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**THE CHOICE OF LOBBYING STRATEGY:
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The influence of lobbying activity on economic growth and welfare is widely observed in the literature. Many scholars consider lobbying as a sort of rent-seeking and blame it for non-optimal redistribution of assets, additional costs for firms, and resource reallocation from productive activities to lobbying activities. Lobbying may result in policies and regulations that benefit a small range of firms at the cost of others. Yet some scholars argue that under some conditions lobbying may benefit society, or at least result in second-best optimality. The total outcome of lobbying should depend on how it proceeds.

Although the literature on lobbying is vast and multifaceted, many studies investigate how firms choose among different lobbying strategies. This study contributes to the literature by investigating how Russian firms choose ways of lobbying. The results of the study are based on a 1000-firm survey conducted by the Higher School of Economics and the Levada Center. The study investigates channels of lobbying mentioned by the respondents and focuses on the two most common channels, which are having direct contacts with officials and collective lobbying through business associations.

The findings of the study are as follows. First, the data show that these lobbying channels are more likely to be complements. Second, a comparison of the effectiveness of different channels shows that the most common ways of lobbying are also the most effective. Moreover, the effectiveness of associations and personal contacts turned out to be statistically similar. Firms that have personal connections use direct personal contacts more often. But those who have problems with access to state officials tend to use business associations. Finally, the data show that those firms that interact with officials experience a higher risk of being captured by them.

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Introduction

The way that a lobbying process is organized may significantly influence economic development. If businessmen can bring needs and problems faced by their companies to policymakers and if there is a constructive dialogue between these two parties, then lobbying may improve conditions for business and promote economic development [Mohtadi and Roe, 1998; Bhagwati, 1980]. On the other hand, lobbying may be done mainly in the spirit of rent-seeking and solely in the pursuit of the personal interests of a limited group of companies. The examples of such negative outcomes of lobbying may be barriers to entry to particular markets and exceeding regulation of some sectors. Thus it would benefit some particular companies, while at the same time reducing the efficiency of the economy. Different mechanisms of how lobbying could negatively impact economic growth are widely observed in the literature [Tullock, 1980; Berry, 1993; Polishchuk and Savvateev, 2004; Campante and Ferreira, 2006].

The literature on lobbying focuses on different benefits that a policymaker may get from the lobbying firms, such as information important for making a decision [Lagerlöf, 1997], or direct money contributions [Grossman and Helpman, 1994]. Quite a number of studies model the provision of a single type of benefit, but just a few studies investigate how lobbyists choose a particular strategy when facing both of these alternatives [Austen-Smith, 1995; Bennesen and Feldmann, 2006]. The literature that considers corruption and lobbying as possible strategies for firms facing a binding regulation also relates to this field. Contrasting these two approaches in a number of parameters (e.g., implementation cost, legitimacy, arrangement reversibility), some studies show the correlation between firm characteristics and the choice between lobbying and corruption, and varying influence of these two strategies on economic growth [Damania et al., 2004; Campos and Giovannoni, 2007, 2008; Harstad and Svensson, 2011]. Yet another question is considered in many of the studies mentioned above: Specifically, how are the different strategies related to each other, and do they substitute or complement each other?

This study deals with the question of how firms choose a particular lobbying strategy. It considers common ways of influencing policy and focuses on two of the most common channels, which are direct contacts with officials and collective lobbying through business associations. Some factors that may determine the choice between these two strategies by lobbying firms are investigated and the effectiveness of different lobbying channels is compared.

The empirical section is based on a survey of about 1000 Russian firms that was conducted at the end of 2010. It investigates whether these channels are substitutes or

complements and what factors encourage companies to use different lobbying strategies. The analysis of channel effectiveness shows that the most common ways of lobbying are also the most effective. Lobbying through associations and direct contacts with officials convey statistically similar levels of effectiveness and strongly surpass the other channels. The data show that firms that lobby through direct interaction with officials tend to experience a higher risk of being captured by them. Finally, the data show that different lobbying channels are complements. This thesis is supported by both a positive correlation of using different channels and an analysis of channel effectiveness.

The paper organized as follows: Section 2 briefly summarizes the related literature, while section 3 describes the data used in the analysis. Section 4 provides the methodology and results of the empirical analysis and section 5 concludes the paper.

The lobbying behavior of firms

The influence of rent-seeking activity (and particularly lobbying) on economic growth and welfare is widely observed in the literature. Many scholars blame it for several reasons. Lobbying may result in the non-optimal distribution of assets or resources going from more efficient producers to more efficient lobbyists [Campante and Ferreira, 2006]. The contest for rents is a redistributive activity – not a productive activity – so lobbyists incur additional costs (see Tullock [1980] and further extensions of this model). Some models consider rent-seeking as an alternative to the production goods and services, so firms distribute available resources between production and the redistribution of rents [Sun, 1999; Polishchuk and Savvateev, 2004]. In this case, the negative impact of rent-seeking on total output should be even stronger, as the more resources are spent for lobbying, the less that are left for the production of goods and services.

Bhagwati [1980] discusses the possibility of a positive impact of rent-seeking behavior. Analyzing the example of trade tariffs, Bhagwati agrees that lobbying indeed is often not the best option. Nevertheless, sometimes this solution may be a second-best option, thus leading to some optimality.

The paper [Mohtadi and Roe, 1998] also examines the impact lobbying on economic development. It argues that there should be some optimal level of lobbying that maximizes total welfare. Both under-lobbying and over-lobbying should be less optimal than the efficient case.

A positive total outcome of lobbying should take place when lobbying institutions are properly designed. If businessmen can bring the needs and problems faced by companies to policymakers and if there is a constructive dialogue between these two parties, then lobbying may improve business conditions and promote economic development. Lobbying also may be beneficial for society if firms push the provision of public goods by the state. On the other hand, lobbying may be done in the spirit of rent-seeking, mainly to pursue the personal interests of a limited group of companies. The examples of such negative outcomes of lobbying may be barriers to entry to particular markets and exceeding regulation of some sectors, which would benefit some particular companies, while reducing the overall efficiency of the economy. More shady and informal lobbying procedures may encourage redistributive rent-seeking, which should be less optimal for society. On the other hand, formalized, open, and transparent mechanisms should result in more socially beneficial outcomes.

Although the literature on lobbying is vast and multifaceted, quite a few studies investigate how firms choose among different lobbying strategies. A paper by Bannedsen and Feldmann [2006] considers two ways that a lobbyist may influence policymakers. He could provide them with information that would bias the policy in his favor, or he could make direct contributions to the policymaker. A policymaker might maximize total welfare when facing informational lobbying, but then may possibly choose unfavorable policies in exchange for money. The model developed in the paper shows that these two strategies are substitutes because they are strategically independent. If payments are forbidden, then lobbyists compete actively by providing information. When this limitation is relaxed, information provision becomes less beneficial and firms actively use a contribution strategy.

An earlier study by Austen-Smith [1995] models a lobbyist's strategy as a combination of payments and provision of information. The firm makes an irreversible contribution (payment) to attract the politician's attention. If it passes to the second stage, then it is allowed to lobby for some desired changes in the policy. These proposed changes may or may not be accepted by the politician, who does have his own view of the policy. This approach assumes that money payments and information provision are not alternative strategies, but that they complement each other in the process of lobbying.

Another piece of evidence on firm behavior comes from studies that consider lobbying and corruption as possible responses to oppressive regulation. Damania et al. [2004] consider lobbying and corruption as possible strategies. It argues that lobbying may complement corruption. The suggested mechanism is as follows: Firms lobby for poorer law enforcement,

thereby making corruption easier. However, some studies provide evidence that lobbying and corruption should be substituting strategies [Campos and Giovannoni, 2007; Nugent and Sukiassyan, 2009]. An empirical study by Bennedsen et al [2009] and a theoretical study by Harstad and Svensson [2011] show that, when choosing between lobbying and corruption, stronger and larger firms prefer lobbying. The results of these studies may be generalized in the following way: Stronger firms prefer a more long-term and more legitimate strategy, even though it requires higher current inputs. This strategy encourages firms to invest more, so it is more favorable for economic growth than more shady strategy. These findings may be also related to the studies of different lobbying strategies.

Several papers estimate and compare the effectiveness of different strategies from different firms for obtaining political influence. Frye [2002] estimates how membership in business associations influences the successfulness of a firm's lobbying on the federal, regional, and city levels, and gives information about the use of other methods of lobbying (incidentally, associations are not even the most popular strategy), but it does not compare the effectiveness of these strategies.

Campos and Giovannoni [2007] use the self-estimation of a firm's influence on politicians as the dependent variable. The corruption variables and the indicator for business association membership are proxies for less formal and more formal firm strategies. The results indicate that membership in associations strongly influences a firm's power, while a corruption strategy does not seem to have such influence. This study considers different ways of lobbying by Russian firms and focuses on the two most common strategies: individual lobbying through officials and collective lobbying through business associations. Here it is assumed that collective lobbying is more transparent than the individual strategy. Firms that lobby individually may get some firm-specific benefits, while a collective strategy should at least result in club benefits.

When making a decision on how to lobby, firms should consider a whole range of other strong and weak points of these strategies, in addition to private versus club benefits mentioned above. Collective lobbying through business associations may be more effective because it might be considered to be more legitimate than individual lobbying by personal contacts with politicians. If a politician approves of changes to the legal environment that are lobbied by a single firm, then it may be considered as corruption. It is quite another story when the changes are lobbied by a business association for the benefit of the whole sector.

An individual lobbying strategy requires sufficient political or economic weight, or personal connections with politicians or bureaucrats. So a collective strategy is a chance for firms that do not otherwise have bargaining power or personal connections.

Relationships with authorities may not only be a source of benefits, but also a source of losses. Even firms that effectively cooperate with officials may eventually and suddenly be captured by those very same public agents. Lobbying through associations should therefore be a safer way of influencing than lobbying directly to politicians and bureaucrats, because it allows firms to communicate with officials while keeping a distance from them at the same time. Finally, the effectiveness of different lobbying strategies should influence the choice of businessmen.

This working paper aims to answer several questions about lobbying by firms. First, it asks whether more transparent and more informal strategies are substitutes – as suggested by most of literature mentioned above – or complements. Evidence comes from both a correlation of the use of different channels and an efficiency analysis of the different strategies.

The second set of questions examines to what extent connections with officials influence the choice of strategy. As mentioned above, direct lobbying through officials may require access or personal connections. Council membership, familiarity with a governor or a mayor, and past experience in state administration are used as indicators of access to such advantages. The foundation period can also indicate personal connections with officials, as older firms, especially those founded during the Soviet period, are more likely to be built in a system of personal relations with officials.

Finally, the other side of shady and informal lobbying is studied. A firm that uses direct contacts with corrupt officials may possibly experience some threat from them. Considering the problem of business pressure coming from unconscionable bureaucrats and politicians that is apparent in Russia [Yakovlev, 2006; Pyle, 2011; Gans-Morse, 2012; Markus, 2012], the connection between this pressure and personal lobbying is also investigated herein.

The data

The results presented in the paper are based on a survey of Russian firms conducted by the Higher School of Economics and the Levada Center.

The survey took place in late 2010 and involved 1013 companies in 6 industrial sub-sectors (mechanical engineering, metallurgy, chemicals, woodworking, light industry, and the food industry) and 4 non-industrial sectors (information technology, trucking, retail, and travel services). The surveyed firms were located in different types of settlements (from large cities to small towns) in 59 regions of Russia. About 9% of the firms that were situated were in Moscow, 9% were situated in St. Petersburg, and more than half (53%) were situated in regional capitals.

The rest were companies located in the peripheral cities, small towns, and villages.

Industrial enterprises account for about a half of the sample, while the other half is non-industrial firms. Surveyed companies have the following size distribution: One third of industrial enterprises have 100-250 employees, one third have 251-500 employees, and the rest have more than 500 employees. Non-industrial companies are significantly smaller: 46% have less than 25 employees, and 30% have from 26 to 100 employees. The share of companies that are members of at least one business association is about 38%.

Respondents were asked two questions concerning the lobbying activities of their firms. First they were to list all the ways in which their companies tried to influence the content of new laws and regulations that are important to their business. The optional answers provided in the survey were “via business associations”, “via personal contacts with officials”, “via the mass media”, and “via personal contacts with influential individuals (other entrepreneurs or public figures – anyone who cannot be classified as an official)”. A summary of respondent answers is provided in Table 1.

Tab. 1 Ways of promoting the interests of a company (the number of firms that use each channel of lobbying is reported).

Ways of promoting the interests of the company	BA members		Not BA members		Total	
	Number of firms	%	Number of firms	%	Number of firms	%
Business association (BA)	106	28%	26	4%	132	13%
Personal contacts with officials	103	27%	54	9%	157	15%
Mass media	43	11%	15	2%	58	6%
Personal contacts with influential individuals (not officials)	31	8%	12	2%	43	4%
Total (in sample)	385	100%	628	100%	1013	100%

Some studies on lobbying in transitional economies use membership in associations as a proxy for lobbying via associations. However, according to our data (see Table 1) members more often use all channels of influence. So the question is whether associations alone provide better lobbying opportunities or whether members succeed because they use many channels of lobbying. This effect may cause misinterpretation of the obtained results. In particular, the role of associations would be overestimated. Our data allows us to overcome this problem and to

compare the effectiveness of different lobbying strategies.

One may see that the use of different channels for lobbying is positively correlated (Table 2). This supports the hypothesis that the enterprise tries to use various channels instead of choosing a particular strategy.

Tab. 2. The use of different channels of lobbying (Pairwise correlation table).

	Officials	Business associations	Mass media	Influential individuals
Officials	1,00			
Business associations	0,34	1,00		
Mass media	0,38	0,38	1,00	
Influential individuals	0,32	0,34	0,33	1,00

The second question evaluated is the efficiency of lobbying activities of firms. On a three-point scale (2 meaning “almost always”, 1 being “rarely”, and 0 meaning “never”), respondents estimated how often their company succeeded in influencing the final content of new documents issued at the federal, regional, and local levels. The distribution of lobbying effectiveness on different levels is given in Figure 1 (see full figures in Table 3).

Tab. 3. The answers to the question about lobbying effectiveness (number of companies).

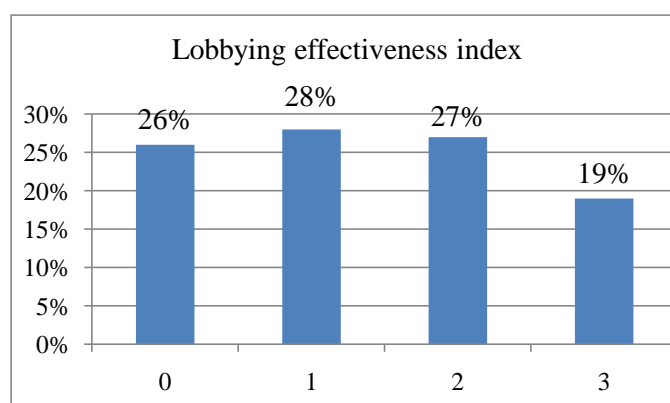
	Federal	Regional	Local
Always/almost always	10	18	18
Rarely	53	97	108
Never	56	46	37
No answer	4	8	4
Do not try to lobby	890	844	846
Total	1013		

The use of different channels of lobbying was indicated by a set of dummy variables (*lobbying_BA*, *lobbying_officials*, *lobbying_media*, *lobbying_infl_pers*). Each of these takes value of 1 if a company uses corresponding channels of lobbying and 0 if otherwise.

The efficiency of lobbying is measured by a constructed index (*lobbying_success*) that is based on the answers to the question about the efficiency of lobbying at different levels. The index is constructed using only the subsample of firms that did try to influence laws and regulations at one or more levels, while “missing” is assigned if firms did not lobby at all. First,

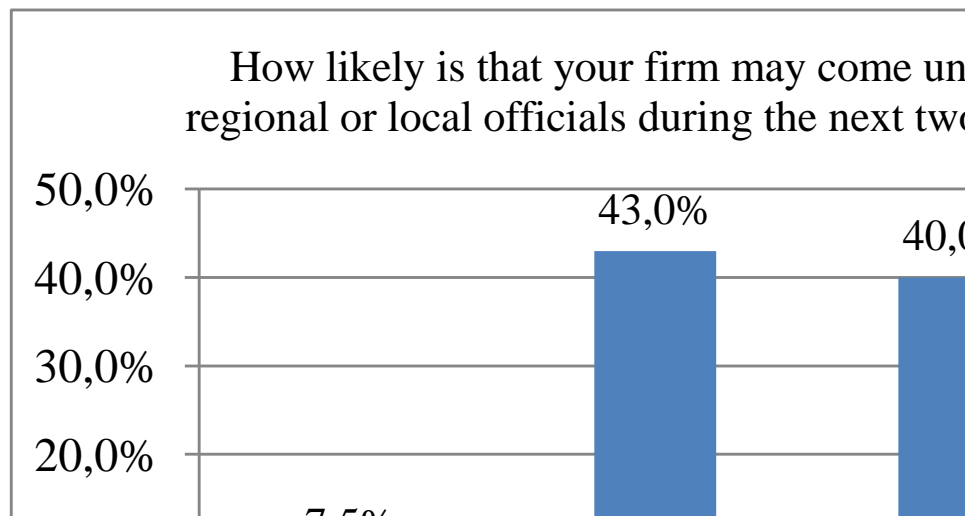
estimates of efficiency at different levels were summarized. Then, index values higher than 3 are set equal to 3. Finally, the index uses integer values from 0 to 3, with higher values of index indicating more efficient lobbyists. The distribution of *lobbying_success* index is provided in Figure 1. For example, if the index takes a value of 1, then this means that a firm rarely succeeded only at one administration level (federal, regional or local) and either did not succeed or did not try to lobby at all other levels. A value of 2 means that a firm almost always succeeded at only one administration level, and did not succeed or did not try to lobby at other levels. The second option is that a firm rarely succeeded only at two administration levels.

Fig. 1 The distribution of lobbying efficiency



The questionnaire includes a question about the risk of being taken over by officials. Respondents used a three-point scale to estimate the probability that his or her firm might come under control of regional or local officials during the next two or three years. A distribution of perceived take-over risk is provided in Figure 2.

Fig. 2. The distribution of take-over risk



One of the questions studied here is how personal connections influence the choice of channel. So a list of connection indicators should be provided. The survey asked questions about whether firm managers were familiar with the governor and/or mayor, whether they participated in councils organized by federal, regional and/or local authorities, and whether they have experience working in bodies of state administration. As these questions demand Yes/No answers, a set of dummy variables was constructed. The questionnaire includes a question about the most serious obstacles that firms faced while doing business. A respondent chose any five options among a possible eighteen provided in the survey. One of the possible answers was the concern that “officials support only related firms”. Firms that choose this option should have problems with access to state officials or at least could not get support from officials. So the dummy variable *Related_firms_concern* is also included in the list of connection indicators. Finally, the age of a firm is also used as older firms may be built in the system of personal relations with officials. The age variables in the regression equation are a set of dummy variables that indicate foundation period: Before 1992, 1992-1998, 1999-2004 or after 2004.

The size of firms may influence their lobbying potential, as larger firms may have more advantages. Membership in a business group may also influence lobbying behavior. Holding members may use the capacity of their group. So they may be stronger than single firms of the same size. So the corresponding control variables are also included in the equation.

The way that a firm evaluates laws and regulations may also influence its lobbying behavior. Another question about the most serious obstacles that firms faced while doing business was if a firm suffered from the “imperfection of existing laws and regulations.” Thus the dummy variable *Laws_discontent* is constructed. It equals 1 if firms mentioned this problem, and 0 otherwise. If some firms are on the board of an association, then it has more power to use the association to lobby for desired changes in regulation. This ability may influence the choice

of lobbying strategy such that *BA_board_membership* is also used as one of the control variables.

The Models

The first model studies the factors that influence a firm's choice between lobbying through associations and direct contacts with officials:

$$\text{lobbying_channel}_i = \beta_0 + \beta_1 * \text{lobbying_advantages}_i + \beta_2 * \ln(\text{employees}_i) + \beta_3 * \text{sector}_i + \varepsilon_i$$

lobbying_channel is a variable that takes four values. It indicates one of the following alternatives: not to lobby, lobby via personal contacts with officials, lobby via associations, or lobby using both of these strategies. "Not to lobby" is the base category.

lobbying_advantages implies a set of variables that indicate a firm connections to officials: participation in councils that are organized by federal, regional or local authorities; the fact that the top manager of the firm was familiar with the governor or mayor; the period of a firm's foundation; the experience of a top manager in bodies of state administration.

The main firm-level controls are the logarithm of firm size, holding membership and a set of sector dummies.

The second model studies how firms that use different lobbying channels estimate the risks of being taken over by officials

$$\text{capture_risk}_i = \beta_0 + \beta_1 * \text{lobbying_officials}_i + \beta_2 * \text{lobbying_BA}_i + \beta_3 * \text{lobbying_officials} \& \text{BA}_i + \beta_4 * \ln(\text{employees}_i) + \beta_5 * \text{sector}_i + \text{controls}_i + \varepsilon_i$$

capture_risk_i is a three-point indicator of the probability that a firm may be captured by officials.

lobbying_officials_i and *lobbying_BA_i* are dummy variables that indicate the fact that a firm lobbied through direct contacts with officials and through associations, respectively.

The list of main firm-level controls is the same: the logarithm of firm size, holding membership and a set of sector dummies. The robustness of the results was tested by including additional control variables in the equation.

The final model estimates the effectiveness of different lobbying channels.

$$\text{lobbying_success}_i = \beta_0 + \beta_1 * \text{lobbying_BA}_i + \beta_2 * \text{lobbying_officials}_i + \beta_3 * \text{lobbying_media}_i + \\ + \beta_4 * \text{lobbying_infl_pers}_i + \beta_5 * \ln(\text{employees}_i) + \beta_6 * \text{sector}_i + \text{controls}_i + \varepsilon_i$$

lobbying_success_i is the lobbying success index that is described above.

lobbying_BA_i, *lobbying_officials_i*, *lobbying_media_i* and *lobbying_infl_pers_i* are dummy variables that take a value of 1 if a company tried to lobby via business associations, via personal contacts with officials, via the mass media and via personal contacts with influential individuals (not officials). As previously mentioned, companies quite often use both officials and associations to promote their interests. Therefore, an intersection term for lobbying through both associations and officials is introduced in the equation.

The results of regression analysis

The model is calibrated by multinomial probit regression. The results are provided in Tables 4a and 4b, which are provided in the Appendix. If managers are familiar with the governor and/or mayor or earlier worked in state government, then they prefer direct channel (only through officials or both through officials and associations). *De novo* firms lobbied more rarely. Medium-age firms use associations more often, either with or without lobbying through officials. Participation in various councils has a different type of influence, depending on the level of authority. At the federal level associations are used more often, while at the local level direct contacts are preferred. If managers are concerned that officials support related firms, they lobby through associations more often. The presented pattern of lobbying-channel choice does not show signs of substitution between personal and collective lobbying.

The robustness of these findings was also tested. The results do not change if controls for dissatisfaction with laws and participation on the board of association are included in the regression equation.

According to Table 5, lobbyists that use direct contacts experience higher risks of being taken over by officials. The result does not change when controlled for association membership, participation on association boards, discontent with laws and regulations and settlement status (a set of dummy variables for Moscow, St. Petersburg, regional capitals and small towns).

The results of the efficiency study are given in Table 6. The first column of the table presents the results on the effectiveness of various lobbying channels. The two most common channels, that are direct contacts with government officials and business associations, turned out to be the most effective channels. It is interesting that both methods give quite similar efficiency

(the difference between them is statistically insignificant).

Results in column 2 indicate that the use of both officials and associations is more effective than the exclusive use of either of these two channels. In this case, the association-lobbying indicator and direct-contacts-lobbying indicator are not mutually exclusive. So the effectiveness study also confirms the hypothesis that different lobbying channels do not substitute each other and are more likely to be complements.

Columns 3-5 present the robustness check of the obtained results. The coefficient of the dummy variable for membership in associations appears to be rather low and insignificant (column 3). Even when regional fixed effects or errors clustered by regions are introduced, the results do not change dramatically (columns 4-5).

Conclusion

This paper studies different channels of lobbying by Russian firms. It shows that lobbyists quite often use different channels of lobbying at the same time. Moreover, the effectiveness of a multi-channel strategy is significantly higher than the effectiveness of single-channel strategies. This evidence supports the hypothesis that different lobbying channels are complements.

All else being equal, an individual strategy is used more often when top managers are familiar with the mayor or governor, or when they have had experience in bodies of state administration. Membership in councils has varying influence, depending on the level of the authority. It encourages usage of the association channel at the federal level and direct contacts at the local level. This pattern conforms to the notion that personal connections provide more advantage at a lower level.

Newer firms use associations more often. Our data shows that the firm size provides no advantage in the choice between using associations and personal contacts.

A comparison of the effectiveness of lobbying channels shows that the most popular channels are also the most effective. Attempts to influence the content of laws and regulations through business associations have the same efficiency as personal contacts. These two channels significantly surpass other methods of lobbying. The results of the efficiency analysis support the hypothesis that different lobbying channels complement each other.

Finally, our data provides evidence that all lobbying is closely connected with the risk of takeover by bureaucrats and politicians. Firms that lobby via personal contacts with officials – either with or without lobbying through associations – more often report a high risk of take-over.

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Appendix

Tab. 4a. The choice of lobbying channels³

COEFFICIENT	1			2		
	Only officials	Only BA	Officials&BA	Only officials	Only BA	Officials&BA
Firm age 6-12 years ⁴	0.214 [0.290] ⁵	0.526 [0.326]	0.129 [0.342]			
Firm age 13-18 years	-0.0835 [0.276]	1.064*** [0.373]	0.861** [0.350]			
Firm age >12 years	0.568** ⁶ [0.283]	0.898*** [0.283]	0.916*** [0.329]			
Council_fed				0.213 [0.393]	1.189*** [0.266]	0.999** [0.388]
Council_reg				1.120*** [0.269]	0.834** [0.370]	1.666*** [0.273]
Council_loc				1.016*** [0.268]	0.621* [0.327]	1.231*** [0.352]
ln(employees)	0.260** [0.101]	0.246*** [0.081]	0.240** [0.099]	0.193* [0.106]	0.212*** [0.081]	0.177* [0.098]
Holding_parent	0.627 [0.438]	0.290 [0.404]	-0.026 [0.523]	0.524 [0.438]	0.381 [0.360]	0.082 [0.429]
Holding_subsidary	-0.085 [0.228]	-0.143 [0.236]	-0.356 [0.235]	-0.235 [0.251]	-0.321 [0.216]	-0.358 [0.249]
Sector dummy variables	Yes	Yes	Yes	Yes	Yes	Yes
Number of firms	913	913	913	913	913	913

³ Multinomial logit estimation was done. The base category is non-lobbying firms.

⁴ Firms with an age of less than five years form the base category.

⁵ Figures in brackets present standard errors clustered by region.

⁶ Confidence levels: *- 10%, ** - 5%, *** - 1%.

Tab. 4b. The choice of lobbying channels

	3			4			5		
COEFFICIENT	Only officials	Only BA	Officials&BA	Only officials	Only BA	Officials&BA	Only officials	Only BA	Officials&BA
Familiar_Governor	0.735*** [0.184]	0.432 [0.296]	0.602** [0.279]						
Familiar_Mayor	0.949*** [0.223]	-0.096 [0.219]	0.766*** [0.263]						
Experience in state bodies				0.865*** [0.256]	0.076 [0.393]	0.562** [0.270]			
Related firms concern							-0.137 [0.235]	0.527** [0.230]	0.398* [0.241]
ln(employees)	0.121 [0.100]	0.280*** [0.104]	0.190** [0.090]	0.273*** [0.091]	0.288*** [0.069]	0.298*** [0.084]	0.272*** [0.093]	0.285*** [0.073]	0.298*** [0.086]
Holding_parent	0.512 [0.459]	0.338 [0.416]	0.187 [0.436]	0.489 [0.414]	0.268 [0.375]	0.240 [0.445]	0.475 [0.410]	0.244 [0.368]	0.242 [0.450]
Holding_subsidary	0.005 [0.221]	-0.174 [0.226]	-0.334 [0.234]	-0.053 [0.214]	-0.170 [0.213]	-0.274 [0.223]	-0.062 [0.202]	-0.150 [0.218]	-0.257 [0.225]
Sector dummy variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of firms	888	888	888	944	944	944	944	944	944

Tab. 5. Risk of takeover by officials. “No risks” is omitted⁷

COEFFICIENT	1		2		3		4	
	Medium risk	High risk	Medium risk	High risk	Medium risk	High risk	Medium risk	High risk
Only officials ⁸	0.400 [0.244]	1.177*** [0.286]	0.355 [0.236]	1.188*** [0.293]	0.409* [0.242]	1.169*** [0.293]	0.455* [0.250]	1.228*** [0.290]
Only BA	0.458 [0.311]	0.517 [0.348]	0.371 [0.330]	0.556 [0.354]	0.475 [0.313]	0.522 [0.352]	0.433 [0.311]	0.453 [0.346]
Officials&BA	0.238 [0.255]	0.960*** [0.311]	0.115 [0.252]	1.003*** [0.332]	0.354 [0.244]	0.997*** [0.337]	0.275 [0.257]	0.993*** [0.321]
ln(employees)	-0.061 [0.073]	-0.154 [0.095]	-0.086 [0.073]	-0.143 [0.097]	-0.0572 [0.074]	-0.156* [0.090]	-0.0616 [0.073]	-0.164* [0.095]
Holding_parent	-0.268 [0.401]	-0.365 [0.598]	-0.286 [0.400]	-0.395 [0.593]	-0.284 [0.407]	-0.362 [0.605]	-0.309 [0.412]	-0.381 [0.618]
Holding subsidiary	-0.090 [0.188]	-0.898*** [0.290]	-0.077 [0.189]	-0.906*** [0.289]	-0.0828 [0.186]	-0.890*** [0.289]	-0.092 [0.192]	-0.910*** [0.299]
BA member			0.255* [0.155]	-0.097 [0.254]				
BA board member					-0.463 [0.285]	-0.216 [0.418]		
Laws_discontent					0.135 [0.143]	0.174 [0.223]		
Settlement status							Yes	
Sector dummy variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of firms	860	860	860	860	860	860	860	860

⁷This table presents the results of multinomial estimation. This is done for the purpose of visualization. An ordered probit estimation was also conducted and the results are quite similar.

⁸ The base category is non-lobbying firms.

Tab. 6. The effectiveness of different methods of lobbying

COEFFICIENT	lobbying_success index				
	OLS	OLS	OLS	Regional fixed effects	OLS (Clustered)
Lobbying Officials	0.544*** [0.164]	0.910*** [0.201]	0.891*** [0.191]	0.844*** [0.195]	0.887*** [0.195]
Lobbying BA	0.654*** [0.159]	1.052*** [0.211]	1.005*** [0.216]	0.957*** [0.218]	0.985*** [0.202]
Lobbying officials*Lobbying BA		-0.580** [0.288]	-0.706** [0.289]	-0.501* [0.288]	-0.567** [0.264]
Lobbying Media	0.291 [0.177]	0.332* [0.180]	0.318* [0.176]	0.315* [0.184]	0.331* [0.178]
Lobbying influential individuals	0.19 [0.213]	0.196 [0.215]	0.195 [0.209]	0.219 [0.216]	0.178 [0.248]
BA membership			0.111 [0.192]	0.260 [0.184]	0.205 [0.210]
BA board participants			0.499** [0.223]		
ln(employees)	-0.043 [0.082]	-0.049 [0.084]	-0.063 [0.081]	-0.060 [0.082]	-0.061 [0.093]
Sector dummy variables	Yes	Yes	Yes	Yes	Yes
City type dummy variables	Yes	Yes	Yes	Yes	Yes
Holding dummy variables	Yes	Yes	Yes	Yes	Yes
Foundation time	Yes	Yes	Yes	Yes	Yes
Number of firms	208	208	208	208	208
R-squared	0.191	0.204	0.231		0.21

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