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**FOREIGN CORRUPT PRACTICES ACT
AND CORPORATE FOREIGN PHILANTHROPIC GIVING**

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**Foreign Corrupt Practices Act
and Corporate Foreign Philanthropic Giving**

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**A thesis submitted in partial fulfilment of the requirements for the
degree of Master of Philosophy**

MAY 2021

CERTIFICATE OF ORIGINALITY

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Foreign Corrupt Practices Act and Corporate Foreign Philanthropic Giving

ABSTRACT

The Foreign Corrupt Practices Act (FCPA) was enacted by the U.S. Congress in 1977 to fight against corporate bribery to foreign officials. The FCPA significantly increases the bribery costs of multinational enterprises (MNEs) in the enforcement country. I conjecture that as an alternative to bribery, MNEs use corporate foreign giving as a strategic tool to obtain and maintain legitimacy for their foreign operations. Employing a large sample of corporate foreign philanthropic giving data of U.S. MNEs from the Foundation Center, which span from 2002 to 2015 and cover donations by 191 corporate foundations to 156 foreign countries and utilizing a staggered differences-in-differences (DiD) empirical design, I find that MNEs donate more to the foreign country after the first FCPA enforcement in that country, relative to foreign countries with no FCPA enforcement, and to their home countries. More importantly, I find such donations to be done through more indirect channel. Furthermore, MNEs' philanthropic giving to foreign countries increase with the intensity of FCPA enforcement in the foreign country. In cross-sectional analyses, I show that the effect of initial FCPA enforcement on philanthropic giving to foreign countries is stronger for MNEs that operate in sin businesses (alcohol, gambling, tobacco, firearms, military, and nuclear power), and in host countries with a higher corruption level before the FCPA enforcement. Overall, my findings are consistent with the conjecture that foreign giving is likely to be employed by MNEs to overcome the difficulties they face in operating in a foreign country after the initial FCPA enforcement takes place in that country, which suggests that the FCPA enforcement has a significant impact on corporate philanthropic decisions.

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TABLE OF CONTENTS

CERTIFICATE OF ORIGINALITY	ii
Foreign Corrupt Practices Act and Corporate Foreign Philanthropic Giving.....	iii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
1. Introduction.....	1
2. Hypothesis Development	5
2.1 MNEs' Challenges	5
2.2 Background of the FCPA and Its Impacts	5
2.3 Corporate (Foreign) Philanthropic Giving.....	6
2.4 FCPA and Foreign Giving	7
3. Data and Sample	9
4. Empirical Results	13
4.1. Univariate Analyses	13
4.2. First FCPA Enforcement and Foreign Giving	15
4.3. FCPA Intensity and Foreign Giving	19
4.4. Cross-sectional Analyses	20
4.5. Additional Tests	22
5. Conclusions.....	22
References.....	24
Appendix 1 Variable Definitions	26
Appendix 2: Sample Distributions by Host Country	28

1. Introduction

Corporate philanthropic giving is an important component of corporate social responsibility (CSR; see Lev, Petrovits, and Radhakrishnan 2010; Marquis and Lee 2013). It is frequently employed by corporations to boost sales growth (Lev et al. 2010), gain sociopolitical legitimacy (Wang and Qian 2011; Hornstein and Zhao 2018), manage earnings (Petrovits 2006), and provide shareholders with insurance-like protections (Godfrey 2005). Corporate foreign philanthropic giving (foreign giving hereafter) has been increasing substantially, from \$2.1 billion, 13.9% of total corporate giving in 2002, to \$9.3 billion, 28.4% of total giving in 2015 (Foundation Center and Council on Foundations, 2018). Most of prior studies, however, either focus on domestic philanthropic giving only or examine domestic and foreign giving as a whole to study the corporations' philanthropic strategy. Very few papers have studied corporate philanthropic giving in an international setting, and even fewer have looked into how corporations adjust their philanthropic giving dynamically in response to a triggering event in a foreign host country.

In this study, I examine whether and how foreign giving is affected by the enforcement of the Foreign Corrupt Practices Act (FCPA) in a foreign host country. The FCPA was enacted by the U.S. Congress in 1977, aiming to fight against corporate bribery to foreign officials¹. The FCPA consists of two sets of provisions, i.e., the anti-bribery provisions that prohibit the wilful use of payments to foreign government officials for the purpose of obtaining or retaining businesses, and the accounting provisions that require U.S. firms to maintain effective internal control systems and accurate transaction records (SEC and DoJ 2012). Severe penalties can be imposed on a firm for its FCPA violations. Moreover, the 'hub and spoke'² approach employed

¹ The initial motivation to proceed with FCPA was mainly political, i.e., to maintain diplomatic relationships between the United States and foreign countries.

² Normally the authorities use one entity or violations as the hub and then reaching out to related violations in the same host country. Subsequent enforcement actions can further increase this exposure, since it enlarges the number of "hubs" that can lead to more "spokes" to be discovered. Given that an MNE relies on bribing to obtain

by the enforcement authority substantially increases a firm's likelihood of being involved in an FCPA enforcement action if a related enforcement took place in the same host country. Therefore, FCPA enforcement in a foreign country, especially the initial enforcement, substantially increase the bribery costs of multinational enterprises (MNEs) in that country. As both the number of enforcement cases and penalty amounts for the FCPA have increased rapidly in recent years, it has become a substantial concern for MNEs.

I conjecture that the increase in bribery costs brought by FCPA enforcement in the foreign country is likely to impose hurdles to MNEs that operate or are going to operate in the enforcement foreign country. This is because MNEs always face challenges to establish or maintain legitimacy or competitive advantage in the foreign countries (Kostova and Zaheer 1999). One approach to tackle with this issue is through bribing foreign governmental officials (Spencer and Gomez 2011; Collins and Uhlenbruck 2004). After the initial FCPA enforcement in the foreign country, however, MNEs are going to re-assess the risks and costs associated with bribing foreign officials in the enforcement country. Since bribery costs are perceived to increase substantially, MNEs are likely to switch from bribery to other tools.

Prior studies document that corporations employ philanthropic giving to obtain social and political legitimacy (Wang and Qian 2011) and to reach out to local constituents (Hornstein and Zhao 2018). In the FCPA enforcement setting, MNEs are likely to increase their donations to the enforcement country when they want to reach out to local constituents to obtain or maintain social licence to operate and when they consider bribery as a more expensive tool to use. Consequently, I expect MNEs increase their donations to the foreign country after the initial FCPA enforcement action takes place in that country, relative to other countries with no FCPA enforcement. Moreover, subsequent FCPA enforcement cases in the host country are

political influence or legitimacy to gain competitive advantage over local competitors, this additional constraints on bribery activities can significantly increase the operating difficulties of MNEs.

likely to further increase the perceived bribery costs, resulting in more donations from U.S. MNEs to that country.

To empirically examine whether U.S. MNEs adjust their philanthropic giving to the foreign country after the first FCPA enforcement, I utilize a dataset containing philanthropic giving by 133 U.S. corporate foundations to recipients across 107 foreign countries from Foundation Center. The sample period spans from 2002 to 2015. I also manually collected FCPA enforcement data from websites of the FCPA authorities, i.e., U.S. Securities and Exchange Commission (SEC) and U.S. Department of Justice (DOJ)'s website. Employing a staggered differences-in-differences (DiD) design, I find evidence that MNEs donate more to the foreign country after the FCPA enforcement in that country, compared with foreign countries with no FCPA enforcement and with their home country. More importantly, I find such donations tend to be done through intermediary institutions, instead of giving directly to the targeted beneficiaries. Moreover, I find that subsequent FCPA enforcements in the foreign country also affects foreign giving in that foreign giving increases with FCPA intensity. Together, these results suggest that MNEs strategically increase their philanthropic giving to foreign countries in response to increased operating difficulties after initial FCPA enforcement; and that MNEs tend to donate more indirectly, perhaps due to their lack of knowledge about appropriate institutions to donate.

In cross-sectional analyses, I find that the increase in foreign giving in response to initial FCPA enforcement is more prominent among firms that are involved in socially controversial businesses according to MSCI's ESG KLD database (alcohol, gambling, tobacco, firearms, military, and nuclear power). This suggests that firms that are more desperate to obtain or maintain social legitimacy respond more to the initial FCPA enforcement by increasing their donations to the enforcement country. Moreover, I find that the increase in foreign giving after the initial FCPA enforcement is stronger in countries with higher levels of corruptions before

the FCPA, where bribery to governmental officials is a more common practice to obtain or maintain businesses (Spencer and Gomez 2011).

I find that the main results are robust to placebo tests that use donations to non-FCPA countries and to domestic beneficiaries as alternative dependent variables, to dropping zero firm-country-year observations, and to dropping countries that are the largest donation destinations.

This paper contributes to the literature by examining corporate philanthropic giving in an international setting, which has not been extensively studied by the extant literature. The only exception is Hornstein and Zhao (2018), which study how MNEs allocate their donations in host countries with different institutional environments. This study, however, focuses on how MNEs dynamically adjust their philanthropic giving in response to a triggering event that significantly change the institutional distance between the U.S. and the host countries.

This paper also adds to the debate on whether CSR activities in general, and philanthropic giving in particular, increase firm value or merely reflects agency costs (Friedman 1970; Bénabou and Tirole 2010; Brown et al. 2006). The results suggest that firms increase their philanthropic giving to the foreign country when they face real operating difficulties in that country, which is more consistent with a value enhancing view.

The results of this paper have implications for MNEs who are seeking to obtain and maintain social and political legitimacy in the changing institutional environment, and for authorities that are interested in the consequences of FCPA enforcement.

The remainder of this paper is organized as follows. Section 2 discusses hypotheses, Section 3 describes data and sample selection process, Section 4 discusses empirical results, and Section 5 concludes.

2. Hypothesis Development

2.1 MNEs' Challenges

When establishing or doing businesses overseas, MNEs face challenges that they typically do not confront in their home country. First, obtaining operating legitimacy from the local community and government is more difficult when operating overseas, because MNEs have long been regarded as 'aliens' and even 'exploiters of host countries' resources' (Luo 2006; Kostova and Zaheer 1999). Second, subsidiaries operating overseas are also constrained by their home countries' institutional environment. This is because managers of overseas subsidiaries are pressured by their headquarters in the home country to follow the practices applied in the headquarters' operations (Kostova and Zaheer 1999). For example, Spencer and Gomez (2011) find that an MNEs' tendency to bribe in a foreign host country is positively related to the corruption level of both its home and host country. Kostova et al. (2008) propose that internal (home country) constituencies may exert stronger pressure on MNEs' overseas subsidiaries than external (home country) constituencies.

2.2 Background of the FCPA and Its Impacts

The FCPA was passed by the U.S. Congress in 1977 in wake of massive worldwide corporate corruption by U.S. MNEs. It was the 'first law in the world governing domestic business conduct with foreign government officials in foreign market'. The primary motivation for the Congress to pass the law was the foreign policy concern. Legislators and politicians were concerned that the bribery practice by U.S. corporations abroad may interfere with U.S. foreign policy and harm the relationships between the United States and the foreign country. Other motivations include a post-Watergate morality, and economic considerations that prohibiting cross-border bribery could help U.S. MNEs to establish a competitive advantage and ultimately a global leadership (Koehler 2012).

The FCPA contains two sets of provisions, the anti-bribery provisions, and the accounting provisions. The anti-bribery provisions prohibit payments to foreign governmental official in order to obtain or retain businesses. The accounting provisions require public companies to keep accurate record of transactions of the corporations and devise and maintain and adequate system for internal control purposes. In the enforcement of FCPA, the SEC and DOJ act as dual authorities. While the SEC targets mainly at civil liabilities and the DOJ prosecutes criminal violations, the two agencies work collectively on the investigations and resolutions of many cases.

The initial enforcement of the FCPA in a foreign country can substantially increases the bribery costs and impose constraints on U.S. MNEs to use bribery in that country. The FCPA authorities adopt a ‘hub and spoke’ approach in investigating bribery cases overseas, which offers them significant leverage to turn singular investigations into multiple or even myriad enforcement actions. That is, the authorities use one entity or violations as the hub and then reaching out to related violations in the same host country. Subsequent enforcement actions can further increase this exposure, since it enlarges the number of “hubs” that can lead to more “spokes” to be discovered. Given that MNEs rely on bribing to obtain political influence or legitimacy to gain competitive advantage over local competitors, the additional constraints on bribery activities can significantly increase the operating difficulties of MNEs.

2.3 Corporate (Foreign) Philanthropic Giving

In this paper, I argue that corporate philanthropic giving can be employed by MNEs to mitigate the operating difficulties brought by the FCPA enforcement.

Prior studies generally take the view that corporations strategically donate to charitable foundations for various purposes. For example, Lev et al. (2010) find that philanthropic giving causally leads to sales growth by enhancing customer satisfaction. Using Chinese data, Wang and Qian (2011) show that corporate philanthropic giving improves a firm’s financial

performance, since such givings can help firm gain sociopolitical legitimacy, elicit positive stakeholder responses and consequently gain political access. Godfrey (2005) documents that corporate philanthropy can give corporations ‘insurance-like’ protections during various unfavourable situations, and ultimately maximize shareholder wealth. Bertrand et al. (2018, 2020) show that charitable giving is widely employed by U.S. corporations to gain political influence. Most related to this study, Hornstein and Zhao (2018) employ an international setting and find that U.S. MNEs donate more in foreign countries with poor institutional environment, consistent with corporate philanthropic giving helping MNEs obtain the social license to operate in the host countries.

2.4 FCPA and Foreign Giving

Following prior studies, I conjecture that in the setting of FCPA enforcement, the sudden increase in enforcement risk and bribery costs caused by the initial FCPA enforcement in a foreign country can severely add operating difficulties for MNEs in the enforcement foreign country. The enhanced difficulties, however, can be mitigated by increased philanthropic giving to beneficiaries in the foreign country, since philanthropic giving can help firms obtain the social licence to operate and to maintain socio-political legitimacy in the foreign country.

The story is not one-sided. It is also likely MNEs may stop their operations in the host country and find alternative countries to operate in face of the increasing operating costs in the focal country. Ex-ante, it is an empirical question whether or not firms will increase their donations to the host country after the initial FCPA enforcement.

Thus, my first hypothesis is stated as follows:

H1: Initial enforcement of the FCPA in a foreign country increases a U.S.

MNE’s philanthropic giving to that foreign country.

The increase in giving amount induced by FCPA is likely to vary among different givers and recipients. For firms that operate in sin businesses (e.g., alcohol, gambling, tobacco, etc.), the enforcement is likely to create even bigger obstacles for their foreign operations, compared with MNEs that do not involve in sin businesses. Given the negative externality of these firms (Hong and Kacperczyk 2009), they are especially eager to obtain legitimacy from the local communities and governments. Therefore, when the FCPA enforcement take place in the foreign country, they are likely to increase their philanthropic giving in that country to a larger extent.

If increases in bribery costs significantly increase the operating difficulties of MNEs in the foreign country after the initial FCPA enforcement, such effect should be stronger in countries with a higher level of corruption before the FCPA enforcement, since MNEs rely more on bribery when doing businesses in these poorly regulated countries (Kostova et al. 2008), and the restrictions on bribery imposed by FCPA is likely to add more difficulties for MNEs to operate in the foreign country. My second sets of hypotheses explore the cross-sectional differences in the effect of FCPA enforcement on foreign giving, which are formally stated below:

H2a: The increase in foreign giving to the enforcement country after the first FCPA enforcement in that country is larger for firms that operate in sin businesses.

H2b: The increase in foreign giving to the enforcement country after the first FCPA enforcement in that country is stronger for countries that have a higher level of corruption before FCPA enforcement.

3. Data and Sample

To test the hypotheses, I obtain data on philanthropic giving by U.S. corporate foundations³ to foreign beneficiaries between 2002 and 2015, from the Foundation Center's grant database. The database records every grant of \$10,000 or more given by a U.S. -based charitable organization. It contains donation information such as donation year, donation amount, whether the donation is made directly to the beneficiary country or made indirectly through intermediaries such as Non-Governmental Organizations (NGOs), the identity and location of the grant-makers, recipients, and ultimate beneficiaries. The database has been employed by prior studies to study corporate philanthropic giving (Hornstein and Zhao 2018; Marquis and Lee 2013; Zolotoy et al. 2019).

Since I am interested in donations to foreign countries, I keep grants that are made to foreign (non-U.S.) beneficiaries in my main analyses, and use domestic donations as alternative benchmark in DiD and placebo tests. An international grant can be targeted to several beneficiaries located in multiple countries or in a region (e.g., Asia Pacific), but since I'm interested in donations to particular countries, I exclude those grants that are targeted at more than one country, and only count them when I construct donations to elsewhere of the world.

I then aggregate donation amount at firm-country-year level and construct my main dependent variable (*Foreign Total*). I also decompose total donations into *Foreign Indirect* and *Foreign Direct* donations as labelled by the database. I further divide *Foreign Direct* into four sub-groups (*Foreign NGO*, *Foreign Government*, *Foreign Religious Institutions*, and *Foreign Direct Other*), according to the organizational type of ultimate beneficiaries. A firm-country

³ A corporation can make philanthropic giving through the following three ways: making a direct donation to a non-profit organization, donating through a donor-advised fund or donating through its own foundations. The first two channels are hard to track, since the corporations are not required to disclose the donating information if they donate either directly or through a donor-advised fund (Bertrand et al. 2020). Thus, following prior studies (Bertrand et al. 2020; Hornstein and Zhao 2018), I focus on donations through corporate foundations, which normally share the same top executives with the corporation and disclose donation information through foundation disclosures.

pair is included in the sample only after the firm starts donating in that country. If during the year no grants are made by the company to a certain country, the donation amount is set to zero. Following Hornstein and Zhao (2018), I also dropped countries that are the beneficiaries of less than five grants during my sample period and country-years that are the beneficiaries of less than two corporate foundations. This ends up with 1,531 firm-country pairs that consist of 107 countries and 133 corporations.

As for the data on FCPA enforcement, I collected the enforcement information from the websites of SEC and DoJ⁴, which keep records of information such as enforcement country, enforcement year, bribery paid, and penalties involved. Note that a country can be involved in FCPA enforcement for more than once. I only utilize the initial enforcement in a country in my main analyses, but also study the effect of subsequent enforcements in further analyses. Countries and their first year of FCPA enforcement are tabulated in Appendix 2. 107 countries (with available control-variables) are covered by the Foundation Center, but it reduces to 33 when I restrict to countries who experienced FCPA enforcement during 2003 to 2014⁵.

I construct two variables capture FCPA enforcement for a country. One is *First FCPA*, which is a dummy that equals 1 if the host country has experienced its first FCPA enforcement by that year, and zero if the country has not experienced its first FCPA enforcement⁶. It is used in the DiD analyses to study the effect of the initial FCPA enforcement. Another is *FCPA Intensity*, which is the number of times that the host country has had FCPA enforcement. It is used to study the impact of the intensity of FCPA enforcement.

After constructing the main variables, I matched grant-makers to Compustat, Capital IQ, Exhibit 21 and KLD to get firm-level control variables. A company's foreign operations is

⁴ See <https://www.justice.gov/criminal-fraud/enforcement-actions>, and <https://www.sec.gov/spotlight/fcpa/fcpa-cases.shtml>.

⁵ Our sample period is 2002-2015. But here in selecting countries for DiD analyses, I require countries to have their first-time FCPA enforcement between 2003 and 2014, so that the country can have at least one year for pre or post enforcement observation.

⁶ I do not include the year of First FCPA enforcement of a country in main tests.

an important determinant of a company's foreign philanthropic giving activities (Hornstein and Zhao 2018). I use three constructs from Exhibit 21 of form 10-K⁷ and Compustat to capture the firms' foreign operations. *Host Country Importance* is number of times that the host country has been mentioned in the company's 10-K report, *Number of total foreign segments* is total number of firms' foreign subsidiaries all over the world, and *Number of geographic segments* is number of countries that the firms operate as reported. Besides foreign operations, I also control for firms' corporate governance level and CSR performance, which are obtained from KLD database (*Corporate Social Responsibility* and *Corporate Governance*).

I also include several country-level control variables. Prior studies suggest that institutional distance between the host and home country is a big concern for MNEs to make investment decisions on the host country (Kostova and Roth 2002; Xu and Shenkar 2002). Therefore, I obtain the absolute difference between the rule of law index between U.S. and the host country from World Bank's Worldwide Governance Indicators (WGI) database (*Rule of Law Distance*). Moreover, I control for economic (*GDP Distance*), cultural (*Common Language*), and geographic distance (*Geographic Distance*) between the host country and United States, which are extracted from World Bank and CEPII. Besides, I use foreign direct investment (FDI) from the U.S. to the host country to proxy for the economic importance of the host country to U.S. Finally, I control for number of natural disasters in the host country from Center for Research on the Epidemiology of Disasters (CRED), which is also considered to be an important determinant of foreign philanthropic giving towards the host country (*Natural Disaster*). Detailed variable definitions are listed in Appendix 1.

Table 1 presents summary statistics of all variables that are included in my main analyses. I have constructed two sets of samples. The *Main Test Sample* is used in Differences-

⁷ I obtain firms' Exhibit 21 data from Dyreng Scott's website for the 1995 to 2002 period. Available at <https://sites.google.com/site/scottdyreng/Home/data-and-code>.

in-Differences analyses. It consists of 3,636 firm-country-year observations, of which 1,483 firm-country-years have the firm donate to the foreign country. The sample size is smaller than the *Full Sample* (14,187 observations with 5,594 non-zero donation observations), since I include only countries that experienced their first FCPA enforcement during 2003-2014 for DiD studies.

On average, a corporate foundation every year donates around \$124,000 to a *Main Test Sample* country, and around \$115,000 to a *Full Sample* country. The mean number is much higher (\$304,000 and \$291,000 for the two sets of the samples respectively) if we include firm-country-years with donations flows only. Focusing on the *Main Test Sample* only (the pattern is similar for *Full Sample*), on average around \$77,000 foreign philanthropic giving is conducted through an intermediary institution, which consist around 62.04% of average of the total giving amount. The rest \$47,000 is donated directly to beneficiary institutions. If we further decompose direct donations by the organization type of the beneficiary institutions, around \$27,400 (58.2%) donations are given to NGOs, and the rest are given to governmental institutions (\$4,850), religious institutions (\$1,320) and other institutions (\$13,500).

Most of my sample countries have experienced at least one FCPA enforcement. 47 out of 107 countries in my sample haven't experienced an FCPA enforcement by the end of 2018. 33 countries who experienced their first FCPA enforcement during 2003-2014 are included in the main tests. On average, *Full Sample* countries have had 1.39 times of FCPA enforcement.

Table 2 further describes corporate philanthropic giving by U.S. MNEs to foreign countries by industry and year. Financial, Food, and Pharmaceutical industries are top three industries in foreign philanthropic giving. They give \$137.07 million, \$97.70 million, and \$86.77 million in total over the sample period. As shown in Panel A of Table 2, a sample firm in financial, food, and pharmaceutical industries on average donate \$154,700, \$345,220, and \$116,010, respectively, to a foreign country per year.

As shown in Figure 1, total donation amount experienced an increasing trend during the sample period, although it first increased during the first 10 years, and then started to drop since 2011. Total donation amount for 2015 is \$122.45 million, which tripled compared with that of 2002. To control for this trend over time, I also include *Trend*, which equals donation year minus 2001, in the regressions. Panel B of Table 2 also presents average donations per firm-country-year observations as well as number of donating firm-country pairs per year. Although the firm-country pairs increase significantly from 2002 to 2015, perhaps due to more and more firms are starting to donate to foreign countries during the sample period, average donation amount actually has decreased during the sample period.

4. Empirical Results

4.1. Univariate Analyses

Panel A and B of Table 3 conduct t-tests on foreign and domestic donations before and after the first FCPA enforcement. Panel A uses the main test sample while Panel B uses a balanced sample, which is restricted to a 6-year window around the first FCPA enforcement. The number of observations dropped from 3,636 to 822 if we restrict to balanced sample. In both unbalanced and balanced sample, average amount of total philanthropic giving to a foreign country is significantly higher post-first FCPA enforcement, preliminarily support my conjecture that donations to the foreign country increase after the FCPA enforcement. Specifically, a firm donate \$806,350 on average to a foreign country before the first FCPA enforcement. The number increases by \$704,380 to \$1,510,730 after the first enforcement. Further, in contrast to the increase in average corporate giving to the focal country, average amount of corporate giving to foreign countries other than the focal country, and to domestic beneficiaries is not consistently significantly higher post-enforcement, which suggests that the

increase in donations to the FCPA country is not likely to be driven by the general increasing trend in donation activities over time, but only exist among FCPA countries.

Panel C of Table 3 and Figure 2 presents distributions of foreign donations by FCPA intensity. FCPA intensity is the number FCPA enforcements⁸ that a country has experienced prior to the donating year. For the country-years with no FCPA enforcement, a sample firm on average donate \$106,730. While for the country-years by which the country has experienced greater than or 7 times FCPA enforcement, the average donation amount is \$168,300. The increasing trend in donation amount along FCPA intensity is clearly depicted in Figure 2. And this trend is mainly concentrated on donations that are conducted through intermediaries. Donations to other foreign countries and to domestic beneficiaries, however, do not exhibit an increasing pattern as FCPA intensity increases.

Besides using other non-FCPA countries as benchmark, I also conduct alternative benchmarks, i.e., the firm's domestic donation, to further mitigate the concern that firm characteristics might spuriously drive the findings. Panel D of Table 3 compare differences between a firm's donation to a foreign country and that firm's donation to its home country (USA). Both foreign and domestic donations are scaled by the firm's total donation (sum of the firm's domestic and foreign donation). On average, a firm's donation to the foreign country increase by 0.02% after first FCPA enforcement in that foreign country, while that the share of domestic donation of that firm decrease by 6.88% during the same period. The difference in changes of foreign versus domestic share is 7.1%. This is again consistent with FCPA leading to higher donation to the foreign country.

Table 4 presents pairwise Pearson (in the lower triangle) and Spearman rank (in the upper triangle) correlations of all variables used in the main analysis. The FCPA indicator variable, *First FCPA*, which equals to 1 for the years after the first FCPA enforcement and 0

⁸ Multiple enforcement cases in a year is counted as once.

for the years before FCPA enforcement, are positively correlated with all the key donation variables (*Foreign Total*, *Foreign Indirect*, *Foreign Direct*). This preliminarily support the conjecture that corporate giving increase to the foreign country after the first FCPA enforcement. While it is well noting that the other two donation variables, *Foreign Elsewhere Total* and *Domestic Total*, are also positively related with *First FCPA*. Therefore, at current stage, we are not able to discriminate between whether the positive relation between *First FCPA* and *Foreign Total* are driven by the FCPA enforcement itself or is just a reflection of increasing trend of U.S. MNEs in general, we need to further deal with this issue using multivariate analyses.

It is also interesting to see that *Foreign Total*, the total giving amount from the firm to the focal country, is positively related with *Rule of Law Distance* and *GDP Distance*, consistent with prior literature (Hornstein and Zhao 2018; Habib and Zurawicki 2002) that institutional environment plays an important role in MNEs' investment, and here specifically corporate philanthropic giving decisions. Moreover, MNEs also tend to donate more to the host country when the foreign country is more important to the firm, when more natural disasters happen in the past year, and when the corporate governance is poorer (Brown et al. 2006; Hornstein and Zhao 2018).

4.2. First FCPA Enforcement and Foreign Giving

I first examine H1, which proposes a positive relation between first FCPA enforcement and foreign giving. Since the initial FCPA enforcement cases come in stagger in different countries, I follow prior literature (Bertrand et al. 2004; Bertrand and Mullainathan 2003; Fauver et al. 2017) to use a staggered DiD design. The regression model is written as the follows:

$$\text{Foreign Donation}_{i,c,t} = \beta_0 + \beta_1 * \text{First FCPA}_{c,t} + \beta_2 * X_{i,c,t} + \beta_3 * Y_{i,t} + \beta_4 * Z_{c,t} + \text{Country FE} + \text{Firm FE} + \text{Year FE}. \quad (1)$$

In DiD analysis, I only include countries that have at least one pre- and post- first FCPA year during my sample period, i.e., 2002-2015. $First\ FCPA_{c,t}$ is an indicator variable that equals to 1 if the country c has experienced its first FCPA enforcement throughout year t , and 0 if it has not. The enforcement year of a country is not included.

At each cross-section, β_1 captures the difference in donation amount from U.S. firms to countries that have already taken (treatment group) versus those have not taken first FCPA (control group). Having the indicator variable alone cannot give us a precise estimation on the treatment effect, since the differences may be caused by differences in donation firms or the beneficiary countries. Therefore, I follow prior studies (Bertrand and Mullainathan 2003; Fauver et al. 2017) and include country and year fixed effects to control for fixed differences between treated and non-treated groups. In this way, I'm able to compare differences among FCPA versus non-FCPA countries at a time point. Meanwhile, I also include firm fixed effects to control for any within-firm change in donation amount overseas.

To further mitigate the omitted related variables issue, I also include several firm-, country-, and firm-country level control variables. At firm-country level, I include *Host Country Importance* to capture the importance of the host country to the firm, as measured by number of times that the firm has mentioned the country in its most recent Exhibit 21 of 10-K report (Dyreng and Lindsey 2009; Dyreng, Hanlon, and Maydew 2012). At country level, I control for variables that capture the distance between home and host country, including economic distance (*GDP Distance*), institutional distance (*Rule of Law Distance*), cultural distance (*Common Language*), and geographic distance (*Geographic Distance*). Moreover, a country will receive more donations if natural disasters happen more frequently in the country, so I also control for number of natural disasters that take place in the country (*Natural Disaster*). In terms of firm characteristics, I control for the corporate governance (*Corporate Governance*) and CSR performance (*Corporate Social Responsibility*) of the firm. Finally, I also control for

time trend (*Trend*) in my regression. All of the continuous variables are winsorized at the 1st and 99th percentiles. For the variables that have missing values for certain years for a firm or for a country, I fill the missing years by the mean of the firm or the country. Robust standard errors are clustered at firm level.

Besides studying the effect of FCPA enforcement on total philanthropic giving to a foreign country, I also try to explore the channel through which the U.S. firms donate. Apart from donation amount, the donation channel is another important dimension of decision making when corporations conduct philanthropic giving to foreign countries (Hornstein and Zhao 2018). A company can donate either directly to the beneficiary countries, or indirectly through some intermediary institutions such as NGOs. The main advantage of direct donation is that the company can reach out directly to the local agencies, who possess better knowledge of local needs. However, one hurdle to the firms who wish to donate directly is that they lack the information needed to identify local agencies that are in align with their goals. For these firms, they are better off donating to intermediary institutions who then distribute donations to the beneficiaries in the host country. In the setting of FCPA enforcement, it is not sure whether the firms would like to go directly or not. On one hand, firms may wish to go directly to save communication and information costs (Porter and Kramer 2002). On the other hand, firms may prefer to do this indirectly, since they are lack of necessary information to find appropriate recipients in the foreign country.

To study the donation channel, I construct six more donation variables from the donation database. *Foreign Indirect* measures amount of donations that are conducted through intermediaries, and *Foreign Direct* measures amount of donations that reach directed to the beneficiaries in the foreign country. I further decompose direct donations into four components by the type of beneficiaries, including NGOs (*NGO*), governmental institutions (*Government*), religious institutions (*Religious Institutions*), and other institutions (*Other*). This is to see

whether donations to any beneficiaries are driving the results. For *Foreign Total*, *Foreign Indirect* and *Foreign Direct*, I take natural log of the donation amount plus one for all donation variables when running regressions. For *NGO*, *Government*, *Religious Institutions* and *Other*, I scale them by amount of direct donation.

Besides using non-FCPA foreign donations as the benchmark in model (1), I also use domestic donations as alternative benchmark sample. I create an indicator variable which equals 1 if the donation is to the foreign country, and 0 if the donation goes to domestic beneficiaries. To estimate the treatment effect, I employ the model below:

$$\text{Foreign Donation}_{i,c,t} = \beta_0 + \beta_1 * \text{Treat}_c * \text{First FCPA}_{c,t} + \beta_2 * \text{First FCPA}_{c,t} + \beta_3 * Y_{i,t} + \beta_4 * Y_{i,t} + \beta_5 * Z_{c,t} + \text{Country FE} + \text{Firm FE} + \text{Year FE}.$$

β_1 captures the treatment effect of initial FCPA enforcement on foreign giving. I omit the term *Treat* in the regression, because it is a linear combination of firm fixed effects.

Table 5 shows the main results for staggered DiD regressions. Panel A use foreign non-FCPA countries as the benchmark. In column (1), which studies the effect of first FCPA on the total giving amount to a foreign country, the treatment effect is significantly positive. Since the average log donation amount is around 4.75, this translates into \$136.81⁹ ($\approx \exp(4.75+0.781) - \exp(4.75)$) more in total donation from a U.S. firm to foreign countries with first FCPA enforcement taken place compared to foreign countries without an FCPA case up to a given time.

From Column (2) and (3), if I decompose total foreign giving into two components, donations that go indirectly through intermediary institutions, and donations that go directly to beneficiaries in the foreign countries, the coefficient on *First FCPA* is only significant Column (2), which uses *Foreign Indirect* as the independent variable. Moreover, when I further

⁹ This amount seems to be small. But the average log amount of 4.75 here is unconditional on whether the firm donate to the focal country or not. If conditional on the firm donating to the focal country, the estimated treatment effect is actually \$134,404 ($\approx \exp(11.64+0.781) - \exp(11.64)$), given an average log amount of 11.64.

decompose foreign direct donations by the type of recipient institutions in Column (4)-(7), I see that *First FCPA* is only significant on Column (6) and Column (7). This means that among those donations to identifiable beneficiaries, donations to religious institutions and other institutions are increase higher for treatment firm-country pairs. This altogether suggests that the increase in donations after FCPA is driven by donations through intermediary institutions to unidentifiable beneficiary institutions, and directly to religious institutions and other institutions. MNEs prefer to employ indirect channel for donating in response to substantially increased bribery costs after FCPA enforcement, perhaps due to their lack of knowledge on where to donate. Moreover, the insignificance on the change of donation to governmental institutions indicates that those additional donations driven by FCPA is unlikely to be used to appeal governmental officials, at least in appearance. In untabulated analyses, I also try the balanced sample for the same DiD model in equation (1). The results are similar.

Panel B of Table 5 utilizes domestic donations as the benchmark sample. I consistent with the findings in Panel A, I also find a positive coefficient on the treatment effect $Treat * First\ FCPA$. This suggests that MNEs increase their donations in the host country after the initial FCPA enforcement, compared with their donations to the home country.

The results from the staggered DiD regressions in general support H1 that MNEs dynamically increase their donation amount to the foreign countries who have experienced their first FCPA enforcement, compared to the countries who have not.

4.3. FCPA Intensity and Foreign Giving

FCPA enforcement is not a one-time event. Indeed, it can happen frequently in a foreign country. Apart from first-time enforcement, subsequent enforcements may also have impacts on firms' donation decisions. In this section, I plan to study how the intensity of FCPA enforcement, that is, number of FCPA enforcements, affect foreign donation amount of U.S. firms. The regression model is written as follows:

$$\text{Foreign Donation}_{i,c,t} = \beta_0 + \beta_1 * \text{FCPA Intensity}_{c,t-1} + \beta_2 * X_{i,c,t-1} + \beta_3 * Y_{i,t-1} + \beta_4 * Z_{c,t-1} + \text{Country FE} + \text{Firm FE} + \text{Year FE}. \quad (2)$$

*FCPA Intensity*_{c,t} measures number of FCPA enforcements that have happened to country *c* by the end of year *t-1*, where multiple enforcements during the same year is counted once. Similar to equation (1), I also include same set of control variables and firm, country, and year fixed effects.

Panel A of Table 6 use full sample, which consist of 14,187 firm-country-year observations, to estimate equation (2). The sample size is much larger here, since I now include all countries that are covered by Foundation Center, no longer pose restriction on the years of first FCPA enforcement. The results show that *FCPA Intensity* is significantly positively related to *Foreign Total*, which is consistent with MNEs increase their donations to the foreign country when FCPA enforcement cases increase. And the increase is driven by both direct and indirect channels, though the effect on *Foreign Indirect* is slightly higher. Finally, among the direct channels, the effect is driven by donation to *NGOs* and to *Other* institutions.

Panel B of Table 6 restricts to countries drop those countries that have not experienced an FCPA enforcement up to our sample period ends (2015), the results still show that *FCPA Intensity* positively affect foreign donations from U.S. MNEs to that country, and the results are mainly driven by the indirect channel.

4.4. Cross-sectional Analyses

In this section, I further explore the cross-sectional variations of the impact of initial FCPA enforcement on foreign donations. In H2, I hypothesize that the impact of FCPA enforcement may vary across firms and countries. The regression model is similar to model (1), which is written as follows:

Foreign Donation $_{i,c,t}$

$$= \beta_0 + \beta_1 * \text{First FCPA}_{c,t} + \beta_2 * \text{Interaction variable} * \text{First FCPA}_{c,t} \\ + \beta_3 * \text{Interaction variable} + \text{Controls. (3)}$$

The firm-level interaction variable I use is *Sin Firm*, which is a dummy variable that equals to one if the firm operates in sin business according to KLD database. To the extent that firms increase their donations to the host country to help them mitigate operating difficulties brought by FCPA, *Sin Firms* are more eager to do so because FCPA impose higher obstacles on these firms. Among the 3,636 firm-country-year observations, there are 258 observations come from 7 sin firms. The results in the Column (1) of Table 7 shows that the interaction term between *Sin Firms* and *First FCPA* is positive, suggesting that the impact of first FCPA enforcement on foreign donations is more prominent for firms that are involved in sin businesses, which is consistent with H2b.

I next explore the host-country-level variations in the effect of first FCPA enforcement on corporate philanthropic giving. I expect the increase in foreign giving is more prominent for countries with high level of corruption, since MNEs may rely more on bribery when doing businesses in these countries, and FPCA is likely to impose higher restrictions to MNEs that operate in these countries. I use two proxies for measuring the severity of corruption in a foreign country, i.e., *Regulatory Efficiency* and *Control of Corruption*. I divide countries equally into two groups based on the two variables. Countries that in *High Host Country Corruption* and *Low Host Country Regulatory Efficiency* are regarded to have high corruption level. Consistent with H2b, I find evidence that the increase in foreign giving in response to FCPA enforcement is more prominent in countries with poor control of corruption and poor regulatory efficiency, as indicated by the positively significant coefficients on the interaction terms in Column (2) and Column (3) of Table 7.

4.5. Additional Tests

I conduct additional tests in Table 8 for robustness checks. Panel A of Table 8 present the results for Placebo tests. In placebo tests, I use the same sample and control variables as in Table 5 and Table 6, but replace dependent variables with a firm's domestic donations, and donations to other foreign countries except for the focal country. In all the models, the coefficients on *First FCPA* and *FCPA Intensity* are insignificant, which suggest that the increase in donation amount by MNEs is only targeted at FCPA countries, donations to domestic giving and giving to elsewhere of the world in contrast are not affected by FCPA enforcement.

In Panel B of Table 8, I drop those observations with zero donation amount, the coefficients on *First FCPA* and *FCPA Intensity* are still positively significant, suggesting that the results are not solely driven by those zero observations on *Foreign* giving. In Panel C of Table 8, I drop the country with largest donation amount, i.e., China in the Main Test Sample and United Kingdom in the Full Sample. The results are still robust.

5. Conclusions

In this study, I examine the impact of an anti-bribery legislation that prohibit U.S. MNEs' bribery to foreign officials, i.e., FCPA, on corporate foreign philanthropic giving. Consistent with my conjecture that U.S. MNEs more actively engage in philanthropic giving in response to operating difficulties brought by the first time FCPA enforcement in a foreign country, I find that U.S. MNEs donate more to countries that have already experienced their first FCPA enforcement, relative to the countries that have not. Moreover, such increase in foreign donation is mainly conducted through indirect channels, suggesting that MNEs may lack of information about where to donate, when they want to do more good deeds after the first FCPA enforcement in the host country. Firms also donate more when the FCPA intensity is high in the foreign country. In cross-sectional analyses, I find that the higher donation amount

is mainly driven by firms that operate in sin businesses, and in host countries with high corruption level.

Overall, my findings are consistent with the conjecture that foreign giving is likely to be employed by MNEs as an alternative to bribery to overcome the difficulties they face in operating in a foreign country after the initial FCPA enforcement takes place in that country, which suggests that the FCPA enforcement can impact corporate philanthropic decisions.

The findings of this study complement prior literature that consider corporate philanthropic giving as a tool for firms to gain socio-political legitimacy (Hornstein and Zhao 2018; Wang and Qian 2011). This study contributes by studying firms' philanthropic giving in an international setting, where MNEs' bribery costs substantially increased after FCPA enforcement. The paper is also related to the CSR literature, in which whether CSR activities enhance firm value or is just a reflection of agency costs is still under debate (Friedman 1970; Bénabou and Tirole 2010; Brown et al. 2006). My results suggest that firms increase their philanthropic giving in the foreign country out of concerns for the enhancing operating difficulties, and thus is more likely out of value-maximizing rather out of managers seeking for self-interests. Finally, the paper also contributes to the MNE literature that examine how MNEs adjust to varying home and host country institutional environment (Spencer and Gomez 2011; Kostova and Zaheer 1999). The results suggest that U.S. MNEs dynamically adjust their philanthropic giving decisions in response to host country's FCPA enforcements, which likely increase the institutional distance between the host country and their home country.

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Appendix 1 Variable Definitions

Name	Definitions	Sources
Dependent Variables		
<i>Foreign Total</i>	Total amount of donation to the host country. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
Foreign Total Donation Subgroups:		
<i>Foreign Indirect</i>	Total amount of indirect donation to the host country. Indirect donations refer to donations through intermediary institutions (e.g. NGOs, Religious Institutions). Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
<i>Foreign Direct</i>	Total amount of donations to the host country. Direct donations refer to donations that go directly to the recipients. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
Foreign Direct Donation Subgroups:		
<i>Foreign NGO</i>	Direct donations to non-governmental organisations in the host country. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
<i>Foreign Government</i>	Direct donations to government institutions in the host country. Log transformations are used in regressions.	Foundation Center
<i>Foreign Religious Institutions</i>	Direct donations to religious institutions in the host country. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
<i>Foreign Direct Other</i>	Direct donations to institutions other than NGO, government institutions, and religious institutions in the host country. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
<i>Domestic Total</i>	Total amount of domestic donations by the firm. Log transformations are used in regressions.	Foundation Center
<i>Foreign Elsewhere Total</i>	Total giving amount in other countries in the past year. Log transformations (natural log of the exact value plus one) are used in regressions.	Foundation Center
<i>Treat</i>	A dummy variable equals to 1 if the donation is to a foreign country, and 0 if the donation is to the home country	Foundation Center
FCPA Variables		
<i>First FCPA</i>	A dummy that equals to 1 if the host country has experienced its first FCPA enforcement, and equals 0 if the country has not experienced its first FCPA enforcement.	Manually collected from SEC and DOJ websites
<i>FCPA Intensity</i>	Number of times that the host country had FCPA enforcement. Multiple cases that happen in the same year are only counted once. Log transformations (natural log of the exact value plus one) are used in regressions.	Manually collected from SEC and DOJ websites
Control and Other Variables		
<i>Host Country Importance</i>	Number of times that the host country has been mentioned in exhibit 21 of 10-K. Log transformations (natural log of the exact value plus one) are used in regressions.	Exhibit 21 of 10-K
<i>Number of total foreign subsidiaries</i>	Log transformation of the firm's total number of subsidiaries outside U.S.	Capital IQ
<i>Number of geographic segments</i>	Number of countries that the firm operates as reported. Log transformations (natural log of the exact value plus one)	Compustat
<i>Trend</i>	Year minus 2001. Consecutive numbers start from 1 for the year 2002.	Foundation Center

<i>Natural Disaster</i>	A dummy variable that equals 1 if the host country has experienced at least one natural disaster during the year and 0 otherwise	Center for Research on the Epidemiology of Disasters (CRED) World Bank
<i>GDP Distance</i>	Absolute difference between the U.S. GDP and host country GDP. Log transformations (natural log of the exact value plus one) are used in regressions.	World Bank
<i>Rule of Law Distance</i>	Country-level governance data, rule of law. It is the absolute difference between the host country and U.S.	World Bank
<i>Common Language</i>	A dummy variable that equals one if the foreign also uses English as the official language and zero otherwise.	CEPII
<i>Geographic Distance</i>	Geographic distance between U.S. and the foreign country. Log transformations are used in regressions.	CEPII
<i>Foreign Direct Investment U.S. to Foreign</i>	Foreign direct investment from U.S. to the foreign country, scaled by the foreign country's GDP.	U.S. Bureau of Economic Analysis (BEA) KLD
<i>Corporate Social Responsibility</i>	Sum of strengths minus sum of concerns of environmental and social ratings in the database.	KLD
<i>Corporate Governance</i>	Sum of strengths minus sum of concerns of governance ratings in the database.	KLD
<i>Low Regulatory Efficiency</i>	A dummy variable that equals 1 if the host country's regulatory efficiency is lower than median.	Index of Economic Freedom World Bank
<i>High Host Country Corruption</i>	A dummy variable that equals 1 if the host country's control of corruption index is lower than median.	World Bank
<i>Sin Firms</i>	A dummy variable that equals 1 if the company is operating in controversial business according to KLD (Alcohol, Gambling, Tobacco, Firearms, Military, Nuclear Power)	KLD

Appendix 2: Sample Distributions by Host Country

Countries that have first FCPA enforcement between 2003 and 2014 and are included in Main Tests

Number	Country	First Year of FCPA	Main Test Sample		Full Sample	
			N	Mean	N	Mean
1	China	2005	578	334.56	610	326.98
2	Philippines	2005	243	123.02	253	122.30
3	Russian Federation	2008	184	133.51	195	138.67
4	Tanzania	2014	94	235.84	106	211.88
5	Spain	2012	156	126.00	170	127.61
6	Korea	2006	139	124.21	150	124.63
7	Turkey	2007	138	123.82	146	122.51
8	Pakistan	2014	226	70.72	255	62.68
9	Poland	2004	159	93.85	163	98.36
10	Hungary	2010	155	68.19	169	65.87
11	Bangladesh	2007	75	128.00	79	126.28
12	Thailand	2005	159	59.39	170	60.03
13	Viet Nam	2010	169	55.66	185	57.86
14	Costa Rica	2010	100	87.23	110	84.43
15	Malaysia	2009	114	54.34	125	55.80
16	Peru	2014	137	43.37	153	41.28
17	Nepal	2014	22	246.92	24	226.34
18	Burma	2011	55	94.76	61	85.44
19	Mali	2014	40	95.48	45	84.87
20	Czech Republic	2010	172	20.14	189	19.40
21	Guinea	2014	29	92.15	32	83.51
22	Angola	2004	10	208.00	10	208.00
23	Ukraine	2013	117	17.51	129	19.22
24	Honduras	2010	88	22.85	95	22.82
25	Ecuador	2008	55	30.31	58	28.74
26	United Arab Emirates	2007	62	26.39	65	25.18
27	Kazakstan	2004	26	61.73	26	61.73
28	Bolivia	2008	15	102.58	15	102.58
29	Burkina Faso	2014	41	29.86	45	27.20
30	Malawi	2010	31	24.53	35	82.44
31	Bulgaria	2012	19	27.37	22	23.64
32	Azerbaijan	2007	6	28.33	6	28.33
33	Mozambique	2010	22	4.55	24	4.17
Main Test Sample			3,636	123.97		
Countries Included in Full Sample only:						
34	United Kingdom	N.A.	0	0	644	364.46
35	India	2001	0	0	459	262.94
36	Japan	N.A.	0	0	431	158.32
37	Canada	1991	0	0	739	84.26
38	Mexico	1982	0	0	525	116.70
39	Brazil	1998	0	0	346	158.02
40	South Africa	2015	0	0	387	138.98
41	Haiti	N.A.	0	0	473	87.09
42	Indonesia	1997	0	0	245	161.51
43	Germany	1990	0	0	343	109.76
44	Australia	N.A.	0	0	345	108.91
45	Swaziland	N.A.	0	0	39	792.50
46	France	2002	0	0	310	93.23
47	Colombia	1990	0	0	159	161.35
48	Italy	1996	0	0	301	77.34
49	Singapore	N.A.	0	0	120	143.71
50	Ireland	N.A.	0	0	330	48.20
51	Kenya	2015	0	0	185	77.91
52	Nigeria	1985	0	0	93	136.09
53	Israel	1992	0	0	217	53.57
54	Belgium and Luxembourg	2002	0	0	190	58.47
55	Chile	2017	0	0	270	38.52

56	Argentina	2000	0	0	193	53.57
57	Botswana	N.A.	0	0	26	332.68
58	Egypt	1994	0	0	102	79.56
59	Zambia	N.A.	0	0	53	140.31
60	Rwanda	N.A.	0	0	65	106.74
61	Switzerland	N.A.	0	0	124	55.89
62	Ethiopia	N.A.	0	0	55	116.38
63	Uganda	N.A.	0	0	94	67.74
64	Greece	1993	0	0	86	67.15
65	Hong Kong	N.A.	0	0	53	106.50
66	Netherlands	N.A.	0	0	179	31.41
67	Lebanon	N.A.	0	0	80	64.45
68	Sweden	N.A.	0	0	83	58.15
69	Senegal	N.A.	0	0	45	90.16
70	Austria	N.A.	0	0	112	33.89
71	Liberia	N.A.	0	0	31	119.74
72	Jordan	N.A.	0	0	49	71.13
73	Afghanistan	N.A.	0	0	70	46.80
74	Jamaica	1989	0	0	63	47.94
75	Norway	N.A.	0	0	74	34.10
76	Paraguay	N.A.	0	0	25	93.46
77	Cameroon	N.A.	0	0	35	60.17
78	Venezuela	2002	0	0	112	18.62
79	Uruguay	N.A.	0	0	66	31.50
80	Guatemala	N.A.	0	0	70	28.59
81	New Zealand	N.A.	0	0	146	13.58
82	Dominican Republic	1994	0	0	119	15.43
83	Namibia	N.A.	0	0	28	61.49
84	Sri Lanka	N.A.	0	0	106	16.05
85	Ghana	N.A.	0	0	57	26.79
86	Côte d'Ivoire	N.A.	0	0	32	37.25
87	Portugal	N.A.	0	0	98	9.95
88	Kuwait	N.A.	0	0	36	24.29
89	Slovakia	N.A.	0	0	54	16.06
90	Cambodia	N.A.	0	0	57	14.78
91	Finland	N.A.	0	0	66	12.58
92	Morocco	N.A.	0	0	36	19.24
93	Luxembourg	2002	0	0	37	18.36
94	El Salvador	N.A.	0	0	34	18.65
95	Panama	1998	0	0	49	12.76
96	Papua New Guinea	N.A.	0	0	8	75.00
97	Denmark	N.A.	0	0	38	10.69
98	Barbados	N.A.	0	0	18	25.38
99	Bermuda	N.A.	0	0	13	18.33
100	Iceland	N.A.	0	0	8	33.38
101	Nicaragua	2002	0	0	19	13.71
102	Niger	1989	0	0	16	11.16
103	Iraq	1989	0	0	24	3.75
104	Trinidad and Tobago	N.A.	0	0	24	3.33
105	Georgia	N.A.	0	0	8	5.63
106	Qatar	2015	0	0	12	3.33
107	Cuba	N.A.	0	0	28	1.07
All Full Sample					14,187	114.87

Appendix 2 tabulates first enforcement year of FCPA, number of observations and average donation amount by beneficiary countries. The Main Test Sample consists of firm-country-years that are used in DiD analyses, based on countries that experienced their first FCPA enforcement during 2003-2014. It contains 3,636 observations of foreign donations between 2002 and 2015. The Full Sample includes all countries that are covered by the donation database with necessary control variables available. It contains 14,187 observations. Donation amount is denoted in thousand dollars.

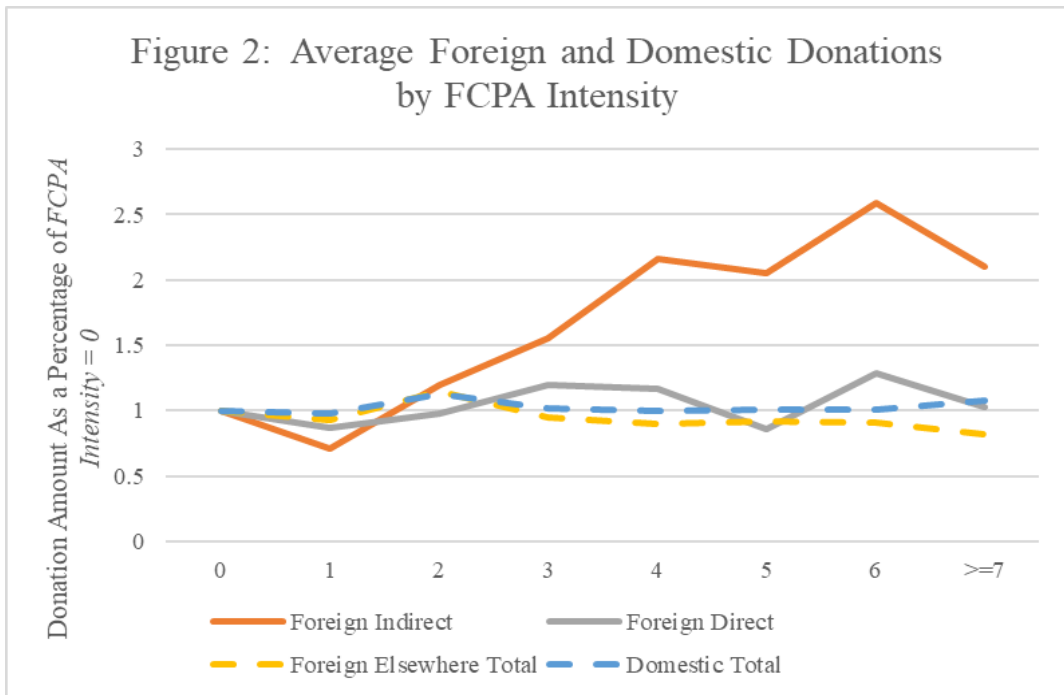
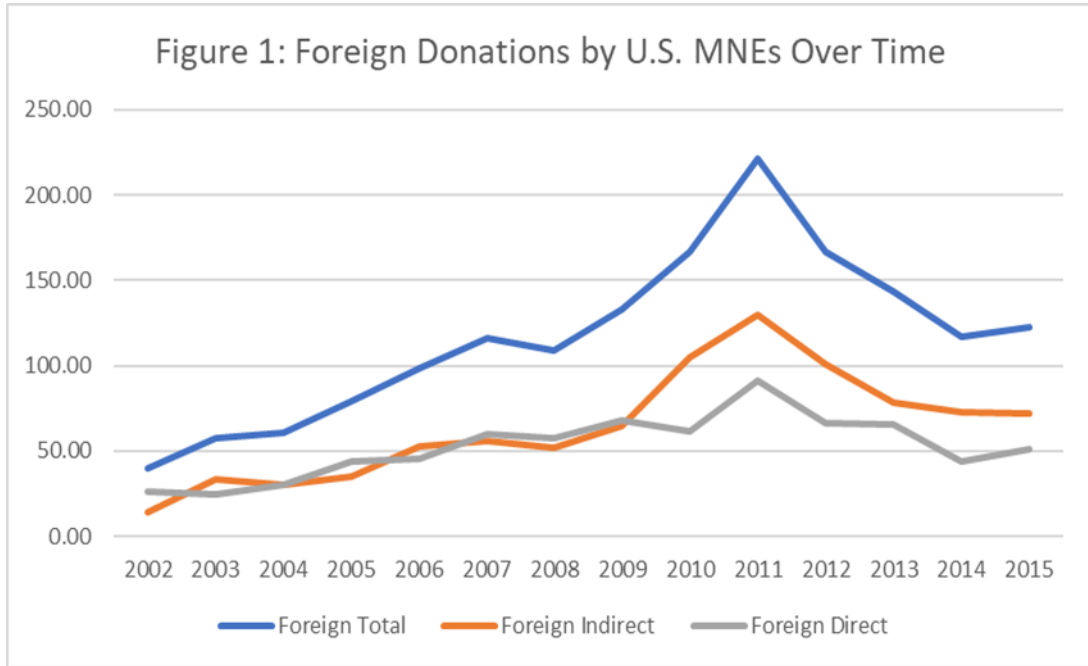


Table 1 Summary Statistics

Variable Name	Main Test Sample			Full Sample		
	N	Mean	SD	N	Mean	SD
<i>Foreign Total</i>	3,636	123.97	446.36	14,187	114.87	462.19
<i>Foreign Indirect</i>	3,636	76.91	368.85	14,187	63.10	330.46
<i>Foreign Direct</i>	3,636	47.07	234.35	14,187	51.78	305.97
1. <i>NGO</i>	3,636	27.39	208.91	14,187	30.56	252.04
2. <i>Government</i>	3,636	4.85	39.96	14,187	4.84	58.27
3. <i>Religious Institutions</i>	3,636	1.32	22.41	14,187	1.41	17.03
4. <i>Other</i>	3,636	13.50	65.52	14,187	14.97	108.23
<i>Foreign Elsewhere</i>	3,636	10,344.51	13,092.29	14,187	8,939.60	12,346.14
<i>Domestic Total</i>	3,636	23,871.94	29,024.91	14,187	21,494.35	27,963.81
<i>First FCPA / FCPA Intensity</i>	3,636	0.62	0.49	14,187	1.39	2.15
<i>GDP Level (in \$billions)</i>	3,636	1,208.22	2,088.90	14,187	1,138.29	1,568.90
<i>GDP Distance (in \$billions)</i>	3,636	13,783.69	2,176.04	14,187	13,831.57	1,762.08
<i>Rule of Law</i>	3,636	-0.18	0.69	14,187	0.37	1.07
<i>Rule of Law Distance</i>	3,636	1.78	0.70	14,187	1.31	0.97
<i>Host Country Importance</i>	3,636	0.56	0.82	14,187	0.70	0.96
<i>Geographic Diversification</i>	3,636	1.11	0.91	14,187	1.06	0.91
<i>Number of Foreign Subsidiaries</i>	3,636	1.74	0.96	14,187	1.66	0.97
<i>Natural Disaster</i>	3,636	0.91	0.28	14,187	0.86	0.35
<i>Common Language</i>	3,636	0.16	0.37	14,187	0.35	0.48
<i>Geographic Distance</i>	3,636	9.11	0.38	14,187	8.80	0.76
<i>Foreign Direct Investment U.S. to Foreign</i>	3,636	0.02	0.02	14,187	0.08	0.15
<i>Corporate Social Responsibility</i>	3,636	3.81	4.87	14,187	3.50	4.76
<i>Corporate Governance</i>	3,636	-0.94	1.99	14,187	-0.97	1.97

This table presents number of observations, mean, and standard deviations of main variables used throughout the paper. The Main Test Sample consists of firm-country-years that are used in DiD analyses, based on countries that experienced their first FCPA enforcement during 2003-2014. It contains 3,636 observations of foreign donations between 2002 and 2015. The Full Sample includes all countries that are covered by the donation database. It contains 14,187 observations. Donation variables, including *Foreign Total*, *Foreign Indirect*, *Foreign Direct*, *NGO*, *Government*, *Religious Institutions*, *Other*, *Foreign Elsewhere*, and *Domestic Total*, are denoted in thousand dollars. Detailed definitions of all variables are listed in Appendix 1.

Table 2: Average amount of Donations by Industry and Year**Panel A: Distribution by Industry**

Number	Industry	N	N Firm	Foreign Total	Foreign Indirect	Foreign Direct	Foreign Elsewhere Total	Domestic Total
1	Mining/Construction	0	0	0.00	0.00	0.00	0.00	0.00
2	Food	283	4	345.22	262.91	82.31	30,191.92	18,754.62
3	Textiles/Print/Publish	79	3	25.40	19.02	6.37	383.86	5,027.12
4	Chemicals	86	4	11.37	1.51	9.85	293.72	3,074.33
5	Pharmaceuticals	748	9	116.01	55.18	60.83	6,827.57	12,878.81
6	Extractive	111	3	58.55	55.53	3.02	15,452.77	13,557.62
7	Manf: Rubber/Glass/Etc.	39	1	191.02	175.96	15.06	12,257.67	471.03
8	Manf: Metal	144	1	179.34	68.24	111.10	9,425.44	9,882.85
9	Manf: Machinery	79	3	164.70	112.57	52.13	11,331.96	14,351.23
10	Manf: Electrical Equipment	187	4	41.94	5.21	36.73	2,021.45	5,515.08
11	Manf: Transport Equipment	52	2	23.73	23.73	0.00	2,123.95	26,048.33
12	Manf: Instruments	138	3	55.77	41.59	14.18	3,807.31	17,045.73
13	Manf: Misc.	90	2	6.60	1.33	5.28	282.08	580.23
14	Computers	283	7	115.89	25.89	90.00	4,043.39	18,455.62
15	Transportation	193	3	61.06	12.27	48.79	8,919.92	26,142.71
16	Utilities	9	1	19.44	19.44	0.00	128.24	10,994.44
17	Retail: Wholesale	8	2	19.38	16.25	3.13	95.94	22,357.69
18	Retail: Misc	50	4	12.74	11.54	1.20	3,562.97	45,160.27
19	Retail: Restaurant	20	1	20.88	3.00	17.88	2,421.48	2,767.68
20	Financial	886	16	154.70	121.87	32.83	14,855.30	48,470.60
21	Insurance/Real Estate	17	1	2.06	2.06	0.00	32.42	1,668.88
22	Services	13	1	30.96	30.96	0.00	104.86	3,115.81
23	Other	121	1	79.98	28.51	51.48	17,872.96	53,321.85
	<i>All</i>	<i>3,636</i>	<i>76</i>	<i>123.97</i>	<i>76.91</i>	<i>47.07</i>	<i>10,344.51</i>	<i>23,871.94</i>

Panel B: Time Trend

Year	N	Foreign Total	Foreign Indirect	Foreign Direct	Foreign Elsewhere Total	Domestic Total
2002	92	120.18	42.89	77.29	5,216.87	22,408.19
2003	123	76.47	34.42	42.05	5,833.07	18,980.37
2004	154	91.94	50.52	41.42	6,960.40	18,405.17
2005	134	91.22	61.31	29.91	9,633.28	22,199.75
2006	213	156.97	91.43	65.55	8,194.23	21,870.68
2007	233	138.67	75.86	62.81	9,628.00	21,280.31
2008	259	152.60	69.37	83.23	7,840.85	24,375.35
2009	286	128.82	75.96	52.85	9,461.28	20,856.36
2010	264	170.49	131.11	39.37	10,204.70	22,843.70
2011	352	184.55	127.00	57.55	13,961.02	23,250.94
2012	354	127.72	86.27	41.45	13,093.05	27,916.65
2013	388	118.86	71.63	47.23	11,400.01	25,411.73
2014	343	86.64	64.63	22.02	11,123.50	26,801.17
2015	441	69.80	42.61	27.19	10,986.90	26,186.09
<i>All Years</i>	<i>3,636</i>	<i>123.97</i>	<i>76.91</i>	<i>47.07</i>	<i>10,344.51</i>	<i>23,871.94</i>

This table presents average donation amount by industry of donating firms and by donating year based on the Main Test Sample. Panel A presents average foreign donations by industry. Industry classifications are based on Barth et al. (2005). Panel B presents average foreign donations by year. All the donation amount variables are denoted in thousand dollars. All variable definitions are provided in Appendix 1.

Table 3: Univariate Analyses
Panel A: Main Test Sample

Pre/Post First FCPA	N	Foreign Total	Foreign Indirect	Foreign Direct	Foreign Elsewhere Total	Domestic Total
Pre	1,399	806.35	460.07	346.28	21,510.05	9,436.37
Post	2,237	1,510.73	962.29	548.44	25,349.05	10,912.45
<i>Post-Pre</i>	<i>Difference</i>	704.38**	502.22**	202.16	3839.003*	1,906.81
	<i>P-value</i>	0.018	0.028	0.105	0.088	0.441

Panel B: Balanced DiD Sample

Pre/Post First FCPA	N	Foreign Total	Foreign Indirect	Foreign Direct	Foreign Elsewhere Total	Domestic Total
Pre	411	85.42	40.68	44.74	22,271.93	9,213.26
Post	411	135.56	71.94	63.62	26,353.17	11,151.40
<i>Post-Pre</i>	<i>Difference</i>	50.14*	31.26	18.89	4,081.24	1938.14*
	<i>P-value</i>	0.057	0.133	0.413	0.125	0.060

Panel C: Full Sample

FCPA Intensity	N	Foreign Total	Foreign Indirect	Foreign Direct	Foreign Elsewhere Total	Domestic Total
0	7,226	106.73	54.56	52.17	9,135.71	21,240.36
1	2,957	84.35	38.87	45.48	8,490.52	20,785.86
2	1,262	116.26	65.03	51.22	10,468.31	23,998.84
3	739	147.37	84.97	62.40	8,695.75	21,630.69
4	487	178.48	117.67	60.81	8,221.47	21,158.22
5	470	156.81	111.92	44.89	8,360.85	21,359.61
6	416	208.64	141.46	67.18	8,272.11	21,403.35
>=7	630	168.30	114.86	53.44	7,449.52	22,976.51
<i>All</i>	<i>14,187</i>	<i>114.87</i>	<i>63.10</i>	<i>51.78</i>	<i>8,939.60</i>	<i>21,494.35</i>

Panel D: Domestic Donations as the Benchmark

Variable	Foreign%	Domestic%
N (firm-country-years)	3,636	3,636
Pre First FCPA	0.42%	72.86%
Post First FCPA	0.64%	65.98%
Change (Post - Pre)	0.22%*	-6.88%**
Relative Change (Foreign - Domestic)		7.10%***

This table presents univariate tests on the relation between foreign giving and FCPA enforcement. Panel A and B test differences in donations before and after the initial FCPA enforcement in the host country. Panel A uses the main test sample, and Panel B uses balanced sample which require observations throughout the 6-year window around the first FCPA enforcement of a country. Panel C presents average donations by number of FCPA enforcements of the foreign countries based on the full sample. Panel D use domestic donations (as a percentage of the total donations) as the benchmark and compare a firm's foreign versus domestic donations before and after the foreign country's firms FCPA enforcement. All donation numbers are denoted in thousand dollars. The P-values are calculated based on the Huber-White robust standard errors. ***, **, and * indicate significance at the of 1%, 5%, and 10% levels, respectively.

Table 4: Correlation Matrix

Var Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
(1) <i>Foreign Total</i>		0.71	0.62	0.38	0.28	-0.06	0.09	0.08	-0.02	-0.21	0.05	0.23	-0.04	-0.04	-0.01	-0.01	-0.06	-0.14	
(2) <i>Foreign Indirect</i>	0.85		-0.01	0.32	0.24	-0.03	0.08	0.15	0.00	-0.11	0.06	0.12	0.11	0.02	0.05	-0.10	-0.03	-0.10	
(3) <i>Foreign Direct</i>	0.57	0.05		0.16	0.11	-0.06	0.00	-0.08	-0.06	-0.18	0.01	0.22	-0.15	-0.09	-0.08	0.09	-0.05	-0.04	
(4) <i>Foreign Elsewhere Total</i>	0.22	0.24	0.06		0.68	-0.03	-0.03	0.34	0.05	0.03	-0.07	-0.14	0.02	-0.04	-0.05	0.05	-0.05	-0.26	
(5) <i>Domestic Total</i>	0.05	0.03	0.05	0.35		0.00	-0.04	0.28	-0.14	-0.01	-0.04	-0.07	0.00	0.02	0.03	0.03	-0.02	-0.30	
(6) <i>First FCPA</i>	0.08	0.07	0.04	0.06	0.06		0.04	-0.06	0.06	0.63	-0.05	-0.18	-0.08	-0.12	0.17	0.16	0.21	0.19	
(7) <i>Host Country Importance</i>	0.13	0.11	0.08	-0.04	-0.04	0.05		0.21	0.08	-0.16	0.09	0.33	-0.12	-0.02	0.04	0.15	0.00	-0.10	
(8) <i>Number of Foreign Subsidiaries</i>	0.07	0.09	0.00	0.30	0.25	-0.06	0.17		0.02	-0.09	-0.02	-0.01	-0.03	0.02	-0.04	0.06	-0.07	-0.31	
(9) <i>Geographic Diversification</i>	0.07	0.06	0.04	0.05	-0.27	0.05	0.06	0.05		0.11	-0.01	-0.06	0.07	0.00	0.03	-0.04	0.03	0.12	
(10) <i>Trend</i>	-0.02	0.00	-0.04	0.13	0.08	0.64	-0.15	-0.09	0.10		-0.08	-0.58	0.04	0.04	0.07	0.04	0.26	0.27	
(11) <i>Natural Disaster</i>	0.05	0.04	0.03	-0.08	-0.02	-0.05	0.09	-0.02	-0.01	-0.07		0.12	0.16	0.09	0.07	-0.10	-0.04	0.01	
(12) <i>GDP Distance</i>	0.19	0.13	0.16	-0.18	-0.06	0.08	0.34	-0.07	-0.01	-0.20	0.14		-0.08	-0.22	-0.07	-0.12	-0.18	-0.13	
(13) <i>Rule of Law Distance</i>	0.04	0.05	0.00	0.01	0.00	-0.03	-0.09	-0.07	0.06	0.08	0.20	0.10		0.23	0.14	-0.45	0.00	0.04	
(14) <i>Common Language</i>	-0.01	0.01	-0.03	-0.05	0.04	-0.12	-0.04	0.00	0.00	0.05	0.09	-0.22	0.26		0.44	-0.20	0.01	0.01	
(15) <i>Geographic Distance</i>	0.07	0.06	0.04	-0.06	0.05	0.19	0.07	-0.06	0.03	0.06	0.06	0.16	0.22	0.37		-0.24	0.01	0.02	
(16) <i>Foreign Direct Investment to Host</i>	-0.08	-0.07	-0.04	0.10	0.02	0.05	0.09	0.06	-0.03	0.02	-0.10	-0.27	-0.40	-0.16	-0.34		0.04	-0.02	
(17) <i>Corporate Social Responsibility</i>	-0.01	-0.01	0.01	-0.07	-0.01	0.21	-0.01	-0.10	0.02	0.30	-0.04	-0.09	-0.02	0.00	-0.02	0.04		0.19	
(18) <i>Corporate Governance</i>	-0.04	-0.02	-0.04	-0.18	-0.33	0.17	-0.07	-0.29	0.09	0.25	0.01	0.00	0.05	0.01	0.02	-0.02	0.24		
Number of Observations	3,636																		

This table presents Pearson and Spearman Rank correlations between regression variables based on the main test sample. Pearson correlations are presented in the lower triangle while Spearman rank correlations are presented in the upper triangle. All continuous variables are winsorized at the 1st and 99th percentiles of their pooled distributions. Correlations that are significant at 10% are in bold.

Table 5: First FCPA Enforcement and Foreign Donation: Differences in Differences
Panel A: Foreign Non-FCPA countries as the Benchmark

<i>Dependent Variable:</i>	Foreign Direct Donations						
	(1) Foreign Total	(2) Foreign Indirect	(3) Foreign Direct	(4) NGO%	(5) Government%	(6) Religious Institutions%	(7) Other%
<i>First FCPA</i>	0.781** (2.59)	0.491* (1.83)	0.354 (1.43)	-0.013 (-0.74)	-0.004 (-0.27)	0.008* (1.95)	0.040** (2.37)
<i>Host Country Importance</i>	-0.073 (-0.25)	-0.064 (-0.17)	-0.020 (-0.09)	0.010 (0.89)	-0.000 (-0.07)	-0.002 (-1.09)	-0.011 (-0.99)
<i>Number of Foreign Subsidiaries</i>	-2.837*** (-5.93)	-1.937*** (-4.74)	-0.355 (-1.09)	-0.043* (-1.91)	0.007 (0.43)	-0.004 (-1.55)	0.010 (0.52)
<i>Geographic Diversification</i>	0.401 (0.74)	0.539 (1.16)	-0.203 (-0.73)	-0.007 (-0.62)	-0.016 (-0.91)	-0.001 (-0.83)	0.008 (0.64)
<i>Elsewhere</i>	0.298*** (6.59)	0.115** (3.17)	0.216*** (5.54)	0.008*** (4.87)	0.003** (2.84)	0.000 (1.35)	0.007** (2.91)
<i>Trend</i>	-0.630*** (-9.11)	-0.238** (-2.89)	-0.400*** (-5.15)	-0.011** (-2.32)	-0.006** (-2.21)	-0.003** (-3.28)	-0.015*** (-3.66)
<i>Natural Disaster</i>	-0.073 (-0.40)	0.315* (1.68)	-0.276 (-1.43)	0.009 (0.52)	-0.020** (-2.27)	0.002 (0.59)	-0.017 (-1.11)
<i>GDP Distance</i>	1.284 (0.89)	0.363 (0.22)	1.068 (0.82)	-0.068 (-0.58)	-0.077 (-0.62)	0.041** (2.04)	0.216** (2.77)
<i>Rule of Law Distance</i>	-0.773 (-0.93)	0.735 (1.28)	-1.206 (-1.28)	-0.009 (-0.15)	0.024 (0.57)	-0.002 (-0.20)	-0.086 (-1.30)
<i>Common Language</i>	-3.748 (-1.66)	-2.157 (-1.38)	-3.271 (-1.51)	-0.141 (-1.30)	-0.007 (-0.13)	0.016 (0.96)	-0.119 (-0.74)
<i>Geographic Distance</i>	2.356 (1.18)	1.022 (0.75)	2.890 (1.34)	0.056 (0.48)	0.001 (0.02)	-0.008 (-0.43)	0.141 (0.87)
<i>Foreign Direct Investment to Host</i>	-12.713 (-1.17)	-12.360 (-1.21)	4.307 (0.44)	-0.352 (-0.39)	0.293 (1.18)	0.563** (2.35)	-0.811 (-1.24)
<i>Corporate Social Responsibility</i>	-0.051 (-1.12)	-0.068 (-1.37)	-0.006 (-0.13)	0.001 (0.63)	0.000 (0.09)	-0.000 (-1.12)	-0.001 (-0.31)
<i>Corporate Governance</i>	-0.004 (-0.05)	0.195* (1.75)	-0.145 (-1.64)	-0.007 (-1.29)	-0.004** (-2.12)	0.000 (0.56)	-0.002 (-0.51)
<i>Constant</i>	38.088 (0.82)	13.201 (0.26)	14.846 (0.36)	-2.309 (-0.62)	-2.327 (-0.57)	1.372** (2.07)	5.621** (2.09)
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,636	3,636	3,636	3,636	3,636	3,636	3,636
Adjusted R-squared	0.382	0.336	0.352	0.175	0.111	0.077	0.150

Panel B: Domestic Donations as the Benchmark

	(1)	(2)	(3)
	<i>Foreign Total%</i>	<i>Foreign Indirect%</i>	<i>Foreign Direct%</i>
<i>Treat * First FCPA</i>	0.076** (2.79)	0.078** (2.84)	0.075** (2.75)
<i>First FCPA</i>	-0.022 (-1.41)	-0.023 (-1.47)	-0.024 (-1.51)
<i>Number of Foreign Subsidiaries</i>	-0.093*** (-7.69)	-0.094*** (-7.67)	-0.096*** (-7.85)
<i>Geographic Diversification</i>	0.002 (0.19)	0.002 (0.17)	0.002 (0.14)
<i>Elsewhere</i>	0.016*** (5.78)	0.016*** (5.74)	0.016*** (5.72)
<i>Trend</i>	-0.004* (-1.86)	-0.004* (-1.76)	-0.004* (-1.74)
<i>Natural Disaster</i>	0.004 (1.35)	0.004 (1.35)	0.004 (1.31)
<i>GDP Distance</i>	0.005 (0.09)	0.014 (0.27)	0.009 (0.17)
<i>Rule of Law Distance</i>	0.021 (0.71)	0.024 (0.80)	0.025 (0.84)
<i>Common Language</i>	-0.066 (-1.57)	-0.065 (-1.54)	-0.060 (-1.38)
<i>Geographic Distance</i>	0.493** (2.47)	0.507** (2.57)	0.542** (2.75)
<i>Corporate Social Responsibility</i>	-0.001 (-0.57)	-0.001 (-0.57)	-0.001 (-0.51)
<i>Corporate Governance</i>	0.001 (0.47)	0.001 (0.48)	0.001 (0.45)
<i>Constant</i>	-4.467* (-1.87)	-4.338* (-1.87)	-4.824** (-2.06)
Firm, Country, Year Fixed Effects	Yes	Yes	Yes
Observations	7,272	7,272	7,272
Adjusted R-squared	0.784	0.785	0.787

This table presents results for DiD analyses for studying the influence of the first FCPA enforcement in a foreign country on U.S. firms' corporate giving to that foreign country. Panel A uses foreign non-FCPA countries as the benchmark. Column (1) shows the impact of First FCPA on total giving to the host country. Column (2) and (3) study donations through indirect and direct channels, respectively. Direct and indirect donations are scaled by *Foreign Total*. Column (4)-(7) further decompose direct giving into *Foreign Direct* into *NGO*, *Government*, *Religious Institutions*, and *Other Institutions* based on organization type of the beneficiary institution. They are scaled by *Foreign Direct* in the regressions. Panel B presents results for an alternative DiD design which uses domestic donations as benchmarks. All the dependent variables are scaled by total donation amount (foreign plus domestic) of the corporation. Robust *t* standard errors are clustered at firm level. All continuous variables are winsorized at the 1st and 99th percentiles of their pooled distributions. The *t*-statistics are reported in parentheses. ***, **, and * indicate significance at the of 1%, 5%, and 10% levels, respectively. Definitions of all of the variables are listed in Appendix 1.

Table 6: FCPA Intensity and Foreign Donation
Panel A: Full Sample

<i>Dependent Variable:</i>	Foreign Direct Donations						
	(1) <i>Foreign Total</i>	(2) <i>Foreign Indirect</i>	(3) <i>Foreign Direct</i>	(4) <i>NGO%</i>	(5) <i>Government%</i>	(6) <i>Religious Institutions%</i>	(7) <i>Other%</i>
<i>FCPA Intensity</i>	0.990*** (3.88)	0.598** (2.12)	0.429** (2.58)	0.011 (0.82)	0.004 (0.71)	0.002 (0.58)	0.021 (1.62)
<i>Host Country Importance</i>	0.102 (0.58)	0.191 (0.80)	-0.032 (-0.19)	0.003 (0.31)	-0.001 (-0.45)	-0.001 (-0.54)	-0.004 (-0.56)
<i>Number of Foreign Subsidiaries</i>	-4.498*** (-10.34)	-4.284*** (-9.85)	0.124 (0.42)	0.006 (0.47)	0.007 (1.15)	-0.002 (-1.23)	-0.008 (-0.52)
<i>Geographic Diversification</i>	0.357 (0.95)	0.306 (0.87)	0.028 (0.14)	-0.003 (-0.28)	-0.003 (-0.28)	0.001 (0.75)	0.008 (0.70)
<i>Elsewhere</i>	0.298*** (8.65)	0.146*** (5.13)	0.189*** (5.71)	0.009*** (5.82)	0.002*** (2.68)	0.000 (1.41)	0.006*** (3.58)
<i>Trend</i>	-0.692*** (-15.02)	-0.281*** (-4.33)	-0.418*** (-6.65)	-0.015*** (-3.87)	-0.007*** (-2.62)	-0.002*** (-3.44)	-0.014*** (-3.78)
<i>Natural Disaster</i>	-0.023 (-0.20)	0.058 (0.72)	-0.162* (-1.74)	-0.006 (-0.91)	0.002 (0.49)	0.000 (0.03)	-0.011** (-2.23)
<i>GDP Distance</i>	-2.300 (-1.45)	-2.572 (-1.50)	-0.136 (-0.11)	0.011 (0.10)	-0.066 (-0.82)	0.001 (0.07)	0.060 (0.80)
<i>Rule of Law Distance</i>	-0.451 (-1.31)	0.219 (0.62)	-0.837** (-2.52)	-0.074*** (-3.22)	0.014 (1.25)	0.001 (0.12)	-0.006 (-0.29)
<i>Common Language</i>	-0.472 (-0.26)	-0.525 (-0.40)	-0.711 (-0.55)	-0.104 (-1.52)	0.030* (1.95)	0.006 (0.76)	0.023 (0.47)
<i>Geographic Distance</i>	-0.386 (-0.71)	-0.106 (-0.31)	-0.552 (-1.22)	-0.004 (-0.19)	-0.013 (-1.52)	-0.002 (-0.34)	-0.030 (-1.42)
<i>Foreign Direct Investment U.S. to Foreign</i>	2.072** (2.38)	3.212*** (3.58)	-0.401 (-0.58)	0.085 (1.47)	-0.041 (-0.89)	0.008 (0.50)	-0.117 (-1.64)
<i>Corporate Social Responsibility</i>	0.001 (0.03)	0.007 (0.17)	-0.017 (-0.65)	0.001 (0.37)	-0.000 (-0.13)	-0.000 (-1.33)	-0.002 (-0.76)
<i>Corporate Governance</i>	0.028 (0.36)	0.138 (1.60)	-0.054 (-0.77)	0.001 (0.34)	-0.002* (-1.97)	0.000 (0.81)	-0.004 (-1.43)
<i>Constant</i>	-45.314 (-0.94)	-61.351 (-1.18)	5.602 (0.15)	0.624 (0.18)	-1.877 (-0.78)	0.073 (0.16)	2.255 (1.00)
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	14,187	14,187	14,187	14,187	14,187	14,187	14,187
Adjusted R-squared	0.351	0.275	0.344	0.188	0.113	0.066	0.137

Panel B: Countries with At Least One FCPA Enforcement during Sample Period

<i>Dependent Variable:</i>	Foreign Direct Donations						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>Foreign Total</i>	<i>Foreign Indirect</i>	<i>Foreign Direct</i>	<i>NGO%</i>	<i>Government%</i>	<i>Religious Institutions%</i>	<i>Other%</i>
<i>FCPA Intensity</i>	1.075*** (3.09)	0.825*** (2.82)	0.408 (1.50)	0.024* (1.74)	-0.009 (-1.39)	0.004 (1.57)	0.015 (1.29)
<i>Host Country Importance</i>	0.298 (1.22)	0.149 (0.45)	0.172 (0.80)	0.022 (1.64)	0.004 (0.66)	-0.001 (-0.42)	-0.012 (-1.29)
<i>Number of Foreign Subsidiaries</i>	0.026 (0.09)	0.214 (0.64)	0.400** (2.37)	0.002 (0.28)	-0.002 (-0.53)	0.003 (1.65)	0.026** (2.52)
<i>Geographic Diversification</i>	0.209 (0.42)	0.362 (0.84)	-0.205 (-0.82)	-0.014 (-1.20)	-0.004 (-0.27)	-0.002 (-1.00)	0.005 (0.37)
<i>Elsewhere</i>	0.308*** (8.05)	0.132*** (4.58)	0.210*** (5.64)	0.009*** (5.48)	0.002*** (2.64)	0.000 (1.22)	0.006*** (3.04)
<i>Trend</i>	-0.611*** (-8.28)	-0.228*** (-2.95)	-0.370*** (-4.29)	-0.014** (-2.42)	-0.004 (-1.45)	-0.003*** (-3.39)	-0.014*** (-3.71)
<i>Natural Disaster</i>	0.958*** (2.75)	0.901*** (3.42)	0.116 (0.36)	0.026 (1.24)	-0.010* (-1.89)	0.006 (1.60)	-0.017 (-1.26)
<i>GDP Distance</i>	3.488** (2.51)	1.674 (1.44)	4.545*** (3.80)	0.208*** (3.23)	0.076*** (3.26)	-0.010 (-1.10)	0.071 (1.38)
<i>Rule of Law Distance</i>	-0.426** (-2.55)	0.222 (1.38)	-0.499*** (-2.96)	-0.024** (-2.25)	-0.000 (-0.00)	0.002 (1.66)	-0.023*** (-3.94)
<i>Common Language</i>	1.188*** (4.47)	0.849*** (3.59)	0.989*** (3.57)	0.070*** (3.22)	-0.012* (-1.76)	0.010** (2.19)	0.008 (0.49)
<i>Geographic Distance</i>	0.228 (0.95)	0.514** (2.51)	-0.246 (-1.17)	-0.055*** (-2.92)	0.012 (1.65)	-0.004 (-0.81)	0.022 (1.52)
<i>Foreign Direct Investment U.S. to Foreign</i>	-2.658** (-2.52)	-2.232** (-2.24)	-0.722 (-0.95)	-0.073 (-1.35)	-0.023 (-1.42)	0.045** (2.28)	-0.041 (-1.51)
<i>Corporate Social Responsibility</i>	-0.028 (-0.79)	-0.036 (-0.80)	-0.010 (-0.28)	0.001 (0.48)	-0.001 (-0.83)	-0.000 (-0.68)	-0.000 (-0.15)
<i>Corporate Governance</i>	0.038 (0.48)	0.192* (1.90)	-0.097 (-1.14)	-0.002 (-0.37)	-0.002 (-1.44)	0.000 (0.18)	-0.004 (-1.26)
<i>Constant</i>	110.726*** (2.64)	48.407 (1.40)	142.887*** (3.92)	6.857*** (3.56)	2.288*** (3.21)	-0.248 (-0.85)	2.111 (1.30)
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,047	5,047	5,047	5,047	5,047	5,047	5,047
Adjusted R-squared	0.349	0.296	0.330	0.176	0.082	0.047	0.128

This table presents regression results of studying the effect of *FCPA Intensity* on foreign giving. Column (1) shows the impact of *FCPA Intensity* on total giving to the host country. Column (2) and (3) study donations through indirect and direct channels, respectively. Column (4)-(7) further decompose direct giving into *Foreign Direct* into *NGO*, *Government*, *Religious Institutions*, and *Other Institutions* based on organization type of the beneficiary institution. Robust *t* standard errors are clustered at firm level. All continuous variables are winsorized at the 1st and 99th percentiles of their pooled distributions. The *t*-statistics are reported in parentheses. ***, **, and * indicate significance at the of 1%, 5%, and 10% levels, respectively. Definitions of all of the variables are listed in Appendix 1.

Table 7 First FCPA and Foreign Donation: Cross-sectional Analyses

<i>Dependent Variable:</i>	(1)	(2)	(3)
		<i>Foreign Total</i>	
<i>First FCPA</i>	0.647** (2.09)	0.205 (0.51)	0.205 (0.51)
<i>Sin Firm * First FCPA</i>	3.325*** (5.92)		
<i>Sin Firm</i>	-1.575 (-1.62)		
<i>High Host Country Corruption * First FCPA</i>		0.940** (2.21)	
<i>High Host Country Corruption</i>		-0.572 (-1.46)	
<i>Low Host Country Regulatory Efficiency * First FCPA</i>			0.905* (1.93)
<i>Low Host Country Regulatory Efficiency</i>			-0.992*** (-2.76)
<i>Host Country Importance</i>	-0.046 (-0.17)	-0.071 (-0.26)	-0.048 (-0.17)
<i>Number of Foreign Subsidiaries</i>	-2.189*** (-3.78)	0.514 (1.12)	-2.449*** (-4.67)
<i>Geographic Diversification</i>	0.504 (1.05)	0.518 (1.05)	0.512 (1.04)
<i>Elsewhere</i>	0.278*** (6.49)	0.281*** (6.27)	0.281*** (6.38)
<i>Trend</i>	-0.628*** (-8.98)	-0.603*** (-8.95)	-0.605*** (-8.13)
<i>Natural Disaster</i>	0.111 (0.52)	-0.010 (-0.04)	0.053 (0.24)
<i>GDP Distance</i>	0.987 (0.61)	1.517 (0.98)	1.339 (0.77)
<i>Rule of Law Distance</i>	-0.620 (-0.85)	-0.106 (-0.14)	-0.131 (-0.17)
<i>Common Language</i>	-3.685* (-1.81)	-1.332 (-0.95)	-1.322 (-0.87)
<i>Geographic Distance</i>	1.277 (0.69)	1.745 (0.97)	2.025 (1.05)
<i>Foreign Direct Investment to Host</i>	-17.352 (-1.46)	-15.890 (-1.40)	-15.249 (-1.26)
<i>Corporate Social Responsibility</i>	-0.078* (-1.71)	-0.077* (-1.68)	-0.073 (-1.60)
<i>Corporate Governance</i>	-0.054 (-0.67)	-0.026 (-0.31)	-0.031 (-0.39)
<i>Constant</i>	36.557 (0.74)	39.941 (0.88)	41.50 (0.83)
Firm, Country, Year Fixed Effects	Yes	Yes	Yes
Observations	3,636	3,636	3,636
Adjusted R-squared	0.454	0.454	0.456

This table explore cross-sectional variations in the effects of initial FCPA enforcement on philanthropic giving from MNEs to the foreign country. Column (1) interact *Sin Firm* dummy with *First FCPA*, and Column (2) and (3) interact *High Host Country Corruption* and *Low Host Country Regulatory Efficiency* with *First FCPA*. Robust *t* standard errors are clustered at firm level. All continuous variables are winsorized at the 1st and 99th percentiles of their pooled distributions. The t-statistics are reported in parentheses. ***, **, and * indicate significance at the of 1%, 5%, and 10% levels, respectively. Definitions of all of the variables are listed in Appendix 1.

Table 8 Additional Tests**Panel A: Placebo tests using donations to non-FCPA countries and domestic donations**

<i>Dependent Variable:</i>	(1)	(2)	(3)	(4)
	<i>Domestic Total</i>		<i>Foreign Elsewhere Total</i>	
<i>First FCPA</i>	-0.154		-0.175	
	(-0.97)		(-0.69)	
<i>FCPA Intensity</i>		0.082		0.060
		(0.73)		(0.30)
<i>Control Variables</i>	Yes	Yes	Yes	Yes
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes
Observations	3,636	14,187	3,636	14,187
Adjusted R-squared	0.950	0.924	0.560	0.606

Panel B: Drop zero-donation Observations

<i>Dependent Variable:</i>	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Foreign Total</i>		<i>Foreign Indirect</i>		<i>Foreign Direct</i>	
<i>First FCPA</i>	0.371**		-0.041		0.440	
	(2.77)		(-0.12)		(0.81)	
<i>FCPA Intensity</i>		0.150***		-0.277		0.412***
		(2.63)		(-1.38)		(2.83)
<i>Control Variables</i>	Yes	Yes	Yes	Yes	Yes	Yes
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,483	5,594	1,483	5,594	1,483	5,594
Adjusted R-squared	0.484	0.415	0.504	0.567	0.560	0.703

Panel C: Drop Country with largest Donations

<i>Dependent Variable:</i>	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Foreign Total</i>		<i>Foreign Indirect</i>		<i>Foreign Direct</i>	
<i>First FCPA</i>	0.725**		0.248		0.490*	
	(2.29)		(0.94)		(1.85)	
<i>FCPA Intensity</i>		0.822***		0.423**		0.520***
		(4.99)		(2.57)		(4.23)
<i>Control Variables</i>	Yes	Yes	Yes	Yes	Yes	Yes
Firm, Country, Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,058	13,543	3,058	13,543	3,058	13,543
Adjusted R-squared	0.360	0.321	0.351	0.251	0.326	0.323

This table presents results on additional analyses for robustness checks. Panel A presents results for placebo tests which use domestic total giving and giving to other foreign countries as alternative dependent variables. Panel B drops zero-donation observations, and Panel C drops the country that is the largest donation destination by U.S. MNEs. Robust t standard errors are clustered at firm level. All continuous variables are winsorized at the 1st and 99th percentiles of their pooled distributions. The t -statistics are reported in parentheses. ***, **, and * indicate significance at the of 1%, 5%, and 10% levels, respectively. Definitions of all of the variables are listed in Appendix 1.