

# Political Bias in the Coverage of Corporate Misconduct: Effects on Employees and Managers\*

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## Abstract

We document a political bias in the media coverage of corporate violations and examine how it affects the company's labor force. Media outlets with a political leaning that is incongruent with that of the firm tend to write articles with a more negative tone when covering the company's misconduct. This worsens the employees' perception of their employer, senior managers, and expectations about the company's future, negatively affecting their productivity. It also amplifies the negative effects of low abnormal stock market performance on the likelihood of top management dismissal.

*JEL Classification:* D72, G30, G34

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