

Corporate Lobbying and its Impact on Product Recalls: Evidence from the U.S. Medical Device Industry

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Abstract

While corporate political activity is increasing, its effects on marketing outcomes have been overlooked. Addressing this gap, we investigate how firms' corporate lobbying affects product recalls. We also investigate how political capital, as reflected in firms' structural characteristics, i.e., size, performance, age, and whether the firm is domestic (vs. not), moderates the relationship between corporate lobbying and product recalls. We test the hypotheses using data on 400 U.S. medical device firms in 2004-2018. The findings indicate that corporate lobbying increases the number of recalls and that this effect is weaker for larger, younger, and domestic firms. The findings extend the literature on the effects of non-market forces on firms' outcomes, in general and, in particular, on marketing-relevant outcomes. They also extend the literature on the antecedents of product recalls, which has overlooked the effects of non-market forces.

Keywords: *Corporate Lobbying; Product Recalls; Medical Devices*

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