

**Defending Mao's Dream:
How Politicians' Ideological Imprinting
Affects Firms' Political Appointment in China**

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ABSTRACT

Prior studies on corporate political strategies have taken an exchange view to examine their benefits and costs for both firms and politicians, but less explored is how politicians' political values shape their perceptions of, and willingness to engage in, these exchanges. We investigate how politicians' imprinted political ideologies affect the likelihood of local firms securing political appointments. Looking at 760 city mayors across 242 Chinese cities from 2001 to 2013, we find that cities have fewer private firms appointed to local councils if the mayor—the key decision maker for such appointments—is more strongly imprinted with an orthodox communist ideology that opposes capitalism. The intensity and the evolution of such an ideological imprint are influenced by contextual factors. The strength of the imprint is shaped by the mayors' prior exposure to intense ideological experiences, such as experiencing the Cultural Revolution at a young age. Working in an environment consistent with the ideology—such as a province with a greater communist legacy—sustains and even strengthens the imprint, whereas working in an environment inconsistent with the ideology—such as a province with greater economic development—attenuates it. We discuss the implications of these findings for political strategy research, imprinting theory, and the nascent research stream on political ideology.

Key words: Political Strategy, Imprinting Theory, Political Ideology, China

INTRODUCTION

Firms' engagement in political strategies is vital for their survival and prosperity, especially in emerging markets (Marquis & Raynard, 2015; Peace, Dibble, & Klein, 2009). Given the underdeveloped market institutions and the prominent role of the government in emerging markets, conducting political strategies such as forming political ties with the government can substitute for formal governance (Xin & Pearce, 1996), bring access to scarce resources, and generate positive performance outcomes (Faccio, Masulis, & McConnell, 2006; Peng & Luo, 2000; Zheng, Singh, & Mitchell, 2015). But recent studies have paid increasing attention to the uncertain or even negative outcomes of political strategies, as the government may co-opt firms for political purposes, which may not be beneficial for the firms (e.g., Dickson, 2003; Sun, Hu, & Hillman, 2016; Wang & Luo, 2018).

Given that firms' political strategies can lead to various survival and performance outcomes, it is important to study the factors that influence how such strategies unfold. Without clarifying their antecedents, we cannot fully understand the conditions under which such strategies are beneficial to firms. Extant studies have mainly taken the firms' perspective to examine the economic rationale of political strategies (see reviews by Hillman, Keim, & Schuler, 2004; Mellahi et al., 2016), less frequently considering the politicians' perspective, and in particular the factors affecting politicians' receptivity toward firms' political participation. Although firms may have the intention and capability to engage in political participation, the success of such a strategy hinges largely on what politicians think about interacting with the business sector (McDonnell & Werner, 2016), and in particular how politicians' heterogeneous values and belief systems influence such political exchanges has not

been examined.

In this paper, we investigate how politicians' political ideologies affect local firms' political participation in their jurisdictions. We draw on insights of imprinting theory to study the long-lasting influence of politicians' past experiences (Marquis & Tilcsik, 2013), positing that politicians who were politically indoctrinated in different historical periods were imprinted with different ideological beliefs and values (Chen, Chittoor, & Vissa, 2015; Jost, Federico, & Napier, 2009; Marquis & Qiao, 2018). Such ideological imprints shape their attitudes and perceptions toward interactions with the business sector, creating variation in politicians' endorsement of local firms' participation in the political system. We further theorize about the strength of the ideological imprint at its formation and its persistence by investigating the interaction between the politician's imprint and contextual factors. We argue that politicians' exposure to ideological experiences at an early age that are consistent with the imprint increases their receptiveness to the formative environmental influences later on and so intensifies the strength of the subsequent imprint. Further, the imprint's persistence is affected by imprint–environment fit—the compatibility between imprinted values and subsequent environments—as congruent environments sustain the imprint, while the imprint decays in incongruent environments (Tilcsik, 2014). Our theory and findings advance imprinting research by demonstrating that although historical events imprint individuals with enduring impact, the strength and persistence of such impact depend on both prior and current social contexts, suggesting that imprints evolve throughout one's life trajectory, depending on external conditions (Marquis & Tilcsik, 2013).

We situate our study in China, an authoritarian country where the government has tight

control of the economy and society (Lin, 2011; Marquis & Bird, 2018). We specifically examine the influence of the political ideologies of city mayors on the appointment to political councils of *privately* held firms headquartered in their jurisdictions—a highly important political strategy for private firms in China (Hillman, Zardkoohi, & Bierman, 1999; Li, Meng, & Zhang, 2006).

We find that cities in which mayors were imprinted with a stronger communist ideology—i.e., they joined the communist party during Chairman Mao’s tenure, before the start of market-oriented reform in 1978—have fewer local private firms appointed to political councils. Such a negative effect is stronger for mayors who experienced an extreme ideological environment (the Cultural Revolution) in their youth. Moreover, the ideological imprint not only persists but is also strengthened if mayors now work in regions with stronger communist legacies—i.e., those liberated earlier by the communist party—while it decays in cities with higher contemporary economic development. Taken together, these findings demonstrate that although mayors’ decision to endorse local firms’ political participation is enduringly shaped by their long-lasting ideological values, such an effect varies depending on contextual factors.

This study makes several theoretical contributions. First, it contributes to the political strategy literature by moving beyond instrumental conceptions of political exchange, revealing that politicians’ ideological values are significant antecedents for firms’ political participation. More broadly, we contribute to the literature on institutional sources of state–firm interactions by singling out the particular source of institutional pressures arising from powerful politicians and the effect of their political ideology (Vaaler, 2008). Second, we contribute to imprinting research by showing the heterogeneous strength and persistence of the focal imprint over time.

While prior research has tended to assume that an imprint has a uniform effect, we investigate how key contextual factors, i.e., prior exposure to the focal ideological experiences and subsequent imprint–environment fit, create variation in the strength and persistence of the imprint over time (Marquis & Tilcsik, 2013). Third, we also contribute to the emerging literature on political ideology by highlighting the mechanism of party affiliation as an in-group identity to shape behaviors, complementing recent studies that have stressed a cognitive mechanism (i.e., Briscoe, Chin, & Hambrick, 2014; Carnahan & Greenwood, 2017; Chin, Hambrick, & Trevino, 2013).

POLITICIANS AND FIRMS' POLITICAL STRATEGIES

Business organizations in many countries have a persistent interest in participating in politics (Hillman et al., 2004). Given that the government controls important resources, firms engage in political strategies—concerted tactics in the political arena, such as campaign donations, lobbying efforts, and political service (Baron, 1995; Hillman & Hitt, 1999)—to reduce political uncertainty and gain access to the government. The political exchange view is based on the notion that both firms and politicians derive private gains from their exchange and so participate based on the associated benefits and costs (Boddeyn & Brewer, 1994; Bonardi, Hillman, & Keim, 2005). For firms, such gains accrue from favorable policies, resources, or legitimacy and status (Hillman et al., 2004). For politicians, exchange with the business sector may grant them access to market information, enhanced future election or reelection prospects, or even job opportunities in the private sector (Hillman, 2005).

This political exchange view treats politicians as self-interested economic actors who focus on maximizing their utility (Hillman & Hitt, 1999; Krueger, 1974), while neglecting the

influence of politicians' political ideologies and values, which may shape their perceptions of utility and benefit in quite different ways. A political ideology is a relatively stable and permanent perceptual framework of interrelated ideas and beliefs, which confines its proponents' behavior choices to a limited range (England, 1967; Hamilton, 1987). It shapes behavior choices by information processing, influencing identity formation, and defining the meaning system of what is right or wrong (Jost et al., 2009). For example, a comparative study conducted in 58 democratic countries found that citizens with different political ideologies held quite different opinions on the desirability of public policies concerning redistribution and government intervention (Bjørnskov, 2005).

The argument we develop in more detail below suggests that politicians' political ideologies may influence their interactions with the business sector based on their distinct values and beliefs. By doing this, we argue that examining the ideology of politicians is necessary to move beyond the instrumental view of political strategy and better account for variation in politicians' endorsement of firms' political participation.

Private Firms' Political Appointment in China

Private ownership in China, which was completely abolished under the rule of Chairman Mao Zedong, regained legal status following the Opening and Reform in 1978. After the reform, however, private firms still faced a resource disadvantage and a legitimacy discount compared with state-owned firms. To seek legitimacy, protection, and resource access, private firms actively work to gain access to the government formally or informally (Li et al., 2006; Xin & Peace, 1996). But unlike in democratic countries where different political options are available (Hillman & Hitt, 1999), the channels through which private firms are able to formally

participate in politics in China are limited (Ma & Parish, 2006). One major avenue is to obtain political appointment as a deputy on one of the two political councils in China: the People's Congress (PC) or the People's Political Consultative Conference (PPCC), at four different administrative levels: national, provincial, city, and county/township (Jia, 2014; Li et al., 2006). The PC is China's legislative apparatus that passes laws and regulations, monitors the government, and approves the nominations of top government officials (O' Brien, 1994). The PPCC is an independent entity that provides advisory opinions to the government on policy making and law enforcement (Ma & Parish, 2006). Research has also suggested that these ties have a cooptive function: by incorporating firms into the political system, the local government can leverage their resources to facilitate local economic and social development (Dickson, 2003). For example, Zhang and colleagues (2016) found that private firms holding this appointment are more likely to make donations to the local community. Despite the possibility for cooptation, gaining a deputy seat in the two councils is actively sought by private firms in China and is believed to be a benefit for the focal firm. Empirical studies have found that firms with this political appointment enjoy better access to bank loans (Cull & Xu, 2005), higher social status (Ma & Parish, 2006), boosted reputation (Truex, 2014), greater legal protection (Ang & Jia, 2014), and enhanced survival and financial performance (Zheng, Singh, & Mitchell, 2015). But while private firms in China may have the intention and capability to gain political appointments, the success of their political participation hinges largely on politicians' discretion, given that the deputy selection process is strongly controlled by the party (Li, Cheng, & Shi, 2015; Manion, 2000).

PC deputies are selected through elections. For the PC below the city level, deputies are

elected directly by citizens. For PC deputies at the city level and above (provincial and national), deputies are elected indirectly by deputy members of the lower-level PC. The number of members is fixed and proportional to the local population. Although the Electoral Law highlights that there should be broad representation of deputies, there is not a detailed specification of the composition of deputies, leaving great room for discretion in selecting them (Li et al., 2015). The initial list of deputy candidates comes from nomination by higher-level party committee, government, other social and political organizations, or incumbent delegates. The election committee, which is subject to the leadership of the party committee, then convenes to screen and shortlist the candidates (Jacobs, 1991; MacFarquhar, 1998). Research has shown that the party influences the selection of PC deputies largely through this opaque and behind-the-scenes pre-election process to ensure that the desired candidates are nominated and shortlisted, while unexpected candidates such as self-nominated candidates¹ are removed from the list (Manion, 2000; Yuan, 2011). As a result, the election outcomes strongly reflect the will and the preference of the party (Yuan, 2011).

For the PPCC, organizations representing different functional constituencies² present nominations to the PPCC standing committee for their respective area (Jia, 2014). The party committee then screens the nominations based on its own preferences, and the finalists are chosen by the PPCC standing committee without any election procedure.

Our study focuses on the influence of *city-level* governments on PC and PPCC deputy selection. During the economic reform era, cities have played an important role in developing

¹ Self-nominated candidates are those nominated without any support from political or social organizations (Yuan, 2011).

² Such as agriculture, business, technology, education, religious entities, sports, publications, minorities, women's federation, the youth league, labor unions, and other democratic parties.

the industrial sector and promoting urbanization, which has significantly increased the relevance of city-level government (Landry, 2003). Furthermore, the political distance between the city level and central government leaves city-level politicians more room for discretion in local decision making than the provincial government, which (Landry, 2008). In China, government at all levels features a dual power structure between the party committee and the government (Lieberthal, 1995). The party secretary heads the party committee and is the top leader, while the governor or mayor, also serving as the first deputy party secretary, is the government head (Lin, 2012). While the party secretary is responsible for party affairs and overall administration, the government head (mayor in our context) is in charge of daily operations, with economic development being the top priority (Bo, 2004; Landry, 2003). Under such functional differentiation, the city party secretary and mayor influence the nomination of local deputy candidates from different areas (Zang, 2004). Given their authority over business and economic affairs, mayors likely screen PC and PPCC deputy candidates from the business sector, with whom they have more frequent contact in developing local economy and business. In contrast, party secretaries are responsible for ensuring the overall representativeness of PC and PPCC delegates and likely have more responsibility for screening candidates for political and social purposes (Li et al., 2015; Yuan, 2011). We therefore study how an incumbent mayor's³ political ideology influences the portion of deputy seats that privately owned firms earn in the PC or PPCC at the city level and above, tracing the roots of that ideology back to the mayor's early political career and its imprinting effect.

³ For a robustness check, we examined the effect of the city party secretary's political ideology, and no results were found, consistent with our arguments that business deputies would be affected primarily by mayors given their focus on the city economy.

POLITICIANS' IDEOLOGICAL IMPRINTING AND FIRMS' POLITICAL STRATEGIES

Imprinting is “a process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods” (Marquis & Tilcsik, 2013: 199; Stinchcombe, 1965). For individuals, imprints are typically established when they undergo a process of role transition into new organizations or social systems (Ashforth & Saks, 1996). To reduce uncertainty about expectations, requirements, and values in their new role, individuals at these times tend to be malleable to adapt to and achieve congruence with their new surroundings. Consequently, their values, beliefs, and cognitive models can be updated or even replaced after being socialized and accepted by the new organization, resulting in an imprinting effect that reflects the characteristics of the corresponding environment (Higgins, 2005). Early careers have been demonstrated to be the most influential period for individual role transition. Empirical studies have revealed that prior work-related experiences (Dokko, Wilk, & Rothbard, 2009), network ties with clients and workplace mentors (McEvily, Jaffee, & Tortoriello, 2012), and capabilities and cognition (Higgins, 2005; Tilcsik, 2014) acquired during an individual’s early career strongly influence the person’s subsequent decision making and job performance.

But research investigating the processes of imprint formation and evolution at the individual level is quite limited (e.g., Tilcsik, 2014). The majority of the research takes the formation of imprinting for granted and treats it as a “black box” (Simsek, Fox, & Heavey, 2015: 305). We know relatively little about why individuals react differently to the same

formative environment and carry imprints with different strengths. Also, few studies have focused on the conditions under which the imprint persists or decays. We therefore theorize about factors that affect both the strength and the persistence of the imprint, paying attention to individuals' prior exposure to events and activities consistent with the focal ideological imprint, as well as the characteristics of their contemporary working environments.

Mayors' Ideological Imprints and Local Private Firms' Political Appointments

For politicians in a country ruled by a single party, like China, joining the ruling party serves as an important role transition that likely leaves a political imprint (Marquis & Qiao, 2018). Political parties are exclusive entities that represent the organized interests of a specific social group or class (Weber, 1978). To maintain internal coherence and loyalty, every newly admitted member undergoes an intensive socialization process of learning the party's doctrines and values (Higgins, 2005).

As ideology advocates a particular set of assumptions, it influences subsequent decision making through information processing consistent with what it justifies (Hamilton, 1987). For example, in the context of the U.S., where individuals' political ideologies can be characterized using the liberal–conservative spectrum, studies have revealed that liberal-leaning CEOs form strategies consistent with their liberal values in areas such as corporate risk taking (Christensen et al., 2014), CSR initiatives (Chin et al., 2013), and promoting gender equality (Carnahan & Greenwood, 2017). Recent research in China has suggested that entrepreneurs with a communist ideological imprint are less likely to internationalize their firms, consistent with communist party anti-foreign rhetoric (Marquis & Qiao, 2018).

China has been an authoritarian regime ruled by the communist party since 1949, but the

party's political ideology has undergone dramatic evolution and change through different historical periods, with the year of 1978 providing a sharp break between orthodox communism as practices under Mao and subsequent reform efforts (Marquis & Qiao, 2018; Shambaugh, 2008). Before China's Opening and Reform in 1978, the party adhered to a Marxist–Leninist doctrine that advocated the interests of the working class and encouraged class struggle between proletariats and capitalists. Private ownership was completely forbidden, and business owners were officially labeled as exploiters of the working class and identified as the people's enemy. If mayors joined the communist party during the Mao era, they studied orthodox Marxism–Leninism and Maoism, which strongly emphasized the division between classes and class struggle (Mao, 1967). They also engaged in a series of political campaigns that aimed to “realize” communism, including the Anti-Rightist Movement, the Great Leap Forward, and the Cultural Revolution, during which capitalists, small business owners, and even their descendants were persecuted, imprisoned, and even sentenced to death (Dickson, 2003).

We theorize that mayors joining the party during this period would have been imprinted with a strong communist ideology after repeated training and socialization. Such an imprint would shape their perceptions of the private business sector through the lens of class struggle, preventing them from understanding and appreciating the new role of private entrepreneurs during the subsequent economic reform era (Kogut & Zander, 2000; Kriauciunas & Kale, 2006). Consequently, they would be less likely to grant seats of deputyship to private entrepreneurs, in comparison with managers from state-owned enterprises, farmers or workers who have more acceptable class backgrounds from an orthodox communist perspective.

This logic has been shown in studies that explore the imprinting effect of the communist

regime and the Marxist–Leninist ideology on organizations and entrepreneurs (Marquis & Qiao, 2018; Raynard, Lounsbury, & Greenwood, 2013). For example, in Eastern Europe, firms founded in the communist period had difficulty developing new knowledge routines because their socialist ideology hindered their ability to acquire market capabilities and adapt to a market-oriented economy (Kogut & Zander, 2000; Kriauciunas & Kale, 2006). Similarly, in China, older firms that were more influenced by the communist bureaucratic logic are less likely to adopt new governance practices (Marquis & Qian, 2014).

The “opening and reform period” beginning in 1978 was characterized by a more pragmatic focus on economic development and modernization that abandoned class struggle and ideological confrontation. Controls on private ownership were gradually lifted, and the business sector started to regain legitimacy. During this period, the party placed less emphasis on Marxism–Leninism and Maoism and came to more fully acknowledge the function of the nascent private sector in economic development and modernization (Dickson, 2003). For example, in 1992, Chinese leader Deng Xiaoping visited economically booming regions in Southern China and urged political leaders at all levels to break free from ideological debates and to boldly implement capitalism, because “it doesn't matter whether a cat is white or black, as long as it catches mice” (Zhao, 1993). After this, the private sector flourished and grew significantly, accounting for nearly 60% of industrial outputs in the early 2000s (Li, Meng, Wang, & Zhou, 2008).

We argue that mayors joining the party after this important ideological shift in 1978 would have formed a more comprehensive understanding of the private sector's function in the economy and society through learning the new theories and taking leadership of the new

economic development tasks. Hence they should be more open to endorsing private entrepreneurs' political participation. Such a process has been shown to occur in former Soviet bloc countries: the younger generation of reformists are more likely to substantively implement new market-oriented practices than the older generation (Tilcsik, 2010). And Marquis and Qiao (2018) used a regression discontinuity design to examine how entrepreneurs socialized in the party following 1978, when Chinese communist ideology shifted to be more open to global influence, were more likely to internationalize their firms.

Party ideology also influences subsequent decision making by shaping the identity of party members (Jost et al., 2009). The primary task for newcomers entering an organization is to learn about their role in the organization and form a social identity in that context (Van Maanen & Schein, 1979). As a political ideology represents a collective framework of beliefs and ideas advocated by a particular social group or class (Denzau & North, 1994), members gradually identify themselves as insiders of that collectivity after learning and adopting the shared knowledge and norms. Furthermore, by socializing with supervisors, mentors, and colleagues within the party who share similar backgrounds and develop similar mental models, a member develops a sense of belonging (Buchanan, 1974). Thus members who hold a strong party identity may develop different attitudes about interacting with people outside the party, depending on whether they perceive identity congruence or conflict with the outsiders. For example, Cohen (2003) found that citizens were more likely to endorse a public policy when it was proposed by their own party than when the same policy was initiated by a competing party.

In the context of China, the party has relied on different selection and socialization processes different historical periods, which may result in cohorts of people who share

homogenous backgrounds and common identification. Prior to the economic reform, admission to party membership exclusively relied on political loyalty and revolutionary experiences (Zang, 2004). The social class to which party members were born was crucial to determine their political reliability: they should be proletarian revolutionaries who believed firmly in Marxism–Leninism (Mao, 1967). In contrast, intellectuals, landlords, warlords, and bourgeoisie were officially identified as counter-revolutionary and were not allowed to join the party. Such strict selection and admission policies resulted in homogenous backgrounds of party members recruited during this period and rendered a strongly shared collective identity among them (Ruef, Aldrich, & Carter, 2003). If mayors joined the party in this period, their imprinted identity would prevent them from associating with business owners later on, as they may feel that co-opting these former enemies into the political system is inconsistent with the party's tradition and ideology, jeopardizing its integrity and legitimacy (Dickson, 2003).

The onset of the economic reform after 1978 led to new requirements for party members' recruitment. Though political loyalty remained an important criterion, over time, the party relied more and more on technocrats and experts to formulate and implement economic policies (Walder, 1995). Also, people from diverse backgrounds were allowed to join the party as it evolved and adapted to the new tasks of development and modernization. A dramatic step was taken in 2001, during the party's 80th anniversary. The party leader at that time, Jiang Zemin, announced that private entrepreneurs were allowed to join the party, affirming their rise as an important social group and recognizing their significant contributions to the country's development (Dickson, 2003).

Taken together, the theory and historical details above suggest that mayors who joined the

party during the Mao era, prior to economic reform, would have a stronger communist ideology (i.e., anti-capitalist) and so be less willing to endorse private entrepreneurs by offering them deputyship, compared with those joining the party after the reform.

H1: If the focal city mayor has been imprinted with a stronger communist ideology, fewer private firms headquartered in that city are appointed to political councils.

Prior Ideological Experiences and the Strength of the Imprint

We further theorize about the strength of the ideological imprint and argue that if mayors had prior exposure to significant ideological experiences, they would be more receptive to the subsequent ideological imprint of joining the party and hence form a stronger imprint. Research on how organizations evolve over time has suggested that institutional sedimentation can occur—that experiences are deposited and become part of the organizational culture and norms, and then new imprints are layered on top of them and form complex sets of features and practices (Cooper et al., 1996). Extending this theorizing to the individual, we suggest that for politicians, if prior ideological experiences share similar features with the focal imprint and are consistent in content, the focal imprint may be intensified. Consistent with this, research has shown that individuals are able to carry their early life experiences forward throughout their life trajectory (e.g., Bernile, Bhagwat, & Rau, 2017; Malmendier & Nagel, 2011).

To investigate this process, we consider that exposure to the Cultural Revolution (1966–1976) at a young age is an important early life experience that may lead to a stronger communist ideological imprint. The Cultural Revolution was a period of political turmoil and extremism during which Mao mobilized Chinese citizens to eradicate remnants of capitalism and tradition. The ultimate goal of this sociopolitical movement was to reconfirm Maoism as the dominant

ideology for the party and to consolidate the socialist system (Kleinman & Kleinman, 1994).

We argue that if mayors experienced the Cultural Revolution at a young age, they would have formed a stronger ideological imprint individually, irrespective of the overall political, social and economic instability of the time (Lu, 2004). First, important worldviews and political beliefs are formed and crystalized during early adulthood, and so they are more susceptible to environmental influences that may provide guidance for their future choices (Alvin, Cohen, & Newcomb, 1991). For example, Bernile and colleagues (2017) found that CEOs who witnessed the extreme downside of disasters at a young age behave more conservatively in forming company policies. As the Cultural Revolution established the legitimacy and supremacy of Maoism, knowledge and practices consistent with that ideology were highly encouraged and rewarded. Being exposed to those ideological experiences early in life, which were consistent with the later socialization of joining the communist party, may lead individuals to resonate more strongly with subsequent stimuli. For example, memories of advocating Chairman Mao and advancing communism, would be activated and further refreshed and strengthened during party socialization and training.

Second, participating in political campaigns at a young age would lead to stronger party identification. Research has demonstrated that involvement in social movements has an enduring effect in shaping participants' identity and continuing commitment to political activism (McAdam, 1989). This is because collective actions create repeated social interactions among participants who share similar goals and emotions, and they also provide structural ties to sustain the commitment to the movement (Robnett, 2000). Further, research has shown that social movements that challenge routine political and social processes forge a unique identity

for enthusiastic participants who embrace themselves as rule changers (Fantasia, 1988).

During the Cultural Revolution, adolescent and teenage revolutionaries throughout China called “Red Guards” ceased their formal education and participated in various kinds of class struggle to demonstrate their loyalty to Chairman Mao and the revolution. Being part of the Red Guard became a collective identity these revolutionaries shared. Red Guards rejected old rules and cultures, destroyed existing hierarchies and authorities, and aimed to establish a new communist society. By engaging in such an extensive and dramatic political movement, the youth formed a strong identification with communist ideology and Chairman Mao emotionally and cognitively (Yang, 2000). Such identity transformations have a lasting influence on the participants (McAdam, 1989). For example, research has shown that former student civil rights activists in the U.S. continued to remain politically active into adulthood and defended their ideology in later political movements (i.e., Fendrich & Lovoy, 1988; McAdam, 1989). We thus argue that the imprinting effect for mayors who joined the communist party before 1978 is stronger if they had experienced the Cultural Revolution at a young age; and as a result they would even more likely to be suspicious of the private business sector and less likely to endorse business leaders as political deputies.

H2: The negative effect of a stronger communist ideology on private firm political appointment is strengthened if the focal city mayor experienced the Cultural Revolution at a young age.

Persistence of the Ideological Imprint

While mayors’ prior exposure to the ideological experiences shapes the strength of their ideological imprint, in our model the persistence of the imprint is influenced by the

characteristics of the environment in which mayors are *currently* working. Examining imprint–environment fit—the consistency between the imprinted values and the environmental conditions—we argue that the influence of the imprint is prolonged if the focal mayor can transfer the imprinted knowledge and identity to the new environment with little adjustment (Beyer & Hannah, 2002). Tilcsik (2014) examined the resource environments in firms and found that individuals’ performance is improved if the level of organizational munificence in the imprinted environment is more similar to the current resource environment, suggesting that imprinted knowledge may be more or less compatible with changing organizational requirements. The implication is that if individuals are to remain effective in their work, cognitive and behavior patterns need to be updated to suit the contemporary demands, resulting in imprinting decay (Marquis & Tilcsik, 2013; Simsek et al., 2015). In our context, we expand the scope of research on imprint–environment fit by considering two contrasting aspects of the contemporary institutional environment, the region’s communist legacy and current economic development level, which we argue would respectively reinforce and weaken the ideological imprint due to their different degrees of congruency with the original ideology.

Regional communist legacy and the persistence of the imprint

Institutional research has recognized the enduring influence of previously dominant cultural values and institutions (Kriauciunas & Kale, 2006; Marquis & Huang, 2010). With the advent of a new institutional environment, the old cultural values and institutions do not simply fade away; rather, they continue to exert an effect on organizations and individuals through the material and symbolic legacies they leave behind (Raynard et al., 2013). For example, Shinkle & Kriauciunas (2012) found that firms founded in the communist period had much weaker

competitive aspirations than their market-oriented counterparts even after market institutions were established. At the individual level, research has found evidence that communism continuously shaped East Germans' policy preferences, leading them to advocate for more state intervention after their integration with West Germany (Stanfield & Fuchs-Schundeln, 2007).

Mainland China comprises 31 province-level administrative units (provinces), which differ significantly in their historical trajectories, economic development levels, and local institutional arrangements (Fan, 1995; Jones, Li, & Owen, 2003). Luo, Wang, and Zhang (2017) found that provincial governments place differing levels of priority on economic development, which significantly influences local firms' strategies. An important historical difference between provinces is that they vary in the timing and conditions of formally establishing the communist regime, which has led to different regional communist legacies. For example, provinces in northern China came under communist control earlier than others. Prior research has shown that these provinces hence have stronger institutional linkages with the central power of the party and longer experience with communism, which includes practices such as farmers being freed from landlords, foreign firms and domestic private firms being nationalized, and large industrial state-owned enterprises being established (Fan, 1995). These institutional arrangements, both physical and cultural, continue to influence the beliefs, values, and behaviors of organizations and individuals in those regions. For example, in contemporary China, state-owned enterprises (SOEs) are still dominant in the northeastern provinces (Chung, Lai, & Joo, 2009). Raynard et al. (2013) also found that SOEs in those regions are more focused on corporate social responsibility than businesses in other regions, reflecting a communist legacy that places greater emphasis on social benefit and employees' welfare. For mayors

imprinted with a strong communist ideology, working in regions that have a greater communist legacy will not only sustain but may even strengthen the influence of their ideological imprint.

In contrast, in regions that came under communist control later, small family firms maintained their presence later in some cases even after the founding of the Peoples Republic of China in 1949. In such regions, there was private household farming and black market trading under the protection of local officials (Zhang & Liu, 2013). Hence these regions have to a greater extent preserved the roots and legacies of capitalism. As a result, the institutional landscape of the later-liberated regions differs from that of regions immersed in communism longer, which should reduce the persistence of the mayors' imprinted ideology.

H3: The negative effect of a stronger communist ideology on private firm political appointment is strengthened if the focal province has a stronger communist legacy.

Local economic development and the persistence of the imprint

Dynamically changing environments may also produce a mismatch between imprints and contemporary requirements. At the organizational level, imprints have been shown to decay due to external environmental changes (Kimberly, 1979; Kriauciunas & Kale, 2006) or changes in organizational conditions such as management team turnover (Beckman, Burton, & O'Reilly, 2007) and poor performance (Boeker, 1989). At the individual level, dissimilarity between the initial resource context and the current organizational environment dampens individuals' imprinted skills and habits, hence decreasing their subsequent job performance (Tilcsik, 2014).

The decades of economic reform since 1978 have produced phenomenal economic growth in China. The opening to foreign capital and the establishment of market mechanisms to coordinate exchange have been prominent features of the reform. Such contemporary

conditions contradict the previously dominant ideology of Marxism–Leninism and Maoism. The changing environmental requirements hence render the imprinted ideas and values obsolete and counterproductive for mayors. As government officials are largely promoted based on their performance in driving local economic growth (Li & Zhou, 2005), ignorance of the crucial role played by private businesspeople in the local economy may hinder or threaten the focal mayor’s political career. As a result, these mayors have to adjust their mindsets and change their attitudes toward private businesses, resulting in a decreased influence of the ideological imprint.

H4: The negative effect of a stronger communist ideology on private firm political appointment is reduced if the focal city has a higher economic development level.

DATA AND METHODS

Sample

We constructed our dataset based on multiple sources. The sample of politicians consists of all city mayors in China who served in the position from 2001 to 2013. To code the data, we manually collected the CVs of 760 mayors from 242 cities. These CVs are usually publicly available and disclose detailed background information such as age, gender, ethnicity, education, work trajectory, Party experience, and current job description. The average age was 57, and the average tenure in the mayor position was 30 months. The mayors were predominantly male, and 40% joined the Communist Party prior to 1978. We acquired other city-level institutional and economic development data from the *China City Statistical Yearbook* published annually by the National Statistics Bureau of China.

In total, we have 2,402 city–year observations for analysis. Each city–year observation

was matched with *one incumbent mayor* and all of his or her personal data. The variations of such city-year observations come from the turnover of mayors for the focal city. If there was turnover within a year, i.e., change of mayor, the observation reflects the mayor who served in the position for more than six months for that city-year. The firm-level sample covered all publicly listed firms that are privately held on the Shenzhen and Shanghai Stock Exchanges from 2001 to 2013. We chose 2001 as the starting point because the data quality of Chinese public firms improved significantly after that year (Fan, Wong, & Zhang, 2007). To measure political appointment at the firm level, from the companies' annual reports we manually coded whether the top executives (e.g., board chairman and CEO) served as deputies in the national, provincial, or city-level PC or PPCC in a given year. Of our sample firms, 15.9% of the private firms reported having such a deputyship. At the city level, the average number of private listed firms is 38, and the average number of deputyship held by private firms is 1.07.

Other firm-level information such as a firm's tax contribution, government procurement, and existing political resources was obtained from the WIND database, which is widely used for finance, economics, and management research (i.e., Lin & Su, 2008; Xia et al., 2014). Because we are conducting city-year analyses, we aggregated these data to the city level based on where the firms were headquartered.

Measures

Dependent Variable

Following the literature, we identified *political appointment* as having a top executive serving as a deputy in the PC or PPCC at the city level or above in a given year (Jia, 2014; Ma & Parish, 2006). We coded political appointment at the firm level as a continuous variable by

considering both the CEO's and the chairman's service; it ranges from 0–2 for each firm. We then summed the total number of deputyships obtained by all private firms in the focal city in a given year and divided by the total quota of deputyships in the focal city. By law, the number of deputies for each city is fixed and proportional to the city's population. For PC, the minimum quota is 240 for cities with a population below 10 million, increasing 1 deputy as the population of the city increases by 25,000, with the maximum number of deputies as 650. The quota for PPCC is around 500 for an average city. We added up the total quota of PC and PPCC deputyships for a focal city and used it as the base. The average base for our sampled cities is 892. The ratio of private firms' political appointment varies from 0 to 6%, with an average of 0.12%. For robustness checks, we winsorized the outliers and also used the total number of deputyships as the dependent variable, while controlling for the population of the focal city.

Independent Variable

We have argued that before 1978, the communist party of China strongly adhered to the orthodox Marxist–Leninist doctrine, indicating that mayors joining the party during this period were imprinted with a strong communist ideology. We therefore coded *mayor's communist ideology* as 1 if the focal mayor joined the party before 1978, and 0 if the focal mayor joined in the economic reform era after 1978.

Moderating Variables

Mayor's Cultural Revolution experiences. The Cultural Revolution took place from 1966 to 1976. Historians have identified a cohort of people who were born between 1950 and 1959 (who were 7 to 16 years old when the movement started) as having been most influenced by such an extreme institutional environment (Chen, 1999). Hence we coded *Cultural Revolution*

cohort as 1 if the focal mayor was born between 1950 and 1959, and 0 otherwise.⁴

Regional communist legacy was measured by the timing of each province's liberation by the People's Liberation Army (Kung & Lin, 2003). We coded the timing of liberation as the number of months liberated before (or after) the founding date of the People's Republic of China (PRC) in October 1949. The higher the number of months before the founding, the earlier a province had been liberated, and hence it had a stronger communist legacy. If the province was liberated after the founding of the PRC, the number of months is negative. This variable ranges from 23 months before the founding of PRC to 19 months after, indicating a large variance in the experiences of implementing the communist system across different provinces.

Economic development level was measured by the focal city's GDP in a given year.

Control Variables and Estimation

We controlled for mayors' other background characteristics and experiences, which may influence exchange with local firms. Longer tenure in the focal city may facilitate information exchange and foster trust with local firms, so we controlled for a mayor's *local tenure*, measured as the number of years the focal mayor had worked in any positions in the same city prior to the current tenure as mayor. Local firms may be more attracted to cities with more capable leaders. We have two measures to capture mayors' capabilities. First, the Chinese administrative system is largely merit-based, and education credentials are a must for position admission and further promotion (Li, 1998; Walder, 1995). We controlled for *mayor's education*, coded 1 if a mayor had a post-graduate degree or above, and 0 otherwise. In our

⁴ A potential concern is that this variable (reflecting the age of mayors) and joining the communist party may be correlated. The correlation is only 0.33, however, indicating that there is a wide variation in the timing of joining the party, even for people born during the same period.

sample, 90% of the mayors had a bachelor's degree. Second, another signal of a mayor's capabilities is whether he or she is promoted after the focal position. In China, political leaders are promoted mainly based on their performance in achieving the state's important goals, such as GDP growth (Li & Zhou, 2005). Hence we controlled for *promotion*, coded as 1 if the focal mayor had a promotion, and 0 if not. We argue that mayors who got promoted have stronger capabilities to manage the locality (Yao & Zhang, 2005). Finally, we also controlled for a *mayor's gender*, coded 1 for female, and 0 for male.

For firms' characteristics, we considered factors that may account for instrumental motivations for political appointment. First, it is possible that mayors are more likely to endorse leaders of private firms for a PC/PPCC position if those firms have made a stronger contribution to the local economy. Hence we controlled for the aggregate amount of tax contribution by private firms in the focal city. Also, firms depending more on the government for procurement are more politically active (Schuler, 1999). We controlled for how many of the private firms in the focal city have the local government as a top customer. In addition, we controlled for private firms' *existing political resources*, measured by how many of the private firms in the focal city have party members as top executives. The common membership in the party facilitates the firm's access to the political system and brings material benefits, such as bank loans (Li et al., 2008). We also included year dummies to control for time period effects.

Given that the dependent variable is continuous (the ratio of the total number of deputyships held by all private firms), we tested our hypotheses with ordinary least squares (OLS) regressions. To take into consideration time-invariant city heterogeneity influencing firms' propensity to obtain a deputyship, we employed city-fixed effects (Stata code *xtreg*) to

examine within-city variation originating from mayoral turnover in the focal city over time.⁵

RESULTS

Table 1 reports the means and standard deviations of the variables and their correlations.

Overall, the magnitude of the correlations is small.

***** Insert Table 1 about Here *****

In Table 2, model 1 contains only control variables and moderating variables. Model 2 adds our main independent variable, communist ideology. Models 3 through 5 add the three interactions respectively. Finally, Model 6 presents the full model.

***** Insert Table 2 about Here *****

H1 argues that mayors who joined the communist party prior to 1978 are imprinted with a strong communist ideology and that local private firms in their cities have fewer political appointments than those in other areas. In Model 2 of Table 2, the effect of communist ideology is negative and significant ($p < 0.01$). For example, with other conditions being equal and held at their mean, having a mayor with a strong communist ideology reduces the ratio of private firms' political appointments by 0.204% compared with firms headquartered in cities whose mayors are not imprinted with the ideology. Hence H1 receives strong empirical support.

H2 predicts a negative interaction effect between communist ideology and a mayor's experience of the Cultural Revolution at a young age. In Model 3 of Table 2, the coefficient for the interaction term is negative and significant ($p < 0.01$), lending support to H2. Communist ideology reduces the ratio of private firms' political appointments by 0.402% for mayors who

⁵ Please note that because the variable of *communist legacy* is time-invariant, the main effect is dropped in the city-fixed models. But the interaction between communist legacy and communist ideology is time-variant and is valid for hypothesis testing (Wooldridge, 2010).

were born between 1950 and 1959 and hence experienced the Cultural Revolution before adulthood, whereas the reduction is only 0.172% for those who were not born during that period. Figure 1 displays private firms' political appointments for mayors from the Cultural Revolution cohort. It shows that the communist ideology reduces private firms' political appointments much more for mayors of the Cultural Revolution cohort (the solid line) than for those born in other years (the dashed line).

***** Insert Figure 1 about Here *****

Models 4 and 5 present the moderating effects of environmental conditions. H3 argues that the ideological imprint persists and is amplified in regions with a stronger regional communist legacy. In Model 4, the interaction between communist ideology and regional communist legacy is negative and significant ($p < 0.01$), supporting our contention that imprint–environment fit influences the persistence of the focal imprint. In regions with a stronger communist legacy, communist ideology reduces the ratio of private firms' political appointments by 0.332% in contrast with 0.145% for regions with a weaker communist legacy.

H4 predicts that cities with higher economic development will reduce the negative effect of the ideological imprint. In Model 5, the coefficient for the interaction between communist ideology and the focal city's GDP is positive and significant ($p < 0.01$). In regions with above-mean-level GDP, the communist ideology reduces private firms' political appointments by 0.140%, while in regions with below-mean-level GDP, the reduction is 0.174%. Hence we have support for H4. Model 6 reports the full model with all results remaining the same.

Figures 2 and 3 show the contrasting patterns for mayors working in different contemporary environments after splitting the sample along the different levels of the

moderating variables. In Figure 2, ideologically imprinted mayors working in regions with stronger communist legacies (above the mean) have much smaller ratios of firms appointed to the PC/PPCC (the solid line). In cities with above-mean-level GDP, the negative effect of communist ideology is smaller (the solid line) than in cities with below-mean-GDP (the dashed line), as shown in Figure 3.

***** Insert Figures 2-3 about Here *****

Alternative Explanations and Robustness Checks

An important alternative explanation is that politicians have a stronger ideological inclination not because of imprinting, but because of self-selection. That is, people with a stronger existing communist ideology chose to join the party during Mao's era. To address the selection issue, we relied on an instrumental variable approach to account for the propensity of joining the party in the first place. We first ran a selection model to predict a mayor's likelihood of joining the party. Then we used the predicted residuals to proxy for our main independent variable, communist ideology, and conducted the same analyses. To predict such self-selection of joining the party, we used two instruments. First, we coded the number of party members in the birth province of the focal mayor in the year 1952 (when the PLA had liberated all provinces), which measures the regional penetration of the communist party. We argue that the higher the number, the more likely the mayor was influenced by the local culture and communist norms, and thus he or she would be more likely to immediately apply to join the party after reaching the eligible age. The second instrument is the GDP volume of the focal mayor's birth province in 1952. As the communist party is the vanguard organization for peasants and proletariats, the poorer the region, the more attractive the communist ideology is

for residents. Hence we propose a negative relationship between this variable and the mayor joining the party before 1978. Both measures *at the birth place in the year of 1952* may affect the focal mayor's tendency of enrolling into the party, but is not related to the ratio of private firms' political participation in the mayor's *current working place* during the sample period of 2001 to 2013.⁶

These models are presented in Table 3. Model 1 shows that these two instruments are not related to our main dependent variable, the ratio of private firms' political appointment, demonstrating it meets the exclusion restrictions. Model 2 presents the first-stage model, predicting a mayor's likelihood of joining the party. Consistent with our expectations, the number of party members in 1952 positively relates to a mayor's joining the party during Mao's era, while the GDP of the birth province in 1952 negatively relates. Model 3 to 6 show that our main results remain the same after considering the selection issue by using the residuals from the first stage.

***** Insert Table 3 about Here *****

Another potential concern is omitted-variable bias, as there may be a factor that influences both the turnover of mayors and the appointment of deputies simultaneously, such as a political command from above. As cities in China are relatively autonomous (Xu, 2011), however, interference from the central government in such local activities is likely to be

⁶ Furthermore, to empirically validate the two instrumental variables are exogenous, we conducted three post-estimation tests. First, we used a Bayesian test for under-identification (Cragg & Donald, 1993) to ensure our equation is adequately identified. Second, we did a weak identification test to evaluate the explanatory power of the instrumental variables (Cragg & Donald, 1993). The results show a Kleibergen-Paap Wald F-statistic of 21.58 (above the cut-off of 10). This suggests that the instrumental variables are valid (Kleibergen & Paap, 2006). Third, we performed an over-identification test, given that we had two instruments for one endogenous variable (i.e., mayor's communism ideology). The results demonstrate a rather small test coefficient with a p-value of 0.58, suggesting we cannot reject the null hypothesis that our instruments are exogenous and uncorrelated with the error term. These results give us confidence in our choice of instrument variables.

minimal (Landry, 2008). Nevertheless, the provincial government that directly supervises the cities could potentially exert some influence. For this possibility, we controlled for the *provincial party secretary's age* to account for the effect of leaders' political incentives to further promote the kinds of mayors they want to appoint and for the extent of political co-optation of the business sector for their economic performance in that province (Li, 1998; Lin, 2011). Younger leaders with higher promotion possibility would probably focus more on economic growth than would their older counterparts, suggesting more interaction with business and more likelihood of endorsing business people (Lin, 2011). The results are shown in Model 1 of Table 4; the effect of the provincial leader's age is negative but not significant. All of our interactions maintain their effects after controlling for higher-level government considerations.

Similarly, we considered whether other important political leaders' characteristics also influenced private firms' political appointment. As we have mentioned, the party secretary is the top leader at each level in the Chinese political system. We hence conducted the same analyses using the characteristics of the city's party secretary. Model 2 of Table 4 reports the results. We do not find any evidence that the party secretary's political ideology affects private firms' political appointment, consistent with our arguments that a division of labor exists between the secretary and the mayor, such that mayors are responsible in the economic sphere and the secretary is in charge of the overall representativeness of delegates.

Given that the term of the PC or PPCC deputy at the city level and above is five years⁷, another empirical concern is that the inauguration of a new mayor does not always change the

⁷ Prior to 2004, the term was three years.

incumbent deputies immediately. Different cities have different PC/PPCC meeting times for new election/selection, and unfortunately we were not able to observe the exact timing of the election/selection, as earlier information on city-level deputies was not available online. Also, even during the non-election/selection years, there could be changes in delegates, such as due to delegates dying, facing criminal charges, or leaving the country. To address this limitation, we conducted a robustness check based on the information of a mayor's tenure. In our sample, the average tenure of a mayor is 30 months. We aggregated the data from mayor-year to mayor-tenure and calculated the *average ratio of the deputies that private firms held across the focal mayor's entire tenure*. By doing this, we captured any possible changes in the delegates happening during the focal mayor's tenure, i.e., when there were meetings of the PC/PPCC or other changes in delegates. We report the results in Model 3 of Table 4, with a reduced sample size of 814. All our results remain substantially the same.

We also presented firm-level tests (7670 observations) of our hypotheses and controlled for more chairman/CEO-level variables, such as age, tenure, gender, and compensation (Ozer, 2010). The dependent variable is political appointment held by the CEO and/or chairman and so ranges from 0–2 for each firm. We matched mayors with firms headquartered in their city. We ran firm fixed effects models (*xtreg*) with cluster-robust standard errors. Model 4 of Table 4 reports these results, which are largely consistent with the city-level analyses.

***** Insert Table 4 about Here *****

We conducted several other robustness checks. First, we used the total number of deputyships of private firms instead of the ratio as the dependent variable, while also controlling for either the total population of the focal city, or the total number of firms of the

focal city. The results still hold. Second, with the ratio variable, we also tried non-linear modeling specifications. We recoded the ratio variable as a categorical variable of 0, 1, and 2. For those observations that fall in the bottom 33% percentile, this new dependent variable is coded as 0, the top 33% is coded as 2, and the rest coded as 1. We used a multinomial logit model to rerun our analyses, and all results are robust. Also, to further address the issue of censoring, we winsorized the dependent variable to reduce the influence of outliers, and our results did not change. We also measured communist ideology as mayors joining the party during the Cultural Revolution period (1966–1976) and obtained a stronger effect. Finally, we measured the Cultural Revolution cohort as people who were born between 1948 and 1957 (Hung & Chiu, 2003), and our results remain substantively the same.

DISCUSSION AND CONCLUSION

Our paper examines how private firms' political participation is influenced by the political ideology of politicians. We find that mayors who joined the communist party during Mao's era and before China's economic reform, i.e., prior to 1978, were imprinted with a stronger communist ideology and hence endorsed fewer private firms for PC/PPCC deputy positions, after controlling for possible self-selection of joining the party in the first place. The impact of the ideological imprint is stronger if the focal mayor experienced the Cultural Revolution early in life. The persistence of the imprint is influenced by contemporary imprint–environment fit, with mayors working in regions with stronger communist legacies having not only a persistent but even a stronger imprint, while the imprint decays in cities with higher economic development.

Our study first contributes to research on political strategy by bringing the political values

of politicians to the fore as their discretion highly determines the outcome of local firms' political participation and later performance. Extant studies have revealed a complicated relationship between firms' political participation and survival and performance, especially in the context of emerging markets (e.g., Fisman, 2001; Siegel, 2007; Zheng et al., 2015; Zhu & Chung, 2014). While the majority of studies have found a positive performance implication for political strategies, more recent research has increasingly documented uncertain or even negative outcomes for such strategies such as co-option (Dickson, 2003; Zhang et al, 2016). For instance, Wang and Luo (2018) showed that when governors want to maintain social stability, they instruct local firms to acquire bankrupt state-owned firms and to absorb laid-off workers, forcing those firms to diversify into unrelated businesses that do not necessarily add value. Given these complex and conflicting findings, we argue that researchers need to take a step back to explore the antecedents of political participation, which may be crucial to understand the conditions under which the desired political strategies are truly beneficial.

Resonating with this line of thinking, current developments in the political strategy literature have recognized the heterogeneity of politicians' receptivity to corporate political strategy, shifting the attention from the demand side to the supply side of the political exchange. McDonnell and Werner (2016) found that politicians are less likely to establish a public connection with companies that are boycotted by a social movement, presumably because the threat of association with those blacklisted companies could lead to negative publicity and adverse electoral consequences. Similarly, regulatory agents reduce product approvals after firms have been targeted by public protests (Hiatt & Park, 2013). Joining this line of research, our study reveals the heterogeneous effects of politicians' political values on their decisions to

endorse firms' political participation. Conditioned by their previous political party experiences, politicians with different ideologies may perceive such interactions and their benefits in quite distinct ways. For politicians imprinted with a strong communist ideology, engaging in interactions with the private business sector is inconsistent with their values and identity. Hence they may not always grant political access to local firms. Our theoretical approach thus adds to political strategy research by highlighting politicians' political values as an underexplored yet important antecedent of the success of firms' political strategies, and it helps to explain why firms' political strategies do not always yield successful outcomes, even when they are willing and have capabilities similar to other firms.

To examine whether the political ideology of mayors affects the efficacy of political appointment, in post hoc supplementary analyses (see Appendix 1), we find that political appointment generates positive performance for Chinese firms in general. But such performance is reduced if the incumbent mayor is imprinted with a strong communist ideology. We encourage future research to further study the circumstances under which firms are able to gain political appointment and the extent to which those connections yield positive performance benefits under politicians with different backgrounds.

More broadly speaking, this study contributes to the state–firm interaction literature in institutional theory by revealing a more individualistic mechanism under which the state influences firms. Extant studies typically treat the whole state as the unit of analysis (e.g. Spencer, Murtha, & Lenway, 2005), while largely ignoring the role of state agents, especially the ones who have the power and discretion to make and implement policies (Hiatt & Park, 2013). For instance, Vaaler (2008) has shown that multinational firms respond to political

business cycles by making different investment levels in host countries when facing changing party ideology. Extending this line of work, our research singles out a crucial but neglected source of institutional pressures that affects firms' political appointment - politicians' ideologies and how it was shaped by socialization.

Second, we make a theoretical contribution to individual level imprinting research by highlighting the interplay between ideological imprinting and both an individual's past experiences and contemporary social context. Most existing imprinting studies have taken imprint formation for granted but have not explored the conditions under which the imprint may be shaped to different depths (Marquis & Tilcsik, 2013). Instead, we argue and find that individuals with heterogeneous ideological experiences may be receptive to the external environment to a different extent and hence are imprinted differently. Building on Tilcsik's (2014) examination of how the similarity of an organization's financial resources between the entry point and a subsequent period produces the highest job performance for the focal individual in the same company, our paper develops the perspective of imprint-environment fit in a more general way by examining it in a broader institutional context, e.g., local and regional social and economic environments (Marquis & Battilana, 2009). As we show, being in institutional environments consistent with the imprinted ideology—regions with a stronger communist legacy—strengthens its effect and perpetuates the imprint. In contrast, local economic development, which requires mayors to adjust and update their knowledge and attitudes toward the private business sector, dampens the effect of the ideological imprint. Our research thus provides a significant contribution to understanding why imprints, although they may be persistent, do in fact change over time and exist at different intensities.

Third, by focusing on China, a country with a unique history of ideological transformation, our study broadens the theoretical scope of studies on political ideology, which has been operationalized most often as the conservatism–liberalism dimension in the U.S. context (cf. Marquis & Qiao 2018). We extend this line of research in two ways. First, the current research on political ideology mainly focuses on the cognitive mechanisms in shaping individuals’ behaviors by supplying values and norms, while we also highlight the role of party affiliation as an in-group identity that influences individuals’ behaviors.. Second, while most of the current research on political ideology focuses on the political values of top management teams, i.e., CEOs or board members, we shift the attention to politicians. Their influence extends beyond any single corporation, possibly affecting a large number of corporations during their administrative period.

This study has some limitations that suggest future research directions. First, although we advance existing research on political strategy by highlighting the mechanisms underlying politicians’ considerations, we remain theoretically silent on firm-level dynamics. As noted, Appendix 1, we conduct some preliminary analysis on how firms benefit from mayors with different ideological imprint and find that they benefit less when mayors having a strong communist ideology and encourage future work on how politicians backgrounds affects the efficacy of political connections. In Appendix 2, we also show exploratory findings on how different types of firms are affected by politicians’ ideology. Future studies could further explore and theorize the interactions between politicians and firms—for example, tactics firms may use to address certain politicians’ potentially biased attitudes and readdress performance implications.

Second, although we explored the effect of the ideologies of mayors and party secretaries, we did not theorize the interaction patterns between them but assumed that they influenced the delegate selection processes independently (Yao & Zhang, 2015). Future research could provide more-detailed analyses on how power and discretion are shared and distributed among different leaders in China's dual power structure and how different power dynamics among leaders, e.g., new vs experienced leaders, can affect local firms' political participation in different regions. Some preliminary results are shown in Appendix 3 and for example we indeed find a stronger negative effect of ideology for more experienced mayors in endorsing private firms' political participation, suggesting mayors may vary in their level of power and discretion which affects the extent to which they endorse private firms. Further, although we have studied the interaction effect between mayor's ideology and the contemporary characteristics of the focal city, we do not explore how city level characteristics affect the turnover of mayors and hence the antecedents of mayor's ideology. Future studies are encouraged to fully theorize the underlying dimensions of the city's economic and institutional conditions and how mayor's political ideology reflects them.

Finally, while China is an ideal setting in many respects, its unique institutional arrangements limit its generalizability. The effect of the communist ideology imprint is more applicable to transitional economies such as those in Eastern Europe, Russia, and Asia. Future research can examine varieties of political ideologies and how they affect firms' strategies.

By demonstrating how politicians' political values affect local private firms' political participation, our study has important implications for research on state-firm interactions. Extant studies mainly take a political exchange perspective and explore the benefits and costs

for both parties under various contingencies. Our study reveals different factors accounting for firms' success in political participation, namely that politicians imprinted with different political ideologies who have undergone different social experiences perceive their interactions with firms differently, and their perspectives on the role of firms and state–firm interaction contribute to the variations in political participation.

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Table 1: Means, Standard Deviations, Maximum, Minimum and Correlations

Variables	Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8	9	10	11
1 Ratio of private firms' political appointment (%)	0.12	0.31	0.00	6.15											
2 Communist ideology	0.39	0.49	0.00	1.00	-0.05**										
3 Cultural Revolution cohort	0.56	0.5	0.00	1.00	0.04+	0.33**									
4 Communist legacy	7.25	6.73	-19.00	23.00	-0.07**	-0.01	0.05*								
5 City GDP (in 0.1 billion)	4.44	3.06	0.00	9.28	0.08**	0.24**	0.23**	0.08**							
6 Mayor's local tenure	27.92	9.57	0.00	52.00	-0.01	0.22**	0.21**	-0.05**	0.03						
7 Mayor's education	0.44	0.50	0.00	1.00	0.12**	-0.24**	-0.06**	0.05**	-0.03+	-0.30**					
8 Mayor's promotion	0.53	0.50	0.00	1.00	0.04+	-0.37**	-0.18**	0.01	-0.36**	-0.01	0.10**				
9 Female mayor	0.05	0.21	0.00	1.00	-0.04*	-0.04*	-0.05*	0.01	0.00	0.04+	0.02	0.04*			
10 Private firms' tax contribution (in million)	10.02	40.41	0.00	983.58	0.12**	-0.06**	-0.01	0.02	-0.11**	0.01	0.08**	0.13**	-0.03		
11 Government as customer	0.25	0.85	0.00	16.00	0.32**	-0.06**	0.01	-0.05*	-0.13**	0.00	0.09**	0.21**	-0.04*	0.10**	
12 Private firms' political resources	0.35	1.18	0.00	18.00	0.09**	0.02	0.02	-0.04*	0.09**	0.04*	-0.03	-0.07**	-0.01	0.09**	-0.04+

Table 2: Regression Analyses on Chinese Mayors' Political Ideology and Privately Held Firms' Political Participation

	(1)	(2)	(3)	(4)	(5)	(6)
Mayor's local tenure	-0.000 (-0.330)	-0.000 (-0.366)	-0.002 ⁺ (-1.937)	-0.000 (-0.350)	-0.001 (-0.570)	-0.002 ⁺ (-1.742)
Mayor's education	0.028 (1.584)	0.029 (1.593)	0.037* (2.056)	0.030 (1.641)	0.026 (1.424)	0.033 ⁺ (1.867)
Mayor's promotion	-0.097** (-2.686)	-0.097** (-2.666)	-0.090* (-2.503)	-0.102** (-2.822)	-0.102** (-2.833)	-0.099** (-2.766)
Female mayor	0.004 (0.112)	0.004 (0.110)	0.026 (0.700)	-0.000 (-0.012)	0.010 (0.262)	0.022 (0.604)
Private firms' tax contribution	-0.000 (-0.008)	-0.000 (-0.011)	0.000 (0.063)	0.000 (0.097)	0.000 (0.053)	0.000 (0.170)
Government as customer	0.056** (5.749)	0.056** (5.746)	0.057** (5.882)	0.058** (5.937)	0.054** (5.591)	0.057** (5.869)
Private firms' political resources	0.046 (1.555)	0.046 (1.558)	0.048 (1.617)	0.045 (1.533)	0.042 (1.403)	0.043 (1.473)
Cultural Revolution cohort	-0.013 (-0.762)	-0.014 (-0.785)	0.066** (2.971)	-0.010 (-0.539)	-0.020 (-1.118)	0.048* (2.134)
City GDP	-0.028** (-3.255)	-0.029** (-3.260)	-0.031** (-3.530)	-0.028** (-3.223)	-0.017 ⁺ (-1.932)	-0.022* (-2.442)
<i>Independent variables</i>						
Communist ideology		-0.204* (-2.190)	-0.172** (-5.027)	-0.145** (-4.052)	-0.174** (-4.892)	-0.358** (-7.682)
Ideology * Cultural Revolution cohort			-0.230** (-6.243)			-0.181** (-4.824)
Ideology * Regional communist legacy				-0.187** (-4.883)		-0.129** (-3.336)
Ideology * City GDP					0.034** (5.950)	0.025** (4.223)
Constant	0.189** (3.121)	0.188** (3.095)	0.168** (2.783)	0.184** (3.049)	0.148* (2.438)	0.140* (2.331)
Year	Yes	Yes	Yes	Yes	Yes	Yes
City	Yes	Yes	Yes	Yes	Yes	Yes
R ²	0.106	0.106	0.122	0.116	0.121	0.136
N	2402	2402	2402	2402	2402	2402

t statistics in parentheses, ⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$

Table 3: Instrumental Variable Approach Addressing Selection VS Imprinting on Chinese Mayors' Political Ideology and Privately Held Firms' Political Participation

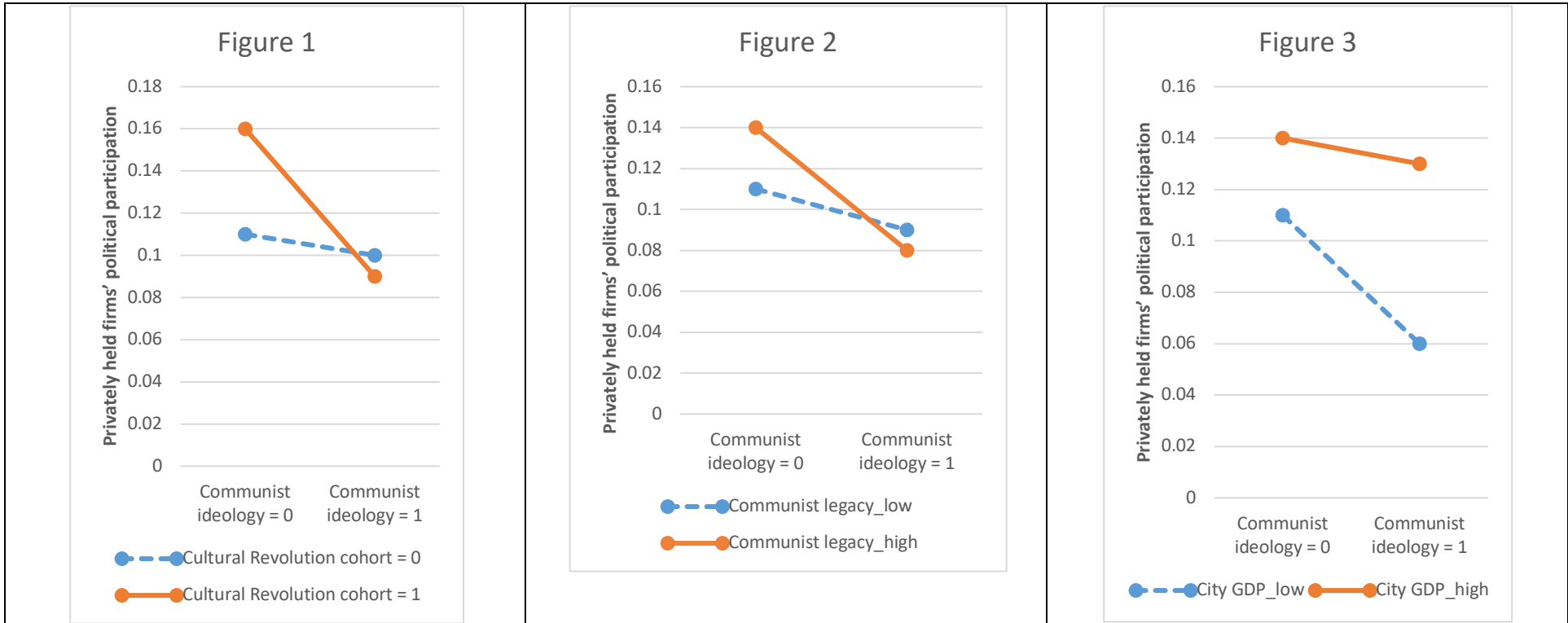
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Ratio of private firms' participation	Communist ideology	Ratio of private firms' participation				
Mayor's local tenure	-0.000 (-0.327)	-0.011** (-11.761)	0.003 (1.577)	0.025 (1.159)	0.004+ (1.911)	0.004* (2.039)	0.006+ (1.934)
Mayor's education	0.026 (1.430)	0.130** (7.143)	-0.015 (-0.478)	-0.161 (-1.006)	-0.021 (-0.687)	-0.003 (-0.117)	-0.012 (-0.442)
Mayor's promotion	-0.098** (-2.687)	0.104** (2.860)	-0.134* (-2.247)	-0.277 (-1.614)	-0.121* (-2.044)	-0.121* (-2.076)	-0.122* (-2.026)
Female mayor	0.008 (0.225)	-0.017 (-0.452)	0.013 (0.539)	-0.170 (-1.036)	0.036 (1.122)	-0.003 (-0.131)	-0.025 (-0.805)
Female mayor	-0.000 (-0.011)	-0.000 (-0.691)	0.000 (0.298)	0.000 (0.645)	0.000 (0.163)	0.000 (0.298)	0.000 (0.171)
Government as customer	0.056** (5.728)	-0.005 (-0.520)	0.061+ (1.877)	0.077+ (1.902)	0.061+ (1.844)	0.073* (2.286)	0.069* (2.107)
Private firms' political resources	0.047 (1.582)	0.035 (1.175)	0.030 (0.875)	-0.032 (-0.398)	0.023 (0.615)	0.037 (1.090)	0.028 (0.801)
Cultural Revolution cohort	-0.014 (-0.791)	-0.232** (-13.012)	0.060 (1.461)	-0.568 (-1.108)	0.048 (1.579)	0.077* (2.009)	-0.097 (-1.535)
City GDP	-0.029** (-3.293)	-0.022* (-2.454)	-0.023* (-2.233)	-0.001 (-0.030)	-0.027** (-2.666)	-0.062** (-3.088)	-0.050** (-2.986)
<i>Instrumental variables</i>							
Number of party members in 1952	-1.028 (-0.691)	3.739* (2.502)					
Provincial GDP in 1952	-0.001 (-1.125)	-0.005** (-5.205)					
<i>Independent variables</i>							
Communist ideology			-0.326* (-1.998)	-0.505* (-2.175)	-1.006* (-2.105)	-0.875* (-2.268)	-1.292* (-2.115)
Ideology * Cultural Revolution cohort				-0.146* (-2.130)			-0.406* (-1.981)
Ideology * Regional communist legacy					-0.824+ (-1.950)		-0.457* (-2.139)
Ideology * City GDP						0.107* (2.044)	0.073+ (1.922)
Constant	0.047 (0.263)	0.004 (0.022)	0.736 (1.090)	0.175 (1.456)	0.190 (1.643)	0.227 (1.565)	0.736 (1.090)
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R ²	0.603	0.610	0.582	0.558	0.505	0.535	0.532
N	2402	2402	2402	2402	2402	2402	2402

t statistics in parentheses + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$

Table 4: Robustness Checks

	(1) Provincial party secretary's age	(2) City party secretary's ideology	(3) Mayor-tenure analysis	(4) Firm-year analysis
Mayor's local tenure	-0.002 ⁺ (-1.737)	-0.000 (-0.468)	-0.003 (-0.699)	0.003** (3.424)
Mayor's education	0.033 ⁺ (1.864)	0.011 (1.007)	0.085 (1.299)	0.067** (4.644)
Mayor's promotion	-0.099** (-2.769)	0.418** (6.371)	-0.161 (-1.057)	-0.164** (-7.863)
Female mayor	0.022 (0.589)	-0.074* (-2.567)	-0.069 (-0.519)	0.032 (0.770)
Private firms' tax contribution	0.000 (0.174)	-0.000 (-0.632)	-0.000 (-0.647)	0.000** (8.844)
Government as customer	0.057** (5.871)	0.057** (4.771)	0.197** (12.649)	-0.033 (-1.221)
Private firms' political resources	0.043 (1.472)	0.020 (1.169)	0.053 (0.410)	0.178** (9.633)
Cultural Revolution	0.048* (2.129)	0.014 (0.870)	0.096 (1.087)	-0.039 ⁺ (-1.926)
City GDP	-0.022* (-2.447)	0.001 (0.158)	-0.124** (-2.946)	0.017** (4.233)
Provincial party secretary's age	-0.000 (-0.181)			
CEO's Age				0.007** (4.496)
CEO's Tenure				-0.010** (-2.763)
Male CEO				0.031 (0.901)
CEO's Compensation				0.013 (1.066)
<i>Independent variables</i>				
Communist ideology	-0.358** (-7.682)	0.016 (0.514)	-0.261* (-1.957)	-0.168** (-3.185)
Ideology* Cultural Revolution	-0.181** (-4.826)	0.013 (0.518)	-0.135⁺ (-1.844)	-0.112** (-3.148)
Ideology* Regional communist legacy	-0.129** (-3.339)	0.013 (0.562)	-0.325* (-2.295)	-0.014** (-5.944)
Ideology* City GDP	0.025** (4.220)	-0.006⁺ (-1.757)	0.119** (4.473)	0.020** (5.420)
Year	Yes	Yes	Yes	Yes
Firm				Yes
City	Yes	Yes	Yes	
R ²	0.136	0.489	0.144	0.238
N	2402	2465	814	7670

t statistics in parentheses, ⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$



Appendix 1 Firms' Political Appointment and Firms' Return on Sales

	(1)	(2)
Political appointment	0.012*	0.005
	(2.356)	(0.758)
Mayor's communist ideology	-0.019*	-0.022**
	(-2.468)	(-2.799)
Political appointment*Mayor's communist ideology		-0.015*
		(-1.984)
Firm size (asset)	0.022**	0.022**
	(10.241)	(10.272)
Firm age	-0.071**	-0.071**
	(-10.391)	(-10.412)
Constant	-0.279**	-0.278**
	(-5.891)	(-5.874)
City	Yes	Yes
Year	Yes	Yes
R ²	0.071	0.071
N	16061	16061

t statistics in parentheses + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$

Appendix 2 Politicians' Communist Ideology and Firms' Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
Mayor's local tenure	0.000 (0.403)	0.000 (0.449)	0.000 (0.472)	0.000 (0.160)	0.000 (0.377)	0.000 (0.385)
Mayor's education	0.020** (5.076)	0.020** (5.100)	0.020** (5.097)	0.018** (4.671)	0.020** (5.064)	0.020** (5.075)
Mayor's promotion	-0.058** (-10.452)	-0.058** (-10.429)	-0.057** (-10.446)	-0.059** (-10.735)	-0.058** (-10.531)	-0.058** (-10.481)
Female mayor	0.016 (1.458)	0.016 (1.439)	0.016 (1.446)	0.013 (1.226)	0.016 (1.439)	0.016 (1.432)
Private firms' tax contribution	0.000** (4.783)	0.000** (4.720)	0.000** (4.785)	0.000** (5.438)	0.000** (4.881)	0.000** (4.705)
Government as customer	-0.010 (-1.369)	-0.010 (-1.352)	-0.010 (-1.399)	-0.009 (-1.278)	-0.010 (-1.312)	-0.010 (-1.351)
Private firms' political resources	0.044** (8.794)	0.044** (8.837)	0.044** (8.852)	0.044** (8.800)	0.044** (8.797)	0.044** (8.847)
Cultural Revolution cohort	0.002 (0.337)	0.002 (0.364)	0.001 (0.330)	0.001 (0.237)	0.001 (0.258)	0.001 (0.312)
City GDP	0.004** (4.067)	0.004** (4.041)	0.004** (4.031)	0.004** (3.845)	0.004** (4.085)	0.004** (4.028)
<i>Independent variables</i>						
Communist ideology	-0.002 (-0.066)	-0.026** (-3.453)	-0.038** (-2.680)	-0.255** (-4.864)	-0.051 (-0.890)	-0.034+ (-1.781)
CEO age	0.001** (2.964)	0.001** (3.556)	0.001** (3.533)	0.001** (3.531)	0.001** (3.537)	0.001** (3.539)
Communist ideology*CEO age	-0.001 (-1.050)					
CEO tenure	-0.001 (-1.489)	-0.001 (-1.274)	-0.001 (-1.503)	-0.001 (-1.450)	-0.001 (-1.577)	-0.001 (-1.475)
Communist ideology*CEO tenure		0.000 (0.296)				
CEO male	0.001 (0.121)	0.001 (0.107)	0.006 (0.574)	0.001 (0.116)	0.001 (0.062)	0.001 (0.100)
Communist ideology*CEO male			0.014 (1.020)			
CEO compensation	0.002 (0.704)	0.002 (0.718)	0.002 (0.717)	-0.004 (-1.203)	0.004 (1.028)	0.002 (0.714)
Communist ideology*CEO compensation				-0.020** (-5.342)		
Firm size					-0.008** (-2.688)	
Communist ideology*Firm size					-0.004 (-1.315)	
Firm age						0.001 (0.004)
Communist ideology*Firm age						-0.008** (-2.688)
Constant	-0.039 (-1.513)	-0.044+ (-1.751)	-0.051* (-1.991)	0.028 (1.039)	0.025 (0.723)	-0.041 (-1.606)
Year	Yes	Yes	Yes	Yes	Yes	Yes
Firm	Yes	Yes	Yes	Yes	Yes	Yes
R2	0.178	0.178	0.178	0.182	0.179	0.178
N	7670	7670	7670	7670	7670	7670

t statistics in parentheses + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$

Appendix 3 Experienced Mayor's Political Ideology and Privately Held Firms' Political Participation

	(1)	(2)
Mayor's local tenure	-0.000 (-0.439)	-0.002 (-1.630)
Mayor's education	0.025 (1.384)	0.030 ⁺ (1.669)
Mayor's promotion	-0.102 ^{**} (-2.810)	-0.106 ^{**} (-2.944)
Female mayor	0.003 (0.086)	0.019 (0.525)
Private firms' tax contribution	0.000 (0.093)	0.000 (0.225)
Government as customer	0.059 ^{**} (5.981)	0.059 ^{**} (6.082)
Private firms' political resources	0.045 (1.526)	0.042 (1.430)
Cultural Revolution cohort	-0.014 (-0.752)	0.042 ⁺ (1.869)
City GDP	-0.030 ^{**} (-3.369)	-0.022 [*] (-2.432)
Experienced mayor	0.001 [*] (2.283)	0.001 (1.383)
<i>Independent variables</i>		
Communist ideology	-0.088 ^{**} (-3.211)	-0.407 ^{**} (-8.457)
Ideology*Experienced mayor	-0.004^{**} (-4.814)	-0.003^{**} (-3.826)
Ideology*Cultural Revolution cohort		-0.163 ^{**} (-4.301)
Ideology*Regional communist legacy		-0.117 ^{**} (-3.016)
Ideology*City GDP		0.025 ^{**} (4.370)
Constant	0.135 [*] (2.173)	0.094 (1.527)
Year	Yes	Yes
City	Yes	Yes
R ²	0.116	0.142
N	2402	2402

t statistics in parentheses, ⁺ $p < 0.10$, ^{*} $p < 0.05$, ^{**} $p < 0.01$