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Charitable Bribes? The Concealed Form of Corporate Influence and a Road to Greater Transparency Worldwide

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Politically-connected charity donations, though legal and often seen as socially responsible, can serve as covert influence channels, undermining corporate reputation, fair competition, regulatory integrity, and public trust in governance. A study by Jeong and Siegel (2025) introduces the concept of *corporate rechanneling*, wherein firms shift from bribery to politically-connected charity as political competition intensifies. We build further on this research by presenting global cases, differentiating among three primary forms of corporate influence – bribery, politically-connected charity contributions, and lobbying – and offering actionable recommendations for policymakers and corporate leaders to enhance transparency, accountability, and oversight worldwide.

INTRODUCTION

Corruption – the abuse of entrusted power for private gain – remains a significant and persistent threat to market integrity, distorting international business operations and undermining fair competition (Nichols, 2016). Despite global efforts to combat it, corruption persists not only due to institutional weaknesses but also because of its adaptability. As institutional safeguards have strengthened against overt forms of corruption, such as bribery, corruption has manifested through more concealed channels. One such channel is politically-connected corporate charitable giving (PCCG), where influence-seeking motives are masked as legally permissible and socially endorsed philanthropy. We focus on this increasingly visible form of concealed corporate influence: firms' donations to charitable or other nonprofit organizations with identifiable ties to political actors, including – but not limited to – politicians, their families, and their closest advisers and associates.

To ground our discussion of PCCG, we begin by offering a conservative, operational definition of *politically-connected* charitable recipients that meet at least one of the following criteria: (1) a political actor or a member of their close familial, social, advisory, or associate network holds a leadership, founding, or advisory role; (2) the organization is publicly endorsed or promoted by a political actor in an official or campaign capacity; or (3) it receives substantial funding from political actors, political campaigns, or politically affiliated entities. While less common, some governments are also known to create charities that are both state-created

and state-sponsored. These would also qualify as politically-connected charities. These donations often follow patterns suggesting strategic intent to gain access, cultivate political goodwill, or influence future decision-making. While such contributions are legally framed as philanthropic, their timing and direction often reveal their function as indirect yet potent tools of influence. This contrasts with conventional charitable giving, which is typically devoid of reciprocal political expectations.

While this definition provides a conceptual baseline, not all PCCG is inherently concerning or ethically ambiguous. It can, at times, represent genuine philanthropy, delivering meaningful social benefits. For instance, a company might donate to a disaster relief fund managed by a government-affiliated agency, supporting the administration's crisis response efforts while also enhancing its market reputation. At other times, however, PCCG may serve as a covert instrument for influencing policy, undermining fair competition, or securing preferential treatment. In such instances, it can be as harmful as outright corruption – if not more so – because it operates within legal boundaries while quietly distorting market governance. In fact, while PCCG may deliver social value, it also introduces risks that merit regulatory attention due to its significant potential to distort fair governance and institutional accountability.

The strategic use of PCCG is also central to what Jeong and Siegel (2025) describe as *corporate rechanneling* – a shift from overt bribery to more concealed forms of corporate influence. Using historical evidence drawn from South Korea's investigation-based datasets on corporate bribery

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and charity donations, their study demonstrates how firms adapt to rising political competition by leveraging such donations to obtain political favoritism. Extending their insights, we next present global cases illustrating how PCCG operates across diverse institutional settings. These examples show how firms adapt to institutional constraints by leveraging seemingly philanthropic donations as instruments of covert influence. Building on these cases, we then clarify the conceptual boundaries among three forms of corporate influence: bribery, PCCG, and lobbying. This conceptual clarity deepens our understanding of charitable giving as a distinct nonmarket strategy, supporting more targeted policy and corporate responses. We conclude with actionable recommendations for policymakers and corporate leaders to address PCCG.

GLOBAL CASES: CORPORATE DONATIONS TO POLITICALLY-CONNECTED CHARITIES

Reported global cases of PCCG demonstrate how ostensibly philanthropic contributions are used to secure political influence. The 2016 South Korean Choi-gate corruption scandal, for example, revealed approximately \$70 million in donations from 53 companies, a combination of many of South Korea's most prominent business groups (along with a set of smaller companies) to politically-connected foundations, Mir and K-Sports (see, e.g., Fifield, 2016). These foundations, launched to promote Korean culture and sports abroad, were later found to be covertly used as a slush fund for Choi Soon-Sil, a close confidante of then-President Park Geun-Hye. Subsequent investigations revealed that these donations were part of broader efforts by Samsung and other large business groups to gain political favors. In Samsung's case, the primary objective was to secure government support for the 2015 merger between Samsung C&T and Cheil Industries, a critical step in consolidating control for the scion Lee Jae-Yong. The government-administered pension funds voted to approve the merger despite it having devalued the government's own shares relative to legal precedent.

PCCG has also surfaced in other contexts, taking varying forms. In Malaysia, the state investment fund, 1MDB indirectly supported former Prime Minister Najib Razak's campaign via a corporate charity contribution. 1MDB purchased assets at inflated prices from Genting Group, a major Malaysian company, resulting in a potential company profit of up to \$619.4 million.¹ The company then contributed about \$10 million to Yayasan Rakyat 1Malaysia, a charity chaired by Najib (Wright, 2015a, 2015b). Similarly, in Israel's Holyland real-estate scandal, a developer donated to Yad Sarah, a charity founded by a former Jerusalem mayor, in exchange for advancing Holyland project approvals (Clinton & Bob, 2014).

In the U.S., analogous mechanisms have emerged, with companies donating to charities favored by legislators as a means of influencing the legislative process. For example, defense contractors Boeing and Lockheed Martin donated hundreds of thousands of dollars to a symphony in Pennsylvania in 2008. This symphony was a treasured charity of Representative John P. Murtha, a Pennsylvania Democrat, whose committee had considerable power over the allocation of profitable defense contracts (Hernandez & Chen, 2008). More recently, between 2021 and 2023, Chevron, Marathon Petroleum, and other oil companies collectively donated over \$800,000 to charities favored by California state lawmakers known for obstructing or weakening environmental legislation (Fitzgerald & Harrison-Caldwell, 2024).

In a cross-border context, Nu Skin US and its wholly-owned Chinese subsidiary provide an illustration of how PCCG operates across national boundaries: in 2013, Nu Skin China transferred \$154,000 to a charity linked to a high-ranking Chinese government official, allegedly to influence an investigation into the subsidiary (U.S. Securities and Exchange Commission, 2016). Collectively, these cases illustrate how firms adapt PCCG across diverse institutional environments, using charitable donations as a façade for political influence. Building on these global examples, we next turn to South Korea, which offers a rare, historically documented example of how corporate corruption adapts to shifting institutional conditions.

CASE IN FOCUS: SOUTH KOREA AND THE ADAPTATION OF CORPORATE CORRUPTION

South Korea's 2016 presidential scandal revealed that large-scale PCCG continued to be the instrument for high-level corruption (Fifield, 2016), despite the searing memory of multiple presidents and business leaders having been convicted of large-scale corruption. This persistent pattern (Welch, 2024) raises a critical question: does the strengthening of institutions curb corruption, or does corruption simply evolve in response? A study by Jeong and Siegel (2025), set in South Korea's historical context, suggests that as institutions strengthen, corruption adapts, finding new ways to persist. The authors term this phenomenon *corporate rechanneling* and theorize that as political competition increases, companies redirect their political contributions from bribery to PCCG.

To test this theory, the authors leverage an exogenous shock – a democratic uprising – that triggered a parliamentary investigation and court trials, unexpectedly exposing the internal accounting records of two presidents. To rigorously examine the phenomenon, the study employs several econometric approaches designed to address potential challenges in inferring causality. They include using

¹ The authors' calculation based on both the prevailing exchange rate information and the gain reported in the *Wall Street Journal* (Wright, 2015a).

regional-level exogenous shocks to isolate the impact of bribery, controlling for fixed effects to account for unobserved, time-invariant factors, and examining how a company's bribery behavior in the previous year influences its decision to make PCCG in the following year.

The findings suggest that intensified political competition, typically followed by tighter anticorruption constraints, raises the expected cost of bribery, prompting firms to substitute bribery with PCCG.

CORPORATE INFLUENCE BY LEGALITY, TRANSPARENCY, AND ETHICAL RISK

Having identified PCCG as a mechanism through which corruption adapts under tightening institutions, we now distinguish it from two other primary forms of corporate influence: bribery and lobbying. Bribery, PCCG, and lobbying all seek to influence policy and governance outcomes, but they differ in legality and transparency, resulting in varying levels of ethical risk. [Table 1](#) highlights these distinctions, showing regulated lobbying to be the most legally structured. It enables interest groups, including organizations and individuals, to engage policymakers through formal channels. The dual nature of PCCG – charitable in form, strategic in function – places it in a legal gray area and blurs ethical boundaries. Bribery, by contrast, is explicitly illegal in most jurisdictions.

Transparency, in this context, involves two dimensions: disclosure (whether practices are formally reported) and visibility (how readily their influence can be recognized and interpreted by the public, media, or regulators). Lobbying varies in transparency depending on regulation. PCCG, even when reported, can obscure influence-seeking motives as political ties are often hidden and effects on decision-making may unfold gradually. Bribery, by nature, is covert,

lacking both disclosure and visibility. These differences shape ethical risk. While lobbying is widely accepted as a legitimate form of advocacy, concerns arise when corporate influence distorts public policy. PCCG occupies legal and ethical gray areas, with intent often difficult to discern. Bribery poses the greatest ethical risk due to its secrecy and significant potential to undermine institutions and markets.

Distinguishing these forms of corporate influence is vital for policymakers and corporate leaders aiming to uphold ethical and legal standards. PCCG warrants heightened scrutiny due to its legal ambiguity, limited transparency, and ethical risks. Unlike regulated lobbying, which is legal and subject to disclosure, and bribery, which is illegal and covert, PCCG remains lawful yet difficult to regulate. Its concealed political ties and complex, behind-the-scenes dealings make such influence difficult to trace without extensive scrutiny.

Empirical evidence from distinct institutional settings further underscores the significance of PCCG. In the U.S., Bertrand et al. (2020: 2065, 2067–2068, 2076) estimate that 6.3% to 15.9% of corporate charitable giving by 324 corporate foundations linked to S&P 500 and Fortune 500 firms as of 2014 (tracked during 1998–2014) may be politically motivated, exceeding Political Action Committee contributions by over 2.5 times and amounting to roughly 35% of federal lobbying expenditures. In South Korea, Jeong and Siegel (2025: 187–188) document that the vast majority of 45 major business groups donated over ₩102 billion (approximately \$120 million) in PCCG to former President Chun and his spouse between 1981 and 1987. Given that the 50 largest business groups accounted for over 88% of national sales and 73% of total assets in the economy by 1987, this underscores the systemic nature of the practice (Jeong & Siegel, 2025: 188). The study also finds that, *ce-*

Table 1. Corporate influence by legality, transparency, and ethical risk

Form of influence	Legality	Transparency			Ethical risk
		Visibility (How easily is the influence recognized and its impact interpreted)	Disclosure (Is the practice formally reported)	Clarity of influence (based on visibility and disclosure)	
Regulated lobbying	Legal (rules and enforcement vary by country)	Medium (disclosures exist but can be complex and difficult to interpret the disclosed information)	High (often legally required, though the level of detail and enforcement varies by jurisdiction)	Medium to high (publicly available but not always easy to track or understand)	Low to medium (depends on disclosure and regulatory oversight)
Politically-connected charity	Partially legal (exploitable)	Low to medium (direct donations are visible, but political ties and influence can be concealed)	Medium to high (donations are often reported, but some loopholes allow hidden giving)	Medium (some financial data is disclosed, but real influence remains hidden)	Medium to high (varies based on intent, accountability, and transparency)
Bribery	Illegal*	None (covert by nature)			High*

Note: * While bribery is illegal in most countries, cultural norms and enforcement differ. Practices like facilitation payments and gift-giving remain legally and socially ambiguous in some contexts.

teris paribus, such donations increased during periods of heightened political competition, suggesting that firms shifted their form of influence from bribery to PCCG (Jeong & Siegel, 2025: 184–185).

Taken together, these studies provide evidence showing that such contributions are not isolated incidents but recurring, politically motivated, and quantifiable. Since regulatory proposals are most compelling when anchored in what is probable rather than merely possible, we clarify that the recommendations below are grounded in empirical evidence and informed by observed patterns across distinct contexts.

RECOMMENDATIONS FOR POLICYMAKERS AND CORPORATE LEADERS

Tackling hidden corporate influence through PCCG requires collective action by policymakers, corporate leaders, and civil society, both domestically and across borders. While our recommendations focus on the formal levers available to policymakers and corporate leaders, their effectiveness hinges on civil society's active engagement in refining the proposals, advocating for their adoption, and monitoring their implementation. Tables 2 and 3 summarize recommendations for policymakers and corporate leaders, linking recurring issues identified across the cases discussed to policy/governance goals, actionable measures, and relevant transparency frameworks for reference.

From the perspective of social welfare-oriented government policymaking, PCCG raises serious concerns. Table 2 highlights four key challenges for policymakers: opaque donations; philanthropy leveraged for influence; weak whistleblower protections; and limited investigative capacity. To address these, we recommend the following corresponding measures: centralized real-time donation re-

porting; audits of significant donations; robust national whistleblower protections; and dedicated resources for independent investigations. Australian Charities and Not-for-profits Commission, India's CSR Framework, the EU Whistleblower Directive, and South Korea's Corruption Investigation Office for High-ranking Officials offer relevant reference models.

Similarly, Table 3 identifies five corporate governance failures: weak governance structures; insufficient transparency in donation processes; lack of secure reporting channels; cross-border oversight gaps; and limited third-party accountability. First, to address the fundamental challenge of weak governance structures, we propose three measures: implementing internal audits, conflict-of-interest policies, and pre-clearance for politically sensitive donations; requiring two-year lookback disclosures for contributions that may influence decisions; and for firms with concentrated ownership, instituting additional safeguards such as independent audits or public transparency commitments. The G20/OECD Principles of Corporate Governance² and two ISO standards – ISO 37301:2021 (Compliance Management Systems) and ISO 37001:2025 (Anti-Bribery Management Systems) provide foundational guidance on ethical governance, internal accountability, and anti-bribery safeguards.

Second, companies can enhance transparency in donation processes by implementing reporting systems that flag potential conflicts of interest and disclose political ties. These systems should be overseen by an independent ethics or audit committee and integrate with corporate-giving platforms, such as Benevity, to ensure real-time tracking, standardized disclosures, and compliance with governance standards. Third, companies can strengthen internal accountability by deploying anonymous whistleblower mechanisms that allow employees and stakeholders to report ethically questionable or politically motivated donations

Table 2. Recommendations for policymakers to strengthen transparency and accountability in charitable giving

Recurring issue across cases	Policy goal	Recommendation	Reference /Tool
Opaque donations and political ties	Increase transparency in corporate giving	Centralize national real-time donation reporting, including donors and governance ties	Australian Charities and Not-for-profits Commission: Public register and annual reporting requirements
Donations for strategic gain	Enforce ethical and legal compliance	Require audits of major donations	India's CSR Framework: Annual CSR disclosure
Weak whistleblower protections	Strengthen enforcement	Adopt robust whistleblower laws and secure reporting	EU Whistleblower Directive
Investigative delays on political influence	Improve accountability via stronger institutions	Fund independent investigations	South Korea's Corruption Investigation Office for High-ranking Officials (2021): Prosecutes senior officials to limit undue influence

² https://www.oecd.org/en/publications/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb.html

Table 3. Recommendations for corporate leaders to strengthen transparency and accountability in charitable giving

Recurring issue across cases	Governance goal	Recommendation	Reference/Tool
Structural failure in internal governance	Strengthen internal compliance and ethical oversight	Adopt internal audits, conflict-of-interest policies, and pre-clearance of political ties Require two-year lookback conflict disclosures for donations that may influence decisions Firms with concentrated ownership should adopt additional safeguards, such as third-party audits and public transparency pledges.	The G20/OECD Principles of Corporate Governance; ISO 37301:2021 (Compliance Management Systems) and 37001:2025 (Anti-Bribery Management Systems)
Functional failure in donation processes	Ensure transparency and integrity	Use reporting systems to flag conflicts of interest and disclose political ties	Benevity: Corporate giving platform for tracking and disclosure
No secure internal reporting systems	Promote ethical culture and early detection	Establish anonymous whistleblower systems aligned with EU/Global standards	EQS Integrity Line: Standards-compliant reporting
Cross-border compliance failures	Enhance global traceability	Leverage tech (e.g., blockchain) for cross-border donation audits.	IBM's Blockchain for Supply Chain: Adaptable for donation transparency/traceability
Lack of third-party oversight	Strengthen accountability	Fund nonprofit watchdogs and investigative journalism	ProPublica: Investigative nonprofit newsroom

without fear of reprisal. Services like EQS Integrity Line offer secure, confidential channels for reporting misconduct, including potential concerns about charitable giving.

Fourth, as the Nu Skin case illustrates, multinational enterprises should close compliance and oversight gaps between headquarters and foreign subsidiaries. Technologies like blockchain (e.g., IBM's Blockchain for Supply Chain) can be adapted to track cross-border charitable donations in real-time. Finally, companies can bolster third-party accountability as part of their nonmarket strategy by funding nonprofit watchdogs and investigative journalism (e.g., ProPublica), which independently scrutinize questionable giving practices. Such support promotes fair competition and enhances corporate reputation.

While these recommendations offer a path forward, policymakers and corporate leaders must also address practical challenges to implementation. For instance, securing government support for disclosure and data access will require strong coalitional pressure from civil society and overcoming resistance from vested interests. Similarly, encouraging companies to adopt internal audits and quality assurance measures will depend on active engagement from shareholders and institutional investors.

CONCLUSION

PCCG often walks a fine line between philanthropy and political influence, enabling companies to gain political leverage while circumventing legal scrutiny. This concealed form of corporate influence undermines market integrity, creating ethical and competitive risks for firms and the overall business environment. Corporate donations perceived as

pay-to-play schemes can damage reputation, harm performance, and distort competition. As part of broader efforts to address these concerns, we propose actionable recommendations for policymakers and corporate leaders to strengthen transparency, accountability, and oversight in corporate charitable giving. When paired with robust civil-society engagement, these measures offer stakeholders a clear path to mitigate the risks posed by PCCG and counter the latent phenomenon of corporate rechanneling (Jeong & Siegel, 2025).

Looking ahead, in line with our goal of inspiring greater scholarly attention to this increasingly visible phenomenon across borders, we urge researchers to gather real-world data, drawing guidance from studies like Jeong and Siegel's (2025), which leveraged an exogenous shock. While surveys of corporate actors remain valuable, especially given the scarcity of real-world firm-level data for anticorruption research, scholars should continue exploring ways to identify and leverage comparable quasi-natural experiments or design innovative field experiments. These approaches offer more reliable, actionable, and context-rich insights into the causes and consequences of corruption, particularly regarding causal inference and real-world applicability.

Our recommendations emphasize collaboration among policymakers, corporate leaders, and civil society to increase public faith in institutions through enhanced transparency, accountability, and anticorruption efforts. We argue that the social responsibility of companies, policymakers, and civil society organizations is to work together to take a given institutional environment and leave it significantly more transparent than when they found it.

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