

Political Corruption and Workplace Misconduct

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Abstract : The prevalent and increasing workplace misconduct in the United States presents a significant threat to social welfare. Despite efforts by enforcement agencies, U.S. workers remain vulnerable to employer exploitation, as evidenced by rising workplace injuries and discrimination lawsuits. While existing literature has identified several factors associated with unethical labor practices, the influence of political corruption remains largely unexplored. This paper aims to fill this gap by investigating the relationship between political corruption and workplace misconduct in the U.S. context. Using the data from the U.S. Bureau of Labor Statistics, the Equal Employment Opportunity Commission, and corruption convictions reported by the Department of Justice, we find a positive association between political corruption and workplace misconduct among U.S.-listed firms that are headquartered in different states from 2004 to 2022. Both unionization and stricter labor laws attenuate the positive association between corruption and unethical labor practices. Our analyses also address potential endogeneity concerns via difference-in-differences, instrumental variables, and propensity-score-matched analyses, reaffirming the robustness of our findings. This research contributes to the literature by shedding light on how corrupt political climates influence organizational operational behavior and unethical practices. It also underscores the importance of stakeholder trust and the role of regulatory frameworks and offers practical insights to policymakers by suggesting a judicious allocation of enforcement resources to more corrupt states.

Keywords : workplace misconduct, political corruption, unionization, labor law strictness

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