executives affiliated to winning political group are given more government contracts. Tham et al. (2018) studied the impact of four political finance laws enacted in New South Wales, Australia from 2008 to 2012 highlighting legal effectiveness of the evolving regulatory framework and found evidence of increased legislation has reduced the amount donated to political parties. Wang & Wu (2018) focused on the distortion of market forces by politically backed venture capitalists in China and its effect on initial public offerings of their companies. They show how such companies are given preferential treatment in regulatory clearances by the Chinese Securities Regulatory Commission. By examining the effect of monitoring role of politically backed venture capitalists on their companies' financial performance and corporate governance, they found that such relationships skew the allocation of scarce capital.

Titl &Geys (2019) studied the relationship between a firm's political donations and allocations made under public procurement system in the Czech Republic in the period 2007 to 2014 and established that companies which donate ten per cent more to a political party which wins or loses power find an increase and decrease in the value of public contracts given to them by 0.5–0.6%. They show that donating companies are given more contracts in inefficiently regulated procurement processes and face less competition even in more stringent procurement processes. Cohen et.al. (2019) applied multiple regression to identify the type of pattern related to the company's industry, region, and CEO gender to highlight that having a female CEO results in increased transparency. Further, the companies in the sectors which are highly regulated like the energy, health, and utility exhibited greater transparency. Yim et.al. (2017) investigated about how corporate political activity can facilitate from growth in various nations across the globe and used multilevel regression on World Bank survey data from 220-2006 from 12 countries to emphasize that the effect of lobbying was more evident in countries with stable politics and where firms could safely invest and get favours in returns. Masud et.al. (2019) study the moderating impact of political connections on the presence of external experts on a board and corporate corruption Disclosure (CCD). They analysed the data of listed firms in Bangladesh from 2012-2016 using multiple regression analysis and exhibited that accounting experts, legal experts, political connections and corporate media visibility each have a positive and significant influence on CCD. The moderating effect of political connections on the relationship between legal experts and CCD was found to be negative and significant due to the presence of higher political influences. Ramadevi & Mendiratta (2000) presented detailed information of the electoral system, practice and procedure to elections of the President or Vice-President of India, and the Indian parliament and legislatures. Sridharan (2001) argues that political reforms are linked with the stability of democracy. He says that the origin of electoral finance reform has roots in corruption scandals, rising campaign costs and public pressure for equal opportunity for political participation. He describes the four main characteristics of political finance reform, limits on expenditure, limits on contribution, public funding, and reporting and disclosures of such finances. Later, Shridharan (2006) studied reforms in India's electoral financing system intending to improving the delivery of public services. He says that public investments primarily produce public services, but the delivery mechanism can be a mix of public, private and community. Hardgrave and Kochanek (2008) discuss India's political and cultural development, its democracy and describe the election campaign in the overall behaviour of elections and political behaviour.

Vaishnav (2011) shows how democratic elections can coexist with a significant number of politicians implicated in criminal wrongdoing. It attempts to answer the questions that why parties nominate candidates with criminal backgrounds and for what reasons voters vote for them. He argues that parties get attracted to criminal politicians because they can provide easy access to financial resources and that allows them to function as self-financing candidates. Kapur & Vaishnav (2011) examine the trend in developing countries where elections are costly and accountability mechanisms weak, and politicians often turn to illicit means of financing campaigns especially in real estate in India. Cui et al (2018) in their paper studied the drivers and processes utilised by firms in implementing corporate political connections (CPC) in their global strategic frameworks. Jia & Jhang (2018) in their paper investigate the impact of corporate political donations on the relationship between companies and newly elected local leaders in China. They propose that political change gives companies a chance to influence new leaders using political donations and found that companies which give larger donations at the start of the tenure of a new leader find more favour.

Hadani & Schuler (2013 considered a sample of 943 S&P 1500 firms between the years 1998 and 2008 to examine the connection corporate political activity (CPA) and the financial performance of a company. They highlighted that company's' political contributions are negatively related to its market performance. The practice of including public officials as board members negatively affected the company's market performance in comparison to companies without such practices. Blank (2016) examined the causal linkage between corporate political contributions and shareholder wealth and establish two ideas; one that corporate political funding benefits the contributing firms and the other that it benefits the company managers. Adams & Hardwick (1998) studied the impact of company-specific factors like ownership structure, firm size, leverage and profitability on the discretionary amount donated by companies to social and political causes within the ambit of stakeholder theory. The results indicate that corporate donations are positively related to profitably and corporate size and negatively to leverage. Chen et al (2018) in their paper have examined the impact of corporate political contributions on tax practices of a firm. They found evidence that companies which do political funding receive company-specific tax relief measures. Rudy & Johnson (2018) attempts to study the role of a companies' CEO on its political activity and examined the CEOs' demographic characteristics to study the behaviour that predicts if a firm will invest in political spending and the influence of such characteristics on the approach of the firm to political activity. They found a CEO's age, tenure and educational background affects the political activity of the firm.

This type of quid pro quo in the stream of political funding in some countries, and it has been observed that companies have been very generous when it comes to donating to political parties in the name of giving back to the society. Do they remain as much generous while giving back to society through their corporate conduct and disclose their contribution to stakeholders? The wealth generated by the company is co-owned by the shareholders and they have the right to know where the profit is utilized. The companies should disclose it to in fact all stakeholders and may also seek their view before disposing of the profit of the company in political funding. Now the question arises that what do companies do? The answer is unearthed in the following section.

Corporate Political Funding and Corporate Governance

Lux, Crook &Woehr (2011) examined the factors and level of influence these factors have in the corporate political funding by companies in the United States and conclude that corporate political funding is positively related to the performance of a company is an essential determinant of company's performance. In the context of corporate governance (Friedman and Miles, 2006) stated that it is connected with an economic, political, legal and social structure in which firms are directed about what to do or not and what should be done or not. The issues in corporate governance (CG) arise due to the separation of ownership and control. As defined by Adam Smith (1776) that the directors of the particular company cannot be expected to direct and control with same vigilance the other company for being the managers as they watch their own company.

The CII Task Force on Corporate Governance, 2009 describes corporate governance as "Corporate governance involves a commitment of a company to run its businesses in a legal, ethical and transparent manner – a dedication that must come from the very top and permeate throughout the organisation". An essential aspect of corporate governance is to ensure accountability and shareholders' welfare. Corporate political funding has been mired in controversy. Allegations of corporate giving funds to political parties to get policies friendlier to them are a recurrent theme, with cases such as Coalgate, 2G Spectrum scam providing evidence to this trend. Many countries provide tax rebates to corporations when they fund political parties. In India, corporate political funding is 100% tax-deductible under section 80GGB of the Income Tax Act. On the other hand, Canada does not allow for any corporate funding. In light of the theories and provisions mentioned above of corporate governance, the essence that is derived for the concept of good corporate governance relies on the pillars of Accountability, Sustainability, Transparency, Responsiveness, Participation, Ethical decision making, Fairness in dealings, Effectiveness, efficiency, Equitability and Inclusivity.

At present, the status of corporate political funding practices in India has undermined all these pillars of good CG. The Finance bill 2018 passed in March 2018 has made amendments which have led to loopholes to come in the CPF structure. Firstly, the limit of having 7.5% of net profits of preceding three years from any corporate as donation has been lifted and now corporate can give any amount as a donation without mentioning it in their profit and loss account and also the approval of BOD has also been taken away as a condition for such donation. It perhaps leads to the removal of checks and balances or more precisely cropping agency problems. Secondly, electoral bonds have been introduced which also creates a huge space for anonymity for the public as neither the donor reveals whom they are funding nor the receiving party is obliged to reveal the identity of its donor. This is the antithesis of transparency principle which must be adhered in funding. Thirdly, the limit has been reduced to INR 2000 from INR 20,000 but without capping the expenditure limit of the cash collected anonymously; this doesn't stand to work in improving transparency. Lastly, foreign funds have become accessible to parties making way for foreign entities to have a say in Indian elections and later foreign trade policies are impacted accordingly. So the amendments do have made way for digitalisation of donations but defeating transparency and bring more opaqueness in the system. There is a need for strict disclosure norms for corporate political funding. The consent of shareholders as to which political party they want to support may also be incorporated.

Transparency and disclosure are the core pillars of corporate governance which require information symmetry. The scant published literature and the absence of any consolidates database in India highlights its abysmal state. Strong corporate governance will lead to strict adherence of disclosure norms and participation of shareholders in political funding by a corporation. On the contrary, the data and facts about the amount of CPF are not disclosed by the corporates in annual reports nor on the company website, with very few exceptions. It has been observed that even the methods of capturing the records of corporate funding to political parties or information about the donor are completely non-scientific. Over and above the legislature of India with its recent amendments in 2017 makes the opacity easier. The quantum of CPF reported in the last three general elections in India has increased phenomenally Kanojia et.al. (2020)

OBJECTIVES OF THE STUDY

Corporate political funding is an expression of social role of private sector whereby it gives resources to political parties to fulfil their role of giving democratic voice of people a representation. In an ideal scenario the funding given to political parties should rest on transparent parameters which make it a just and fair process. It may happen that the funding work as the background of some expected future policy or no hidden interest of the companies other than altruistic purpose is attached with the funding. In fact the spate of scandals and scam and the broken public trust have left leaves us is doubt that no such ideal scenario exists. Or to the contrary, it indicates towards emergence of crony capitalism as a practice of today's time which has skewed political corporate funding in favour for particular party or candidate; driven primarily by the desire for quid pro quo. The focus of the study is to find out how the perception of the top management who are in charge of financial decisions impacts CPF decisions and how it can pave the way forward in improving CPF related practices leading to a better governance environment. This is needed to streamline and make the corporate political funding process more democratic, transparent and equitable to enable a more level playing field for democratic elections.

1. To extract the factors which impact corporate political funding in India and provide evidence therefor.
2. To analyse the perception of key managerial personnel on extracted factors and corporate political funding across firm characteristics.
3. To study the perception of key managerial personnel on how industrial factors, corporate governance factors and solutions proposed for improved CPF have an impact on company's intention of making corporate political funding when each sub group factor is analysed independently and simultaneously.

The following hypotheses have been considered to collate evidence in the context of the research problem formulated above.

H_{01}: There is no significant difference in intention of KMP towards CPF on the basis of firm's characteristics and demographics of the KMP.

H_{02}: There is no relationship between the intention of KMP towards CPF and motive, mode of doing it, impact of CPF on society and the nature of the firm.

H_{03}: The intentions of KMP towards CPF and ownership pattern, Corporate Governance mechanism, CEO duality, independence of the Board of directors is not significant.

H_{04}: There is no significant relationship between the intention of KMP towards CPF, Government regulation and possible solutions for transparent funding.

DATA AND METHODOLOGY

A theoretical framework has been developed to understand the concept of electoral finance and its evolution in India. An implicative model has been presented with the help of a structured questionnaire for collecting primary data and analysis from the lens of corporate political funding (CPF) and corporate governance (CG). This paper provides the relevance behind the impact of created by sub-grouped factors based on the intention of the Key managerial personnel towards CPF and related issues. For attaining the objectives, the primary data was collected through a structured, tested and validated questionnaire and analysed the perception of KMP towards CPF and various factors impacting their intention towards doing CPF. The absence of formal databases related to corporate political funding is the sole reason to rely on a structured questionnaire. The study emphasizes on the managerial perceptions taking its cue from Aggarwal et.al. (2012) which has indicated that corporate lobbying is majorly an agency problem so it's more to do with the managers thinking process and the present study tries to capture this aspect of the CPF.

For the present study, a structured perceptual questionnaire using Likert scale was developed based on the conceptual framework surrounding CPF and CG to gauge the perception of the key managerial personnel about their intention while doing political funding. An attempt was made to elicit responses from key managerial personnel (KMP) which includes Board of Directors (BOD), Chief Executive Officer (CEO), Chief Financial Officer (CFO) and people serving in top managerial positions. The targeted respondents were approached through various media like e-mails, personal meetings, social media, and through the use of the LinkedIn network from April 2015 to April 2018 across pan India.

Seven nominal variables have been used in the study namely Age of the respondent, Age of the firm, Type of the firm, Size of the firm, industry of the firm, designation, experience as a member of top management which has been used for making a detailed profile of the respondent and for assessing if the perception of the KMP varies across different level of these variables. The pilot survey had been carried out with forty directors, including subject experts to improvise tool. The factors have been considered based on published theory and views of experts. Few experts advice on corporate political funding in India helped in shaping up the model and variable selection. During pilot testing the statements were tested through confirmatory factor analysis which did not support the initial design of model then exploratory analysis was done and the statements were grouped based on their factor loadings and renamed according to context. Some of the variables (mode, motive, solution and regulation) have been added purely based on theoretical reference and subject expert opinion to make model conceptually comprehensive (Sharma, 2019, p 63).
Based on the responses and views of the participants, the language of some of the questions had been slightly modified, and the solutions section of the questionnaire was added based on the feedback given by the subject experts. In the present study, the questionnaire was distributed to over 3000 KMP through online and offline modes out of which 412 usable responses were received after several rounds of follow up with a response rate of 14% approx. The low response rate indicates the opacity of and scarcity of data available in India in the context of CPF, in fact, many respondents refused to fill the questionnaire. After removing incomplete questionnaires, finally, 368 complete responses from top management were considered for final analysis. Validity and reliability of the instrument were duly tested and found above the threshold limit prescribed for Cronbach's alpha. Hair et al. (2010) described the acceptable limit for Cronbach's alpha as 0.70 and results in Table 1 confirmed that all the variables exhibit a satisfactory level of reliability (Cronbach's alpha exceed the minimum value of 0.70) and overall reliability of the model is also above the threshold limit. Therefore, the reliability of the scale measured, found satisfactory (Nunnally, 1978).

Table 1: Reliability Statistics

Construct Name (Variable Name)	**No. of Statements/ Items**	**Cronbach's Alpha**
Overall	53	0.927
Motive (Motive)	3	0.753
Mode (Mode)	3	0.713
Impact on Society (Impact_soc)	5	0.869
Nature of firm (Nature_firm)	7	0.875
Shareholding Pattern (Sharehold)	2	0.784
CEO Duality (Ceo)	3	0.834
Independence of BOD (Bod)	5	0.853
Corporate Governance Mechanism (Cpfcg)	2	0.792
Government regulations and Solutions (Sol_reg_disc)	20	0.948
CPF (Cpf)	2	0.826

Source: Primary data analysis

ANALYSIS

The current state of Indian corporate related to CPF gives a clear indication about the absence of the spirit of governance ethics required in the functioning of the top management. This study aims to capture the essence behind the intention of key managerial personnel towards CPF in India. The Descriptive Statistics, Cronbach's Alpha test, Independent Sample t-Test, Correlation and Multiple Regression Analysis have been applied to examine the relationships among variables using the IBM SPSS 22.0 version. The Independent sample t-test required Homogeneity of Variance, which has been fulfilled by Levene's test (which tests for Equality of Variance in SPSS). In the present study, to find out whether the perception of KMP differs based on the type of firm (whether public or private) and industry/sector of the firm (government-dependent / not dependent on government) significantly on the variables of the study, independent t-test has been applied. Further, One way ANOVA test has been used to gauge this difference in perception of KMP based on the Age of the respondent, Age of the firm, Size of the firm, Designation, Experience as a member of management. Multiple regression analysis has been used when we wish to study the relationship between certain independent variables on a dependent variable (intention towards CPF) and independent variables (like firms characteristics and Corporate Governance), as also examined by Cohen et.al. (2019)

Analysis of Demographical Characteristics

The descriptive statistics exhibit that around 84 per cent of the respondents are Board of directors or Top management employee as corporate political funding decisions are primarily taken by the Board of directors and top management. About 83 per cent of respondents are above the age of 30 years. The result attempts to unearth the decisions of top management in corporate political activities as philanthropy or crony capitalism.

Table 2: Descriptive Statistics of Key Managerial Personnel

Variable	**Particular**	**Frequency**	**Percentage**
Designation	Board of Director Top Management (CEO/CFO,VP) Middle Level Management, Lower Level Management and Professionals (CA,CS)	131 179 58	35.59 48.64 15.76
Age (in years)	0-30 30 - 50 50 and above	62 213 93	16.8 57.9 25.3
Experience (in years)	0-10 10-20 20 and above	197 94 77	53.5 25.5 20.9
Total		**368**	**100**

Source: Compiled by researcher

Independent t-test

Independent sample t-test has been applied to the nominal variables which have two categories to analyse if the perception differs on these bases: Type of firm (Private and public) & industry/sector of the firm (government-dependent / not dependent on government).

H01: There is no significant difference in the intention of KMP towards CPF based on firm's characteristics and demographics of the KMP.

Table 3: Independent t-test of Variables based on Type and Sector of Company

Variable		Levene's Test for Equality of Variances		t-test for Equality of Means (Type of company)			Levene's Test for Equality of Variances		t-test for Equality of Means (Sector of Company)		
		F	Sig.	T value	Degree of freedom	Sig (2-tailed)	F	Sig.	T value	Degree of freedom	Significance (2-tailed)
Motive	Equal variances assumed	3.470	.063	-3.05	366	.002	.033	.856	-.761	366	.447
	Equal variances not assumed			-3.28	96.58	.001			-.760	365.1	.448
Mode	Equal variances assumed	2.863	.092	-1.54	366	.122	13.87	.000	-1.29	366	.197
	Equal variances not assumed			-1.40	82.27	.163			-1.29	340.4	.198
Impact_soc	Equal variances assumed	1.712	.192	1.07	366	.285	8.956	.003	1.659	366	.098
	Equal variances not assumed			.96	81.88	.336			1.656	350.4	.099
Nature_firm	Equal variances assumed	4.760	.030	-2.17	366	.030	9.834	.002	-1.74	366	.083
	Equal variances not assumed			-1.94	81.11	.056			-1.73	338.6	.084

Cpfcg	Equal variances assumed	4.635	.032	-.17	366	.861	1.638	.201	.805	366	.421
	Equal variances not assumed			-.154	80.20	.878			.804	359.0	.422
Sharehold	Equal variances assumed	6.642	.010	-1.52	366	.127	2.706	.101	-.107	366	.915
	Equal variances not assumed			-1.32	79.23	.190			-.107	354.0	.915
Ceo	Equal variances assumed	5.424	.020	-1.90	366	.058	.177	.674	-.322	366	.748
	Equal variances not assumed			-1.66	79.97	.099			-.322	364.4	.748
Bod	Equal variances assumed	6.543	.011	-1.81	366	.071	8.497	.004	.387	366	.699
	Equal variances not assumed			-1.57	79.53	.119			.387	347.1	.699
Sol_reg_disc	Equal variances assumed	10.766	.001	-1.44	366	.149	6.656	.010	-.650	366	.516
	Equal variances not assumed			-1.17	76.15	.242			-.648	344.1	.517

Source: Primary data analysis (SPSS results)

Analyzing the variables where Leven's test is not significant we find that on an average the perception of respondents about variable motive (M=2.238, SE=0.109)** for public firms and (M=2.640, SE=0.055)** for private firms appears almost same, but the small difference in perception of respondents, however, is significant with t(366) = -3.05, p-value=0.002. Since p-value <.05 as shown in Table 3 it implies that the perception about the motive for CPF significantly differs among respondents from the public and private firms. Therefore, we may conclude that the perception of the respondents from public and private firms differ on only one variables motive. For all other variables, the respondent's perception does not differ based on the type of firm they belong to. Further, we find that on an average the perception of respondents about variable motive (M=2.53, SE=0.072) for firms influence by Govt policies and (M=2.60, SE=0.069) for firms not influenced by Govt. policies appears almost same. There is negligible difference i.e. not significant t(366) = -0.761, p=0.447 i.e. p-value >.05 as shown in Table 3.

One-way ANOVA test

For the nominal variables with more than two categorical variables, One-way Anova test has been applied to assess the difference in opinion of the key managerial personnel on the different categories of variables i.e. Age of the respondent, Age of firm, Size of the firm, Experience, and Designation.

Table 4 : One-way Anova Test (Age of Respondent and Age of the firm)

		F (Age of respondent)	Significance	F (Age of firm)	Significance
Motive	Between Groups	7.658	.001	8.739	.000
Mode	Between Groups	1.440	.238	.723	.486
Impact_soc	Between Groups	.956	.385	.507	.602
Nature_firm	Between Groups	.375	.687	1.112	.330
Cpfcg	Between Groups	1.779	.170	.627	.535
Sharehold	Between Groups	1.477	.230	.160	.853
Ceo	Between Groups	1.438	.239	1.451	.236
Bod	Between Groups	1.785	.169	.178	.837
Sol_reg_disc	Between Groups	1.541	.216	.055	.946

Source : Primary data analysis (SPSS results)

Table 5 : Tukey's Post hoc Test (Age of Respondent and Age of the firm)

Dependent Variable	(I) age	(J) age	Mean Difference (I-J)	Standard Error	Sig.	95% CI (Confidence Interval) Lower Bound	Upper Bound
Motive (age of respondent)	[redacted]	30-50 yrs	.516*	.136	.001	.195	.837
		50 yrs and above	.512*	.154	.003	.147	.877
	[redacted]	0-30 yrs	-.516	.136	.001	-.837	-.195
		50 yrs and above	-.003	.117	.999	-.280	.272
	50 yrs and above	0-30 yrs	-.512*	.154	.003	-.877	-.147
		30-50 yrs	.003	.117	.999	-.272	.280

Dependent Variable	(I) age of firm	(J) age of firm	Mean Difference (I-J)	Standard Error	Significance	95% CI (Confidence Interval) Lower Bound	Upper Bound
Motive (age of firm)	0-10 yrs	10-40 yrs	.347*	.104	.003	.101	.593
		40 yrs and above	.557*	.163	.002	.172	.942
	10-40 yrs	0-10 yrs	-.347*	.104	.003	-.593	-.101
		40 yrs and above	.210	.165	.414	-.180	.600
	40 yrs and above	0-10 yrs	-.557*	.163	.002	-.942	-.172
		10-40 yrs	-.210	.165	.414	-.600	.180

*. The mean difference is significant at the 0.05 level. Source: Primary data analysis (SPSS Results)

Analysing with one way ANOVA in table 4 and 5 we find that there was a significant difference between groups for variable motive F(2,365=7.658), p = 0.001. A Tukey's' post hoc test was applied and it showed that there is a statistically significant difference in perception of respondents for variable motive between the age group of respondents belonging to the age group of less than 30 and 30-50 years with p= 0.001 and between age group less than 30 years and 50 years and above at p = 0.003 both significant at 5% level of significance. Therefore, it may be concluded that the perception of the respondents about CPF differ on variable motive (the reason behind indulging incorporate political funding) based on the age of the respondent for all other variables the difference if any is not significant. In addition to this, analysing with one way ANOVA in table 4 and 5, we find that there was a significant difference between groups for variable motive F(2,365=8.739), p =0.000. A Tukey's post hoc test exhibited that there is a statistically significant difference in perception of respondents for variable motive belonging to firms with the age group of fewer than 10 years and 10-40 years with p=0.003 and between the age group of the firm less than 10 years and 40 years and above at p=0.002 both significant at 5% level of significance. This explains that there is no significant difference among the respondents from the firm's age 10-40 years and 40 years and above. Whether it's a new company or old it does not play a significant role in decision making for CPF.

Further analysing with one way ANOVA in Table 6 and 7, we find that there was a significant difference between groups for variable motive F (2,365=5.557), p =0.004. A Tukey's post hoc test provided that there is a statistically significant difference in perception of respondents for the variable motive for firms belonging to small-cap and large-cap category with the differences being significant at 5% level of significance .This explains that motive and cpfcsr (corporate governance mechanism) of CPF differs among respondents who belong to firms where firm's size is small-cap and large-cap, but the perception does not show significant difference among the group of respondents from small-cap and mid-cap firms. It may be concluded that the perception of the respondents about CPF differs on variable motive based on the size of the firm with a significant difference between respondents from small-cap and large-cap firms in both variables and for rest of the variables the difference, if any, is not significant.

Table 6 : One-way Anova (Size of the Firm, Experience ,Designation)

		F (Size of the firm)	Sig.	F (Experience)	Sig.	F (Designation)	Sig.
Motive	Between Groups	5.557	.004	4.291	.014	3.687	.026
Mode	Between Groups	2.264	.105	.203	.816	.337	.714

Impact_soc	Between Groups	1.474	.230	2.582	.077	.124	.884
Nature_firm	Between Groups	2.931	.055	1.899	.151	1.017	.363
Cpfcg	Between Groups	2.437	.089	1.647	.194	1.227	.294
Sharehold	Between Groups	2.442	.088	.817	.442	.337	.714
Ceo	Between Groups	.773	.462	.253	.777	1.061	.347
Bod	Between Groups	.346	.708	.551	.577	1.118	.328
Sol_reg_disc	Between Groups	1.861	.157	.496	.610	.735	.480

Source: Primary data analysis (SPSS results)

Table 7: Tukey's Post hoc Test (Size of the Firm, Experience , Designation)

Dependent Variable	(I) Size_of_firm	(J) Size_of_firm	Mean Difference (I-J)	Standard Error	Significance	95%(CI) Confidence Interval Lower Bound	95%(CI) Confidence Interval Upper Bound
Motive (Size of firm)	Small cap ≤ [redacted]	Mid cap between Rs. [redacted]	.246	.118	.095	-.032	.524
		Large cap > Rs. 1000 crore	.485	.164	.009	.099	.871
	Mid cap between Rs. 500-1000 crore	Small cap ≤ Rs. 500 crore	-.246	.118	.095	-.524	.032
		Large cap > Rs. 1000	.239	.182	.392	-.191	.669
	Large cap > Rs. 1000 crore	Small cap ≤ Rs. 500 crore	-.485*	.164	.009	-.871	-.099
		Mid cap between Rs. 500-1000 crore	-.239	.182	.392	-.669	.191

Dependent Variable	(I) Experience	(J) Experience	Mean Difference (I-J)	Standard Error	Significance	95%(CI) Confidence Interval Lower Bound	95%(CI) Confidence Interval Upper Bound
Motive	0-10 yrs	10-20 yrs	.292*	.119	.040	.010	.573

(Experience)		20 yrs and above	.291	.128	.061	-.009	.593
	10-20 yrs	0-10 yrs	-.292*	.119	.040	-.573	-.010
		20 yrs and above	-.000	.146	1.00	-.345	.344
	20 yrs and above	0-10 yrs	-.291	.128	.061	-.593	.009
		10-20 yrs	.000	.146	1.00	-.344	.345
Dependent Variable	**(I) Designation**	**(J) Designation**	**Mean Difference (I-J)**	**Standard Error**	**Significance**	**95%(CI) Confidence Interval**	
						Lower Bound	**Upper Bound**
Motive (Designation of the respondent)	Board of Director	Top Management	.287*	.109	.025	.029	.545
		Middle Level Management, Lower Level Management, Professional	.265	.152	.193	-.093	.624
	Top Management	Board of Director	-.287*	.109	.025	-.545	-.029
		Middle Level Management, Lower Level Management, Professional	-.022	.146	.987	-.365	.321
	Middle Level Management, Lower Level Management, Professional	Board of Director	-.265	.152	.193	-.624	.093
		Top Management	.022	.146	.987	-.321	.365

* Mean difference is significant at the 0.05 level. Source: Primary data analysis (SPSS results)

The one way ANOVA in table 6 and 7 we find that there was a significant difference between groups for variable motive F(2,365=4.291), p =0.014. A Tukey's post hoc test showed that there is a statistically significant difference in perception of respondents for the variable motive for respondents belonging to less than 10 years of experience and 10-20 years of experience as a member of management. There was no significant difference found among the perception for other variables. Similarly, in table 6 and 7 we find that there was a significant difference between groups for variable motive F(2,365=3.687), p =0.026. Tukey's post hoc test highlighted that there is a statistically significant difference in perception of respondents for the variable motive with p=0.025 and between the board of directors perception and top management perception, significant at 5% level of significance. This explains that motive of CPF differs among respondents who are in the board of director and or top management it indicates a difference in opinion between the executives (top management here) and the board who is majorly in decision making, not execution.

Correlation Bivariate Pearson correlation analysis has been conducted to study the relationship between corporate political funding and its various dimensions. Table 8 present the bivariate correlation matrix for the constructs operationalized in this study.

The table shows that no correlations near 1.0 (or approaching 0.8 or 0.9) had been detected, which indicate no multicollinearity problem in this particular data set. Table 8 provides that the Corporate Political Funding (Cpf) (Dependent Variable) in the first column is positively and significantly correlated with the Motive (r= 0.526, p=0.000), Mode (r=0.217, p=0.005), Impact_soc (r=0.201, p=0.000) and Cpfcg (r=0.183, p=0.000) significant at 95% confidence level. For rest of the independent variables Nature_firm (r=-0.402, p=0.002), Sharehold (r= -0.324, p=0.003), Sol_reg_disc (r=0.254, p=0.002) the dependent variable CPF does have either negative or positive relationship with other variables but significant at 95% level of confidence.

Table 8: Correlation Matrix of all Variables

		Cpf	Motive	Mode	Impact_soc	Nature_firm	Cpfcg	Sharehold	Ceo	Bod	Sol_reg_disc
Cpf	Pearson Correlation	1									
	N	368									
Motive	Pearson Correlation	.526	1								
	Sig. (2-tailed)	.000									
Mode	Pearson Correlation	.217	.347	1							
	Sig. (2-tailed)	.005	.000								
Impact_soc	Pearson Correlation	.201	.154	-.254	1						
	Sig. (2-tailed)	.000	.003	.000							
Nature_firm	Pearson Correlation	-.402	.218	.293	-.623	1					
	Sig. (2-tailed)	.002	.003	.000	.000						

		Cpf	Motive	Mode	Impact_soc	Nature_firm	Cpfcg	Shareh old	Ceo	Bod	Sol_reg_disc
Cpfcg (corporate governance mechanism)	Pearson Correlation	.183	.200	-.151	.721	-.685	1				
	Sig. (2-tailed)	.000	.000	.004	.000	.000					
Sharehold	Pearson Correlation	-.324	.261	.256	-.554	.744	-.687	1			
	Sig. (2-tailed)	.003	.004	.000	.000	.000	.000				
Ceo	Pearson Correlation	.214	.164	.173	-.525	.635	-.579	.652	1		
	Sig. (2-tailed)	.009	.005	.001	.000	.000	.000	.000			
Bod	Pearson Correlation	.178	.188	.254	-.501	.689	-.606	.663	.685	1	
	Sig. (2-tailed)	.007	.009	.000	.000	.000	.000	.000	.000		
Sol_reg_disc	Pearson Correlation	.254	.241	.350	-.664	.734	-.692	.712	.669	.755	1
	Sig. (2-tailed)	.002	.001	.000	.000	.000	.000	.000	.000	.000	

Source: Primary data analysis (SPSS results)

Regression Analysis between Corporate Political Funding and factors

This section analyses the perception of KMP as to how do they perceive that the different factors namely motive, mode, impact on society, the nature of a firm, CEO duality, independence of Board of directors, shareholding pattern of a firm, corporate governance mechanism and possible solutions for transparent CPF practices impacts their intention towards CPF. An attempt has been made to understand if any of these variables impact intention towards CPF. All the assumptions of regression have been duly tested before drawing the inference. The hypotheses H02 to H04 have been tested by fitting the Ordinary Least Square Method; the following regression equation has been formulated- (Model 1)

$$YCPF = \beta 0 + \beta 1(Motive) + \beta 2(Mode) + \beta 3(Impact\_soc) + \beta 4(Nature\_firm) + \varepsilon i \qquad (i)$$

Table 9: Model Summary & Coefficients of Model 1

	Unstd. Coefficients		Std. Coefficients	T value	Sign.	Collinearity Statistics	
	B	Std Error	Beta			Tolerance	VIF
(Constant)	-.262	.396		-.662	.509		
Motive	**.509**	.054	.471	**9.395**	**.000**	**.769**	**1.301**
Mode	-.006	.054	-.005	-.104	.917	.772	1.295
Impact_soc	**.239**	.063	.235	**3.787**	**.000**	**.499**	**2.002**
Nature_firm	**.191**	.079	.146	**2.425**	**.016**	**.534**	**1.874**
Model		**R**	**R^2**	**Adj R^2**		**Std. Err**	**Durbin-Watson**
Model 1		.547[a]	.299	.291		.86755	1.973
ANOVA	**Sum of Squares**		**DOF**	**Mean Square**	**F**	**Significance**	
Regression	116.548		4	29.137	38.713	.000***	
Residual	273.207		363	.753			

Source: Primary data analysis

Table 9, explains the estimates of the parameters of the model. For this model, the variables motive [t(363)=9.395,p<0.05)] ,impact_soc [t(363)=3.787,p<0.05)] and nature_firm [t(363)=2.425,p<0.05)] are making significant contribution to the model. The standardised beta values for motive, impact and nature are indicating that motive has more impact on the model analysed as compared with other variables. The mode of CPF as a variable has not significantly contributed to the model based on the perception of KMP. Perhaps the existing legal framework in India does not mandate complete disclosure of amount or method or donee information, KMP found it insignificant. Table 9 also shows that VIFs of all the independent variables are less than

10 and the tolerance is also greater than 0.1 in all the cases thus, the problem of multicollinearity does not exist.

Regression equation obtained from analysis:

YCPF= 0.509(Motive) +0.239(Impact_soc) +0.191(Nature_firm) + εi

The results exhibit that intention of KMP towards CPF may be affected by the motive behind the funding along with the impact that CPF creates on society and the characteristics of the firm which includes its age, size etc. but it is not affected by the modes of doing CPF so H02 may be rejected.

On similar lines, model 2 has been formulated with the regression equation as follows:

YCPF= β0 + β1(Cpfcg) +β2(Sharehold) +β3(Ceo) +β4(Bod) + εi..........................(ii)

Table 10: Model Summary & Coefficients of Model 2

	Unstd. Coefficients		Std. Coefficients	T value	Significance	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.645	.484		-1.332	.184		
Cpfcg	**.476**	**.077**	**.441**	**6.171**	**.000**	.474	2.108
Sharehold	.037	.088	.033	.422	.673	.405	2.472
Ceo	**.285**	**.087**	**.238**	**3.268**	**.001**	.455	2.196
BOD	**.193**	**.090**	**.160**	**2.144**	**.033**	.434	2.305
		R	**R^2**	**Adj R^2**	**Std. Error of the Estimate**		**Durbin-Watson**
Model 2		.347[a]	.120	.110	.9759		1.967
ANOVA	**Sum of Squares**	**DOF**	**Mean Square**	**F**	**Significance**		
Regression	47.176	4	11.794	12.383	**.000[b]***		
Residual	345.727	363	.952				

Source: Primary data analysis

From table 10 , the standardised beta values for cpfcg (corporate governance mechanism), ceo, bod are 0.441, 0.238, 0.160 respectively, indicating that cpfcg (corporate governance mechanism) has more impact on CPF as compared to ceo or bod. Shareholding pattern as a variable has not significantly contributed to the model based on the perception of KMP. Out of the four variables, three variables were found to be significantly predicted the intention towards CPF, $F(4,367)=12.38$, $p<0.05$, $R^2=0.12$. Based on the results obtained in table 10 for model 2 hypothesis H03 may be rejected as it indicates that intention of KMP about CPF is affected by the presence of CEO duality and the extent of independence in the board of director as well as the existing CG mechanism in the organisation but the impact of ownership pattern (defined by sharehold as variable) on KMP's intention cannot be established statistically.

Further, we attempt to analyse the perception of KMP about how do they perceive that Industrial, Corporate Governance factors along with Government regulation and solutions for transparent CPF impact the intention towards CPF regressed together, the following regression equation has been formulated:

$$YCPF = \beta 1(Motive) + \beta 2(Mode) + \beta 3(Impact\_soc) + \beta 4(Nature\_firm) + \beta 5(Sharehold) + \beta 6(Ceo) + \beta 7(Bod) + \beta 8(Cpfcg) + \beta 11(Sol\_reg\_disc) + \varepsilon i \quad \text{(iii)}$$

Table 11: Coefficients of Model 3

	Unstd Coefficients		Std Coefficients	T value	Significance	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	**-1.167**	**.517**		**-2.260**	**.024**		
Motive	**.477**	**.055**	**.444**	**8.646**	**.000**	.698	1.433
Mode	-.054	.056	-.049	-.966	.335	.713	1.403
Impact_soc	**.225**	**.070**	**.221**	**3.216**	**.001**	.389	2.574
Nature_firm	-.065	.103	-.051	-.625	.532	.281	3.559
Cpfcg	.148	.084	.137	1.762	.079	.304	3.293
Sharehold	-.003	.084	-.003	-.041	.967	.332	3.016

Ceo	.131	.081	.110	1.617	.107	.400	2.501
Bod	.007	.088	.006	.080	.937	.340	2.940
Sol_reg_disc	**.273**	**.113**	**.208**	**2.418**	**.016**	.248	4.038
Model	**R**		**R^2**		**Adjusted R Square**	**Std. Error of the Estimate**	
Model 3	.588[a]		.346		.326	.8497	
	Sum of Squares		**Degree of Freedom**		**Mean Square**	**F value**	
Regression	135.881		11		12.353	17.110	
Residual	257.023		356		.722		

Source: Primary data analysis

Table 11, explains the estimates of the parameters of the model. For this model, the variables motive [t(356)=8.64,p<0.05)] ,impact_soc [t(356)=3.216,p<0.05)], and sol_reg_disc [t(363)=2.418,p<0.05)] are making significant contribution to the model. The standardised beta values for motive, impact_soc, sol_reg_disc indicate that the motive has more impact in the model compared to impact_soc, and sol _reg_disc variable have the least impact. This implies that when all variables are comprehensively analysed it is observed that the intention of KMP towards CPF is affected primarily by the motive behind it followed by the impact it creates on society, and possible solutions for transparent CPF. All other variables do not appear to be having a statistically significant impact on KMP's intention. The results allow us to establish a causal relationship between the variables affecting corporate political funding. Perhaps the sectors which have contributed maximum towards CPF are those which are largely dependent on Government policies or usage framework of natural/ scarce resources. The motive behind funding may be to capture maximum share in the natural resources at a cheaper price for strategic gains. The CPF may also carry a motive of beneficial policy pronouncement by the incoming Government, though any such type of motive may eventually lead to a disaster or death of democracy.

From the above analysis, it could be interpreted that all the variables if analysed together gives a different picture of the casual relationship of Corporate Governance variables with Corporate political funding. It is seen that CG variables intutively and in isolation impact the relationship with CPF but when other variables are studied along with CG variables their impact diminishes and doesn't remain to be statistically significant. This could be because CG needs to be applied in the organisation in spirit and it should not boil down to just a compliance mechanism where companies are complying with the norms but the essence of the ethics involved in the concept corporate governance is a miss. Another reason could be the overlapping impact of variables taken together and thus shadowed and diminished the impact of corporate governance and various other variables on CPF which came out to be significant in earlier mentioned models and some variables like nature of firm impacting intention towards CPF also has its arguments supported through literature. The study of the intermingling effect of all variables when analysed together is a matter of further study in this area. The results from this study provide evidence that real estate has emerged as the dominant Sector, through which black money is routed into politics, providing evidence to the notion of Kapur & Vaishnav (2011). Indian IT industry gives nearly nothing to political funding as they are not dependent on government, while sectors like power, mining and energy are the major contributors to political funding as they are dependent on the government for access to natural resources, as also highlighted by Zhu & Chung (2014), Schoenherr (2018).

IMPLICATIONS OF THE STUDY

The intent of management behind corporate funding decides whether it may act as a boon or curse to democracy. The following implications emanate from the study:

1. The results of the study indicate that disclosures of the quantum of corporate political funding impact the managerial political funding decisions. The need for legislature levying a substantial penalty on corporates which fail to provide complete, timely and adequate information about political funding in their various communications including AGM, annual reports, website etc. is emphasised.
2. Another important factor emanating from the study that impacts managerial decisions towards corporate political funding is motive. The motive is an indicator of what drives the managerial inclination towards corporate political funding. The results of the study establish a strong case for authorities to remove bureaucratic red tape. This red tape often encourages corporates towards political funding in a manner which can get them policy favours and easy access to resources. A more transparent regulatory framework and allocation policy for sectors dependent on the government for access to natural resources

will obstruct black money funnelling in political funding. Another effective solution is the adoption of an open lobbying system as prevalent in the USA to increase disclosure and transparency.

3. The study suggests that an effective solution to curb quid pro quo motive for political funding by corporates by enforcement of strict law, stipulating expenditure caps on election spending by political parties and individuals. This will curb demand for incessant political funding. Existing laws entail such provisions but the absence of effective implementation have rendered them useless.
4. Political funding has often been categorised as a community activity by corporates. The study shows that increased transparency is an effective solution to ensure a positive impact of corporate political funding. To ensure corporate political funding is not utilised for wrong ends in the garb of community spending, regulatory authorities should stipulate that all information related to political funding should be made part of the sustainability report. This will ensure companies mandatorily share detailed information about the funds spent on community activities including corporate political funding .
5. The results indicate that corporate governance mechanism considerably affects the corporate political funding. The policy thinkers and corporate lawmakers can introduce a new provision in the Company law which stipulates that shareholder's consent be made mandatorily concerning any decision about political funding. Another way is to make corporate political spending a mandatory topic of discussion and approval in AGM (Annual General Meeting). This will strengthen transparency and disclosure mechanisms which are integral to corporate governance.

Conclusion

Corporate governance is based on shareholders welfare and accountability of the management. If the company follows sound corporate governance practices; it would make disclosures and have shareholder buy-in for the political funding decisions taken by it. The Companies Act, 2013 has clearly defined the limit of political funding by corporates and strict adherence to disclosures. However, Indian companies are apprehensive about full disclosure as they fear that less funded parties could cause problems for them. The pattern of disclosures and hidden means of funding hints on the divergence of intent and usage of such contributions. The information asymmetry in case of both corporate political funding and funding to CSR activities urges to have clear and stringent provisions to channelise the money for the desired outcomes. The asymmetry further extends the contentions as of whether the provisions alone would be sufficient to preserve the integrity of the electoral system and corporate ethics. The violation of political funding regulations and the blatant advertisement of crony capitalism has further added to the question of efficiency of regulatory provisions being sufficient to preserve the integrity of the electoral system and corporate ethics.

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