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RESEARCH ARTICLE OPEN ACCESS

How Political Connections Shape Corporate Sustainability: A Systematic Review and Integrative Framework for Future Research Directions

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Received: 18 July 2025 | **Revised:** 10 May 2026 | **Accepted:** 23 June 2026

Keywords: CEO | environmental disclosure | environmental performance | environmental sustainability | political connections

ABSTRACT

The intersection between corporate entities and political institutions—commonly referred to as corporate political connections (CPCs)—significantly influences firms' strategic conduct and their environmental obligations. Although academic interest in this area has grown, the ethical dimensions of CPCs in relation to environmental sustainability remain insufficiently developed and conceptually fragmented. This paper delivers a systematic literature review (SLR) of 72 scholarly articles to investigate how CPCs shape firms' environmental outcomes across two analytically distinct dimensions: environmental *performance*, capturing what firms *do* in terms of green innovation, emissions reduction, and pollution control, and environmental *disclosure*, capturing what firms *report*, including the extent, quality, and credibility of their sustainability communications. The review uncovers a marked increase in publications over recent years, with a strong empirical focus on China and the United States, and theoretical grounding predominantly in institutional and resource-based perspectives. Research to date has primarily examined individual-level connections, such as politically affiliated executives, whereas broader organizational political behaviors, including lobbying, political financing, and embedded political mechanisms, have received limited scrutiny. Importantly, the existing literature has disproportionately focused on environmental performance outcomes, whereas the qualitative dimensions of environmental disclosure, including readability, tone, specificity, and potential greenwashing, remain largely underexplored. This review exposes major conceptual and empirical gaps, advocating for a shift in scholarly focus toward ethical, normative, and governance-oriented explorations of CPCs. We recommend further inquiry into the ethical risks of CPCs, their role in misleading sustainability practices, and the value of cross-national institutional comparisons. Integrating ethical analysis into CPC research is vital for promoting responsible political engagement and advancing authentic environmental sustainability.

1 | Introduction

Corporate political connections (CPCs), the formal or informal ties linking firms to political actors and governmental institutions, have become an entrenched feature of corporate strategy,

particularly in institutional environments characterized by regulatory ambiguity, uneven enforcement, and political embeddedness (Faccio 2006; Brown and Huang 2020). These connections, which may be forged through campaign contributions, executive appointments, lobbying efforts, or relational proximity

[Correction added on 5 August 2026, after first online publication: The country in Affiliation 2 has been corrected from “Kuwait” to “UK.”]

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to political elites.¹ CPCs are both economically significant and globally pervasive. Faccio (2006) documents that politically connected firms span 35 of 47 countries, representing 2.68% of all listed corporations and 7.76% of world market capitalization. In the United States (US), 40.5% of S&P 500 firms maintain campaign contribution ties and 47.5% engage in lobbying, with annual lobbying expenditures averaging USD 682.2 million over 2008–2022 (Denes and Scanlon 2025). Government ownership, a structural form of political connection, reinforces this picture. As the state-owned enterprises (SOEs) accounted for 12% of global market capitalization in 2023, rising to over 40% in certain markets, with their representation among the Fortune Global 500 more than doubling between 2005 and 2020, from 64 to 141 firms (OECD 2024; Kwiatkowski 2023). Critically, the public sector holds an 18% ownership stake in the world's 100 highest GHG-emitting listed companies, with nearly two-thirds of SOEs concentrated in capital- and emissions-intensive sectors (OECD 2025). Collectively, this evidence underscores that CPCs are economically material. However, their implications in shaping corporate environmental sustainability remain theoretically ambiguous and empirically underexplored.

Yet the implications of CPCs for corporate environmental sustainability remain theoretically contested. From a resource dependence theory (RDT) perspective (Nasr et al. 2025), political ties are instrumental in reducing resource constraints and environmental uncertainty, enabling firms to access subsidies, emissions allowances, and regulatory leniency (Delmas et al. 2016; Li et al. 2015). By contrast, institutional theory (Mahran and Elamer 2025) warns that such connections may subvert enforcement mechanisms, foster symbolic compliance, and weaken institutional pressures for authentic sustainability (Xiao and Shen 2022; Greiner and Kim 2021). This duality raises critical ethical and governance questions: Do CPCs serve the public interest by advancing ecological modernization, or do they entrench rent-seeking behavior that compromises environmental integrity?

Despite the growing corpus of work, the literature remains fragmented in critical respects. First, existing studies conflate two distinct dimensions of corporate environmental outcomes: environmental *performance*, which captures what firms *do* in terms of emissions control, green innovation, and pollution reduction, and environmental *disclosure*, which captures what firms *report* through sustainability communications, ESG disclosures, and environmental reporting practices. These dimensions are theoretically and empirically separable, as CPCs may simultaneously incentivize improved environmental performance while enabling strategic or symbolic disclosure practices such as greenwashing (Liu et al. 2024; Greiner and Kim 2021). Accordingly, this review treats environmental performance and environmental disclosure as distinct dimensions. Second, environmental performance has dominated scholarly attention, accounting for 74% of the reviewed studies, whereas the qualitative dimensions of environmental disclosure, including readability, tone, specificity, and the potential for impression management, remain substantially underexplored (Liu et al. 2024; Qian and Chen 2021). Third, a disproportionate focus on leadership-level CPCs, such as politically connected CEOs or directors, overshadows firm-level political strategies, including lobbying, state equity ownership, and embedded party organizations (Zhang et al. 2022; Kim 2024; Zhou et al. 2021; Greiner and Kim 2021). Fourth, empirical analyses are

overwhelmingly concentrated in China and the US, representing 58% of the reviewed studies, thereby neglecting institutional settings across Africa, Latin America, and Southeast Asia, where CPCs may operate with distinct normative implications and governance challenges (Elaigwu et al. 2024).

Recent policy developments heighten the urgency of re-evaluating the CPC–sustainability nexus. In the US, regulatory rollbacks under the Trump administration² and the withdrawal from the Paris Agreement granted politically connected firms' strategic reprieve, weakening environmental accountability (Kim 2024; Mahran and Elamer 2026). In contrast, China's integration of environmental objectives into cadre evaluations and anti-corruption initiatives has restructured political incentives toward environmental compliance (Noureldeen et al. 2026b). These divergent trajectories raise critical questions regarding the normative conditions under which CPCs either enable or impede meaningful sustainability.

This study addresses these gaps by conducting a systematic literature review (SLR) that consolidates and advances existing knowledge on the relationship between CPCs and environmental sustainability. Specifically, this review addresses three research questions: **(1)** How do CPCs shape firms' environmental performance, and under what institutional and contextual conditions do these effects vary in direction and magnitude? **(2)** How do CPCs shape firms' environmental disclosure, and to what extent do disclosure outcomes reflect genuine transparency versus strategic and symbolic compliance? **(3)** What theoretical, methodological, and contextual gaps characterize the existing literature, and what constitutes a focused and theoretically grounded agenda for future research? Drawing on 72 peer-reviewed articles from high-quality journals across business, accounting, finance, and sustainability fields, this review offers a structured synthesis of current evidence, delineates prevailing theoretical approaches, and maps empirical patterns across countries, methodologies, and types of CPCs. No time restriction was imposed in the search strategy.

Our review contributes to this evolving discourse in several ways. First, we identify critical research gaps, including the limited attention to interpersonal CPCs (e.g., ideological alignment and elite political access), the underexploration of qualitative dimensions of environmental disclosure, and the neglect of less visible political instruments such as dark money and indirect influence (Minefee et al. 2021; Werner 2017). Second, we highlight key methodological limitations in the literature, particularly the overreliance on regression-based designs and aggregate disclosure measures, and emphasize the need for more diverse and multi-method approaches to better capture the complexity of political influence in corporate sustainability. Third, we provide a structured research framework that organizes existing evidence and highlights key relationships and directions for future research in the CPC–environmental sustainability nexus. Overall, this review offers a more coherent and integrative understanding of this field and outlines avenues for future research, corporate governance, and policy development.

The remainder of this paper proceeds as follows: Section 2 outlines our methodological approach. Section 3 presents the thematic findings. Section 4 proposes future research directions.

Section 5 concludes with implications for theory, practice, and policy.

2 | Research Framework and Methodology

2.1 | Scope of the Review

In this SLR, we focus on the relationship between CPCs and environmental sustainability? performance or disclosure?. Arguably, a strand of studies has highlighted the critical effect of CPCs in shaping corporate outcomes including performance (Akey 2015; Boubakri et al. 2008; Cao et al. 2018; Cohen et al. 2019; Cooper et al. 2010; Fisman 2001; Goldman et al. 2009, 2013; Tahoun 2014), easier access to capital (Bailey et al. 2016; Faccio et al. 2006; Q. Liu et al. 2016), reporting quality (Batta et al. 2014; Chaney et al. 2011; He et al. 2012; Hope et al. 2020; Z. Wang et al. 2017), earnings management practices (Ahmed et al. 2022; Yu and Yu 2011), and enforcement activities (Correia 2014; Heese 2019; Heese et al. 2017). However, little is known about whether and how the politicians and their networks, who formulate and implement regulatory policy shape firms' environmental performance (Jiang et al. 2023).

Understanding the relationship between CPCs and environmental sustainability is critical for two key reasons. First, political connections influence the regulatory attitudes and policy decisions of government officials. Officials with divergent political incentives may differ significantly in how they formulate and implement environmental regulations, which in turn affects corporate environmental performance. Second, the state and its policymakers play a crucial role in shaping corporate environmental behavior, particularly in emerging and transitional economies where market-oriented institutions remain underdeveloped (Zhang et al. 2016). Given the significance of this relationship, this SLR adopts a broad perspective on environmental sustainability, encompassing environmental performance, green innovation, and firms' environmental disclosure, all of which are influenced by CPCs. In light of escalating global concerns over environmental degradation and the pressing need for firms to adopt sustainable practices, it is essential to examine how CPCs shape corporate sustainability strategies and their broader contributions to sustainable development.

This SLR seeks to advance scholarship at the intersection of CPCs and environmental sustainability by systematically analyzing how various forms of CPCs influence firms' sustainability commitments and disclosure practices. Furthermore, it provides a roadmap for future research, offering theoretical and empirical insights that can inform both academic inquiry and corporate decision-making (Mahran and Elamer 2024). By bridging gaps in the existing literature, this study aims to support business leaders, policymakers, and researchers in developing a more nuanced understanding of the role of political connections in shaping corporate sustainability outcomes.

2.2 | Research Design

In contrast to traditional literature reviews, SLR employs a structured methodology to determine the inclusion or exclusion

of prior studies. Following Tranfield et al. (2003), we conducted a "systematic quantitative approach" to conduct literature reviews. This approach has been employed in previous SLR published in top-tier business and management journals (Alhossini et al. 2021; Ferasso et al. 2025; Jones and Gatrell 2014; Lu et al. 2022; Mahran et al. 2025a; Nguyen et al. 2020). On the methodological front, we acknowledge that the systematic review process involves several critical steps: (1) defining research topics and objectives, (2) identifying relevant keywords and databases, (3) accessing databases, screening search results, and refining inclusion and exclusion criteria, (4) reviewing relevant literature and documenting findings in a summary table, and (5) synthesizing insights to draw conclusions (Li et al. 2023). Our review focuses exclusively on studies that examine the relationship between CPCs and environmental sustainability, including firms' environmental performance and reporting. The intersection of environmental sustainability and political connections has been explored in prior research under various conceptual frameworks, such as climate change, green innovation, environmental, social, and governance (ESG) factors, greenhouse gas (GHG) emissions, and carbon performance. Figure 1 provides an overview of our research design and methodological framework.

In the initial phase, to ensure the comprehensive inclusion of relevant literature on the CPCs and environmental sustainability nexus, multiple search terms (i.e., "politic*" AND "Sustainability" OR "green" OR "environmental" OR "climate" OR "csr" OR "carbon" OR "net-zero" OR "waste" OR "energy" OR "esg" OR "footprint" OR "environmental violations" OR "environmental fines" OR "environmental controversies" OR "greenwashing" OR "environmental disclosure" OR "environmental reporting") were used within the search fields title, keyword, and abstract. The keyword combinations were searched in the Web of Science (WoS) database across the fields of social sciences, business and management, and accounting and business economics. We selected WoS due to its rigorous indexing standards, strong coverage of high-impact journals, and reliable citation tracking, which enhance the quality and consistency of the retrieved studies. This approach is consistent with prior SLRs in business and management research (e.g., Mahran et al. 2026; Martín-Martín et al. 2018; Román-Castillo and Khelil 2025). The literature search was conducted in June 2025, generating a total of 9866 articles, which were subsequently exported into an Excel spreadsheet for further screening and analysis.

In the second phase, articles were screened based on inclusion and exclusion criteria. We included only journal articles published in English-speaking journals, without imposing restrictions on the publication date. Next, to ensure the rigor of the review and focus on top-tier articles, we further refined the selection and limited ourselves to journals ranked Q1 and Q2 to establish high standards of quality and transparency (Kraus et al. 2020). This leaves us with 3637 articles. At the third phase, to enhance the robustness of the eligibility criteria, the excel spreadsheet was shared among the three researchers. Following established methodologies (Klarner et al. 2023; Menghwar and Daood 2021), each researcher independently reviewed the titles, keywords, and abstracts of the identified articles to assess their relevance to the study. In cases where relevance was unclear, the introduction and conclusion

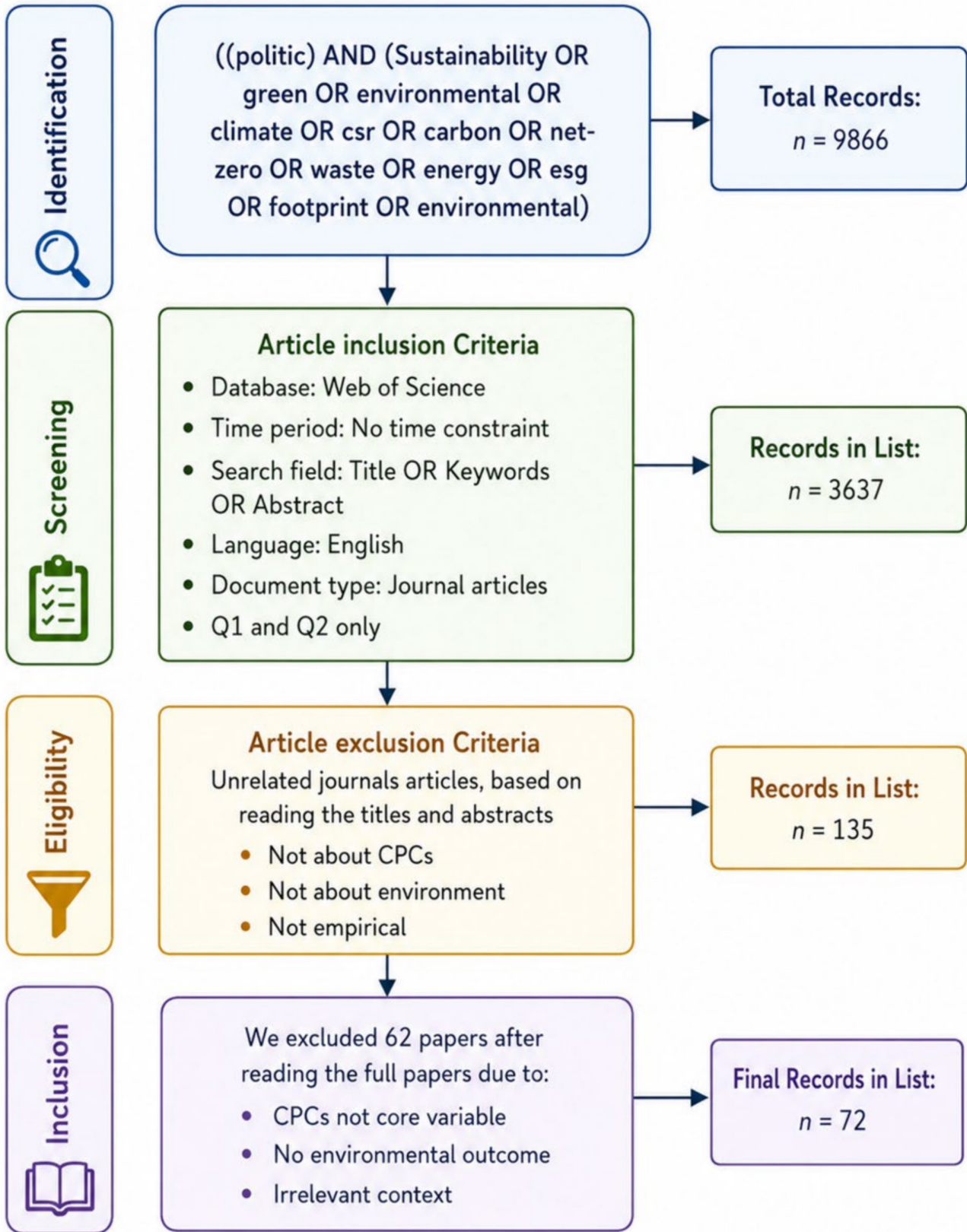


FIGURE 1 | PRISMA flowchart for the literature selection process.

sections were also examined. The results of the independent screening were then compared across the three researchers, and any discrepancies were discussed and resolved through

iterative consensus to ensure consistent application of the inclusion and exclusion criteria. A subset of articles was cross-checked at the full-text stage to further enhance consistency

in the selection process; this procedure helped ensure transparency and reliability in the screening process. The overall screening process is summarized in a PRISMA flow diagram (Figure 1), which illustrates each stage of article identification, screening, eligibility, and inclusion. This rigorous procedure resulted in 135 articles, which were then subjected to a full-text eligibility assessment by the three researchers. At this stage, articles were excluded if they did not directly examine the relationship between CPCs and environmental sustainability, if CPCs were only mentioned as a control variable or background condition, if the study focused on broader CSR or ESG outcomes without a clear environmental dimension, or if the article was conceptual, editorial, or review-based rather than empirical. Articles were also excluded where the environmental outcome was not clearly linked to political connections or where the study context did not align with the scope of the review.

In addition to the screening process, a quality assessment was conducted to ensure the methodological rigor of the included studies. The evaluation focused on several criteria, including (1) clarity of research design, (2) appropriateness of data and sample, (3) transparency in variable measurement, (4) robustness of empirical methods, and (5) alignment between theoretical framework and empirical analysis. Each article was reviewed independently by the authors against these criteria, and any discrepancies were discussed and resolved through consensus. This collaborative full-text evaluation led to the exclusion of 63 articles and resulted in the final sample of 72 articles included in the review.

In the last phase, we developed a systematic coding procedure for the articles. Following the method proposed by (Gaur and Kumar 2018), we coded the articles based on multiple criteria, including the year of publication, author(s), title, objective, country of focus, theoretical lens, journal, methodology, and key findings. Through this coding process, we identified that the majority of studies examined one or more of the following dimensions: CPCs, government regulations, political promotion incentives, environmental performance, and environmental disclosure. These dimensions emerged from our coding analysis, and all related concepts were integrated into our coding scheme.

To build a political network, CPCs can take multiple forms at both the *leadership (individual–organization level)* and *firm-levels*, each influencing corporate strategies and outcomes in distinct ways. At the *leadership-level*, a strand of studies have focused on the people at firm's upper echelons, such as CEO and the board of directors, firms may establish political ties by appointing current or former politicians as CEOs (Zhang et al. 2022; Zhang et al. 2024), or by integrating politically connected individuals into their boards of director (Nguyen et al. 2022; Wang et al. 2023).

Alternatively, firm-level political connections typically manifest through financial contributions to politicians and lobbying expenditures (Delmas et al. 2016; Grey 2018; Hadani et al. 2018), ownership type (Cheng et al. 2017; Maung et al. 2016), and geographic proximity to political entities (Yao and Liang 2017). The environmental performance dimension includes sustainability performance (Ma et al. 2024), environmental strategies (Fuchs

et al. 2024), green innovation (Xia et al. 2024), and environmental responsibility (Xie et al. 2023). The environmental disclosure dimension includes ESG disclosure quality (Liu et al. 2024; Qian and Chen 2021), sustainability reporting (Elaigwu et al. 2024; Ting and Lee 2024). Finally, we employed the established coding scheme to code all 72 relevant articles in the sample.

Through this process, it became evident that the studies could be classified into four categories: (1) the relationship between leadership-level political connections and environmental performance; (2) the relationship between leadership-level political connections and environmental disclosure; (3) the relationship between firm-level political connections and environmental performance, and (4) the relationship between firm-level political connections and environmental disclosure. Subsequently, the relevant articles were categorized according to this classification.

3 | SLR Results

3.1 | Journal Outlets and Descriptive Analysis

In this study, the comprehensive analysis of the empirical studies on the relationship between CPCs and environmental sustainability has uncovered several significant research gaps. To provide a wholistic perspective on the current state of research in this area, our analysis is structured around two key dimensions. First, Figure 2 presents the distribution of the analyzed articles. The analyzed articles are published in 33 journals. The most prominent outlets are the *Journal of Business Ethics* (seven articles), *Energy Economics* (six articles), *Applied Economics* (six articles), *Business Strategy and the Environment* (three articles), and *Corporate Social Responsibility and Environmental* (three articles). In contrast, other journals such as *ABACUS*, *British Accounting Review*, *Journal of Corporate Finance*, among others include only one or two articles each, indicating a broader dispersion of relevant articles across various journals.

As appears in Figure 3, the seminal paper in this field is a quantitative study by (Cho et al. 2006), which investigates the impact of CPCs, specifically campaign contributions, on environmental performance and disclosure. Additionally, several highly influential papers have significantly contributed to this area, each garnering over 100 citations on Google Scholar. For example, Delmas and Montes-Sancho (2010) study has received 299 citations, and Zhang (2017) paper has been cited 155 times.

Additionally, Figure 4 presents a word cloud generated from the reviewed literature, highlighting the most frequently occurring themes and concepts within the field. The prominence of terms such as “performance,” “governance,” “management,” “China,” “impact,” and “connections” suggests that prior research has predominantly focused on the relationship between governance mechanisms, firm performance, political connections, and corporate strategic behavior, particularly within emerging-market contexts.

Figure 5 displays the historical development of research on this topic. The articles were published between 2006 and 2024. The analysis indicates that there is a considerable growth in the number of research articles since 2017. In particular, more

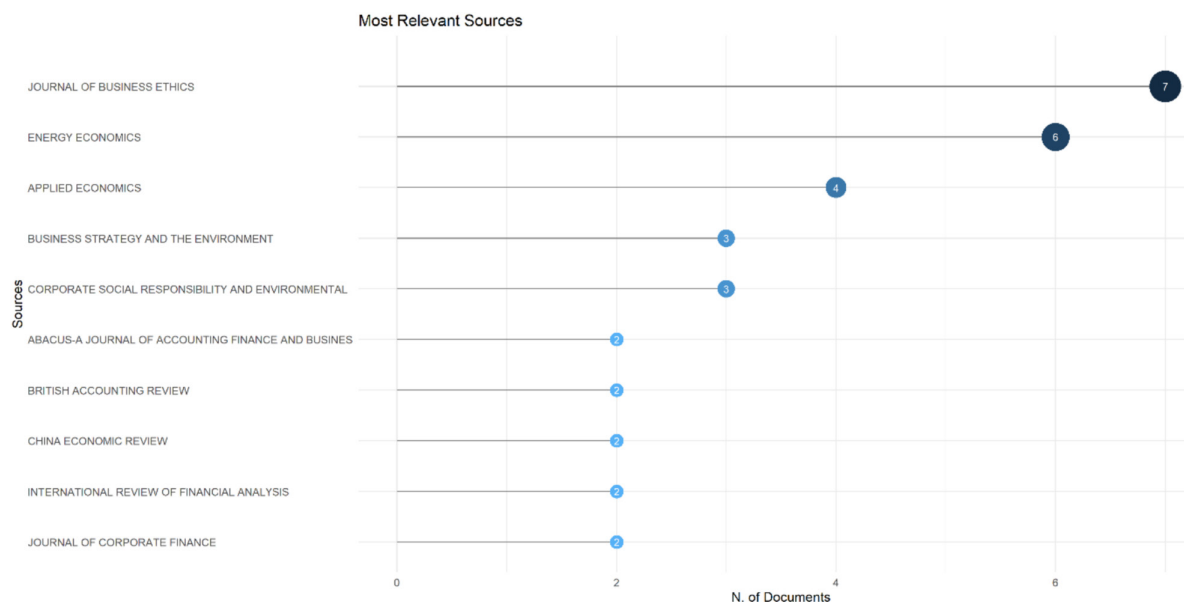


FIGURE 2 | Most relevant sources.

than 70% of articles were published between 2021 and 2024. The year with the most publications in the field (23 articles) is 2024. Several complementary factors likely account for this trajectory. Heightened societal and regulatory awareness of the environmental consequences of corporate political activity has increased the perceived importance of this research agenda. Equally significant is the expanded availability of political and environmental data over this period. The growing accessibility of political contribution and lobbying databases, including OpenSecrets and Federal Election Commission filings in the US and CSMAR in China, alongside the expansion of ESG disclosure datasets and mandatory environmental reporting requirements, have substantially lowered the data barriers that previously constrained empirical research in this area. The acceleration in publications since 2017 therefore likely reflects both the growing normative salience of CPCs as an environmental governance concern and the improved empirical tractability of research questions that were previously difficult to study due to data constraints.

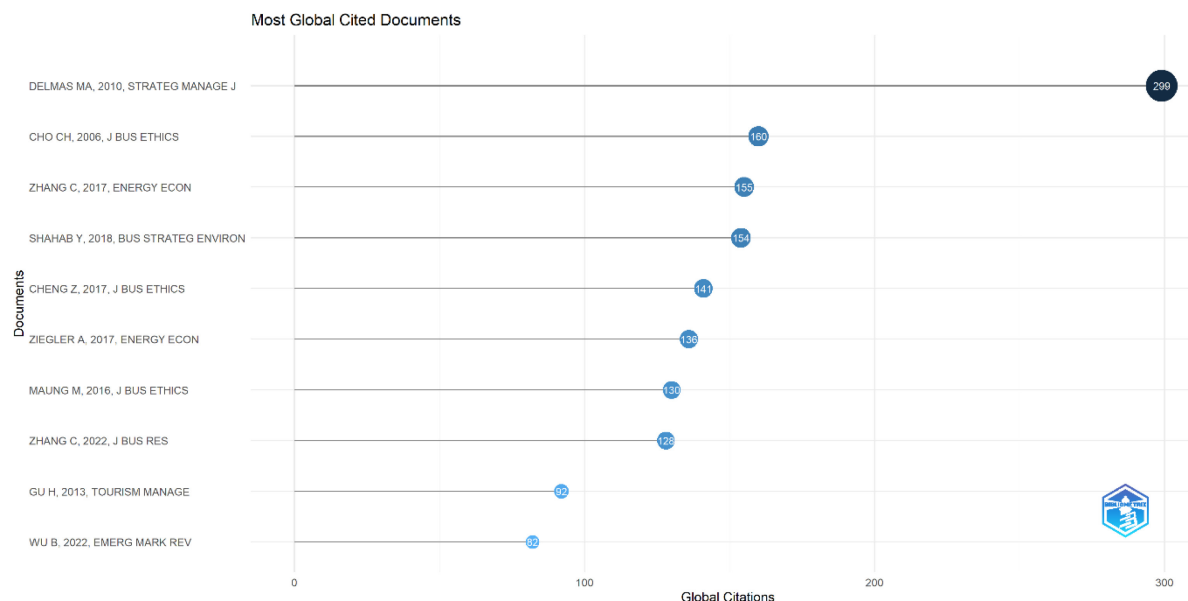
3.2 | Geographical Focus

The analysis presented in Figure 6 highlights a noticeable geographical concentration of studies examining CPCs and environmental sustainability within specific regions. Specifically, 59% (42 out of 72) of the articles focus on China, underscoring the country's prominence in this research field. The US follows with 12 studies (16%), whereas six studies (8%) use cross-country samples. Other nations, including Australia, Canada, Indonesia, Malaysia, and Liberia, are each represented by a single study. Notably, there is a lack of studies in other developed contexts, such as the United Kingdom and broader European countries, as well as in developing regions across Africa and South America.

This geographical concentration has important implications for interpreting the findings of the literature. The dominance

of studies from China and the US suggests that existing evidence is largely shaped by specific institutional environments, which may limit the generalizability of conclusions. In particular, the role of CPCs is likely to vary across political and regulatory systems. For example, in contexts characterized by strong state involvement and centralized governance, such as China, CPCs may facilitate alignment with government-led environmental objectives and enhance compliance. In contrast, in settings with weaker regulatory enforcement or higher levels of corruption, CPCs may enable firms to circumvent environmental regulations, potentially leading to poorer sustainability outcomes. The observed geographical concentration may also reflect structural and research-related factors. In particular, the dominance of studies from China and the US is likely driven by data availability, well-developed disclosure systems, and the prominence of corporate political activity in these contexts. Both countries provide relatively rich datasets on political connections and environmental performance, making them attractive settings for empirical research. In addition, strong academic traditions in corporate governance and political economy research in these regions may further contribute to this concentration.

This geographical skew indicates a critical gap in the literature. Expanding our understanding of CPCs and sustainability requires accounting for regional variations in cultural norms and regulatory frameworks. Several critical questions remain underexplored, including how institutional differences shape the role of CPCs, whether political connections function similarly across governance structures, and what constraints or incentives exist in different regulatory environments. These observations highlight that the CPC–environmental sustainability relationship is inherently context-dependent and shaped by broader political market structures and governance regimes. Comparative studies that examine these variations could provide deeper insights into how contextual factors mediate the relationship between CPCs and environmental outcomes.



Paper	DOI	Total Citations	TC per Year	Normalized TC
Delmas Ma, 2010, Stra Manage J	10.1002/smj.826	299	19.93	1
Cho Ch, 2006, J Bus Ethics	10.1007/s10551-006-9019-3	160	8.42	1
Zhang C, 2017, Energy Econ	10.1016/j.eneco.2017.10.036	155	19.37	1.66
Shahab Y, 2018, Bus Strateg Environ	10.1002/bse.2229	154	22	2.01
Cheng Z, 2017, J Bus Ethics	10.1007/s10551-015-2776-0	141	17.62	1.51
Ziegler A, 2017, Energy Econ	10.1016/j.eneco.2017.01.022	136	17	1.46
Maung M, 2016, J Bus Ethics	10.1007/s10551-015-2771-5	130	14.44	1.34
Zhang C, 2022, J Bus Res	10.1016/j.jbusres.2022.03.084	128	42.66	2.50
Gu H, 2013, Tourism Manage	10.1016/j.tourman.2012.01.017	92	7.67	1.12
Wu B, 2022, Emerg Mark Rev	10.1016/j.ememar.2021.100835	82	27.33	1.60

FIGURE 3 | Most global cited documents.



FIGURE 4 | Word clouds.

3.3 | Research Methods Employed

In terms of the research methodologies employed in reviewed studies, there is a clear predominance of quantitative approaches,

with 70 studies utilizing regression analysis to examine the relationship between CPCs and firms' environmental performance or disclosure. Although these methods offer robust statistical insights, they may not fully capture the complex mechanisms and contextual nuances underlying the political influence on corporate sustainability practices. Regression-based designs are well-suited to establishing associations between CPC measures and environmental outcomes across large samples, but they are structurally ill-equipped to address three important inferential challenges that this review identifies as central to the field.

First, the causal identification problem in CPC research is particularly acute because it is two-sided. Firms self-select into political connections in ways that correlate with unobserved characteristics, and poor environmental performers are simultaneously more likely to engage in political spending to manage regulatory pressure (Cho et al. 2006). Most reviewed studies do not address this reverse causality problem, and the few that do, such as Xiao and Shen (2022) using China's Regulation 18

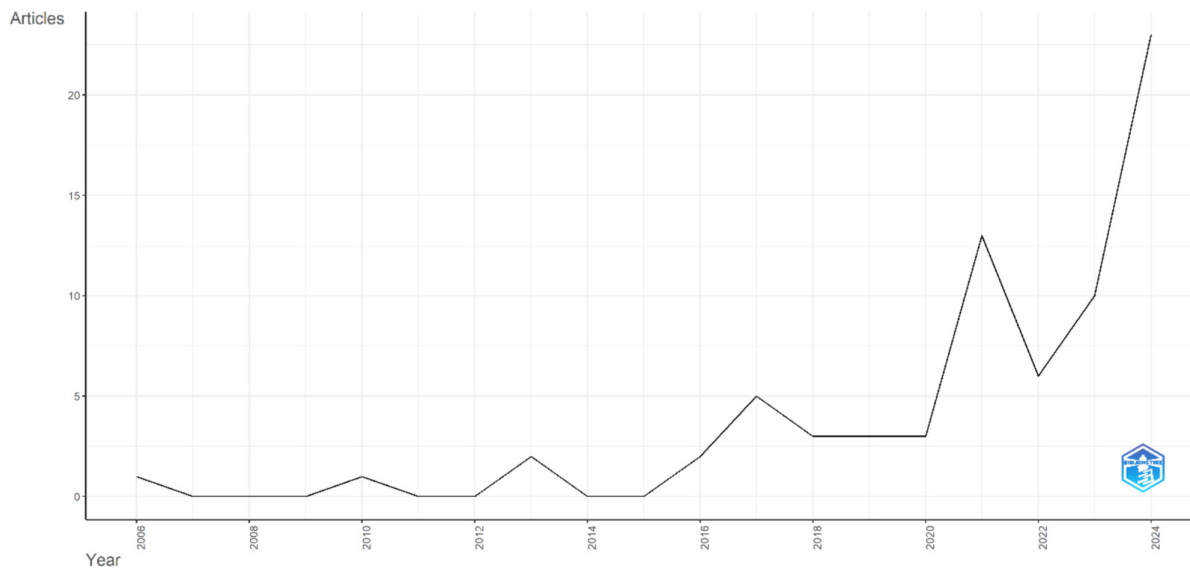


FIGURE 5 | Distribution of the analyzed publications by year.

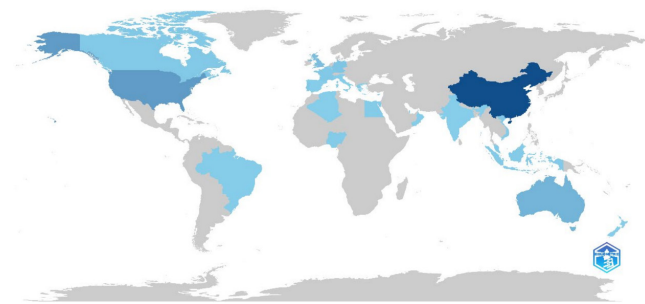


FIGURE 6 | Country specific production.

and Huang and Yang (2024) using the mandatory party branch requirement, demonstrate that causal identification substantially alters the magnitude and in some cases the direction of estimated effects. Second, the qualitative dimensions of environmental disclosure, including tone, readability, specificity, and the presence of boilerplate language, are not captured by the binary or volumetric disclosure measures employed in the majority of reviewed studies. Future research should therefore complement regression-based designs with three specific methodological approaches: case studies of firms experiencing exogenous changes in political connections, computational textual analysis of environmental disclosure documents to quantify qualitative disclosure characteristics, and quasi-experimental designs exploiting natural experiments embedded in the reviewed literature.

3.4 | Theoretical Underpinning and Empirical Findings

Prior literature draws a range of theoretical perspectives to examine the relationship between CPCs and environmental sustainability. The most commonly used theories include RDT and institutional theory, collectively accounting for 46% of the reviewed studies. In contrast, fewer studies have adopted

alternative perspectives such as legitimacy theory, upper echelons theory, agency theory, and stakeholder theory, whereas a notable proportion of studies lacks a clear theoretical foundation. This pattern suggests that the theoretical application in this field remains uneven and, in many cases, fragmented.

This preliminary analysis identifies gaps in the literature. First, this unequal distribution of theories highlights the need for further conceptual development in understanding the mechanisms through which CPCs influence corporate environmental strategies. Existing studies tend to apply these theories in isolation, with limited effort to explain the varying and sometimes contradictory effects of CPCs on environmental outcomes. Secondly, although prior research has acknowledged the potential relevance of alternative perspectives, such as behavioral and sociological approaches, these have not been sufficiently explored. For instance, dimensions such as ideological alignment between executives and political actors or interpersonal political connections remain underexamined from a theoretical standpoint. Accordingly, future research could benefit from more theoretically informed approaches that draw on a broader range of perspectives to better explain the conditions under which CPCs enhance or undermine environmental sustainability. In particular, integrating insights from behavioral, institutional, and governance-related perspectives may help to provide a more nuanced understanding of how political connections shape firms' environmental decisions and disclosure practices.

Empirical evidence indicates that the majority of studies have concentrated on individual-level CPCs, particularly the influence of CEOs on firms' environmental performance and disclosure, whereas interpersonal and firm-level political connections remain largely underexplored. Furthermore, 74% of the reviewed studies assess the impact of CPCs on environmental performance and green innovation, whereas only 23% examine environmental disclosure practices. To bridge these gaps, future research should broaden the scope of CPC analysis by incorporating firm-level political connections, such as

state ownership, board affiliations, and political party ties. Additionally, scholars should examine qualitative attributes of environmental disclosure, including tone, readability, boilerplate language, and specificity, and assess how these characteristics vary based on the nature and strength of CPCs. A growing body of research highlights the importance of textual analysis in capturing how firms communicate sustainability information and manage stakeholder perceptions. In this context, environmental disclosure may serve as a tool for impression management, where firms strategically frame sustainability narratives without necessarily improving underlying environmental performance.

This perspective is particularly relevant for politically connected firms, as CPCs may influence not only the extent but also the quality and credibility of environmental disclosures. For instance, firms with strong political ties may have greater incentives or opportunities to engage in symbolic reporting or greenwashing, especially in environments with weaker regulatory oversight. However, this dimension remains largely underexplored in the current literature. Investigating these qualitative and communicative aspects would enhance the understanding of how political ties shape firms' sustainability commitments and disclosure strategies, contributing to a more nuanced and comprehensive perspective on the CPC–environmental sustainability nexus.

3.5 | Thematic Analysis: A Research Framework of CPCs and Environmental Sustainability Nexus

The question of whether CPCs improve or impede firms' environmental performance and disclosure remains debatable. On the one hand, politically connected firms may benefit from certain advantages that contribute to improved environmental performance. Such advantages include acquiring scarce government-owned resources at lower costs (Sheng et al. 2011), obtaining green subsidies and tax benefits (Li et al. 2015), accelerating the examination of green patents (Pan et al. 2020), and accessing information related to environmental policies, which facilitates proactive planning before the implementation of such regulations and so forth. On the other hand, strong political ties may shelter firms from investigations against environmental violations and reduce the cost of polluting operations (Hadani et al. 2018; Xiao and Shen 2022). This protective effect can diminish the incentive for connected firms to engage in environmental innovation practices, especially as their survival is less threatened by poor environmental performance.

In general, there are different forms of CPCs which may have different effects on environmental performance/disclosure. The existing CPC literature has developed various forms and associated proxies. Based on our review, we categorized the CPCs forms into two categories: *Leadership-level (individual-level)* political connections and *Firm-level* political connections.

Leadership-level (individual-level) political connections. This type of CPC refers to individual–organization or interpersonal connections between firms and political actors that facilitates resource exchange. This form of CPC is the most common in the existing literature. At the individual–organization level, firms

cultivate CPCs through the appointment of politically connected individuals to key leadership positions such as CEOs or board directors (Faccio 2006; Hillman 2005). Politicians with experience in central government, parliament, or high-ranking positions (e.g., minister, head of state, governor) cultivate personal networks that firms can exploit to navigate regulatory environments.

At the interpersonal level, CPCs emerge from shared ideological affiliations and personal relationships between corporate leaders and political actors. This form of CPC manifests in various ways including the political party affiliation of the firm's top executives (i.e., CEO political ideology) (Chin et al. 2013; Kim 2024), partisan alignment between CEOs and policymakers (Arikan et al. 2022; Fuchs et al. 2024), and personal friendships between CEOs and political figures (Brown and Huang 2020).

Firm-level political connections. This type of CPC refers to the connections established between firms and the political entities at the firm level. These connections occur when firms allocate a portion of their financial resources toward politics; that is, lobbying expenditures, contributions to politicians' campaigns, and/or contributions to Political Action Committees (PACs) (Katic and Hillman 2023), or through state ownership in the firm (Li et al. 2015) or the share of a firm's ownership held by politicians (Faccio et al. 2006; Tahoun 2014). Also, geographic affiliations (i.e., proximity to the state capital) (Kim et al. 2012), or the presence of political party branch within firms (Zhou et al. 2021) are alternative forms of firm-level political connections.

To deepen our understanding, we present a framework based on the systematic review of 72 pertinent studies. As a SLR, this study aims to synthesize, summarize, and structure the existing body of knowledge, rather than to develop new theoretical models. Accordingly, Figure 7 provides a structured overview of the relationships and themes identified in prior studies on CPCs and environmental sustainability. The framework reflects patterns emerging from the reviewed literature and highlights key areas of focus as well as gaps that warrant further investigation. In this section, we provide a comprehensive analysis of the reviewed studies, offering an integrated perspective on the relationships summarized in Figure 7.

3.5.1 | Leadership-Level Political Connections and Environmental Performance

In this subsection, we discuss the findings of studies that attempt to estimate the overall effect of *leadership-level* political connections on environmental performance. A total of 27 empirical studies are reviewed (see Supporting Information S1: Appendix A). The evidence is mixed, with studies reporting positive, negative, and contingent effects. Rather than treating these contradictions as irresolvable, this subsection interrogates the conditions under which each direction of effect arises, focusing on three key boundary conditions: (1) the nature of institutional alignment between political connections and environmental objectives, (2) the mechanism through which connections operate, and (3) the temporal dynamics of political relationships.

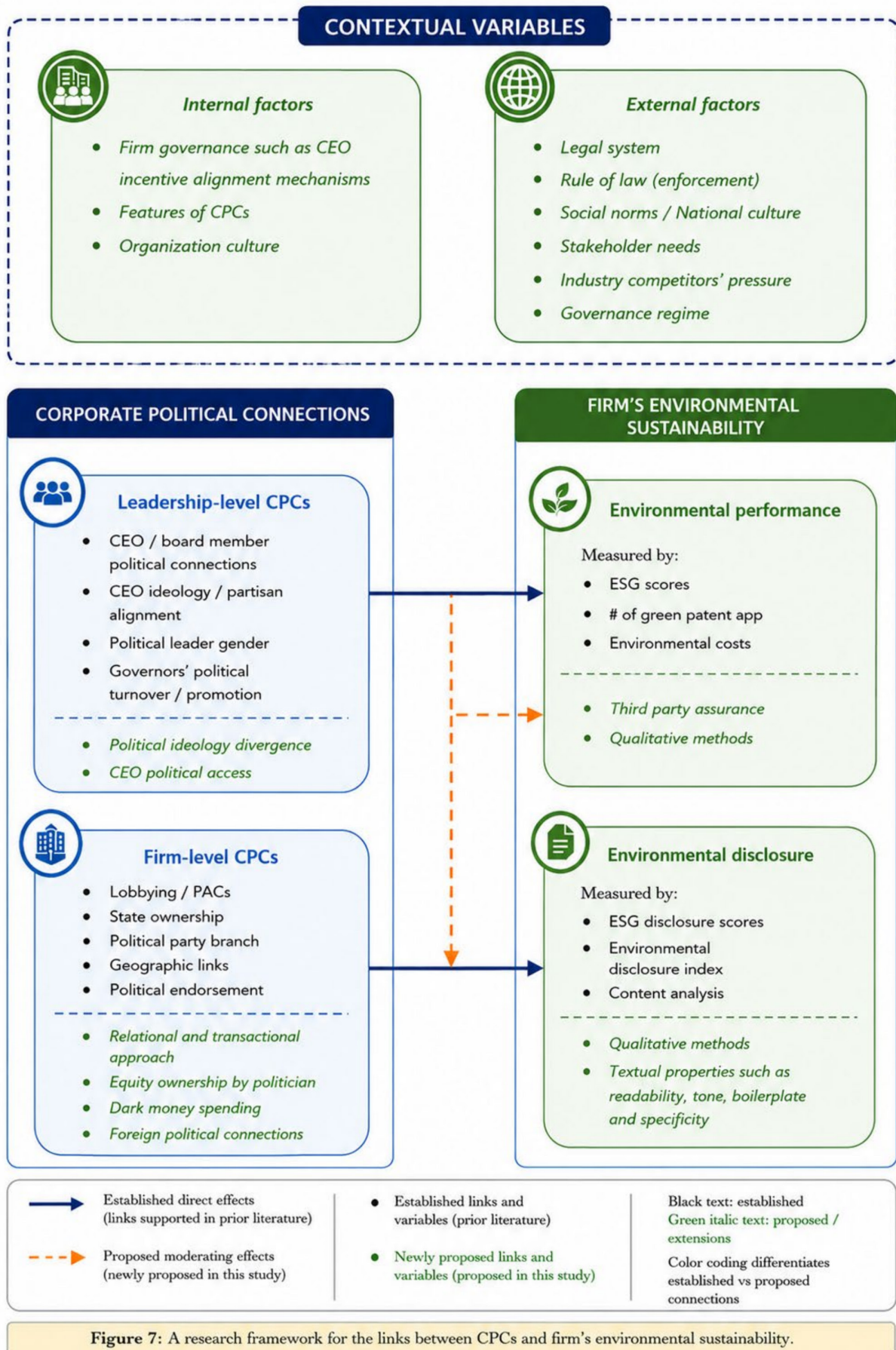


FIGURE 7 | A research framework.

A first strand of studies documents a positive association between leadership-level CPCs and environmental performance, particularly green innovation. Jiang et al. (2023) find that political ties and green innovation co-evolve positively in China, but crucially show that this positive relationship is conditional on the degree of institutional development and the prevailing level of environmental pollution in a region. Specifically, political ties enhance green innovation where institutional frameworks are sufficiently developed to align political incentives with environmental objectives and where pollution levels are high enough to make environmental investment a political priority. Similarly, Zhang et al. (2022) find that political connections promote green innovation in SOEs, but only when firms adopt a corporate entrepreneurship strategy that directs political resources toward innovation rather than rent extraction. Wang et al. (2021) corroborate this conditional positive effect, finding that politically connected firms in heavily polluting industries benefit from preferential access to green subsidies and environmental policy information, which facilitates proactive compliance and innovation investment.

A second strand of studies documents a negative association, and the underlying mechanism is distinct compared with the first strand. Wang et al. (2023) find that political ties increase the possibility of government-enterprise collusion, which lowers the cost of polluting activities and subsequently reduces the environmental performance (i.e., increasing carbon emissions). The key feature is the mechanism rather than accessing resources for innovation; these firms take advantage of political ties to reduce regulatory compliance costs. Xiao and Shen (2022) provide particularly compelling causal evidence using a difference-in-differences design around China's Regulation 18, which exogenously severed political ties for a subset of firms. They find that firms losing their political connections experienced a significant improvement in environmental performance, attributing this to the elimination of resource tunnelling, whereby connected firms had previously diverted resources away from environmental initiatives. Chen and Bu (2024) further identify a threshold effect, showing that although moderate levels of political connection may support green innovation through resource access, connections beyond a certain intensity become detrimental as they enable firms to substitute political protection for genuine environmental investment. These two strands of findings reflect two distinct mechanisms through which leadership-level CPCs operate. When connections facilitate access to environmental resources, subsidies, and policy intelligence, and when institutional conditions align political incentives with environmental objectives, CPCs tend to enhance performance. When connections instead function as regulatory shields that reduce compliance costs and enable resource diversion, they undermine performance. The findings of Jiang et al. (2023) and Wu et al. (2022) are particularly related. Wu et al. (2022) explicitly show that political connections positively moderate the effect of formal regulatory pressure on green innovation but negatively moderate the effect of informal regulatory pressure, suggesting that the formality and enforceability of the regulatory environment is a critical condition determining whether CPCs function as enablers or shields.

A third dimension of the evidence concerns the temporal dynamics of political relationships. Deng et al. (2019) document that politically connected firms strategically reduce pollution

discharges during the first year of a new official's appointment, consistent with the signalling incentives that arise at the outset of a new political relationship. However, as officials' tenure expands and firm-official networks deepen, pollution discharges return to and exceed pre-turnover levels. This finding suggests that the environmental benefits of leadership-level CPCs, where they exist, may be transient and strategically motivated rather than reflecting genuine improvements in environmental commitment. Ma et al. (2024) corroborate this temporal dynamic, finding that political turnovers drive short-term increases in green investment as firms respond to new officials' environmental priorities, but that these effects diminish as relationships mature. These studies suggest that changes in political leadership can shape firms' environmental strategies, regulatory compliance, and sustainability investments, reflecting the broader impact of political dynamics on corporate decision-making. Additional heterogeneity in the evidence arises from leader characteristics. Li et al. (2024) find that female political leaders are associated with significantly lower firm pollution discharges, whereas Al Mamun et al. (2024) document that female political empowerment at the country level is positively associated with green finance investment. These findings suggest that leader gender constitutes a meaningful yet underexplored moderator of the CPC-performance relationship, potentially because female leaders exhibit stronger intrinsic environmental preferences that shape the incentive structures they create for connected firms.

Finally, six studies examine CPCs as moderators rather than direct antecedents of environmental performance. Marie et al. (2024) find that politically connected CEOs weaken the link between ESG performance and financial performance, suggesting that political ties may distort the performance-reward mechanism that would otherwise incentivize genuine environmental investment. Wu et al. (2022), as noted above, find that the direction of CPCs' moderating effect depends critically on whether regulatory pressure is formal or informal, with formal pressure amplified and informal pressure attenuated by political connections. Collectively, these moderating findings reinforce the conclusion that the effect of leadership-level CPCs on environmental performance is fundamentally contingent on the institutional and regulatory context in which they operate.

3.5.2 | CEO Ideology and Environmental Performance

At the interpersonal level, CPCs emerge from shared ideological affiliations. An important form of CPCs is captured through CEOs' political donations, which often reveal their ideological leanings. However, there is limited research examining the consequence of CEO political ideology on firms' environmental performance. As shown in Supporting Information S1: Appendix B, only three studies investigate such a relationship. For instance, Kim (2024) finds that Democratic CEOs are inclined to prioritize environmental strength and minimize environmental concerns, which eventually has a positive effect on a firm's environmental performance. Fuchs et al. (2024) investigate the impact of CEO political ideological divergence from the governing US president on firms' environmental innovation investments. They report that liberal (conservative) CEOs under a Republican (Democratic) president engage less (more)

in firms' environmental innovation investments. Overall, these findings highlight the necessity for additional research, particularly across diverse contexts, to elucidate the mechanisms by which CEOs' political ideologies impact.

In conclusion, a deeper examination of leadership-level CPCs is necessary. At the interpersonal level, future studies should investigate the integration of CEO personal traits such as activism (Mkrtchyan et al. 2023), demographic and educational backgrounds (Rudy and Johnson 2019), political ideological divergence with the outside political climate (Semadeni et al. 2022), and the relationship between CPCs and firms' environmental performance against the board of directors within the firm. Moreover, an important yet overlooked dimension is the CEO's political access to the presidential administration (i.e., elite connection) (e.g., Alonso et al. 2024; Brown and Huang 2020) and its implications for corporate commitments to green innovation, whether by facilitating policy-driven incentives or reinforcing regulatory inertia.

3.5.3 | Leadership-Level Political Connections and Environmental Disclosure

This subsection synthesizes findings from studies examining the effect of leadership-level CPCs on environmental disclosure, defined here as the extent, quality, credibility, and strategic framing of firms' environmental communications, including sustainability reports, ESG disclosures, and environmental information releases. Although this stream of research remains relatively less developed than the performance literature, the existing evidence points to an important pattern (see Supporting Information S1: Appendix C). Leadership-level CPCs tend to increase disclosure volume, but often raise concerns about disclosure quality, credibility, and integrity. Accordingly, the apparent tension between studies reporting positive and negative associations should not be interpreted as an inconsistency; rather, it reflects differences in how disclosure is conceptualized and measured. Specifically, disclosure volume and quality appear to respond to CPCs in different ways.

Studies reporting a positive association between leadership level CPCs and environmental disclosure are underpinned by a common mechanism, namely, political risk management. Cheng et al. (2017) explicitly theorize this from a rent-seeking perspective, arguing that politically connected firms have strategic incentives to increase disclosure volume in order to secure regulatory advantages, signal compliance to political patrons, and mitigate the reputational risks associated with their political ties. Critically, however, Cheng et al. (2017) find that although connected firms produce more voluminous disclosures, these disclosures are of lower quality, characterized by vague language and a lack of verifiable targets. The increase in volume is therefore considered as a legitimacy management strategy than as a transparency improvement. Qian and Chen (2021) corroborate this interpretation in the Chinese context, finding that CPCs are positively associated with disclosure levels particularly following significant environmental reporting regulations and leadership changes. The positive association emerges precisely when political scrutiny intensifies, and connected firms face heightened pressure to demonstrate environmental

commitment to new political principals. This is consistent with the impression management interpretation, as firms strategically increase disclosure in response to political pressure rather than as a reflection of environmental improvement.

Studies documenting a negative association between leadership level CPCs and environmental disclosure suggest a different mechanism, in which political protection reduces managers' incentives to disclose. Li et al. (2022) find that politically connected executives are associated with lower levels of environmental information disclosure in China and attribute this relation to the protective role of political ties. By reducing expected regulatory scrutiny and enforcement risk, such ties may lower the demand for disclosure as a means of managing external legitimacy. This interpretation reconciles Li et al. (2022) with studies reporting a positive association between political connections and disclosure, such as Cheng et al. (2017) and Qian and Chen (2021). The difference appears to reflect variation in the function of political connections rather than contradictory evidence. In Cheng et al. (2017) and Qian and Chen (2021), disclosure appears to serve as a tool for cultivating or maintaining political relationships. In Li et al. (2022), by contrast, political connections appear to provide sufficient protection to reduce external pressure for disclosure. A particularly important finding in this subsection concerns the distortion of disclosed information rather than its volume. Liu and Kong (2021) find that the political promotion incentives of mayors in China significantly promote the distortion of air pollution data reporting, with local governments manipulating environmental disclosures to align with the career advancement objectives of political officials. This finding shifts the analytical lens from volume and quality to accuracy and integrity, revealing that leadership-level CPCs can corrupt the informational content of environmental disclosures entirely. Taken together, the evidence in this subsection points to distinct disclosure responses to leadership-level CPCs, each driven by a different underlying mechanism.

Overall, the analysis of the relationship between leadership-level CPCs and environmental disclosure in the reviewed studies reveals a significant gap in the current literature. Existing research largely neglects key qualitative dimensions of disclosure, including textual features such as readability, tone, boilerplate content, and specificity. Moreover, the predominant reliance on quantitative measures and disclosure scores constrains the ability to capture the nuanced quality and strategic characteristics of disclosure practices. This limitation is particularly important in the context of CPCs, as politically connected executives often operate under heightened regulatory and legitimacy pressures, which may incentivize the strategic use of disclosure to shape stakeholder perceptions. In such settings, environmental reporting may function not only as a transparency mechanism but also as a tool for impression management, where textual features can signal compliance, legitimacy, or alignment with political expectations without necessarily reflecting underlying environmental performance.

Future research should therefore incorporate qualitative methodologies, including textual analysis, to better capture how CPCs influence not only the extent but also the framing, credibility, and strategic intent of environmental disclosure, thereby

providing a more comprehensive understanding of disclosure practices.

3.5.4 | Firm-Level Political Connections and Environmental Performance

In this subsection, we address different forms of CPCs at the *firm-level* that have been examined in relation to environmental performance (see Supporting Information S1: Appendix D). The CPCs proxies at the firm-level for the reviewed articles can be clustered into three groups: (1) political expenditures, including lobbying activities, contributions to politicians' campaigns, and PACs; (2) state ownership, and (3) the establishment of the political party branch within the firm. Notably, the different proxies have different effect on firm environmental performance or penalties. For example, Greiner and Kim (2021) assess political connections in US firms through lobbying expenditures and contributions to PACs. Their findings highlighted the critical role of corporate political activity in shaping the authenticity of firms' CSR initiatives. Specifically, they note that lobbying is often used as a strategic tool to evade genuine CSR commitments, whereas PAC contributions tend to support and reinforce substantive CSR efforts. This distinction is theoretically important because it suggests that the mechanism through which political spending operates determines its environmental consequence. Lobbying, by directly targeting regulatory processes, enables firms to reduce compliance burdens and resist environmental standards, whereas PAC contributions, which support electoral candidates, create reciprocal obligations that may include supporting firms' reputational and environmental initiatives. Consistent with the negative effect of lobbying, Hadani et al. (2018) note that firms engaged in corporate political activity through political spending, especially those with Washington, D.C. offices and executive political ties, are more likely to have socially oriented shareholder activism proposals dismissed by the SEC, suggesting that political expenditure can be deployed to actively shield firms from environmental accountability mechanisms. Heitz et al. (2023) extend this finding by documenting that campaign contributions in pre-election years indirectly benefit firms through the subsequent reduction of environmental regulations, reinforcing the regulatory resistance mechanism identified by Greiner and Kim (2021). Delmas et al. (2016) provide additional nuance from the US context, finding a U-shaped relationship between environmental performance and lobbying, suggesting that firms with the lowest and highest levels of environmental performance are the most active lobbyists, but for different reasons: Poor performers lobby to resist regulation, whereas high performers lobby to shape regulation in ways that align with their existing environmental advantages.

The evidence on state ownership as a form of firm-level CPC is the most complex and context-dependent. Maung et al. (2016) find that the effect of state ownership on pollution fees levied by government and recognize that firms that are fully or partially owned by the state pay lower pollution fees than non-state-owned firms. Their findings suggest that political connections in the form of state ownership grant firms regulatory privileges. This negative performance effect is driven by the preferential regulatory treatment that state ownership confers rather than by

any intrinsic environmental motivation. However, this finding stands in contrast to Nguyen et al. (2022), who use an international sample and find that politically embedded firms face lower coercive pressure but higher normative and mimetic pressures to adopt environmental management practices. The key to reconciling these findings lies in the institutional context. Maung et al. (2016) focus on China where state ownership primarily confers regulatory privilege, whereas Nguyen et al. (2022) use an international sample where institutional pressures from peers and professional norms play a stronger role in shaping environmental behavior. Yang et al. (2021) add an important moderating condition, finding that China's anti-corruption campaign significantly increased environmental investment in state-owned firms, suggesting that governance shocks that reduce political protection can activate the positive environmental potential of state ownership by removing the regulatory shield that had previously enabled non-compliance. Collectively, these findings suggest that state ownership produces negative environmental performance effects primarily when it functions as a regulatory shield, but can produce positive effects when external governance pressures, anti-corruption enforcement, or institutional norms reduce this shielding function.

The third form of firm-level CPC examined in the literature, the presence of embedded Communist Party branches within firms, presents a more consistently positive picture for environmental performance. Zhou et al. (2021) find that the existence of party branches within firms is associated with greater environmental CSR investment in China, whereas Long et al. (2024) find that party branch presence significantly boosts green innovation and environmental protection investment, particularly among private firms. Huang and Yang (2024) further document, using a difference-in-differences design exploiting the mandatory 2018 requirement for firms to establish party branches, that this requirement significantly reduced the likelihood of firms receiving environmental penalties. The underlying mechanism here is distinct from both political expenditure and state ownership. The embedded party branches function as an internal governance and compliance mechanism that transmits state environmental priorities directly into firm decision-making, reducing the informational and agency gaps between political objectives and firm behavior. This mechanism is therefore more direct and institutionally embedded than the external political relationships captured by lobbying, PAC contributions, or state ownership, which may explain why it produces more consistent positive environmental outcomes.

In conclusion, the empirical evidence reviewed suggests that firm-level political connections can yield both positive and negative consequences, particularly when they arise from state ownership. However, other forms of political ties, such as the establishment of a political party branch within a firm, tend to have more favorable outcomes. Moreover, further research should consider additional forms of political connectedness, such as equity ownership by politicians and indirect influence through dark money channels (Minefee et al. 2021; Werner 2017). These channels include corporate payments to trade associations or 501(c)(4) organizations, which may then fund political advertisements or transfer funds to other entities, shaping regulatory and policy outcomes. Examining

these less transparent mechanisms can provide deeper insights into their implications for environmental performance. Additionally, incorporating third-party assessments and engaging corporate stakeholders in the evaluation process could enhance research reliability. By integrating diverse methodological approaches, future studies can contribute to a more nuanced understanding of the interplay between political influence and corporate environmental performance, ultimately informing more effective sustainability strategies.

3.5.5 | Firm-Level Political Connections and Environmental Disclosure

As previously noted, there is a significant gap in the literature on environmental disclosures, particularly regarding the influence of firm-level political connections on such disclosures with only six studies investigating this relationship (see Supporting Information S1: Appendix E). The seminal study in this stream is Cho et al. (2006), who examine the relationship between corporate political expenditure, environmental performance, and environmental disclosure. They note that firms use environmental disclosure and political spending as complementary strategic tactics. They also argue that poorer environmental performers undertake additional tactics either by increasing their political spending or engaging in more environmental disclosure to manage environmental public pressure.

A second mechanism through which firm-level political connections shape environmental disclosure operates through the political ideology of institutional investors. Kim et al. (2020) find, using US data, that firms whose institutional shareholders hold a more Republican-oriented political ideology are significantly less likely to issue environmental reports. This finding reveals that firm-level political connections, when captured through the political values of major shareholders rather than through direct political spending, shape disclosure behavior through an entirely different channel (i.e., investor demand). Firms whose dominant shareholders are ideologically aligned with a political orientation that is less supportive of environmental regulation face lower pressure to produce environmental disclosures, as these investors do not reward or require such reporting. This mechanism is distinct from the Cho et al. (2006) finding. Where Cho et al. (2006) document politically active firms increasing disclosure to manage external stakeholder pressure, Kim et al. (2020) document firms reducing disclosure because their dominant investors do not value it. The direction of the effect is therefore opposite, but the underlying logic is consistent. Environmental disclosure responds to the political incentive structures created by firms' political connections, whether those connections operate through direct political spending or through the ideological preferences of major shareholders. Situ et al. (2020) examine how Chinese government's political ideology influences environmental disclosures. The analysis shows that the Chinese government influences firms by shaping their views and practices to align with its political ideology. As a result, when companies disclose environmental information that follows government policies, it is seen as a sign of patriotism. These findings suggest that there is a need for further research to delve into the relationship between firm-level political

connections forms and environmental disclosure. Taken together, the three mechanisms identified in this subsection reveal that the relationship between firm-level CPCs and environmental disclosure is shaped by the specific channel through which political connection operates. Political spending is associated with higher disclosure volume as a complementary legitimacy management tactic by poor environmental performers. Republican-oriented institutional shareholder ideology is associated with lower disclosure as investor demand for environmental reporting is reduced. Geographic distance from political centers is associated with lower disclosure as regulatory scrutiny and reputational incentives diminish with distance. These findings collectively suggest that firm-level CPCs do not have a single, uniform effect on the extent of the environmental disclosure.

4 | Discussion and Future Research Directions

4.1 | Theories

Our review reveals that the literature on CPCs and environmental sustainability is under-theorized and fragmented in its application of conceptual frameworks. Although RDT, institutional theory, and legitimacy theory dominate the field, collectively accounting for approximately 30% of the theoretical bases in the reviewed studies, their integration into empirical analyses is often superficial or undeveloped. An additional 21% of the studies draw from alternative perspectives, such as agency theory, stakeholder theory, and upper echelons theory. However, many contributions lack a clear articulation of how these theories guide the research questions, variable selection, or interpretation of results, leading to a relatively weak theoretical grounding across the literature.

This pattern suggests that existing studies rely on a narrow set of theoretical lenses, which constrains the ability to explain the heterogeneous and sometimes conflicting effects of CPCs on environmental outcomes. In particular, theoretical perspectives are often applied in isolation, with limited attention to how different lenses may offer complementary insights. For example, although institutional theory emphasizes external pressures and legitimacy concerns, RDT highlights access to critical resources, and upper echelons theory focuses on managerial characteristics. The lack of interaction among these perspectives limits a more comprehensive understanding of how CPCs shape environmental strategies. These differences suggest that the relevance of each theoretical perspective is contingent on the institutional environment and organizational context in which CPCs operate.

Furthermore, emerging dimensions such as ideological alignment between executives and political actors or interpersonal political connections remain underdeveloped from a theoretical standpoint. Although prior studies acknowledge their importance, they rarely explore the underlying mechanisms driving these relationships. In this context, behavioral and sociological perspectives may offer useful avenues for future research. For instance, concepts such as social identity or cognitive bias could help explain how ideological congruence influences managerial decision-making, potentially shaping firms' environmental investments and disclosure practices. Such perspectives may

complement existing theories by linking political connections to internal decision processes, rather than focusing solely on external institutional constraints or resource dependencies. In addition, different theoretical perspectives are often associated with distinct methodological approaches. For example, resource dependence and institutional theories are frequently examined using quantitative methods and large-sample regression designs, whereas legitimacy and stakeholder perspectives may benefit from qualitative or mixed-method approaches, such as case studies or textual analysis of corporate disclosures. Aligning theoretical perspectives with appropriate research methods can enhance the explanatory power and empirical relevance of future studies.

Accordingly, future research could benefit from more theoretically grounded approaches that more explicitly connect theoretical perspectives to empirical design and interpretation. Rather than simply invoking multiple theories, scholars should clarify how specific theoretical lenses are best suited to explain particular dimensions of CPCs and environmental sustainability across different contexts. In this sense, the value of multiple theoretical perspectives lies not in their integration into a single framework, but in their context-specific application to better explain variations in environmental outcomes. Developing such theoretically informed approaches may enhance the explanatory power of future studies and contribute to a more coherent understanding of the CPC–environmental sustainability nexus.

4.2 | Context Heterogeneity and Institutional Settings

A significant limitation of the extant literature is its overwhelming focus on two national contexts: China and the US. Although these countries offer rich empirical settings, their dominance limits the generalizability of findings. The institutional configurations, regulatory enforcement regimes, and political market structures in these contexts differ substantially from those in emerging or less institutionalized economies. In particular, the dynamics of CPCs in fragile democracies, hybrid regimes, or highly corrupt institutional environments remain insufficiently explored. This concentration suggests that existing findings are largely conditioned by specific institutional settings, which may influence both the direction and magnitude of the relationship between CPCs and environmental outcomes.

Although a few studies employ cross-country designs (e.g., Al Mamun et al. 2024; Tee et al. 2024), they often focus on isolated macro-level variables—such as women's political participation—without systematically accounting for broader legal and political system differences. However, from an institutional perspective, such differences are likely to play a critical role in shaping how CPCs operate. For instance, firms operating in common-law countries may face stronger legal enforcement and greater investor protection than those in civil-law jurisdictions (Daske et al. 2008), potentially conditioning the behavioral consequences of political ties. Future research should therefore explore how institutional frameworks, particularly legal systems, mediate the political influence of firms on sustainability outcomes.

Internal governance structures also warrant attention. Robust corporate governance mechanisms may act as moderating forces, curbing the opportunistic use of CPCs and aligning them with long-term environmental goals. For instance, CEO compensation linked to ESG metrics may incentivize firms to use political ties to pursue sustainability-enhancing strategies rather than rent extraction (Al-Shaer and Zaman 2019). Similarly, the strategic salience of firms to political actors—that is, how important a firm is to a politician's career or network—may determine the intensity and form of political influence (Mahran et al., 2025b). Taken together, these insights suggest that both external institutional environments and internal governance mechanisms jointly condition the effects of CPCs on environmental sustainability. Future research should explore these interactions to uncover how external political connections and internal governance mechanisms co-evolve to shape environmental outcomes.

Another dimension is the sectoral dimension of CPCs' environmental effects. The reviewed literature provides fragmentary evidence that industry sector moderates the CPC–environmental relationship in important ways. Delmas et al. (2016) document a U-shaped relationship between lobbying and environmental performance that is driven partly by sectoral differences in compliance costs, and Wang et al. (2021) explicitly focus on polluting industries where the regulatory resistance mechanism of political connections is strongest. Zhou et al. (2021) and Long et al. (2024) both study embedded party branches in heavily polluting industries, raising the question of whether the consistently positive environmental effects they document generalize to cleaner industries where the compliance motivation is weaker. Furthermore, the OECD (2025) finding that nearly two-thirds of SOEs are concentrated in capital- and emissions-intensive sectors directly implies that the state ownership–environmental performance relationship documented in the reviewed literature is likely sector-specific, even though no reviewed study explicitly tests this. The reviewed literature does not systematically examine sectoral heterogeneity as a moderating condition for the CPC–environmental relationship. Future research should address this gap directly by examining how the direction and magnitude of CPC effects on both environmental performance and disclosure vary across sectors with different regulatory profiles, including heavily polluting industries such as energy, mining, and chemicals where regulatory resistance is most consequential, moderately polluting industries such as manufacturing where compliance costs are significant but not extreme, and relatively clean industries such as technology and finance where the environmental stakes of political connections are lowest.

4.3 | Multiple Forms of CPCs

A critical yet underexplored avenue for future research lies in examining the diverse forms and configurations of CPCs. Most studies conflate leadership-level connections (e.g., CEO political ties) and firm-level strategies (e.g., lobbying or campaign contributions) without accounting for their differential impacts. Building on Hillman and Hitt's (1999) classification, CPCs can be relational (long-term, trust-based engagements) or transactional (short-term, instrumental interactions).³ Others

distinguish between active connections—those resulting from intentional engagement such as donations—and passive connections that emerge exogenously through geographic proximity or inherited political affiliations (Kim et al. 2012).

Moreover, CPCs vary in motivation and ideological orientation. In multiparty systems, firms may strategically align across the political spectrum depending on which party holds power. In contrast, executive-level ideological preferences may be personally held rather than economically driven, potentially creating tensions or alignment with firm-level political strategies (Fuchs et al. 2024). Existing research rarely examines how multiple CPC forms interact. Yet, prior work (e.g., Akey 2015; Antia et al. 2013; Kim and Zhang 2016) shows that firms often combine different types of political ties, generating either complementary or substitutive effects. Future research should explore how the integration of multiple CPCs—along with their strength, durability, and concentration (Wei et al. 2023)—shapes firms' environmental performance and disclosure strategies. For instance, ideological misalignment between politically connected CEOs and politically embedded boards may introduce governance frictions that affect sustainability decisions.

A critical but largely overlooked dimension in this context is the dynamic and evolving nature of CPCs. The existing literature treats political connections predominantly as static, cross-sectional characteristics; a firm either has a connection or it does not, without accounting for how these relationships form, deepen, weaken, and dissolve over time, and how their environmental consequences change across these phases. This static conceptualisation is inconsistent with the evidence already documented in this review. Deng et al. (2019) show that pollution discharges fall at the outset of new political relationships but revert as officials' tenure expands, and Ma et al. (2024) demonstrate that political turnovers drive short-term increases in green investment that diminish as relationships mature. Together, these findings suggest that the environmental consequences of CPCs are not fixed properties of a connection but rather vary systematically with the phase and trajectory of the political relationship, a dynamic that static CPC measures cannot capture. The practical significance of this dynamic dimension is illustrated by high-profile cases of rapidly evolving political relationships. The relationship between Elon Musk and the Trump administration evolved from informal ideological alignment to formal institutional appointment. This evolution illustrates how CPCs can shift from informal and transactional to structurally embedded and institutionally consequential, with potentially significant implications for the environmental regulatory environment facing politically connected firms and industries. A static measure of political connection would fail to capture this transformation and the differential environmental consequences it produces at each stage.

4.4 | Measurements

Methodological limitations also constrain the literature's capacity to establish credible causal claims. Many studies rely on observational designs that are susceptible to endogeneity and omitted

variable bias, especially given that firms' decisions to engage in political activity are non-random and may correlate with unobserved firm characteristics. To overcome this challenge, researchers should consider quasi-experimental methods, such as the regression discontinuity design proposed by Lee (2008), which compares firms connected to narrowly elected politicians with those linked to narrowly defeated candidates. This approach has been successfully applied in campaign finance and corporate influence studies to infer causal effects (Akey 2015).

Additionally, the operationalization of environmental outcomes remains limited. Most studies rely on ESG scores or aggregate performance indicators that obscure important variation in disclosure quality, credibility, and intent. Such measures often fail to capture the communicative and strategic dimensions of environmental reporting, particularly in relation to impression management and greenwashing practices. Future research should therefore move beyond quantitative indicators and incorporate richer measures of disclosure quality, including textual analysis of sustainability reports. In particular, features such as tone, readability, specificity, and the use of symbolic or boilerplate language can provide insights into how firms frame environmental narratives and manage stakeholder perceptions.

This is especially relevant in the context of CPCs, as politically connected firms may have both the incentives and the ability to engage in selective disclosure or symbolic reporting, particularly in environments with weaker regulatory oversight. However, current measurement approaches do not adequately capture these dynamics. Future work should incorporate third-party environmental assessments, stakeholder ratings, or qualitative evaluations of sustainability reports. Methods such as discourse analysis, natural language processing, and structured interviews with sustainability officers could offer more nuanced insights into how CPCs influence disclosure content, credibility, and strategic framing. By expanding both measurement approaches and methodological rigor, scholars can generate more robust insights into the CPC–sustainability nexus.

4.5 | Methodological Innovation and Multi-Method Research

Quantitative analyses dominate the literature, often employing panel regressions and firm-level data. Although statistically powerful, these approaches struggle to unpack the mechanisms through which CPCs influence corporate sustainability decisions. Three specific limitations call for targeted qualitative and mixed-method responses.

First, the mechanism through which CPCs produce strategic decoupling between disclosure volume and performance quality cannot be identified through regression designs alone. Case studies of firms experiencing exogenous political connection loss, as documented by Xiao and Shen (2022) through China's Regulation 18 and by Fu and Sun (2024) through permanent board connection severance, would directly address this gap by tracing the sequence of organizational decisions through which connection loss translates into changed environmental investment and disclosure behavior. Second, the systematic variation in CPC effects across connection type, institutional context, and

industry sector identified in this review calls for comparative case study designs. Comparative studies of firms holding different CPC portfolio configurations, or examining the same CPC type across China, GCC countries, and African institutional contexts as partially captured by Elaigwu et al. (2024), would identify the boundary conditions that regression analyses can detect but not explain.

Third, the qualitative dimensions of environmental disclosure, including tone, readability, specificity, and boilerplate language, are not captured by the volumetric measures employed in most reviewed studies. Computational textual analysis applying natural language processing and sentiment analysis to environmental disclosure documents would allow researchers to test the strategic decoupling hypothesis

TABLE 1 | Future research directions.

Future research opportunity	Suggested research questions
Theoretical opportunities	Strategic decoupling between environmental disclosure and performance - How can legitimacy theory be integrated with resource dependence and institutional theory to explain why CPCs increase disclosure volume while undermining disclosure quality and substantive environmental performance? Under what conditions does this decoupling intensify or collapse, and what governance mechanisms can detect and attenuate it? CPC type as determinant of environmental effect direction - Why do lobbying and PAC contributions produce systematically different environmental outcomes? Can the relational versus transactional distinction proposed by Hillman and Hitt (1999) generate distinct theoretical predictions about the environmental consequences of each CPC type? Do structurally embedded connections such as party branches produce more consistent positive effects than transactional connections because they operate through internal governance mechanisms rather than external political exchange? CEO political ideology and institutional context interaction - How do CEO political ideology and firm-level institutional pressures interact in shaping environmental outcomes across different political systems? How do politically connected executives navigate between personal ideological commitments and institutional environmental pressures in multiparty systems where political alignment shifts across electoral cycles?
Contextual opportunities	- How does the relationship between CEOs and environmental sustainability differ in developing economies compared with developed economies? - What lessons can be learned from studying the relationship between CPCs and environmental sustainability in diverse contexts? - What contextual factors influence the effectiveness of CEOs' environmental practices and decision-making in different regions and countries? - What role do country-level institutional factors play in shaping the environmental consequences of CPCs? - How do variations in legal and regulatory environments mediate the impact of CPCs on firms' environmental performance? - How do CPCs shape corporate responses to sustainability pressures in industries with different levels of environmental impact? - To what extent do politically connected firms align their environmental strategies with global sustainability frameworks such as the UN Sustainable Development Goals (SDGs)?
Multiple forms of CPCs	- Do firms that simultaneously engage in lobbying and maintain embedded party branches experience complementary, substitutive, or countervailing effects on environmental performance and disclosure? Does CPC portfolio composition predict the likelihood and intensity of strategic decoupling? How do the strength, duration, and concentration of CPC portfolios influence their environmental consequences? - How does the misalignment between a CEO's political ideology and that of the board of directors' influence firms' environmental strategies? - How do different forms of political connections interact to shape firms' environmental strategies and sustainability performance? - To what extent do political connections exhibit <i>substitutive</i> or <i>complementary</i> effects in influencing corporate sustainability initiatives? - How do key characteristics of CPCs, such as their strength, duration, and portfolios, influence their effectiveness in shaping firms' environmental performance and disclosure?

(Continues)

TABLE 1 | (Continued)

Future research opportunity	Suggested research questions
Measurement opportunities	• How does endogeneity in firms' political contributions affect the observed differences in environmental performance between politically connected and unconnected firms? • What econometric techniques, such as regression discontinuity design (RDD), can effectively establish a causal relationship between CPCs and firms' environmental outcomes? • How can alternative measures, such as third-party evaluation scores and qualitative methods (e.g., structured interviews and surveys), improve the assessment of firms' environmental performance and disclosure? • To what extent do qualitative insights enhance our understanding of the quality, depth, and strategic intent behind firms' environmental disclosure practices? • How can textual analysis techniques (e.g., natural language processing, sentiment analysis) be used to examine the tone, readability, and specificity of environmental disclosures in politically connected firms? • To what extent do CPCs influence firms' use of impression management or greenwashing strategies in sustainability reporting, particularly in environments with varying levels of regulatory oversight?
Methodological opportunities	• How can qualitative or mixed-method approaches enhance the analysis of CPCs and their impact on environmental sustainability? • How do case studies and interviews with top management teams of politically connected and non-connected firms contribute to understanding the mechanisms shaping sustainable environmental performance? • To what extent do dominant quantitative methods overlook contextual nuances and underlying mechanisms of political connections? • How can future research develop advanced methodological approaches that incorporate both qualitative and quantitative dimensions in analyzing CPCs?

at scale and provide regulators and ESG rating agencies with a scalable tool for assessing disclosure quality in politically connected firms, directly supporting the enforcement objectives of the SEC climate disclosure rules and the EU CSRD. Longitudinal interviews with politically connected executives would additionally capture the temporal dynamics of political relationships and their disclosure consequences at the individual decision-making level, a dimension that panel regression designs cannot access. A summary of all future research directions is provided in Table 1.

5 | Conclusion

This study offers the first comprehensive SLR examining the intersection between CPCs and environmental sustainability. Drawing on 72 peer-reviewed articles published in leading journals over the past two decades, our review identifies how political influence can both enable and undermine responsible corporate environmental conduct. Critically, we treat environmental performance and environmental disclosure as two distinct dimensions of corporate environmental outcomes. This distinction is central to our contribution, as CPCs may operate through different mechanisms and yield divergent, and at times contradictory, outcomes across these two dimensions, and conflating them risks producing misleading conclusions about the overall effect of political connections on corporate sustainability. We find that existing studies disproportionately focus on environmental performance, typically measured through emissions reduction, green innovation, or pollution

control, while neglecting environmental disclosure practices, particularly their qualitative and ethical dimensions. These include the tone, specificity, clarity, and integrity of environmental reporting, which are critical to stakeholders' ability to evaluate the sincerity of firms' sustainability commitments. Moreover, the literature is overly centered on individual-level political connections (e.g., politically affiliated CEOs or board members), with limited exploration of firm-level engagement strategies such as lobbying, campaign financing, geographic proximity to regulators, or formal institutional ties, including embedded political entities.

Emerging and ethically salient forms of CPCs, including ideological affinity between executives and policymakers (Kim 2024; Fuchs et al. 2024), or elite access to government leadership (Brown and Huang 2020), remain conceptually scattered and underexplored. Likewise, key contextual moderators, including executive compensation structures (Al-Shaer and Zaman 2019), board oversight mechanisms, and firms' strategic importance to political actors, merit deeper investigation to understand how they shape the ethical boundaries of CPCs' environmental impact. To address these deficiencies, we propose a framework that captures the multi-level and multifaceted nature of CPCs, encompassing both formal and informal, relational and transactional CPCs mechanisms, and drawing on RDT, institutional theory, stakeholder theory, and upper echelons theory. The framework emphasizes the need to distinguish between leadership-level and organizational-level political ties and considers how such connections may serve instrumental, symbolic, or ethically questionable purposes in corporate sustainability strategies.

Our review contributes to literature in several ways. First, it provides an integrated synthesis of an increasingly fragmented field, serving as a reference point for scholars, regulators, and practitioners concerned with the ethical governance of corporate–state interactions. Second, it identifies four priority areas for future research: (1) comparative cross-national analyses of CPCs within diverse regulatory and ethical environments; (2) expanded conceptualization and measurement of CPC forms; (3) deeper engagement with the qualitative dimensions of environmental disclosure, including textual analysis of tone, readability, and specificity to test the strategic decoupling hypothesis; and (4) the adoption of case studies and quasi-experimental designs that illuminate the mechanisms through which political ties shape environmental outcomes. Third, we underscore the importance of understanding how CPCs interact with governance structures and institutional pressures in an era marked by intensified ESG scrutiny and political polarization.

The findings of this SLR have significant and timely implications for policymakers, regulators, and institutional investors. First, regarding mandatory ESG disclosure regulation, the SEC's climate disclosure rules and the EU's Corporate Sustainability Reporting Directive (CSRD) assume that mandatory requirements will enhance environmental transparency. Our findings raise important cautions about this assumption. Political connections increase disclosure volume while reducing quality (Cheng et al. 2017), and politically connected firms exhibit significantly greater greenwashing than non-connected counterparts (Liu et al. 2024). Disclosure frameworks rewarding volume without assessing specificity, verifiability, and independently audited targets are therefore vulnerable to symbolic compliance (Noureldeen et al. 2026a). Moreover, Hadani et al. (2018) and Heitz et al. (2023) show that ESG enforcement may itself be subject to political capture, as politically connected firms are more likely to have shareholder activism proposals dismissed and environmental enforcement reduced. Regulators should therefore design enforcement mechanisms with sufficient independence from political influence. Second, regarding anti-corruption enforcement, our findings suggest it functions not only as a governance tool but also as an environmental policy instrument (e.g., Yang et al. 2021; Xiao and Shen 2022). Anti-corruption bodies, including the OECD working group on Bribery and bodies operating under the EU Anti-Corruption Directive, should recognize environmental improvement as a co-benefit of enforcement activity and coordinate more closely with environmental regulators to identify sectors where political protection enables non-compliance. Third, regarding corporate sustainability due diligence, the EU Corporate Sustainability Due Diligence Directive (CSDDD) requires firms to identify and mitigate adverse environmental impacts across their value chains. The lobbying mechanism documented by Greiner and Kim (2021) and Hadani et al. (2018) suggests that politically active firms can shape due diligence requirements to reduce compliance burdens while maintaining the appearance of environmental responsibility. Policymakers should therefore require enhanced disclosure of corporate political expenditure alongside sustainability due diligence reports. Finally, institutional investors and ESG rating agencies should integrate measures of corporate political activity, including lobbying expenditure, PAC contributions, and state ownership, into their assessment frameworks as risk factors indicating a higher likelihood of disclosure-performance decoupling.

Despite its scope, this review has limitations. First, the limited number of empirical studies on ethically contentious CPC forms, including dark money, ideological entrenchment, and political favoritism, precludes broad generalization across all dimensions of political embeddedness. Second, our emphasis on environmental performance and disclosure leaves out other areas of ethical relevance, including corporate climate lobbying, risk governance, and sustainability integration into core business models. Third, we do not empirically test mediating or moderating variables—such as stakeholder pressure, legitimacy-seeking behavior, or regulatory disruptions—that may shape the ethical consequences of CPCs. Fourth, this review relies on the WoS database, selected for its rigorous indexing standards and strong coverage of high-impact journals in the social sciences; however, relevant studies indexed in other databases such as Scopus or Google Scholar may not have been captured. In addition, the focus on Q1 and Q2 journals, along with the exclusion of non-English and grey literature, may limit the breadth of the review and contribute to the geographical concentration of studies, particularly in China and the US. Finally, despite efforts to employ a comprehensive set of search terms, it is possible that some relevant studies were not included due to variations in terminology, particularly in emerging areas such as environmental controversies and greenwashing.

Future research should address these limitations by adopting more context-sensitive, theoretically informed, and ethically attuned approaches. We call for longitudinal and comparative designs across diverse legal and governance systems, as well as the use of emerging methods—such as text analytics, machine learning, and ethnographic inquiry—to unpack the qualitative nuances of environmental disclosure. By expanding the ethical and empirical scope of CPC research, scholars can offer more nuanced, actionable, and policy-relevant insights into how corporate actors navigate political networks and power structures in ways that either uphold or undermine environmental and social responsibility. Ultimately, this review responds to an urgent need to reframe CPCs not only as a strategic variable but also as an ethical concern. As environmental sustainability becomes increasingly central to corporate legitimacy and stakeholder trust, understanding how CPCs influence—not merely facilitate—sustainability becomes essential. Our study contributes to this understanding and calls for future work to engage more deeply with the moral hazards, institutional consequences, and governance implications of political embeddedness in corporate environmental behavior.

Author Contributions

Ahmed A. Elamer: supervision, visualization, software, conceptualization. **Mahmoud Nasr:** writing – original draft, investigation, validation, project administration. **Karim Mahran:** methodology, formal analysis, data curation, conceptualization, validation, writing – review and editing.

Funding

The authors have nothing to report.

Ethics Statement

The authors have nothing to report.

Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

Data are available upon request from the authors.

Endnotes

¹ For example, a Wall Street Journal (2025) article claims that Musk's six businesses have secured approximately \$20 billion in government contracts due to his direct engagement with the White House and unwavering political support during US presidential elections. <https://www.ft.com/content/78928872-918b-4ce6-87c7-c6545c9467f8>.

² <https://www.ft.com/content/cc7f60ea-6f42-49d0-8fde-5151e170c780>.

³ Relational transactions often involve firms employing individuals within their government affairs office—typically based in Washington, D.C.—to cultivate long-term political ties and maintain direct channels of influence. In contrast, a transactional approach is more likely to rely on external lobbying organizations, which are contracted to advocate on behalf of the firm and engage with policymakers in a more discrete, short-term manner (Rudy and Johnson 2019).

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Supporting Information

Additional supporting information can be found online in the Supporting Information section. **Data S1:** Supporting information.