

NORTHWESTERN UNIVERSITY

FROM COVERT ACTION TO OVERT ACTIVISM:
The Evolution of Corporate Sociopolitical Involvement

A DISSERTATION

SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

FOR THE DEGREE

DOCTOR OF PHILOSOPHY IN

MANAGEMENT & ORGANIZATIONS AND SOCIOLOGY

BY

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EVANSTON, ILLINOIS

DECEMBER 2022

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ABSTRACT

Over the last decade, a rising trend of corporations publicly acting on social and political issues has come to the fore. The issues and methods have both varied widely—from immigration to abortion, and from advertisements to boycotts. This introduces an interesting puzzle in the realm of strategy research: Where does this kind of corporate action fit in our understanding of nonmarket strategy? And why are companies taking this kind of action? As a collective work, this dissertation makes the case that the rise in corporate sociopolitical involvement (CSPI) stems from both the standardization of corporate social responsibility (CSR) and the expectation of corporate accountability (exemplified through private politics), pressurized by the increase in political polarization.

This dissertation is comprised of three projects. The first delves into the broader evolution of CSPI and its increasing prevalence as a practice and trend over the last 25 years. Findings demonstrate a drastic increase of CSPI in the latter five years; as well as an expansion of rhetoric, focal audiences, and issues addressed by firms. I establish a comprehensive set of criteria for CSPI and distinguish what qualifies as corporate activism within this area of corporate action. The second project examines a specific event that prodded a large public response from companies on a controversial social issue; with a focus on how to discern sincerity amidst heterogeneity in firm responses. The study begins with a qualitative analysis of firm responses in order to establish differentiation in rhetoric and actions, and the findings of this analysis provided measures of sincerity. I establish a definition of sincerity in the context of corporate prosocial action, and then use the measures found in the qualitative analysis to explore which types of firms are more likely to signal sincerity through quantitative regressions. Results show that these firms are more likely to be first-movers, consumer-facing, liberal-leaning, and previously involved in activism. The final chapter looks at how controversiality and collective values influence employee responses after a firm's participation in CSPI. Findings show that firms respond to sociopolitical events with varying degrees of controversiality, which can lead to a negative response for firms with an ideologically-heterogeneous employee base. However, firms with ideologically-unified employees find a long-lasting benefit for action when the stance of the firm aligns with their values.

By establishing a comprehensive definition and perspective of CSPI, this dissertation lays a strong foundation for future research to build upon. My work contributes to our understanding of how corporations interact with social and political concerns in the public realm. Additionally, it provides insight into the different perspectives of a firm's role in society, and the expansion of corporate boundaries beyond the bottom-line. In turn, these contributions help us to better understand the power, reach, and potential of corporations as they seek to broaden their societal presence and influence.

ACKNOWLEDGEMENTS

It feels both surreal and exciting - and even a little cathartic - to be writing this portion of the dissertation; tying it all up as a final stamp on my (formal) education and next step in my career. As I think back on all those who helped me reach this point, I don't really know how any words will do them justice. And it is certainly not feasible to name every individual who deserves gratitude for the support and help they've given.

I owe a tremendous amount of thanks to my chair and advisor, Brayden King. His guidance, support, and encouragement were invaluable during my time at Northwestern. It made such a difference to know that I had an advisor who cared about my well-being and personal goals, in addition to my academic success and growth. Having your trust, confidence, and support was incredibly helpful as I navigated through the PhD and the decision for next steps.

I am also incredibly grateful to Tony Chen, my sociology advisor and committee member, for his support, insights, and kindness all along the way. Meetings with you were always edifying and delightful. And, of course, a huge thank you to my other committee members - Jillian Chown, Mae McDonnell, and Bruce Carruthers - who each provided their own support and guidance. And a thank you to Elizabeth Pontikes for your help and encouragement as we have worked together these last few years. To all of you: my work would not be where it is today without your help.

Beyond the direct academic guidance, I feel an immense amount of gratitude for the friendship and support of my fellow graduate students - both in MORS and Sociology. You made a long and arduous program delightful. I always looked forward to coming to campus to be with you pre-COVID; and the video calls, etc. post-COVID were just as needed. I am so grateful to know that these friendships will continue beyond our time at Northwestern.

I also owe gratitude to all of the MORS and Sociology faculty and staff who taught, encouraged, and supported me during my time at Northwestern. And to the faculty beyond Northwestern - to all those who provided a willing and helping hand. In particular, I feel immense gratitude for Gibb Dyer - your willingness to take me on as a research assistant, along with your guidance and unending encouragement, is the reason I'm where I am today. Thank you.

Finally, to my friends and family outside of academia who also provided unending support, love, and ice cream. To my Chicago friends, thank you for being a source of balance and extra goodness in my life. To my parents, for everything. And to my husband Josh for providing sustenance and encouragement as I pushed to finish this dissertation, and for being so incredibly supportive in my pursuit of this career. I am extremely lucky to have you all in my life.

TABLE OF CONTENTS

Abstract	3
Table of Contents	5
List of Abbreviations.....	6
Glossary.....	7
List of Tables and Figures.....	8
Introduction	10
Chapter 1: From Covert Action to Overt Activism:	14
1.1 Introduction.....	14
1.2 Background.....	16
1.3 Data and Methods	28
1.4 Findings.....	30
1.5 Theory Development.....	51
1.6 Discussion	64
Chapter 2: Breaking Silence:	69
2.1 Introduction.....	69
2.2 Empirical Case.....	72
2.3 Theorizing and Hypotheses	84
2.4 Quantitative Analysis.....	94
2.5 Results	99
2.6 Discussion	104
Chapter 3: “American Democracy”	110
3.1 Introduction.....	110
3.2 Background.....	113
3.3 Data and Methods	121
3.4 Results	129
3.5 Discussion	135
Conclusion	140
References: Academic Articles	145
References: News Articles	155
Appendix A Database Coding Guide	162
Appendix B Additional Tables and Figures	163
Appendix C Parkland Case Results	169

LIST OF ABBREVIATIONS

Academic Abbreviations

AFT	accelerated failure time model
CPA	corporate political activity
CSPI	corporate sociopolitical involvement
CSR	corporate social responsibility
DiD	Difference-in-Differences
NMS	nonmarket strategy
OLS	ordinary least squares

Empirical Abbreviations

ANES	American National Election Studies
B2B	Business-to-Business
B2C	Business-to-Consumer
CEO	chief executive officer
DACA	Deferred Action for Childhood Arrivals
DOMA	Defense of Marriage Act
FEC	Federal Election Committee
HB 2	House Bill 2
LGBT(Q)	Lesbian, Gay, Bisexual, Transgender, (Queer)
NAACP	The National Association for the Advancement of Colored People
NRA	National Rifle Association
PAC	Political Action Committee
ROA	return on assets
TMT	top management team
UN	United Nations
U.S.	United States

GLOSSARY

B Corporation: To be certified as a “B Corporation” a firm must demonstrate: (1) high social and environment performance (based on the certifying organization’s scoring metric), (2) legal commitment to be accountable to all stakeholders, and (3) exhibit transparency on performance measures.

Controversiality: Relating to an issue that does not have societal consensus or is divisive, particularly one that has a clear partisan association.

Nonmarket strategy: A firm’s strategic actions beyond the marketplace (e.g., in social or political realms) that seek to establish or maintain competitive advantage.

Corporate political activity: Actions directed toward government entities and/or political actors, made in an effort to provide advantages for the firm.

Corporate sociopolitical involvement: Action(s) taken by a firm related to a contested sociopolitical issue.

Corporate social responsibility: Firm efforts to provide a social good, make up for negative externalities, or address community needs.

Sincerity: Commitment to stated values, demonstrated through an alignment between words and actions.

Stakeholders: Groups (or individuals) who have a relationship with the firm such that they (1) can influence or (2) are affected by the firm. For example: employees, shareholders, consumers, politicians, etc.

LIST OF TABLES AND FIGURES

Table 1.1. Branches of Nonmarket Strategy.....	20
Table 1.2a. Components of CSPI.....	24
Figure 1.1. Growth of News Articles on CSPI.....	31
Figure 1.2. Points of Historical Context, 2006-2010.....	33
Figure 1.3. Points of Historical Context, 20011-2015.....	34
Figure 1.4. Points of Historical Context, 2016-2020.....	37
Table 1.3. Common Tactics in CSPI.....	42
Figure 1.5. Frequency of Rhetorical Themes, by Year.....	46
Table 1.4. Examples of Rhetorical Frames.....	47
Figure 1.6. Number of Articles per Year, by Issue.....	48
Table 1.5. Case Comparisons of CSPI by Issue.....	49
Table 1.2b. Components of CSPI, <i>with revised criteria</i>	52
Table 1.6. Comparing Top Issues: CPA v. CSPI.....	61
Table 1.7. Core Stakeholder Audiences of CSPI.....	63
Figure 2.1. Companies with the most posts.....	75
Figure 2.2. Daily Post Count per Social Media Site.....	77
Table 2.1. Most Frequent Words.....	78
Table 2.2. Tactics of Addressing the Issue (and number of times word was used).....	79
Table 2.3. Degree of Action taken by Firms.....	83
Table 2.4. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI.....	95
CSPI-related variables.....	96
Stakeholder variables.....	97
Political polarization and regional factors.....	97
CEO-related variables.....	98
Table 2.5. Degree of Action taken by First-Movers and Laggards.....	99
Table 2.6. Logistic Regression Results Evaluating Firms' Explicit Discussion of an Issue.....	101
Table 2.7. Ordinal Regression Results Evaluating a Firm Taking Further Action.....	102
Table 2.8. Event History Analysis of Variable Impact on Hazard Rates for Corporate Sociopolitical Activism.....	103

Table 3.1. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI	123
Figure 3.1. Distribution of Glassdoor Ratings (percent of total reviews in time period)	125
Figure 3.2. Distribution of Corporate Response (count).....	126
Figure 3.3. Distribution of Corporate Response (as a percentage of ideological group).....	129
Table 3.2. Condensed IV - OLS regression examining individual Glassdoor reviews, clustered by firm	130
Table 3.3. Degrees of Controversiality - OLS reg. examining individual Glassdoor reviews, clustered by firm	131
Table 3.4. Degrees of Controversiality - Logit reg. examining individual Glassdoor reviews, clustered by firm	132
Figure 3.4. Predictive Margins for Employee Ratings after Capitol Insurrection	133
Figure 3.5. Lag Leads Graphs for the Interaction of Ratings and Pausing Donations	133
Table 1.8. Overview of database contents	162
Table 2.9. Correlation Table for Variables Examining Sincerity in CSPI	163
Figure 3.6. Distribution of Glassdoor Ratings (count)	164
Table 3.9. Regressions examining individual Glassdoor reviews without split sample, <i>clustered by firm</i>	164
Table 3.10. Companies that paused donations to Objectors only	165
Table 3.11. Robustness Test - <i>Regressions examining individual Glassdoor reviews, clustered by firm</i> ...	166
Table 3.12. Robustness Test - <i>OLS reg. examining difference between each time period's average rating, clustered by firm</i>	166
Figure 3.7. Parallel Trends Graphs, divided by ideological groups	167
Table 3.13. Robustness Test - <i>OLS regression examining individual Glassdoor reviews, clustered by firm</i>	168
Table 3.14. Correlation Table for Regressions Examining Capitol Insurrection	168
Table 3.15. Risk Set for Parkland Case Analysis; Firms in Outdoor Industry	170
Table 3.16. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI	171
Table 3.17. OLS reg. examining individual Glassdoor reviews, clustered by firm	171
Table 3.18. Logistic regression examining 1-star and 5-star ratings from individual Glassdoor reviews, <i>clustered by firm</i>	172
Table 3.19. Correlation Table for Regressions Examining Parkland Case	172

INTRODUCTION

Corporations in the United States are not unfamiliar with the world of politics and activism. For decades firms have been targets of activists as they pursue desired change through “private politics”—i.e., pressuring firms to bring about results that come too slowly through conventional democratic means. The corporate world also has a long history of involvement in politics; seeking to influence policy and regulation via lobbying, providing Congressional testimonies, trade association memberships, building relationships with politicians, and more.

However, despite these established patterns between corporations and politics, researchers and journalists alike found it curious when firms began to fuse the two in a new way: public corporate activism in relation to sociopolitical issues. Needless to say, corporate sociopolitical involvement (CSPI) – action(s) taken by a firm related to a contested sociopolitical issue – has garnered a lot of attention over the last few years, and thus presented new questions and challenges for researchers in the organizational realm. Is CSPI something new, or has it simply been overlooked? And what are its implications for firms, their stakeholders, and society at large?

While the intrigue of CSPI as a phenomenon is clear, does it hold any theoretical weight for the fields of management, strategy, and sociology? If used solely as an empirical context, then this theoretical capacity is limited, and only extends as far as the theories the context is applied to. Although that approach is useful, the theoretical potential for CSPI is much greater.

Why should CSPI be explored academically? Without much investigation, several connections to existing areas literature are clear, which on its own provides merit for research. For instance, nonmarket strategy focuses on firm activity that looks rather similar to CSPI—in particular corporate political activity (CPA) and corporate social responsibility (CSR). Stakeholder

theory is another area that is commonly drawn from in extant research on CSPI. For instance, in 2019 Business Roundtable made a statement seeking to redesign the purpose of the firm, shifting from a shareholder-centric focus to an overarching stakeholder perspective. While this statement caught attention and served as fodder for discussion, it did not provide any details as to *how* this vision would be achieved. CSPI is certainly a reflection of this supposed shift in mindset for firms, but many gaps between what is seen and our understanding have yet to be filled by research. Additionally, CSPI has implications for our understanding of corporate responsibility or duty; organizational identity and values; and corporate power and influence.

Although these connections serve as an apt foundation for examining CSPI, the breadth and depth of what has yet to be understood is vast. Additionally, considering (1) the nascency of CSPI literature and (2) overlap with other areas of nonmarket strategy, establishing a clear picture of CSPI as a concept and theoretical area is essential. Given this, the first question and chapter of my dissertation is: How has corporate sociopolitical involvement evolved?

With this question, the primary task of my work is to establish a foundation for understanding CSPI by examining the overall emergence and growth of the phenomenon. For the first chapter, I analyze the ways in which corporations are publicly involved and active in sociopolitical issues using a database of news articles on CSPI related to controversial issues over a 25-year period (1996-2020). Through my analysis I explore the variance in its manifestations and how actions that fall under the CSPI umbrella differ from other forms of nonmarket strategy. My findings provide both a coherent set of criteria for identifying CSPI, as well as insight into influencing factors in its evolution.

In addition to laying important groundwork, the first chapter also sets up the following chapters by highlighting important theoretical questions that emerge through the analysis. These questions connect to issues such as a firm's identity and values, its stakeholders, and its perceived role in society. The remaining chapters of this dissertation examine two of these questions:

1. How do firms signal sincerity in their corporate sociopolitical involvement? (*Chapter 2*)
2. How do varying degrees of controversiality in CSPI affect stakeholders' perception of the firm? (*Chapter 3*)

To examine the question of sincerity in CSPI, I turn to firms' discursive practices around a single sociopolitical category: racial issues. Chapter 2 focuses on firms' responses to George Floyd's death in 2020 and how they engaged in a discussion of racism and inequality within the United States. Using mixed methods, the chapter examines the sequence of statements made by firms and how the content of these statements varied by company and with time. Through my qualitative analysis, I establish both a definition and measurements of sincerity. I use these findings to develop hypotheses around which firms are more likely to demonstrate sincerity in their CSPI, and why.

The third chapter moves to an individual perspective to understand how CSPI affects the stakeholders of a firm. In this project, my co-authors and I bring together literature on strategic human capital, issue salience, and stakeholder evaluations to structure hypotheses on how we expect internal stakeholders to respond to their employer's sociopolitical stance. Using data on employee satisfaction, we examine how firms' participation in CSPI affects their ratings as an employer. We use a split-sample analysis to analyze firms within different ideological clusters, and we differentiate firm action by degree of controversiality.

As a way to both understand and demonstrate the ubiquitous reach of CSPI, each of these chapters examines a different level of analysis: societal, firm-level, and individual, respectively. Findings from each chapter highlight the abundance of heterogeneity found within CSPI; such as issues covered, tactics and rhetoric used, and potential audiences. This dissertation makes clear that CSPI is more than just an intriguing phenomenon—it is an increasingly pervasive practice that reflects the condition of the sociopolitical environment in the United States.

In what follows, I first explain and synergize extant research related to CSPI to lay groundwork and establish a common understanding for the analysis in Chapter 1. The next two chapters explore issues that firms face while navigating sociopolitical involvement in the public eye: (1) demonstrating sincerity and (2) dealing with the controversiality of the issues at hand. Afterward, I provide a concluding discussion that ties together the questions and findings of these three projects.

CHAPTER 1: FROM COVERT ACTION TO OVERT ACTIVISM:*The Evolution of Corporate Sociopolitical Involvement*

“We are living in an unprecedented time, one in which we are witness to the conscience of our country, and the promise of the American Dream, being called into question.”

- Howard Schwartz, Starbucks CEO

1.1 INTRODUCTION

A phenomenon characterized as *historic*, *rare*, and “an absolutely bizarre and unprecedented moment in American history” (Horowitz & Mullen, 2017) has caught the attention of both academics and the general population: companies speaking out on sociopolitical issues. In recent years, masses of companies proactively and publicly spoke out on gun policy, Black Lives Matter, and even their opinion of certain politicians. Firms made donations, halted donations, signed petitions, boycotted entire states and countries, and beyond. The corporate world has tossed its hat into the debate around morality and politics because “doing nothing is no longer an option” (Rocco, 2018).

However, what at first glance appears to be an easily identified action becomes increasingly complex as scholars seek to understand and characterize it. This phenomenon has been given a variety of titles: brand activism (Smith & Korschun, 2018), corporate social advocacy (Dodd & Supa, 2015), CEO sociopolitical activism (Chatterji & Toffel, 2019), woke capitalism (Rhodes, 2021), and so on. All ostensibly touch on the same type of actions seen in recent years - i.e., firms making public political statements and/or gestures - which fall under the broader umbrella of corporate sociopolitical involvement (CSPI).

Despite the seeming novelty of this kind of corporate action, in many ways it appears to just be an iteration of two branches of nonmarket strategy: corporate political activity (CPA) and

corporate social responsibility (CSR). Firms have a history of influencing state policy and bills; albeit in a more covert, behind-the-scenes manner. And there is plenty of corporate action that seeks to account for a firm's social responsibility. Sometimes firms engage in actions that are politicized or *perceived* as political by certain audiences, such as when a company runs a marketing campaign that touches on salient social issues. Firms have also been known to resort to corporate-sponsored activism, such as participating in boycotts, when facing pressure from external activists (McDonnell, 2016). Thus, in many ways, CSPI could simply be an extension of CPA or CSR.

However, the actions in recent years are directly speaking to contemporary political issues, typically in connection to a policy, bill, or government action. The issues and methods have both varied widely—from immigration to abortion, and from advertisements to boycotts. This introduces some interesting puzzles in the realm of strategy research: Where does this kind of corporate action fit in our understanding of nonmarket strategy? And why are companies taking this kind of action? Straddling the areas of CSR and CPA, could public and overt forms of corporate sociopolitical involvement provide another avenue for corporations to exercise their power and influence in society?

Additionally, some may argue that the main motivation for such behavior by corporations is to ultimately improve their bottom-line, and is thus actually not part of nonmarket strategy. However, considering that such actions risk alienating some stakeholders and are often unrelated to their core functions [e.g., gun ownership (Sorkin, 2019) and abortion (McHugh, 2019; Shaban, 2019)] there may be more to these actions than hope for financial gain. Firms are found taking initiative through collective action (McKean & King, 2021), with some even committing to create “an economy that allows each person to succeed through hard work and creativity and to lead a

life of meaning and dignity” (Business Roundtable, 2019). Whatever the case, if the buzz around this phenomenon is actually reflective of a growth and evolution in CSPI, it could uncover a greater understanding of shifting dynamics between firms and society at large.

While many questions arise in connection to this phenomenon, there is one of particular importance for building a foundation in this area of literature: **how has corporate sociopolitical involvement evolved?** To address this question, this chapter delves into a longitudinal analysis examining the history, patterns, and development of this corporate practice over a 25-year period. After gathering and coding a database of nearly 1,300 news articles related to corporations and sociopolitical issues, I analyzed the changes in frequency, tactics, rhetoric, and issues of CSPI.

Findings demonstrate not only an increase in activity and number of participating firms, but that corporations have shifted from addressing issues directly related to their business functions, to separate – and often controversial – sociopolitical issues with no direct monetary tie. In addition, findings show that while CSPI spans a variety of both issues and tactics, it is predominantly progressive. I develop a coherent definition and set of criteria for CSPI, and provide discussion around contributing factors to and nuances within the growth in this area of nonmarket strategy. The paper closes with a discussion of these contributions in further detail, as well as implications for future directions in both research and practice.

1.2 BACKGROUND

In the classic discussions of the “Iron Cage” (DiMaggio & Powell, 1983) exists a trinity of power: the state, corporations, and the elite. The tensions among these three groups in a struggle for influence and security can commonly drive demands, interactions, and compromises. Similarly, in organizational theory we see a triad of influence between the government, corporations, and societal groups (i.e., stakeholders). Being the three “overlapping domains” of society (Leitzinger,

King, & Briscoe, 2018; p. 3), the power dynamic within this triad is complex—each fighting for security and societal influence. We see this struggle manifested through nonmarket strategies, which involve corporations “expressing the purposive pursuit of public interests” (Boddeyn, 2003; p. 320) and responding to the needs or pressures of their constituents, such as stakeholders and regulators (Delmas & Toffel, 2008). This is often done by firms building influential relationships with legislators and creating initiatives to appease stakeholder demands.

When seeking to influence institutional change, corporations have access to a variety of avenues (Aranda & Simons, 2018; Lux *et al.*, 2011; Walker & Rea, 2014). Although there is a wide portfolio of nonmarket actions taken by corporations, a clear difference exists between which methods they choose not to bring attention to (Walker & Rea, 2014) and those which are more noticeable to the public. Sometimes CPA may not be publicized because of the potential for it to be controversial or harmful to the firm—for instance, if stakeholders catch wind of lobbying activities they do not approve of, they have the capacity and power to protest (King & Walker, 2014; Walker & Rea, 2014). Corporations’ conspicuous actions tend to be part of a corporate social responsibility (CSR) initiative, or in response to such protest by stakeholders, such as targeting, boycotting, or demands for change (Baron & Diermeier, 2007; King, 2008; McDonnell & Werner, 2016; Soule, 2009).

However, it seems that this dynamic is changing, and organizations are finding opportunities to proactively address the needs of (some of) their stakeholders. This proactive, public-facing action can at times be interpreted as an expression of the corporation’s sociopolitical views; however, it is unclear whether this is intentional or merely due to the ideological association of a cause. Thus, by participating in public-facing political action, corporations run the risk of

upsetting or alienating some stakeholders. Beyond this, however, we do not know much of the potential effects or ramifications. This raises the question: Why do we see firms take public action or stances on sociopolitical issues?

To better understand this, I provide a discussion below of the different branches of nonmarket strategy, where firms are most often found involved in sociopolitical action. After clarifying the distinction between these branches, I then take a deeper dive into the extant literature on CSPI to provide a foundation of what is known, and what is yet to be explored. I close this section by providing historical context that has a potential for influencing the evolution of CSPI.

1.2a Components of Nonmarket Strategy

Research on nonmarket strategies demonstrates that the relationship between a corporation and its stakeholders is complex and nuanced. A corporation's effort in this arena involves both campaigning for its own interests (e.g., lobbying to influence regulation) and taking responsibility for its externalities and societal impact. However, the boundaries between the two (CPA and CSR) are becoming less distinct, and to such an extent that some argue corporations can no longer sit on the sidelines as apolitical entities (Fan, 2019; Smith & Korschun, 2018).

While CSR has been around since the 1950's, it did not gain much traction in the business world until the 1990's, with a significant increase in the 2000's (Carroll, 2008). CSR is a social tool that can be used strategically to improve organizational image or performance (Mellahi *et al.*, 2016), or to mitigate loss or risk when facing a negative event (Kayser, 2018). Definitions of CSR have varied over the decades (Carroll, 2008), connecting it to the "expectations that society has of organizations" (p. 33), "an obligation to constituent groups in society" (p. 34), and directing organizational decisions in a way that have "beneficial ... effects upon pertinent corporate

stakeholders” (p. 36). While there are no set boundaries around what CSR is, it can be viewed as any practices that demonstrate a corporation’s ownership of its impact on society and the natural environment (Frynas *et al.*, 2015). At times, CSR practices are implemented as a response to activist pressures (Baron & Diermeier, 2007; McDonnell & King, 2013; McDonnell *et al.*, 2015; Reid & Toffel, 2009; Soule, 2009). There are times when corporations may face institutional contradictions that produce conflicting reactions from different stakeholders to the firm’s attempt to be socially responsible (Mellahi *et al.*, 2016). However, in general, CSR is characterized as being viewed by a firm’s community as beneficial to society (Nalick *et al.*, 2016).

On the other side of the spectrum is CPA—a long-standing and prevalent nonmarket strategy in the corporate world that provides myriad ways to directly influence policymakers (Hillman *et al.*, 2004). Due to the interdependence of a firm’s competitive environment and related policies, firms must develop ways to influence government decisions and regulations in order to mitigate uncertainty. Having a political strategy is key, if not essential, for firms to compete and survive (Hillman & Hitt, 1999). CPA focuses on a firm’s efforts to shape and influence the political actors and institutions in a way that advantages the firm in its mission and pursuits (Hillman *et al.*, 2004; Mellahi *et al.*, 2016). A variety of activities fall under the umbrella of CPA, ranging from donating to campaign funds to providing congressional testimonies (den Hond *et al.*, 2014; Hillman & Hitt, 1999; Hillman *et al.*, 2004; Lux *et al.*, 2011). However, in recent years, corporations have been participating in new activities that might fall under this umbrella – such as grassroots mobilization and corporate-sponsored activism – that expand our understanding of CPA (McDonnell, 2016; Walker, 2010).

Differences among these branches of nonmarket strategy can be found by examining four characteristics of an action: (1) publicity, (2) partisanship, (3) proactiveness, and (4) public good (see Table 1). First, **publicity** reflects the avenues through which organizations act to achieve their goal (e.g., conspicuous v. inconspicuous means), and how readily available related information is to the public. For instance, sustainability reports (CSR) are often available on a dedicated section of a firm's website, whereas that same firm's lobbying activity (CPA) may be unadvertised and difficult to find. Second, **partisanship** is driven by the political influences behind a firm's nonmarket action, such as whether it is connected to a particular ideology or political party.

Table 1.1. Branches of Nonmarket Strategy

	CPA	CSR	CSPI
Definition	Actions directed toward government entities and/or political actors, made in an effort to provide advantages for the firm.	Firm efforts to provide a social good, make up for negative externalities, or address community needs.	Action(s) taken by a firm related to a contested sociopolitical issue.
Publicity <i>avenue of influence</i> (Bhagwat et al., 2020; McKean, 2020)	low	high	high
Partisanship <i>ideological influence</i> (Bhagwat et al., 2020; McKean, 2020)	high	low	high
Proactive <i>direction of influence</i> (McKean, 2020)	high	low	<i>mixed/unclear</i>
Public good <i>societal benefits</i> (McKean, 2020; Nalick et al., 2016)	low	high	<i>mixed/unclear</i>

Third, **proactiveness** is connected to the relationships motivating a nonmarket action and their direction of influence. Firms are reactive when facing a threat or demand that produces enough pressure to warrant action (McDonnell & King, 2013). Whereas proactive measures are

taken when a firm is seeking to control, shape and influence their environment (Hillman *et al.*, 2004). The key difference is the stimulus of the action. And finally, the **public good** of firms' actions reflect the impact nonmarket strategies have on stakeholders (Bhagwat *et al.*, 2020; McKean, 2020; Nalick *et al.*, 2016; Walker & Rea, 2014).

When examining the three branches of nonmarket strategy, it is clear how they vary along the four dimensions discussed above (see Table 1.1). And while the stereotypical orientations of each characteristic are consistent for both CSR and CPA, the direction of influence and societal benefits of CSPI remain unclear. Given the differences in both issues addressed and methods used, there are strong grounds to classify this phenomenon as a separate branch of nonmarket strategy (McKean, 2020; Nalick *et al.* 2016).

1.2b An Emerging (and Evolving) Phenomenon

The complex nature of CSPI in the public sphere has drawn attention of academics from a variety of disciplines. However, given the nascency of this literature, interdisciplinary attention has led to scattered terms and criteria on the same phenomenon. The overall practices – as well as individual aspects of it – are referred to in several ways, and definitions and criteria vary across the board. For instance, such action is referred to as brand activism (Moorman, 2020; Smith & Korschun, 2018; Vrendenburg *et al.*, 2020) and corporate sociopolitical activism (Bhagwat *et al.*, 2020) in marketing literature; corporate social advocacy (Dodd & Supa, 2015; Gaither *et al.*, 2018) in communications literature; and CEO sociopolitical activism (Chatterji & Toffel, 2019; Hambrick & Wowak, 2021) and woke capitalism (Fan, 2019; Rhodes, 2021) in management literature. Considering this variation, I propose the use of a more coherent title and definition: *corporate sociopolitical*

*involvement*¹ (CSPI), action(s) taken by a firm related to a contested sociopolitical issue. While there may be minor differences and distinctions among types of actions that fall under this umbrella (e.g., activism v. involvement), CSPI provides an all-encompassing term that allows for other manifestations to be included as it continues to evolve.

One approach would suggest that firms participate in corporate *political* responsibility, which is “a firm’s disclosure of its political activities and advocacy of socially and environmentally beneficial public policies” (Lyon *et al.*, 2018; p. 4). While this definition fits a similar pattern seen within CSR, it does not match the phenomenon in question. Rather, the way in which corporate political activity has extended into the public realm is taking the form of overt sociopolitical activism. What then differentiates CSPI from traditional forms of CPA (e.g., lobbying) and current CSR practices? In terms of CPA, two differentiating factors of CSPI are that it is both “purposefully visible” (Hambrick & Wowak, 2021; p. 4) and typically separate from a firm’s core functions (Chatterji & Toffel, 2019; Gaither *et al.*, 2018), as opposed to focusing on influencing regulation or policy that directly impacts the firm. And when compared to CSR, the practices seen in CSPI are connected to a controversial sociopolitical issue (Bhagwat *et al.*, 2020; Dodd & Supa, 2015; Gaither *et al.*, 2018; Nalick *et al.*, 2016). While these three characteristics are mentioned throughout the emerging literature, their qualifying boundaries are contested (see Table 1.2a). The qualms related to these characteristics are discussed below, with further exploration and delineation performed in the analysis.

Purposefully visible. They key component distinguishing CSPI from CPA is its visibility. Although there are means for discovering information about a firm’s CPA, it is often not

¹ As coined by Nalick, et al. (2016)

publicized or readily available. Whereas, CSPI serves as a *demonstration* of support or opposition to a sociopolitical matter, and is thus inherently – and purposefully – visible (Bhagwat *et al.*, 2020; Hambrick & Wowak, 2021; Vrendenburg *et al.*, 2020). The purpose behind CSPI is to make the firm’s (or CEO’s) position on an issue clear (Hambrick & Wowak, 2021). However, it is up for debate as to whether we can accurately discern if a firm was purposeful – i.e., deliberate or intentional – in the visibility of their stance.

Controversial sociopolitical issues. The key factor that distinguishes CSPI from CSR or corporate philanthropy is that it engages with a controversial sociopolitical issue. For instance, consider the difference between a firm establishing a partnership with the National Breast Cancer Foundation versus Planned Parenthood. Although both organizations focus on women’s health, the former would be positively viewed whereas the latter would find a very divided response. As mentioned above, a defining characteristic of CSR is that it is beneficial to society, and thus must be viewed as such with a high level of consensus by a firm’s community and stakeholders (Nalick *et al.*, 2016). Whether or not CSPI activities actually provide benefit to society has only started to be examined and evaluated (Jan *et al.*, 2021). Additionally, because the sociopolitical issues in CSPI “lack societal consensus” (Nalick *et al.*, 2016; p. 386), firms put themselves at risk of alienating or damaging relationships with stakeholders that disagree with the firm’s position (Bhagwat *et al.*, 2020; Moorman, 2020; Hambrick & Wowak, 2021). Several factors – such as place and time – impact whether an issue is viewed as controversial or partisan (Bhagwat *et al.*, 2020).

Separate from firm’s core functions. The need for CSPI to be separate from “market motivations” (Nalick *et al.*, 2016; p. 390) and shareholder interests (Clark *et al.*, 2020) is agreed upon across disciplines (Chatterji & Toffel, 2019; Gaither *et al.*, 2018; Hambrick & Wowak,

2021). In other words, the action needs to be separate from the firm's core functions. However, where to draw the line for "core functions" can be unclear. For instance, does Patagonia's activism related to environmental issues not count as CSPI because their products are meant for outdoor activities? Do the tech industry's efforts related to immigration qualify as business-related because they hire employees from foreign countries? Are Nike's sociopolitical stances disqualified from CSPI because they are used in advertisements? This ambiguity leaves a gap that needs to be further explored.

Table 1.2a. Components of CSPI

	Criteria	Citations	Contested areas
Public	Intentionally visible	Bhagwat <i>et al.</i> , 2021; Hambrick and Wowak, 2021; Vrendenburg <i>et al.</i> , 2020	How easily can intentionality be determined?
Political	Connected to a controversial/polarized sociopolitical issue	Bhagwat <i>et al.</i> , 2020; Moorman, 2020; Hambrick and Wowak, 2021; Nalick <i>et al.</i> , 2016	How important is context?
Separate	Separate from a firm's core functions	Chatterji and Toffel, 2019; Clark <i>et al.</i> , 2020; Gaither <i>et al.</i> , 2018; Hambrick and Wowak, 2021; Nalick <i>et al.</i> , 2016	What qualifies as a core function?

The complexity of these conditions is deepened by the variance in how CSPI is executed. For instance, CSPI may be manifested through firm action such as a solitary expression of a political stance (McKean, 2022), messaging on products and advertisements (Bain, 2018; Sugar, 2018), boycotting a state (Berman, 2016), collective action among firms (McKean & King, 2021; Reuters, 2017), statements made by CEOs (Hambrick & Wowak, 2021), and so on. Such variation raises the question of whether and how method matters for firms participating in CSPI.

Initial research has focused primarily on statements made by executives (Burbano, 2021; Chatterji & Toffel, 2019; Wowak *et al.*, 2022) or the firm itself (Li & Soule, 2021; McKean, 2022). Other papers examine actions beyond a statement alone, such as advertisements (Rhodes, 2021; Vrendenburg *et al.*, 2020), changes in firm policies (Bhagwat *et al.*, 2020), and letter campaigns (McKean & King, 2021), and boycotts. In regard to theoretical perspectives, a wide variety have been used as lenses to understand and explain CSPI—such as stakeholder theory (Clark *et al.*, 2021; Hambrick & Wowak, 2021), nonmarket strategy (Nalick *et al.*, 2016), corporate citizenship (Moorman, 2020), value congruence (Burbano, 2021; McKean & King 2021; Wowak *et al.*, 2022), signaling theory (Bhagwat *et al.*, 2020), firm reputation (Vrendenburg *et al.*, 2020), and institutional theory (McKean, 2022). As mentioned above, this spread of approaches has led to a lack of unity in the CSPI literature. Thus, the analysis that follows seeks to provide a broad foundation in order to allow for more coherence in future research.

1.2c Historical Context

Before diving into the analysis, it is important to highlight co-occurring events that may have played a role in the development of CSPI. Changes and shifts within three areas have particular potential for a direct line of influence: corporate-politician relations, political polarization, and journalism. The influence of these concurrent changes and trends will be discussed and theorized later on, after data and findings.

Corporate-Politician Relations. As mentioned above, there is a long history of corporate involvement in politics. Much of the action taken by firms involved contributing money—such as lobbying, PAC contributions, and trade association memberships. In 2010, the Supreme Court made a ruling that opened avenues for firms anonymously fund political advertisements via

(unlimited) donations to nonprofits (Palmer, 2010). Some felt that Republican candidates would be the ones to find greater advantages due to corporate patterns of right-wing leanings (Tedford, 2010). This ruling reinforced tensions around the special treatment of corporations and corporate power in politics.

Over the next few years, shareholder proposals surged for political spending transparency (Layne, 2015). Some were arguing that for sustainability to be properly assessed, shareholders must be able to gauge whether a firm's values and spending align (Gilbert, 2012). By 2015, nearly 30 public companies agreed to establish procedures for disclosing political spending, beginning to establish a rhetoric of responsibility and accountability (Porter, 2015). And in 2019, a bill was introduced to the House of Representatives (H.R. 1053²) that, if passed, would require firms to publicly disclose their annual political expenditures. Firms themselves drew attention to their political spending when they declared they would be pausing donations to members of Congress after the Capitol Insurrection in 2021 (Smart, 2021).

Political Polarization in the United States. It goes without saying that a crucial factor to consider in this analysis is political dynamics within the United States. The widening divide between Republicans and Democrats became rather blaring during the late 2010s, which is often attributed to the election of Donald Trump as president in 2016. However, some argue that Trump's election was, in fact, a symptom of both polarization and the far-right drift of the Republican party. Either way, understanding the concurrent political environment can shed light on the evolution and practice of CSPI.

² <https://www.congress.gov/bill/116th-congress/house-bill/1053?s=1&r=14>

Although the partisan divide widened in both directions, the drift of the conservative right has been more extreme. The 2008 election played a role in Republican agitation as it closely followed the Great Recession, and Obama's monetary policies and push toward universal healthcare made the fiscally conservative rather nervous. This spurred on the development of the Tea Party movement, which proved to be the roots of a perpetual push to the right. Its efforts led to the Budget Control Act in 2011, government shutdown in 2013, and the House Freedom Caucus in 2015 (Cornwell, 2015; Kabaservice, 2020). Outside of Washington, the far-right grew more radical, circulating conspiracy theories and turning to violence to express beliefs (Kabaservice, 2020; Reuters, 2015). What started in 2009 as the Tea Party had become a conviction-turned-slogan that their efforts would #MakeAmericaGreatAgain. And thus, widening polarization also transformed into secretariatsim—a competitive, team-based perspective that pits individuals vehemently against the “other” (Finkel *et al.*, 2020).

Journalism and Media. In 1999, the internet was emerging as a news source, setting course for tectonic shifts in the world of journalism (Pew Research Center, 2004). By the late aughts, social media platforms were serving as news outlets and changing the landscape of information accessibility (Alejandro, 2010). Twitter became a venue where big news stories would break, and provided new audiences for regional papers (Jewell, 2013); and Facebook provided space for a political platform, where people would follow politicians, promote voting, and share their own sociopolitical views (Pew Research Center, 2012). By 2017, traditional media outlets were suffering. Social media surpassed printed papers as a news source (Shearer, 2018), and revenue for most traditional media outlets were declining (Barthel, 2018). In addition to a loss in revenue,

news organizations were also losing the control of the strong grasp they had over news production and distribution (Pew Research Center, 2016).

1.3 DATA AND METHODS

1.3a Data

In order to examine the evolution of CSPI, I needed to track the co-occurrence of firms and sociopolitical issues in the public realm. To do so, I gathered news articles from a 25-year period (1995-2020) that touched on firms and sociopolitical issues, resulting in a database of 1,290 articles. Additionally, I gathered U.S. corporate lobbying data in order to compare CPA to the evolving CSPI. The gathering, cleaning, and coding of data was done with the help of two research assistants.

News articles. As mentioned above, news articles were gathered for the years 1995 through 2020, across seven different sociopolitical issues. I created a timeline of notable events during this 25-year period, to ensure the inclusion of key social and political events in the search. Issues included in the search were determined by using Pew Research Center's 2019 report on partisan gaps on political values, where the topic has at least 35 percentage points for the average party gap: (1) gun policy, (2) racial attitudes, (3) climate & environment, (4) social safety net, (5) immigration, (6) role of government, and (7) gender & sexuality (Pew Research Center, 2019).

For each year, searches were conducted on both Google News and ProQuest database search engines. The date parameters were set from January 1st to December 31st of the given year. Each search consisted of "compan*" plus the search term from the year-specific or general list. For the general terms, another search was also done with "compan* AND CEO" alongside the first term in the category (e.g., gun policy, racism, climate change, healthcare, immigration, tax reform,

LGBTQ), in order to narrow down search results from the broader key terms. Articles were added to the database and downloaded when they involved action by an American corporation or CEO on a political or social issue that fell within the seven categories. Each search was ended after two full pages of search results had passed since the appearance of a relevant article.

Lobbying data. Information on issues lobbied for by corporations in the U.S. was gathered from OpenSecrets.org, for the years 1998³-2020. While the website provides a plethora of information, I focused on gathering two items for each year: (1) the top five issues lobbied for, along with the number of “clients” (i.e., companies) and top clients per issue; and (2) the number of clients for issues related to those covered in the CSPI article database.

1.3b Analysis

The analysis of this data is centered on grounded theory (Suddaby, 2006). Coding and cleaning of the article database occurred in an iterative process—with preliminary theories informing the coding of articles, and what was found in articles to further develop and shape coding and the development of theory. Thus, the process started with open coding, where readers made notes of keywords, phrases of interest, CSPI characteristics, and so on. These findings from were used throughout the process for coding in Atlas.ti of themes, trends, rhetoric, and tactics. This open coding included a combination of reading randomly selected articles throughout the database, along with focused reading of articles from the latter 6 years (2015-2020) of the time period, where the majority of action took place.

The next stage involved coding for specific criteria, done by two trained research assistants to provide inter-coder reliability. For years with less than 30 articles (1996-2011), all articles were read. For the remaining years, we randomly selected a percentage of the total articles for the year:

³ The data gathered on OpenSecrets was not available for years prior to 1998.

50 percent for years with less than 100 articles (2012-2015), and 30 percent for years with more than 100 articles (2016-2020). Articles were coded for items such as tactics used; if the action was progressive or conservative; whether the actor(s) mentioned was a CEO or firms; etc. (For the full coding list, see Appendix A.)

The initial database was used to catch general trends of articles that fell under the search terms, but some articles were coded as not qualifying for CSPI and excluded from the final database. To qualify for the final database, the action(s) discussed in each article must meet two of three conditions: (1) it is *public*, (2) it is connected to a *contested* social or political issue, and (3) it is *unrelated* to the corporation's core product.

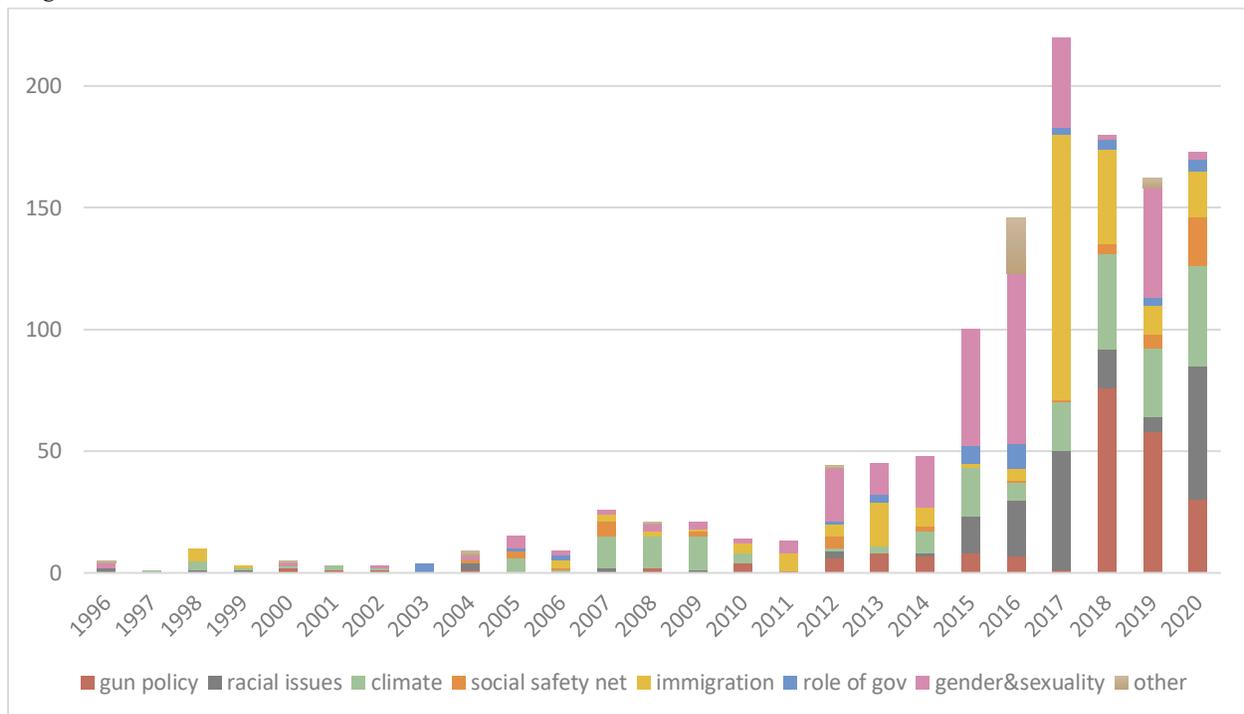
1.4 FINDINGS

Collectively, the search produced a total of 1,290 news articles. Of those articles, over three-quarters (76.8%) occurred in the latter 6 years (2015-2020). To better understand what led up to such a surge in activity, I examined both the timeline of CSPI occurrences, along with shifts and trends that emerged throughout. The results provide a picture of the emergence and evolution of CSPI as a corporate practice.

1.4a Timeline

I divided the data into four different time periods, each denoting a different stage in the pace of CSPI activity and growth. The first two stages account for 15 years and were relatively quiet and stable. CSPI began to gain traction, however, in 2011 and drastically increased starting in 2016 (see Figure 1.1).

Figure 1.1. Growth of News Articles on CSPI



1 | **Business as usual (1996-2005).** During the first ten years of the dataset, firms speaking out on sociopolitical issues was rare. With only 58 articles for the decade, the majority of articles in this period were focused on climate (27.6%), with gender & sexuality coming in second at 19 percent. Issues were often discussed in a very business-centric manner, such as focusing on competitiveness, what is “good for business,” economic implications, and so on. The years with the most articles were 1998 (10) and 2005 (15). The main activity by firms in 1998 was in response to the Kyoto Protocol (e.g., forming climate-related coalitions) and the American Competitiveness Act, for which most actions aligned with CPA. In 2005 is when start to see a shift— Ben & Jerry’s made their activism debut (Moggach, 2005), Walmart advocated for higher minimum wages (Zimmerman, 2005), and LGBTQ issues began to gain more traction. News articles during this time period, especially in the earlier portion, were more often related to traditional CPA or did

not fit within the ‘intentionally visible’ criteria. Due to this, once articles were removed for not meeting CSPI criteria, there were only a total of 12 articles for the decade.

2 | Transitioning from tradition (2006-2010). The shift in 2005 leads into a 5-year period where greater groundwork for CSPI is laid. While there were not any specific events that garnered much attention, addressing climate change accounted for half (49.5%) of the articles from 2006-2010. Many actions related to climate change fell within the spheres of CPA (e.g., testifying before U.S. Congressional committees) and CSR (e.g., working to reduce emissions). Additionally, a large majority of actions involved either making a statement about climate change (e.g., support for Cap and Trade bills) or joining some kind of climate change coalition, both of which are common practices found from the start of CSPI. However, a few articles near the end of this period highlighted actions that were more unique in their approach. For instance, in 2008, the CEO and Chairman of Google called out politicians, claiming that climate change was a “total failure of political leadership” and they needed to “get off their rear ends” to address it (Zajac, 2008). In 2009, PG&E withdrew from the U.S. Chamber of Commerce due to “fundamental differences” in views on climate change, and claimed the Chamber was making “disingenuous attempts to diminish or distort the reality of [climate change]” (Hart, 2009). And in 2010, Chevron launched an advertising campaign, “We Agree,” in which they made statements around the need for oil companies to work on mitigating the effects of climate change (Roos, 2010).

Other sociopolitical issues caught the attention of firms, such as immigration and gun policy. An unexpected stance came from Walmart in 2007, when it stated support for a higher minimum wage (U.S. Newswire, 2007a) and better healthcare (Caterinicchia, 2007). As for issues around gender & sexuality, the groundwork for corporate support of marriage equality was laid

during this period. For instance, Hallmark started making cards for both coming out and same-sex weddings (Associated Press, 2008). And in 2009, Ben & Jerry's made a very clear and public statement when it renamed the flavor "Chubby Hubby" to "Hubby Hubby" to reflect their support for marriage equality (Van Grove, 2009). They were among the early companies to support this cause, and even hosted a wedding and reception for a couple in D.C. when same-sex marriage was legalized there (Business Wire, 2010).

Figure 1.2. Points of Historical Context, 2006-2010

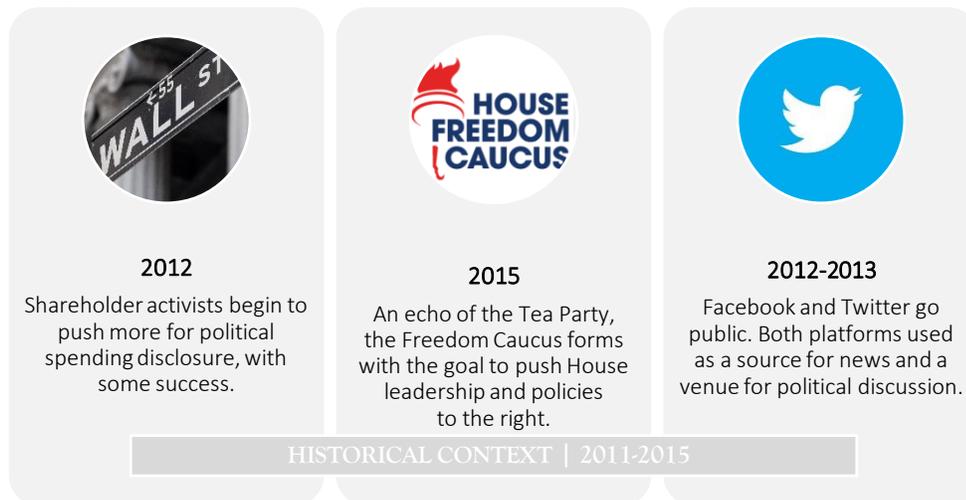


3 | Gaining traction (2011-2015). Although the prior period showed increasing attention on firms' involvement in political issues, the next five years is where CSPI really gained momentum as corporate action. Compared to only 91 articles in the previous period, there were a total of 250 articles from 2011-2015, an increase of 175 percent. Part of this increase is due to the fact that firms began to respond more frequently and collectively to events and legislation. During this time period, there was also a large increase in the usage of social media, which provided a new avenue for firms to both speak out and be targeted by stakeholders.

The true star of this time period was the fight for LGBTQ rights—specifically, the push for same-sex marriage. While there was some action taken related to this in the previous period by Ben

& Jerry's, the matter gained a lot of traction in 2012 when more companies started expressing support for marriage equality. Prior to that year, Chick-fil-A faced criticism after sponsoring groups that did not support same-sex marriage (Ashlock, 2011). This controversy was only furthered as the President of Chick-fil-A, who had made comments on the matter before, said “our generation ... has such a prideful, arrogant attitude that thinks we have the audacity to redefine what marriage is all about” (McGregor, 2012a). This produced mixed reactions, with both boycotts and *buycotts* of the fast-food chain; which, in turn, led to the questions of the kinds of responses that corporate supporters of marriage equality would face (McGregor, 2012b). Despite this uncertainty, corporate support for LGBTQ rights continued to grow—with nearly 300 firms supporting the repeal of the Defense of Marriage Act (DOMA) in 2013 (Gunther, 2014), criticism of “anti-LGBT” bills in Indiana and Arkansas (Human Rights Campaign, 2015), and a culminating celebration of the Supreme Court’s ruling on same-sex marriage in 2015 (Kim & Valiente, 2015).

Figure 1.3. Points of Historical Context, 20011-2015



Although LGBTQ issues made up the majority of articles (43.6%), other commonly addressed issues during this time period included immigration, climate, and gun policy. For instance, several firms began to establish No Carry policies to make their stores gun-free zones

(Sullivan, 2014). While there were events related to racial issues earlier in the time-period – such as Trayvon Martin’s death – there was little action taken by firms. However, in 2015, Starbucks started a “Race Together” campaign in which it tried to stimulate conversation around racism (Choi, 2015). Later that year, many companies responded to the shooting in Charleston, South Carolina, by removing products connected to the Confederate flag (Reuters, 2015). One unexpected action came from a statement released by a group of CEOs in *favor* of raising taxes, although it was unclear what they viewed the make-up of increases should be on corporations v. individual taxpayers (Wessel, 2012). This period ended with firms discussing the upcoming UN Climate Change Conference, making statements and pledges on how they would address climate change (Ydstie, 2015).

4 | Explosion of activism (2016-2020). While the preceding period had firms celebrating same-sex marriage and taking action in response to shootings and racism, it was only a whisper compared to what followed. As mentioned above, the vast majority of news articles occurred in the last few years – from 2016-2020 there were 891 articles, which accounts for 69 percent of the database. In 2016, several bills were passed in various states that impacted the LGBTQ population, and they induced a flurry of action. Within a period of six weeks, there were 44 news articles on the corporate response to these bills. The legislation that received the most attention was HB 2 in North Carolina, which stated that individuals must use the restroom that corresponded to the sex on their birth certificate. Many firms signed petitions and made statements, while others withdrew plans for business activity in the state—essentially boycotting the state for its new policy. For instance, PayPal rescinded plans to build a new office space in Charlotte, which would have

employed about 400 people (Berman, 2016). In an interview about this surge of corporate activism, Marc Benioff, the CEO of Salesforce, said (Steinmetz, 2016):

“...if I were to write a book today, I would call it CEO 2.0: How the Next Generation CEO Has to Be An Advocate for Stakeholders, Not Just Shareholders. That is, today CEOs need to stand up not just for their shareholders, but their employees, their customers, their partners, the community, the environment, schools, everybody. Anything that’s a key part of their ecosystem.”

The other main set of corporate action in 2016 was due to the presidential election. These actions were a combination of pre- and post-election responses. Several firms endorsed presidential candidates, some made commentary about how business would fare *if* Donald Trump was elected, and others made statements *after* Trump was elected. The tone and content of these latter responses varied—with some firms seeking to be optimistic about the future (Gandel, 2016; Sorenson, 2016) and others seeking to comfort or reassure fearful employees (Bever, 2016; Taylor, 2016; WSJ Staff, 2016).

The tension from the 2016 election carried energy into the next year, as the Executive Order 13769 (i.e., “Travel Ban”) was put into place. Corporate response to this action produced nearly 80 news articles in only two weeks. How corporations responded was quite varied – making statements, offering legal assistance to impacted employees, donating money, and even attending protests (Heath, 2017). Airbnb promised free housing to individuals impacted by the ban (Malo, 2017), and Starbucks pledged to hire 10,000 refugees (Allocca, 2017).

Immigration proved to be a focal issue of 2017, as a threat to repeal the Deferred Action for Childhood Arrivals (DACA) program brought another onslaught of corporate action. Over

700 companies⁴, across a number of industries, signed a letter requesting DACA stay in place (Hincks, 2017). Although there was rhetoric and framing in the letter that provided economic reasoning for supporting DACA, firms and CEOs also used a more humanistic and moralistic approach. For instance, Tim Cook, CEO of Apple, tweeted: “250 of my Apple coworkers are #Dreamers. I stand with them. They deserve our respect as equals and a solution rooted in American values,” and Best Buy’s CEO and chairman, Hubert Joly, wrote: “There are hundreds of thousands of young men and women whose futures are at stake” (Corkery, 2017).

Figure 1.4. Points of Historical Context, 2016-2020



In addition to immigration, the other prominent instances of CSPI were related to the environment. As President Trump stated intentions to withdraw from the Paris Climate Agreement, companies once again took collective action to protest the decision and state their commitment to the goals of the treaty (Kennedy, 2016). This issue garnered attention and action from late 2016 through 2017. Other issues were smaller in terms of number of firms acting, but still caught the attention of the public. For instance, when Trump announced plans to reduce protected boundaries of two national monuments, many firms in the outdoor industry spoke up.

⁴ While the news articles cited say 400, more companies signed on afterward.

In particular, Patagonia changed the landing page of its website to show a black screen with the words “The president stole your land,” and provided direction on how individuals could take action (Hauser, 2017).

The main CSPI event of 2018 occurred early in the year, after a shooting at a high school in Parkland, Florida. Dozens of firms cut ties with the National Rifle Association (NRA), and other firms announced policies specific for their business relations with gun sellers and manufacturers (Associated Press, 2018; Selk, 2018). The CEO of Dick’s Sporting Goods, Edward Stack, announced that they would stop selling assault-style firearms, ban large magazines, and raise the minimum age for gun purchases (Holson, 2019). The announcement was met with a mix of praise and skepticism, with concerns about how much it would actually impact the firm and how long the policies would last (Siegel, 2018). Additionally, there was some CSPI related to midterm elections. Over 300 firms gave employees paid time off so that they could vote, with Patagonia even shutting all of its stores on Election Day (Ho, 2018). Ben & Jerry’s went as far as to release a new ice cream flavor, “Pecan Resist,” just weeks before elections with the description:

“Alongside all those nutty chunks, this pint packs a powerful message under its lid: together, we can build a more just and equitable tomorrow. We can peacefully resist the Trump administration’s regressive and discriminatory policies and build a future that values inclusivity, equality, and justice for people of color, women, the LGBTQ community, refugees, and immigrants.” (Sugar, 2018)

Gun policy discussions continued into 2019, with a letter signed by nearly 150 firms featured in the New York Times. The letter was addressed to the Senate and stated “doing nothing about America’s gun violence crisis is simply unacceptable and it is time to stand with the American public on gun safety” (Sorkin, 2019). However, this year also brought a breaking of taboo with corporations speaking in *support* of abortion. A group of 187 firms ran a full-page ad in

the New York Times criticizing and denouncing restrictions on reproductive health care. “Don’t Ban Equality. It’s time for companies to stand up for reproductive health care. ... The future of equality hangs in the balance, putting our families, communities, businesses, and the economy at risk” (Baker, 2019). Additionally, several media companies stated they would reconsider filming and production in states with restrictive abortion laws, such as Georgia (Ingber, 2019; Victor, 2019).

While abortion was touched on in years prior, it was often in connection to pro-life stances (Carmon, 2014; Liptak, 2007; Olafson, 2012; Rosen, 2004). In 2016, Lands’ End featured Gloria Steinem – a feminist icon and abortion advocate – in their catalog, and received fierce backlash from customers. The company ended up apologizing via Facebook and removed “any trace of Steinem’s catalog appearance” (Paquette, 2016). The first action to clearly align with pro-choice was in 2017, when Sheryl Sandberg, COO of Facebook, criticized Trump’s reinstatement of the “gag rule” that restricts providing aid to any NGOs that help with family planning or perform abortions (O’Brien, 2017). Thus, the pro-choice CSPI in 2019 was unprecedented for a topic as polarized and taboo as abortion.

It goes without question that 2020 was a volatile year; and CSPI was certainly reflective of that notion. Outside of COVID-19, two major events attracted a large amount of CSPI attention: George Floyd’s death and the U.S. Presidential Election. Although racial issues had received corporate attention in the past, it was often related to diversity. Racism – and Black Lives Matter, specifically – had received sporadic corporate attention in the past, such as when Twitter painted a #blacklivesmatter mural at its headquarters back in 2014 (Mandaro, 2014). However, the response to Floyd’s death not only included an overwhelming number of firms, but also with many stating

“Black Lives Matter” and directly addressing racism (Hsu, 2020). This discussion around racism even led to some firms making Juneteeth an official company holiday (e.g., Bursztynsky, 2020); and others pledging massive amounts of money to “fight racism and injustice” (Jan *et al.*, 2021).

When it came to the election, CSPI started occurring well before Election Day. A coalition of companies, “Time to Vote,” formed to encourage voting in the election (Liu, 2020). Hundreds of companies gave employees time off to vote, with some firms even making Election Day a company holiday and others transforming their store-fronts to voter registration sites (Bursztynsky, 2020; Liffreing, 2020; Liu, 2020). Voting-related merchandising and ad campaigns popped up during the year, with Patagonia going as far as to add the text “Vote the assholes out” on some of their clothing tags (Liffreing, 2020). Firms were anticipating trouble, especially considering Trump was preparing for a loss by talking about voter fraud – and so there were many efforts to secure the election and work against “disinformation” spreading online (Isaac and Conger, 2020). Some CEOs explicitly told customers and employees who to vote for (Kelly, 2020; Picchi, 2020) and others openly celebrated Biden’s win with posts on social media (Schleifer, 2020). A group of CEOs even met to discuss how to contend with Trump’s voter fraud claims and what to do if he refused to leave office (Associated Press, 2020).

1.4b Shifts and Trends Over Time

The dataset demonstrated not only a growth in attention on CSPI as an action, but in both (a) number of instances and (b) number of participating firms. In order to fully understand the growth and development of CSPI, I examined four facets of the dataset for shifts and trends: (1) *tactics*, the shifts and variance in actions taken; (2) *rhetoric*, changes in wording and sentiment

around sociopolitical issues; (3) *issues*, the development of firm interaction with different issue categories; and (4) *audiences*, groups of stakeholders who serve as potential audiences of CSPI.

Tactics. In regard to *how* firms got involved in sociopolitical issues, there were a variety of methods and avenues demonstrated (see Table 1.3). Articles in earlier years reflected more traditional methods of CPA, where firms provided Congressional testimonies, acted via coalitions, or spoke up in relation to bills that impacted the firms directly. For instance, “computer giants,” such as Texas Instruments and Microsoft, testified before Congress in 1998 to request reduced immigration restrictions for skilled workers (Simons, 1998). Also taking place in 1998, many firms formed climate-related coalitions – such as the Pew Center’s Business Environmental Leadership Council and “Safe Climate, Sound Business” – in response to the Kyoto Protocol (Hanson, 1998; PR Newswire, 1998). One tactic not associated with CPA that showed up in earlier years was statements embedded in ad campaigns. For example, Nike ran an ad campaign featuring Marion Jones making commentary on drug use and violence, which received mixed reactions:

“Nike gets into space where they don’t belong. It’s OK to be the best sports shoe in the world. But don’t tell me how to live my life. The consumers push back and say, ‘Just let me be.’”

-Marian Salzman, consumer forecaster for The Intelligence Factory

However, Nike seemed encouraged by the mixed reactions. In fact, their VP of Marketing at the time, Mike Wilskey, said, “A good brand or company is always trying to force dialogue on issues... That tells me it’s doing its job. Anything that hits a nerve is polarizing.” (McCarthy, 2000).

Over the years, different tactics began to emerge. Collective action via signature campaigns first appeared in news articles in 2007, when 150 business leaders signed a communiqué calling for a “legally binding UN framework... to tackle climate change” (U.S. Newswire, 2007b). In 2012, social media started to serve as a platform where firms and business leaders share views on

sociopolitical issues. For example, in June 2012, Oreo posted an ad on its Facebook page that featured rainbow Oreos and the phrase, “Proudly support love!” As CSPI continued to grow, firms began to participate in boycotts and, at times, even “cut ties” with groups, organizations, and states due to misalignment of sociopolitical views.

Table 1.3. Common Tactics in CSPI

Type of Action	Description	Examples
Statement	A firm (or representative) making a statement related to a sociopolitical issue	Posts on social media with a clear stance on an issue (e.g., Hsu, 2020); A press release giving company stance or opinion
Advertisement Campaigns	Using an advertising campaign to convey a specific stance or message	Nike: Colin Kaepernick ad (Bain, 2018) Gillette: “The Best a Man Can Be” ad campaign (Baggs, 2019)
Collective action	Firms acting <i>together</i> in an effort to bring about change; but it must be a joint effort, not simply numerous firms speaking up about the same event/issue	Creating coalitions (e.g., PR Newswire, 2001), signing letter campaigns (e.g., Hincks, 2017; Sorkin, 2019)
Partnership	Establishing a partnership with another organization for a specific sociopolitical cause or effort	The Human Rights Campaign’s tiered partnership program ⁵
Boycott	Withdrawing from a group or coalition based on differences in values; “cutting ties”	Firms withdrawing from Cutting ties with the NRA (Selk, 2018)
	Halting or canceling business plans with a certain entity	PayPal canceling plans to build large corporate office in North Carolina (Berman, 2016)
Product as CSPI	Using the firm’s product as a vehicle for addressing CSPI issue	Airbnb offering free housing to refugees (Malo, 2017); Ben & Jerry’s changing flavors to reflect a sociopolitical message (Van Grove, 2009; Sugar, 2018)
Change in practice, product, or policy	The firm making a change in business operations due to a sociopolitical issue	Dick’s getting rid of assault rifles (Siegel, 2018); other firms getting rid of Confederate flags (Reuters Staff, 2015)
Direct contact	Contacting stakeholders directly (e.g., via email) to deliver a sociopolitical message	Firms emailed employees after Trump’s win in 2016 (Gandel, 2016), and emailed consumers on who to vote for in 2020 (Picchi, 2020)

⁵ <https://www.hrc.org/about/corporate-partners>

Some tactics involved a direct connection to corporate practices. These tactics ranged from a change in the firm's products (e.g., getting rid of assault rifles or confederate flags, putting statements on a product, etc.), policies (e.g., establishing a no gun carry zone, implementing benefits for same-sex partners), and practices (e.g., giving employees the day off to vote, closing the office for Juneteenth, etc.). And in some cases, firms contacted employees and/or consumers directly via email with their stance – and even advice – on a sociopolitical issue. This tactic was especially popular around elections.

None of the tactics found in earlier years disappeared. However, some shifted in both how the action related to the firm and to intended audiences. In relation to the firm, the reasoning around the action shifted from being business-centric (e.g., why something would be good/bad for the firm) to stakeholder- and society-centric. (This is discussed further in the Rhetoric section below.) In relation to a firm's target audience, there were some small shifts in whom actions and statements were directed to. For example, while consumers, employees, and shareholders appeared in news articles early on, the term “stakeholder” did not appear until 2013. This shift was reflected in the Business Roundtable's 2019 statement on shifting from a shareholder primacy perspective to include all stakeholders in the purpose of the firm. Additionally, actions directed toward government figures traditionally had Congress (both as a whole and committees) as the audience. However, with time this shifted to involve individual politicians outside of Congress, such as governors or the president.

When examining the gamut of corporate action related to sociopolitical issues, there are a few nuances worth noting:

1. **What the firm is reacting to:** When looking at whether the firm is proactive or reactive in their actions, it is easy to categorize many actions as reactive if the qualification is simply to be in response to something. However, an important distinction here is whether the firm is reacting to *direct* pressure to the firm (e.g., a boycott) or to an event *external* to the firm (e.g., a bill or policy). The important difference here is that the former typically provides enough pressure that a response from the firm is *needed*. Whereas, with the latter, the firm choosing to act is free from such pressure – thus, these are coded in the database as proactive.
2. **What qualifies as collective action:** While there were many instances in the final period where many firms spoke up on the same issue, only *some* qualify as collective action. A requisite for collective action is that the firms are taking *coordinated* action. This appeared most often in the form of either (a) a signature campaign, where firms sign onto a unified message (e.g., a letter, lawsuit, etc.); or (b) membership in a group that takes action (e.g., coalition, trade association). For example, in 2016 there was a North Carolina bill (HB 2) that received a lot of attention. Firms responded in a variety of ways, but the only response that counted as collective action was a letter for the Governor that was signed by firms. All other firm action would count as CSPI from an individual firm, even if the messaging and action was similar.
3. **Tactic does not determine meaning:** Although it would be nice to be able to draw a clear correlation between tactic and a firm's degree of commitment or stance on an issue, it is not that simple. Within each type of action, there can be varying degrees of clarity (e.g., explicitness, detail), controversiality, intention, etc. Tactics could be evaluated based on how resource-intensive or inconvenient they are, but any tactic that involves a statement of opinion or values requires a closer read to understand the firm's stance on an issue.

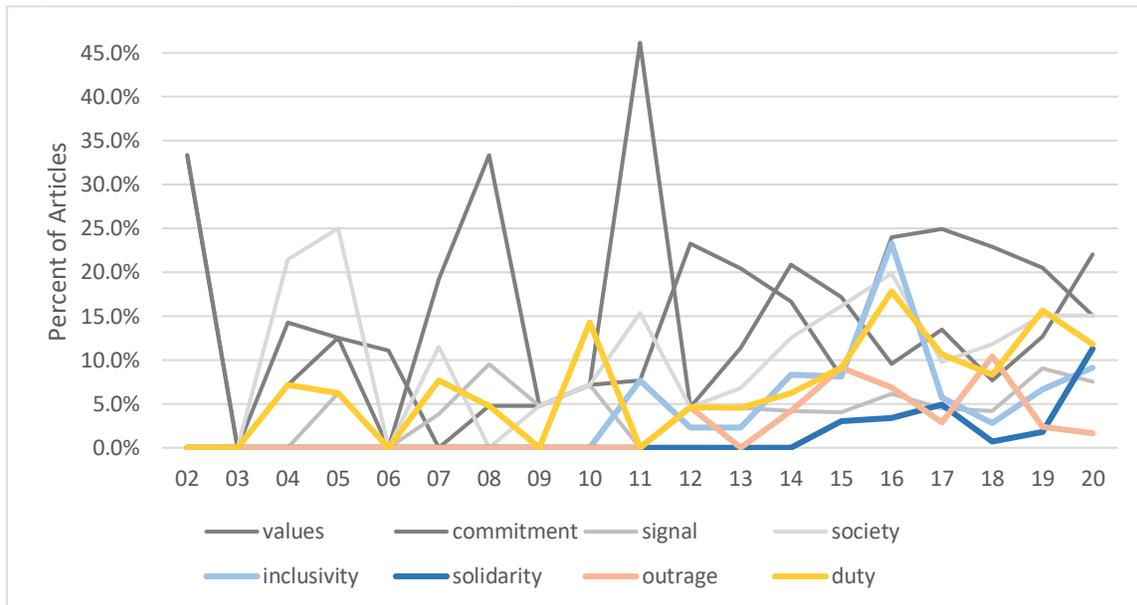
Rhetoric. One key to understanding CSPI's evolution is through examining the associated rhetoric and language. By coding for themes (words and phrases) in the news articles, I could track both the emergence and growth of concepts related to CSPI. Two themes that provide indicators

of CSPI as a newer and burgeoning form of nonmarket strategy tracked for *activism* and *historic* (see Table 4), which were first seen in 2004 and 2005, respectively. While *activism* was mentioned occasionally from 2004-2017, its presence spiked in 2018, where it was mentioned in 16 percent of articles. Thus, this kind of corporate action could be seen as more than just sidelined or behind-the-scenes political activity. The *historic* rhetoric theme echoed a sentiment of CSPI being “unprecedented.” Its growth patterned the growth of CSPI, with the first significant increase in 2012 and another in 2015.

The most notable shift in rhetoric over the years was the transition from a solely business-centric perspective to including an others-focused motivation. For instance, articles discussing climate change in the first decade contained rhetoric such as “there are **major business opportunities** in meeting the climate challenge, *if the policy environment is right*,” “market-oriented policies,” “maximize environment protection and economic development,” “develop cost-effective strategies,” and “the private sector *can utilize* energy efficiency to **not only affect their bottom line** but also to improve the environment” (Hanson, 1998; PR Newswire, 2001; emphases added).

While connections to the firm – such as employees, consumers, and business interests – remained as *part* of the rhetoric throughout, the purpose and justification for action shifted from economic to moralistic. Some words connected to a values-driven perspective held steady over time, such as *values*, *commitment*, and *society* (see Figure 1.5). However, in later years there were some themes that started to emerge in conjunction with the values-driven perspective that had more of a moralistic flavor to them. For example, a 2019 letter signed by nearly 150 firms stated, “Doing nothing about America’s gun violence crisis is simply unacceptable and it is time to stand with the American public on gun safety” (Sorkin, 2019).

Figure 1.5. Frequency of Rhetorical Themes, by Year



Several rhetorical themes reflect this shift. First, many firms sought to reflect a sense of understanding through expressing *inclusivity* and *solidarity*. This was often discussed as providing an inclusive environment for employees and expressing solidarity with others involved in a cause. These two themes were most common in 2016, 2017, and 2020. Some firms also expressed *outrage* as a motivation for their actions. But the most consistent rhetorical theme in the later periods of CSPI was one of *duty*. In this rhetorical frame, firms would talk about how legislation or action they were responding to was “unacceptable,” and that they wanted to do the “right thing.” The word *signal* also co-occurred often with the values-driven and moralistic themes, suggesting that these actions were taken to send an outward signal of the firm’s views and values. These themes reflect motivating factors for firms’ participation in CSPI – or at least ones they sought to portray – and at times interacted in the same articles (see Table 1.4). Thus, this evolution in rhetoric demonstrated a sense of **moral obligation** in CSPI.

Table 1.4. Examples of Rhetorical Frames

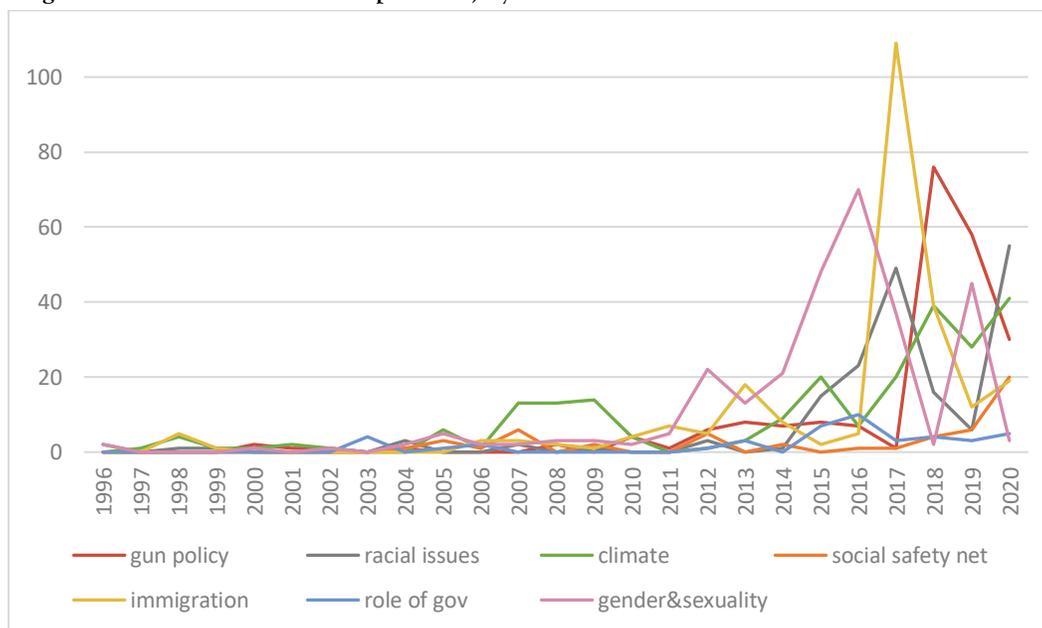
Theme(s)	Quote	year
<i>historic, duty</i>	“This unprecedented and historic effort by the giants of the tech industry should be a clarion call to policy makers that discriminating against LGBT people is not acceptable in today’s marketplace of ideas.” - Chad Griffin, President of HRC (Kaufman, 2015)	2015
<i>outrage, duty</i>	“The move had already prompted outrage from numerous companies that said opposing it was the right thing to do for society, their employees and customers.” (Bond, 2016)	2016
<i>duty, polarization, society</i>	“[C]hief executives have a moral duty to use their position as a bully pulpit and to speak out ... The risk of consumer blowback is especially acute for [retail companies] ... Taking a public stand doesn’t mean there’s a misalignment with shareholder interests. It can be the right thing to do .” (Stewart, 2017)	2017
<i>inclusivity, duty</i>	“ Supporting diversity, inclusiveness and equal treatment is not just good for business, it is also the right thing to do . That’s why we support the protections for LGBT Americans as outlined in the Equality Act.” - Microsoft (Artavia & Anderson-Minshall, 2017)	2017

Issues. Perhaps the feature that best distinguishes CSPI from other forms of nonmarket strategy is its connection to contested sociopolitical issues, particularly because these issues are most often not directly connected to a firm’s core functions. As mentioned above, issue categories in the database were selected by having a large partisan gap (at least 35 percentage points), thus denoting lack of consensus: (1) gun policy, (2) racial attitudes, (3) climate & environment, (4) social safety net, (5) immigration, (6) role of government, and (7) gender & sexuality (Pew Research Center, 2019). Using these broader issue groups allowed for variance in subtopics each year, depending on what was contextually controversial or significant. However, data was further coded to denote whether or not the issue in each article actually qualified as controversial.

Attention and action around a specific issue varied over time (see Figure 1.6). The first issue to garner attention was Climate from 2007-2009. Then in 2012, there was a spike in attention in Gender & Sexuality, focused on LGBTQ issues, which spiked again in 2015. Other

issues that garnered attention in the latter 5 years were racial issues, immigration, and gun policy. Interestingly, this increase in action around issues seems to be directly tied to an increase in firms responding to specific events. In many instances, comparative events in earlier periods received much less attention and action than events that fell within the range of 2015-2020 (see Table 1.5). For example, the UN holds a climate change conference every year, but it did not start receiving CSPI attention until 2015.

Figure 1.6. Number of Articles per Year, by Issue



This variance in CSPI on issues brings to light the need for further developing methods for identifying and measuring controversy. While an action or statement may fall within a particular issue category that has partisan associations, there is a wide range of how a firm's stance comes across on the scale of benign to controversial. For instance, after the shooting in Parkland, some firms simply cut ties with the NRA, some raised the minimum age for purchasing guns, some stopped selling certain types of guns... but there was no stance taken on gun ownership or the Second Amendment. Many other examples can illustrate how controversiality not only varies

Table 1.5. Case Comparisons of CSPI by Issue

Issue Category	Pre-/Early CSPI	Gaining Traction	Height of CSPI
climate	1998: UN Kyoto Protocol <i>Firms formed and joined coalitions in an effort to research, address, and raise awareness of climate change.</i>	2009: UN Copenhagen Climate Change Conference <i>Only one article in 2008 mentioned the upcoming UN Conference, where the CEO of Boston-Power, Inc. presented at the “Road to Copenhagen” conference on potential solutions to offset climate change.</i>	2016: Paris Climate Accords <i>After President Trump announced intention to withdraw from the Paris Agreement, over 1,000 firms and investors signed a letter addressed to him, pledging that they would do their part to “realize the Paris Agreement’s” commitments and goals.</i>
	1998: American Competitiveness Act <i>Firms testified before Congress supporting a bill to raise the number of H1-B visas, in order to allow firms to hire “skilled foreign-born workers”.</i>	2013: Immigration Reform <i>Firms speak out in favor of immigration reform – many framing it as an employment issue, but some also touching on providing a citizenship pathway for undocumented immigrants who arrived before age 18. FWD.us is also formed in this year, which is an immigration advocacy group started by several Tech companies.</i>	2017: Executive Order 13769 – “Travel Ban” <i>CEOs and firms made statements in opposition to the Executive Order, joined protests, signed a lawsuit against the President, and more. Airbnb provided housing for refugees, and Starbucks vowed to hire 10,000 refugees. A total of 81 articles highlighting corporate response to the Order were published over the course of two weeks.</i>
gun policy	1999: Columbine High School shooting <i>Infamous shooting massacre in Colorado. No corporate response.</i>	2012: Sandy Hook Elementary School shooting <i>Some firms (e.g., Dick’s and Walmart) temporarily suspended selling rifles; smaller firms did not.</i>	2018: Stoneman Douglas High School shooting <i>Some companies stopped selling automatic rifles (e.g., Dick’s); others cut ties with the NRA.</i>
	1996: Employment Non-Discrimination Act <i>“Several hundred” companies extended medical benefits to cover LGBT-employee’s partners. This was occurring around the same time that the Employment Non-Discrimination Act did not pass the vote in Congress.</i>	2008: Proposition 8 <i>Marriott’s CEO declared that he did not contribute to the campaign to pass Prop 8, after there was a threat to boycott the hotel chain due to the CEO’s religion; No other firms commented.</i>	2013: Response to anti-LGBTQ bills <i>Hundreds of companies responded to bills passed in various states that were viewed as discriminatory toward the LGBTQ population. This resulted in 44 articles in a 6-week period covering various firm actions – signature campaigns, statements, and even withdrawing from/boycotting states.</i>
racial issues	1999: Death of Amadou Diallo <i>An unarmed Guinean student was shot by NYPD officers. No corporate response.</i>	2012: Death of Trayvon Martin <i>Five firms withdrew from the American Legislative Exchange Council (ALEC), after receiving pressure from Color of Change to do so.</i>	2020: Death of George Floyd <i>Countless firms made statements on social media related to Black Lives Matter, and many took further action.</i>

between sociopolitical areas, but also within a specific issue or event in how firms choose to participate in CSPI.

Audiences. Given that stakeholder theory is foundational for CSPI, it is key to also consider the audiences – whether intended or not – of these actions. Over the years, articles and actions touched on shareholders, employees, customers, other organizations, and government officials. These groups are what would be expected from both (1) our understanding of primary & secondary stakeholders (Barnett, 2018) and (2) other research on CSPI (Hambrick & Wowak, 2021; Bhagwat *et al.*, 2020; Wowak *et al.*, 2022).

However, the ways in which stakeholders matter for CSPI is not as straightforward and simple as thinking of prototypical audiences. While current and emerging research focuses on interactions with established stakeholder groups – such as customers (Bhagwat *et al.*, 2020), employees (Burbano, 2021; Wowak *et al.*, 2022), and shareholders (Barko *et al.*, 2021) – it was not uncommon for firms to also address a broader group of stakeholder in their CSPI. The widest net to cast by firms is to the “community,” unsurprisingly. For instance, in 2011 MillerCoors donated money to a variety of charities as part of a “Great Cents Challenge.” The CEO’s statement with the challenge was, “We work in this *community*, we live in this *community*, so we need to partner in this *community*” (Maxwell, 2011). However, in 2007 there starts to be a trickle of narrowing that net to specific communities – not in directly addressing “the X community” as we find in later years, but in acknowledging certain communities. For instance, in 2007 the CEO of a furniture company started an organization designed to help “educate Americans about the misuse of religious teachings to discriminate and isolate gay, lesbian, bisexual and transgender people” (Baxter, 2007). And in the example shared above, a number of the organizations that benefitted

from MillerCoors' community-focused "Great Cents Challenge" were LGBT non-profits (Maxwell, 2011).

The narrowing to address specific communities became more evident in 2012. In tandem with the increase of CSPI around gay rights (discussed above), rhetoric in those articles focus on the "LGBT community" and "gay community" - both within the article text and by direct quotes from firms. For instance, statements like, "We definitely love to celebrate the LGBT community and all of its progress" from Barefoot Wine & Bubbly (Associated Press, 2012), or Target's statement that they are "pleased to bring our guests what they want while, in turn, helping support the LGBT community..." (Daily Mail, 2012). Other communities joined the fray, such as the Latino (PR Newswire, 2013), transgender⁶ (Michael, 2015), "undocumented" (Stanglin, 2017), black (Wong, 2016), and even gun rights⁷ (Grisham, 2015). By choosing to address these community groupings, they become contextual stakeholders for the firm.

1.5 THEORY DEVELOPMENT

1.5a Refining the Definition of CSPI

One goal of this study is to provide a more coherent understanding and definition of CSPI. I define CSPI as action(s) taken by a firm related to a contested sociopolitical issue. When drawing together existing literature on CSPI, there are three common components: (1) it is purposefully visible, (2) it is not connected to a firm's core functions, and (3) it is connected to a controversial sociopolitical issue. However, as noted in the discussion above, the variance in CSPI presents a difficulty in determining a clear delineation for each of these categories. My findings demonstrated granularity and nuance which confirmed a need for more precision. Below, I propose clarifications

⁶ Although often grouped in with the LGBT community, there were instances when the transgender community was addressed specifically, especially when an event or policy being responded to was only relevant to that population.

⁷ For context, the CEO was stating that although the firm was restricting open carry in their restaurants, they still "proudly serve the gun rights community."

for each component: it must be (1) *knowingly accessible*, (2) not connected to a firm's core *product*, and (3) connected to a *contested* sociopolitical issue (see Table 1.2b).

Table 1.2b. Components of CSPI, with revised criteria

	Initial criteria	Citations	Contested areas	Revised criteria
Public	Intentionally visible	Bhagwat <i>et al.</i> , 2021; Hambrick and Wowak, 2021; Vrendenburg <i>et al.</i> , 2020	How easily can intentionality be determined?	<i>Knowingly accessible</i> (Intentionally visible and seeking change is corporate activism, which also falls under CSPI)
Political	Connected to a controversial/polarized sociopolitical issue	Bhagwat <i>et al.</i> , 2020; Moorman, 2020; Hambrick and Wowak, 2021; Nalick <i>et al.</i> , 2016	How important is context?	Connected to a <i>contested</i> sociopolitical issue
Separate	Separate from a firm's core functions	Chatterji and Toffel, 2019; Clark <i>et al.</i> , 2020; Gaither <i>et al.</i> , 2018; Hambrick and Wowak, 2021; Nalick <i>et al.</i> , 2016	What qualifies as a core function?	Separate from a firm's core <i>product</i>

Purposefully visible v. *knowingly accessible*. Determining whether a 'visible' action was purposefully public proved to be more difficult than simply indicating whether or not the action was publicized. For instance, while a statement put on social media is clearly purposefully visible; a news article featuring an internal memo from a CEO to employees is visible, but perhaps not by any intention of the firm. The dataset is littered with examples of ambiguous intent - internal memos and policies leaked to a news outlet, an interview with a firm executive, personal beliefs of someone connected to the firm, and so on. While these cases may not have been done with the *intention* of public activism, they were still shared publicly, thus drawing a connection between the firm and a sociopolitical stance.

Considering this, an important distinction scholars must make is whether or not an action counts as activism. Given that this area of literature is so nascent, without clarifying this

distinction ‘corporate activism’ could be applied to almost anything that associates the firm with a sociopolitical stance, whereas it should only be used if the firm is deliberately advocating for a social or political change. Thus, I propose that an action can qualify as activism only if it is *purposefully visible*.

Boundary Condition: A firm speaking up on a sociopolitical issue does not always equate to activism.

This is not to say, however, that other actions associated with sociopolitical issues are excluded from the CSPI umbrella. Rather, an action akin or tangential to activism can qualify CSPI so long as it is *knowingly accessible*. That is, while there may not have been an effort to make the stance or action visible, there is a knowledge that the potential is possible. Making this distinction requires understanding of avenues of action and target audiences. To return to the leaked memo example – given that the target audience of the memo was *internal* employees, so the action is purposefully visible to its intended audience, but not the public. However, the CEO should be aware of the likelihood the memo will be shared, and thus knowingly accessible. There is, also, the possibility that some memos might be intentionally leaked by someone in top management because they want the firm to be connected to action on a particular issue, but want to avoid issues from other stakeholders (e.g., investors) with directly public CSPI.

In many ways, corporate activism is the more intriguing element of CSPI for management and strategy scholars: What is the purpose and strategy behind it? Why do firms do it? But keeping a broad umbrella of CSPI to include actions with ambiguous intent is important because they still have implications for the firm. They impact the reputation, perception, and subsequently bottom line of the firm.

Connected to a contested sociopolitical issue. The difficulty around this characteristic is that it is quite contextual, for several reasons. First, the degree of controversiality (i.e., divisiveness, partisan-connection) of an issue varies and changes over time. And even as an issue evolves into a sphere of acceptance, whether by law (e.g., LGBTQ) or common consent (e.g., climate change), there may still be partisan associations or disputes still connected to the issue. Second, whether the firm is shifting from a prior stance on an issue, despite where that issue stands, would be noteworthy – e.g., if Chick-fil-A were to start participating in Pride events. Third, *why* and *how* the firm is connecting with an issue can impact its degree of controversiality. For instance, while most sustainability efforts would now fall under the CSR umbrella, firms could be engaging in activism directed toward a specific political issue or politician – such as statements directed toward President Trump in relation to the Paris Climate Agreement (Low-Carbon USA, 2017). And finally, context also presents an issue of intentionality – we must ask whether it matters if a firm *meant* for something to be political, or if it simply being *perceived* as political is what counts.

Proposition 1: The initial perception of a firm’s CSPI will have a greater effect on its reputation than follow-up action by the firm.

Despite these factors, at its core CSPI centers around sociopolitical issues that lack societal consensus (Nalick *et al.*, 2016) which in turn has the potential to impact stakeholder relations, for better or for worse (Bhagwat *et al.*, 2020). The degree of controversiality will hinge on timing, context, and how the firm connected to the issue. As noted in the analysis, better methods for identifying and measuring CSPI are needed. These three factors can be used in both determining if and measuring how CSPI fits within the ideological spectrum. Thus, for this criterion – the

qualification for ‘contested’ may be broad, but the degree of controversiality per firm action needs to be examined and measured.

Proposition 2: The more a firm participates in CSPI, the more controversial its stances and/or actions will become.

Separate from a firm’s core product. When coding whether or not a case meets this third criteria, where to draw the line for “core functions” was sometimes unclear. Corporate practices, needs, and policies have the potential to be connected to CSPI in many ways—for instance, H1-b visas for “foreign born” skilled workers (immigration), same-sex partner benefits (LGBTQ), diversity initiatives (racial issues), policies around equal pay or sexual harassment (gender), carbon emissions (climate), and so on. Additionally, certain tactics – advertisements and statements on products, in particular – are inherently tied with selling the firm’s product. These connections leave room for many actions to be disqualified from CSPI, despite their clear participation in a sociopolitical debate.

One way of defining “core functions” could focus on monetary measures. A common reference in this discussion is Friedman’s (1970) determination that the sole “social responsibility” of a firm is to increase its profits. Thus, one measure that could exist is whether an action goes beyond the bounds of pursuing profit, but that in itself can lead to a circular argument of what ultimately contributes to firm value. Even using the perspective maximizing shareholder value might not produce a consistent measure, given that shareholders have mixed reactions to CSPI (Bhagwat *et al.*, 2020; Cohen Mohliver & Hawn, 2019).

Considering the myriad nuances within this criteria, a more clear-cut criteria is if the issue is not related to the product of the firm, then it qualifies for CSPI. For instance, while Nike’s well-

known ad campaign with Colin Kaepernick could be viewed as connected because he's an athlete, their core products are shoes and clothing, and thus unrelated to racial issues. This distinction also leaves room for issue proximity to be measured in degrees – for instance, Patagonia's environmental activism is very close to the values of its core consumers, whereas Ben & Jerry's activism around social issues has nothing to do with ice cream. Both qualify for CSPI, but future research could explore questions related to these varying degrees of issue-purpose proximity.

Proposition 3: The greater the distance between a firm's core product and the sociopolitical issue being addressed, the more radical CSPI will appear.

1.5b Factors in Evolution

While it goes without saying that CSPI did not develop in a vacuum, it is important to consider different factors that likely impacted why and how CSPI evolved as it did. When connected with nuances explored above, there are clear connections between the development of CSPI as a practice and other factors—both exogenous (e.g., shifts in technology and the political environment) and endogenous (e.g., firm characteristics).

Concurrent exogenous factors. Although this study cannot provide a causal analysis of the impact of concurring trends, it is important to note factors – i.e., historical context – that may have contributed to the growth of CSPI, particularly in the latter decade of its rapid growth. As discussed above, two important areas with potential for significant influence are (1) increased polarization in the United States, and (2) increased accessibility and visibility of firms. First, polarization in the United States has been on the rise for nearly a decade (Pew Research Center 2014, 2016, 2020). As Smith and Korschun (2018) suggest, this widening partisan gap makes it increasingly difficult for firms to stand in middle ground or remain silent. The expansion of a firm's focus from shareholders to stakeholders (Business Roundtable, 2019) only amplifies the

effects of polarization. If firms are seeking to appease – or even to simply consider – multiple stakeholders, they have to be aware of the varying viewpoints and values of these stakeholders.

Second, the growing accessibility and visibility can be attributed to the rise of social media, which has provided firms with a direct line to the stakeholders (especially consumers). However, this also means that stakeholders have an easier way to observe what firms are (not) doing, and to also contact firms. And the direct line to stakeholders increases the firm’s ability to communicate—almost to an extent where there are no barriers, which then leaves little room for excuses for not speaking up on issues. Together, these factors provided fertile ground for CSPI to boom.

The same elements that led to Trump’s presidency only added fuel to the CSPI fire, furthering the virulence of the country’s strongest team sport: politics. As conservatives continued to move farther right, media provided an avenue for extremists to communicate and organize (via social media) and for the world to watch (via media outlets). Social media also provided a way for the everyone across the political spectrum to find the like-minded and form echo chambers. If an audience wasn’t happy with what they saw, the political right would claim it was “fake news” and the political left would lambast and condemn. This was a catalyst for a drastic decrease in tolerance for opposing viewpoints, leading to an intensified version of boycotting: cancel culture. Polarization amplified into secretarianism, where individuals not only have an almost self-righteous attitude around their own beliefs, but also hold a deep aversion to those of the opposite political party (Finkel *et al.*, 2020).

Considering these concurrent contextual factors, it is easy to see how they might have fed off one another, making for the perfect storm of passionate opinions and controversy. As the right became more extreme, what normally would have been centrist CSPI started to appear more

progressive. And with traditional journalism on the decline, media outlets had to shift their focus to highlighting stories that would attract more clicks. Thus, if CSPI proved to be good click-bait, it would have received extra attention from media outlets. As firms began to see their peers and competitors participating in CSPI, and as they were more easily accessed and called upon by activists, the pressure to join the fray would push more firms to adopt CSPI as a strategy.

Proposition 4: As more far-right extremist events are shared in the news, more firms engage in CSPI.

Firm identity. As CSPI continues to grow, an important effort in research will be to distinguish between “activist firms” (i.e., firms with activism as a part of their identity) and firms that simply participate in CSPI. It would be expected that the former group has activism – or at least certain sociopolitical causes – baked into their identity, which would be embedded in both organizational documents (e.g., founding statements, company values) and practices. Whereas the latter group might participate on occasional issues or events, but without a clear pattern. The distinction between the two matters for a variety of reasons. First, while both sets might be using CSPI as a tactic, the intention or motivation behind the action is much easier to infer for activist firms. We might also expect these firms to have a competitive advantage as they have differentiated themselves with a clear, consistent identity—something that creates brand loyalty with consumers (and employees) who want more purpose and morality from companies. Non-activist firms participating in CSPI must face questions around their sincerity (e.g., whether their actions are solely symbolic), their inspiration (e.g., is it a case of mimetic isomorphism?), and what to expect of future behavior. Better understanding how to identify which category a firm falls under will help future research in efforts to understand the impact of CSPI.

Proposition 5: Activist firms are more likely to make a choice detrimental to the firm (e.g., forego financial gain in the long run) in order to further a sociopolitical cause.

Findings showed evolution within the area of CSPI-related rhetoric, particularly in relation to firms' reasoning for their actions. Although being "good for business" stayed as an important justification and selling point throughout the 25 years, an additional framing of it being "the right thing to do" became more prominent in later years. In many ways, the newer rhetoric is moralistic, both as (1) a signaling of firm values and (2) a normative declaration. The first arm of morality conveys that a values-driven attitude outweighs the typical focus on profit. But if the values- v. profit-driven decision is made internally, why would firms need to express it so overtly? I would argue that part of this motivation stems from firms wanting stakeholders to believe that firms *mean* what they're saying (Deeds Pamphile & Ruttan, 2022); that they are, in fact, being sincere. Thus, firms choose to frame CSPI with a moralistic tone as a way to signal to audiences that the firm *believes* in their stated values.

The other side of this moralistic shift is distinctly prescriptive. In some cases, firms are telling their audience (e.g., a politician) directly what they should do about a particular bill or policy. (Which is not particularly new, especially when comparing to forms of CPA, like lobbying and congressional testimonies.) In other cases, firms are making statements on what is the "right thing to do" – a phrase that appeared over 80 times in the last decade. Both situations – albeit more so the latter – demonstrate a shift from a general sense of communicating values to an air of moral authority. Corporations and their leaders declaring what is "right" in a venue for anyone to see. This new morality of firms opens a greater degree of corporate influence, as well as uncertainty of its potential impact. The corporate world has always been able to influence opinion through

products and advertising, but what happens when firms explicitly state normative views, give opinions on laws, and even tell people how to vote (Sugar, 2018)? This portion of impact of CSPI is much more subjective – some may feel it is a duty of the corporate world to be a “force for societal change” (Jan *et al.*, 2021); whereas others express concern that this is adding even more power to corporations and detracting from democracy (Rhodes, 2021), or if firms even have the capacity to make a significant and effective difference (Jan *et al.*, 2021).

Issue salience. While CSPI evolved as a practice overall, considering the role that development of each issue plays in societal shifts adds another layer of nuance. Personal beliefs certainly come into play when CSPI comes in the form of CEO activism. However, there could be other factors that determine what is worthy of firm action – such as the prominence of an issue, or the publicity around an event. For instance, same-sex marriage received little firm attention during California’s Proposition 8 in 2008 (see Table 5); but as the matter gained more traction throughout the nation, hundreds of firms were found acting in response to the Defense of Marriage Act (2013) and the Supreme Court’s ruling on same-sex marriage (2015).

The saturation of ‘accepted’ issues – that is, issues that have been or are being discussed by other firms – could impact developments in CSPI as well. As speaking up on sociopolitical issues became more common, the topics addressed by firms continued to expand further into the periphery of their purview – such as abortion (Baker, 2019; Ingber, 2019; Victor, 2019), incarceration (Guynn, 2016; Togoh, 2020), and voting rights (Bursztynsky, 2020; Liffreing, 2020; Liu, 2020). Another factor to consider is the potential for shifts in a firm’s view on an issue—both in how it could impact the firm (e.g., reputation) and stakeholders (e.g., expectations). For instance, if Hobby Lobby were to become an advocate in favor of abortion, would it be perceived

as sincere or calculated? How might loyal consumers react? Or, if a firm makes a strong stance in relation to voting rights, what repercussions do they face if they alter or rescind that stance?

Proposition 6: A firm that has been involved in conservative CSPI and shifts to progressive CSPI will appear less sincere than firms that are new to CSPI but stay consistent.

Partisanship. The growing literature on CSPI commonly focuses on progressive examples (e.g., Bhagwat *et al.*, 2020; Chatterji & Toffel, 2019; Wowak *et al.*, 2022), and thus a common question in subsequent discussion is, “Where are the cases of *conservative* corporate activism?” However, findings showed that CSPI is predominantly progressive and left-leaning, which then changes the question to, “Why are there few occurrences of right-leaning CSPI?” As noted above, a key characteristic of activism is that it advocates for change—thus, by nature of their names, progressive efforts are often seeking change, and conservative efforts would try to maintain the status quo. That’s not to say efforts and measures aren’t taken that fall under the Republican platform, but firms often use other avenues (i.e., CPA) to bring about those goals. For instance, when comparing the top lobbying issues of 2015-2020 to the top CSPI issues, there is a stark contrast (see Table 1.6). Thus, while CPA and CSPI share the characteristic of being political (see Table 1), there are clear partisan leanings for each.

Proposition 7: Overt forms of political action (CSPI) are predominantly progressive; whereas covert forms of political action (CPA) are predominantly conservative.

Table 1.6. Comparing Top Issues: CPA v. CSPI

years	CPA (Lobbying)	CSPI
2015 – 2020	<ol style="list-style-type: none"> 1. Federal Budget 2. Health Issues 3. Taxes 4. Transportation 5. Defense 	<ol style="list-style-type: none"> 1. Gender & Sexuality (LGBTQ) 2. Immigration 3. Gun Policy 4. Racial Issues 5. Climate

1.5c Core Audiences of CSPI

Any form of CSPI deals with intended and unintended audiences. As much as a firm can try to control which audience they seek to target with their CSPI, because it is accessible by nature, the firm's actions and/or statements are open to the scrutiny of anyone. However, both the data and emerging research show a clustering of core audiences for the firm, especially when using the lens of stakeholder theory. In general, stakeholder theory provides a way to think about both the motivations behind and consequences of CSPI (Clark *et al.*, 2021; Hambrick & Wowak, 2021). In this way, CSPI leans toward the areas of corporate citizenship and CSR because of the focus on stakeholders and community (Moorman, 2020).

When considering who might be the *core* and common stakeholders for firms involved in CSPI, findings from this database would point toward four groups: employees, shareholders, consumers, and the state (see Table 1.7). All groups have the power and potential to motivate or inspire a firm's CSPI – whether through direct targeting via activism or regulation, or from the firm's desire to align their values with a particular stakeholder group. A lot of nuance exists in this area, however. Which group matters the most to – or has the most power over – a firm is up for debate. This ambiguity exists, in part, because of variance in how each stakeholder group influences the definition and identity of a firm. For instance, a classic perspective of the firm is that its primary duty is to its shareholders (Freidman, 1970). Following this logic, if investors care about CSPI – if they believe it is a short-term perspective to focus on profits and prefer a long-term (e.g., ESG) approach – then they essentially give the firm permission to pursue values- and purposed-based actions.

Table 1.7. Core Stakeholder Audiences of CSPI

	<i>As motivators of CSPI</i>	<i>When impacted by CSPI</i>
Employees	Effort as internal activists (Briscoe & Gupta, 2016; McGregor 2018); Firm seeking to reflect employee values	May affect P-O fit, satisfaction, motivation, retention (Bermiss & McDonald, 2018; Burbano, 2021; McKean <i>et al.</i> , 2022; Wowak <i>et al.</i> , 2022)
Shareholders	Shareholder activism and resolutions (McGee, 2022)	More options to invest according to individual values; might seem firm overrule voting in shareholder proposals (Moyer, 2018)
Consumers + Activists	Private politics – calling out firms to act (Associated Press, 2018; McDonnell <i>et al.</i> , 2015), boycotting (King, 2008); Shift in popular opinion (Jones, 2020)	Change in purchasing behavior (Bhagwat <i>et al.</i> , 2020) or brand loyalty; impact on firm reputation/identity (Vrendenburg <i>et al.</i> , 2020; Moorman, 2020); may appear as woke washing (Clark <i>et al.</i> , 2021; Vrendenburg <i>et al.</i> , 2020)
Government	Changes in policies, regulation, etc. – both anticipating (Hillman <i>et al.</i> , 2004) and reacting (McKean & King, 2021)	Firms directly addressing politicians (McKean & King, 2021); Pressure to change policies/laws because of corporate stances (Ingber, 2019); Loss of political donations (McKean <i>et al.</i> , 2022)
“Community”	Events in society – such as policy changes, social movements, deaths, etc.; Needs of the “community”	May receive donations or advocacy from firms; however, impact of these actions is yet to be examined

Potential impact of CSPI on these stakeholders also varies. In terms of impact on employees, data showed employees being addressed via internal memos or emails, affected by internal policies, and even running the risk of getting fired (e.g., Bever, 2016). Additionally, existing research shows that CSPI has the potential to affect person-organization (P-O) fit, employee satisfaction and motivation, and retention (Bermiss & McDonald, 2018; Burbano, 2021; McKean *et al.*, 2022; Wowak *et al.*, 2022). Shareholders might find their investment funds shifting due to CSPI pressures, or may choose to divest if a firm’s CSPI does not align with their values (Friedman, 2020). Research on consumers shows that CSPI can have an impact on purchasing patterns (Bhagwat *et al.*, 2020). There is also a potential for reputational impact, dependent upon factors like perceived brand authenticity and the risk of “woke washing” (Clark *et al.* 2021; Moorman, 2020; Vrendenburg *et al.*, 2020). And politicians face being directly called out by firms

(Sorkin, 2019), feeling pressure to change policy or law (Baker, 2019; Ingber, 2019), or even losing corporate financial support (McKean *et al.*, 2022).

My analysis above, however, also brings to light another important set of stakeholders to consider when studying CSPI: contextual stakeholders. These stakeholders fall within specific community subsets (e.g., race, gender, sexual orientation) that are often deeply connected to the sociopolitical events and issues being addressed by CSPI. Thus, while one might argue they are always stakeholders, whether they are directly addressed by firms is often dependent upon context and timing. How contextual stakeholders are impacted by CSPI – and whether that impact is, in the balance, positive or negative – has yet to be examined. For instance, after George Floyd’s death in 2020 a large group of firms stated they were making donations to help combat racism—promises that amounted to nearly \$50 billion (Jan *et al.*, 2021). Some donations were made to organizations like the NAACP, Black Lives Matter, ACLU, and National Urban League; others in the form of loans and mortgages. However, this raised questions of (1) whether firms would be accountable for their stated donations, (2) how such a large influx of funds would impact these organizations, and (3) if these would be a sustained pattern of donations or simply a one-time virtue signal.

Proposition 8: Contextual stakeholders are more likely to find inconsistent or detrimental effects of CSPI, compared to primary stakeholders.

1.6 DISCUSSION

It is no secret that corporate sociopolitical involvement is a phenomenon that has captivated the interest of many. The practice alone raises questions around where boundaries lie between corporate responsibility and infringing on democracy (Rhodes, 2021). However, to be fully able to study and understand the motivations behind and implications of CSPI, it is crucial to understand its history. This paper provides an in-depth examination of the growth – from seeds to full bloom

- of CSPI within the United States, along with a discussion on how it connects to coinciding societal factors. Due to the broad picture that this examination provides, this work contributes a coherent definition and set of criteria for CSPI. I also provide discussion around factors that contributed to or are interconnected with CSPI's development—such as increased visibility of firms, political polarization, firm identity, and issue saliency. As a foundational study, these findings provide necessary groundwork for future research.

Although CSPI has apparent similarities to its counterparts in nonmarket strategy, the data and analysis of this study illuminate the differences that set CSPI apart from CPA and CSR. For instance, while firms address legislation like they might in CPA, they are doing so publicly and on behalf of stakeholders. And while, like CSR, firms may have a 'social responsibility' perspective, the statements made and actions taken go beyond the purview of the firm, and for sociopolitical issues with partisan associations. Thus, CSPI is not simply a trendy phenomenon, but rather a new (and still developing) facet of corporate strategy with unknown societal implications.

I define CSPI as action(s) taken by a firm related to a contested sociopolitical issue. I also present a set of criteria for CSPI by first pulling together various definitions from the literature. By analyzing these rules against the data, I provide a revised set of criteria to better reflect the reality of CSPI. To qualify for CSPI, an action must be (1) knowingly accessible, and (2) connected to a contested sociopolitical issue that is (3) separate from a firm's core product. Additionally, I explain the need to clarify that while corporate activism is part of CSPI, not all CSPI is activism. Drawing such distinctions between the types of activities that fall under the CSPI umbrella will help us with our approach in examining the motivations, processes, and impact of CSPI.

Findings show that over time, CSPI became more frequent, outspoken, and moralistic. A sharp increase in CSPI occurred in 2015, with many firms stating a sense of duty and moral obligation to be involved in sociopolitical issues. Firms have themselves become participants in – and sometimes even instigators of – boycotts. Thus, organizations are not only looking internally to make shifts in their own practices, but calling on others to do so as well. In fact, some firms are going as far as to prescribe to others the correct sociopolitical path to take (e.g., how to vote). Corporate response to events has also increased with time, with high clusters of activity around certain events and low activity for others. This tendency to respond to events – and the inconsistency with how and why events addressed – has the potential for detrimental impact on contextual stakeholders, who may be receiving sporadic or disparate attention from firms. With this increase in frequency and volume also comes greater difficulty in discerning between activist firms; firms occasionally, but sincerely, participating in CSPI; and firms using CSPI purely for symbolic management.

I argue that CSPI increased because a greater accessibility to and visibility of firms pressured higher expectations. And while firms may find some benefit from increased visibility, it also increases their risk of controversy if what they say or do is not interpreted how they intended. No matter the motivation or intention behind a firm's actions (e.g., if it wasn't *meant* to be political), how it is perceived is left up to the audience. Thus, as we try to draw boundaries around CSPI, we need to consider both the firm's and the audience's perspectives. A firm's perspective is crucial for the shaping and signaling process—it provides understanding of and direction on decisions, actions, and frameworks. However, the real impact on reputation is in perception, which is left up to stakeholders.

Another key set of contributions centers around political ideologies and nonmarket strategy. In addition to increased visibility, I argue that increasing polarization has also fed the growth of CSPI. A growing gap between ideological views leaves a shrinking middle ground for firms to stand on. Questions have been raised around whether (and if so, why) CSPI is most often left-leaning. Findings verified that CSPI is predominantly progressive and that issues most lobbied for did not align with the issues in CSPI. Part of this could be that only a subset of firms participate in CSPI, but I argue that we would find firms' conservative efforts within the more covert and traditional facets of nonmarket strategy (i.e., CPA). While further research needs to be done to verify the details of bills and regulations being advocated for in CPA, the avenues and methods used in this arm of nonmarket strategy best serve the conservative aim to preserve status quo—at least for the time being. Although there were a few instances of right-leaning CSPI (e.g., Ashlock, 2011; Kelly, 2020; Olafson, 2012), those efforts paled in comparison to the mass of progressive issues addressed.

CSPI itself is a contested issue – firms believe they are doing the “right thing,” while some would argue otherwise (Rhodes, 2021). Whether CSPI is simply a strategy to further profits, or if firms genuinely believe they have a responsibility due to their status in society cannot yet be determined. But what we can take from findings is that the message firms send in rhetoric and signaling lends to the latter. This then begs the question of if CSPI is an effective way for societal needs to be addressed. Could firms have a stronger positive impact on society through other prosocial means? For instance, by both providing and advocating for a higher minimum wage, better healthcare, socioeconomic equity, and so on. In other words, are firms in the best fight for society, or in the best fight for them?

This project contributes to our understanding of the ways in which corporations exercise their power in relation to politics and to society at large. Considering the argument that political ideologies guide and direct an individual's values (Mudge and Chen, 2014), this adoption of public political statements by corporations is important to consider. In addition, by examining corporations taking public political actions, it furthers our understanding of emerging corporate trends in the realm of nonmarket strategy. Through detailing the ways in which corporations are publicly politically involved and active, this paper provides a greater understanding of nonmarket strategy, the overlap between CPA and CSR, and how companies are addressing pressure from stakeholders to be more "responsible."

Corporations have both the power and ability to shape public opinion (Werner, 2012); thus, we need to consider whether a company's political stances could affect stakeholders to the point of influencing votes, thus having another avenue for impacting democracy. Could this lead to a shift in the political atmosphere, or would it produce a further polarizing of the current environment? And how do firms' sociopolitical stances and actions interact with emotions and power dynamics in society? Given that many countries find themselves in a tenuous political climate, it is of great import to better understand how organizations and political views intersect, and how this impacts the shaping cultural norms and expectations.

CHAPTER 2: BREAKING SILENCE:*Corporate Voices in Polarized Political Discourse***2.1 INTRODUCTION**

The word *activism* typically evokes images of picket signs and chanting crowds of people. Among these actors and events associated with activism, one might expect to find corporations far down the list. However, in recent years corporate participation in activism and taking public sociopolitical stands has become a common topic in both research and the news (Chatterji & Toffel, 2019; Fan, 2019; Hambrick & Wowak, 2021; McKean, 2021). This comes at a time of increasing political polarization (Newport, 2019; Pew Research Center, 2016, 2019, 2020) and secretarianism (Finkel *et al.*, 2020), which makes such action by firms particularly potent. While some issues have clearer partisan associations than others (e.g., gun laws, abortion), few are benign or apolitical.

Classic perspectives of the firm would indicate that such behavior by corporations is inauthentic and solely connected to their bottom-line (Friedman, 1970). However, is it possible for firms' sociopolitical statements to be genuine, without an ulterior monetary motivation? Considering that such actions risk alienating stakeholders (Burbano, 2021; Nalick *et al.*, 2016) and can be unrelated to their core functions (Chatterji & Toffel, 2019; Gaither *et al.*, 2018; McKean & King, 2021), there may be more to these actions than hope for financial gain. As illustrated by a statement from Business Roundtable (2019), it could be that some corporations feel that they have a role to play in society. If so, we could expand corporate *political* responsibility (Lyon *et al.*, 2018) to include corporate actions that advocate for social and political issues, such as participating in activism.

The question of sincerity, however, extends beyond whether corporate sociopolitical involvement (CSPI) is financially driven. When examined under the lens of diffusion and isomorphism (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Rogers, 2003; Tolbert & Zucker, 1983), the legitimacy of a firm's CSPI could hinge on if the choice to act was a result of normative pressures. Although taking action in itself would ostensibly convey sincerity, many of these actions require minimal effort and are relatively costless – such as signing a petition or posting on social media. Thus, this confluence of trendiness and ease begs the question: **How do firms signal sincerity in their corporate sociopolitical involvement?**

When considering the potential range of motivating pressures – whether monetary or social – sincerity becomes a matter of taking action because it aligns with the firm's values. Recent work discusses ways in which firms might signal their commitment and genuine stakeholder orientation, such as designating resources toward their CSPI efforts (Bhagwat *et al.*, 2020; Clark *et al.*, 2021). I define sincerity as commitment to stated values, demonstrated through an alignment between words and actions.

If sincerity is demonstrated through action, then why would firms be concerned with *signaling* sincerity? Also referred to as authenticity or genuineness, sincerity presents a clear antithesis from what activists often criticize companies for: hypocrisy, disconnect, and “washing” (Vrendenburg *et al.*, 2020). It is not uncommon for firms to be guilty of these things, and so firms must engage in impression management to signal their sincerity to set themselves apart from disingenuous firms. Additionally, it impacts the reputation of a firm through its perceived trustworthiness and dependability. In many ways, sincerity is more stable than other motives – it is not going to be changed on a whim, left to empty promises, or done purely for image. However,

sincerity also restricts a firm in its flexibility in future actions. Thus, sincerity is a double-edged sword; a paradox in corporate strategy.

To address the question of how firms signal sincerity, I examine corporate statements on an issue that has both historical partisan associations (Schickler, 2016) and polarizing effects: racial attitudes within the United States. June 2020 was a time of both high polarity within the United States and risen political tensions due to contemporaneous events: an upcoming election, COVID-19, and a build-up of racial tensions due to deaths of several unarmed Black Americans. After the controversial death of George Floyd in May 2020, discourse around racial attitudes and the Black Lives Matter movement erupted. Among the voices in this discussion were a variety of companies, stating their perspectives on diversity, equality, and racism (Friedman, 2020). The statements made ranged from expressing solidarity with the Black community to outlining how the company is planning to contribute to societal change. Through my analysis I seek to find what factors lead to a firm joining the conversation, and ways in which their statement rhetoric varies (e.g., neutral v. politically charged). The paper begins with an examination of this empirical context, providing a qualitative analysis of these statements made by a variety of firms. I then develop a theory on signaling sincerity, and present and test relevant hypotheses.

Using a risk set of 210 companies (public, private, and B Corporations), the analysis itself consists of two parts. First, in the qualitative section mentioned above, I use content and text analysis to examine patterns of rhetoric and themes among the corpus of firms' statements. I also use these results to build variables as measures of a firm's level of commitment in the quantitative analysis. The second portion of the analysis uses event history analysis, logistic regression, and ordinal regression to understand the sequence in which companies made statements and the

variance in content among these statements. The goal of this analysis is to examine what factors are associated with a firm being a first-mover, and how (and if) rhetoric and tone of responses vary among firms.

Findings illuminate ways to differentiate whether a corporation is being authentic in its position or simply participating in surface-level “woke capitalism.” Through these findings, this paper introduces a measure for firm’s sincerity in their sociopolitical efforts. Firms that adopt CSPI early are more likely to use tactics that signal sincerity via commitment. Previous participation in activism and relation to key stakeholders proved to have significant effects on both the timing of a firm’s first statement, as well as the level of authenticity demonstrated in their statements. By providing an in-depth examination of the variance in firms’ statements, this paper draws out insight on the ways in which firms address and discuss a polarized sociopolitical issue. The paper concludes with a discussion of the implications of these findings, along with areas for future research.

2.2 EMPIRICAL CASE

On May 25, 2020, George Floyd was arrested and restrained by a police officer kneeling on his neck, despite his pleas that he could not breathe. After several minutes, Floyd was unresponsive with no pulse, and later that evening he was pronounced dead. A video of this went viral, leading to outrage and protests across the nation⁸. In the months prior, two other Black Americans – Ahmaud Arbery and Breonna Taylor – had been killed while defenseless and without provocation (Fausset, 2021). Discussion about these deaths, protests, and racism in the United States filled the internet; and a few days later, Corporate America decided to join the conversation.

⁸ <https://www.nytimes.com/article/george-floyd.html>

This instance is not the first time that CEOs and firms have raised awareness around racial issues. For instance, P&G created an advertisement focused on the difficult conversations Black parents have with their children about bias (Modin, 2017). Ben & Jerry's frequently writes and speaks out about systemic racism and racial justice (Fuhrmeister, 2016). And several CEOs condemned white supremacy after a clash between white nationalists and counter protestors in Charlottesville became violent (Guida & Weaver, 2017). However, even though Black Lives Matter has been a prominent movement and organization raising awareness of police brutality since 2013, this is the first time that corporations spoke up in response to a Black American's death. Thus, this event is of particular interest in relation to understanding corporate sociopolitical involvement.

To create a risk set that provided a representative sample of companies that might participate in sociopolitical activism, I wanted to include both private and public companies⁹ in the analysis. Thus, to provide this variance, companies were selected from three sources with different ownerships: Fortune 500¹⁰ for public companies; Forbes' list of "America's Largest Private Companies"¹¹; and B Corporations¹² within the United States. Due to the in-depth nature of the qualitative analysis, I limited selection to 70 companies from each list, providing a sample size¹³ of 210.

In order to ensure a variety of companies for the qualitative analysis, I used Seawright and Gerring's (2008) diverse case selection method, where the primary objective is to provide "maximum variance along relevant dimensions" (p. 300). Using this method, I selected 20 companies from each ownership category (i.e., public, private, and B Corp) along the dimensions

⁹ Due to limitations on data availability of private companies, quantitative analyses often only include large public companies.

¹⁰ <https://fortune.com/fortune500/2020/>

¹¹ <https://www.forbes.com/largest-private-companies/list/#tab:rank>

¹² <https://bcorporation.net/directory>

¹³ I ran a power analysis to ensure the sample size would be greater than the minimum sample size recommended (N=77).

of a firm's history (1) with sociopolitical action (e.g., participation in activism is uncommon, selective, or frequent) and (2) with racial issues (e.g., negative, neutral, or positive experiences). I also used this method to ensure companies of similar industries were selected across ownership groups in order to provide comparable cases. After selecting these companies, I randomly selected an additional 50 companies from each ownership group.

With a team of research assistants, I went through the social media accounts of each company¹⁴ and gathered any statements related to race posted between the period of May 25 through June 30, 2020. This provided companies with a window of 5 weeks to make a statement. We gathered these posts from four different social media platforms: Instagram, Facebook, LinkedIn, and Twitter. Each entry consists of the date and time of the post, which platform(s) it was on, the text in the post (both in the caption and/or picture), a description of any images in the post, and hyperlinks for each post. This data is used for each section of the analyses that follow.

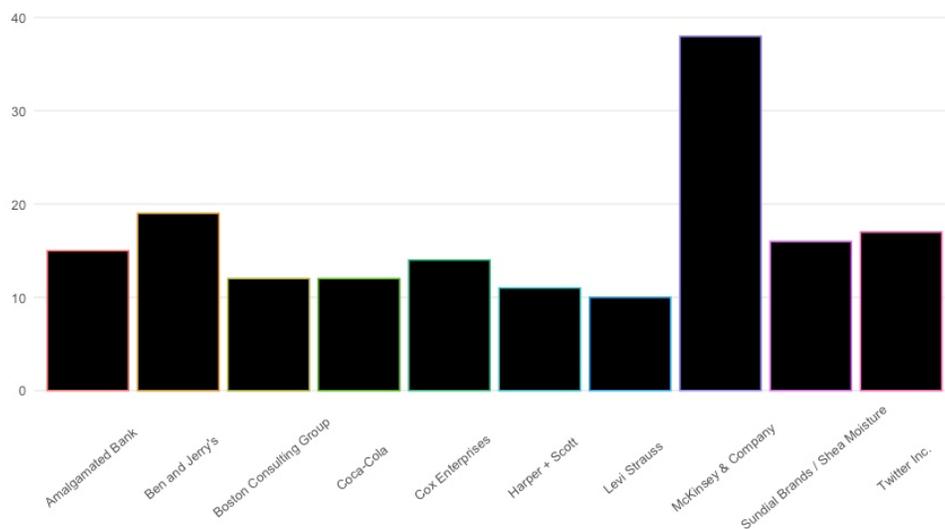
To better provide context for the building and testing of hypotheses, the next section reviews the qualitative analysis. This first portion of analysis provides an understanding of the ways in which companies were responding, and the rhetoric used. Content analysis was performed by reading through statements and hand-coding them for different categories, themes, and degrees of commitment. Text analysis was performed by using computational analysis software (R and Python) to track trends in posting patterns, frequency of words and phrases, variance by ownership category, topic modelling, and sentiment analysis. These results will be followed by a review of relevant literature, related hypotheses, and statistical testing of those hypotheses.

¹⁴ If a firm in the risk set did not have any social media accounts, it was dropped and replaced by another randomly selected firm.

2.2a Content and Text Analysis of Statements

Of the 210 companies within the risk set, two-thirds posted a statement on social media within the 5-week timeframe. From these 140 companies, there was a total of 576 posts, ranging between 2 and 877 words in a single post. The average post length was 97 words, and a median of 60 words. Companies that posted the most during the timeframe varied in both size and ownership status (see Figure 2.1), and the remainder of companies posted 10 or fewer times.

Figure 2.1. Companies with the most posts



The type of post was typically dependent upon its place in the timeframe. Within the first ten days following Floyd's death, 103 firms posted at least once, usually with a statement expressing some form of sadness around "recent events" and the firms' value of diversity and/or intolerance of racism. For example, SAS, a private company in North Carolina, posted:

"The systemic racism that persists in this nation is tragic and unacceptable. SAS stands in unity with all Black and Brown communities in this fight for justice. We are committed to diversity and acceptance for all, yet we recognize that there is still work to be done. We ask our employees, partners and communities to show empathy, and take action to prevent acts of injustice and discrimination in any form."

Some of these posts included a link to a longer statement by the CEO or company. For instance, Target, a public company with headquarters in the same city where George Floyd was arrested, posted:

“We are a community in pain. That pain is not unique to the Twin Cities—it extends across America. And as a team we’ve vowed to face pain with purpose.”
Read a note from Target CEO Brian Cornell: <https://tgt.biz/mtf8k>.”

Another post found early in the timeframe was part of a trend on June 2: #BlackoutTuesday. The trend was initially started by two women in the music industry, but quickly spread to individual and corporate Instagram accounts (Hanbury, 2020). Of the companies that posted within the overall timeframe, 28 percent (39 firms) participated in #BlackoutTuesday. Most of these posts were simply a black square with the hashtag as the caption, but some companies chose to add commentary. For instance, Athleta wrote:

“Today is about more than a black box. We must amplify black voices. Black lives matter. See below for resources to take action. #BlackoutTuesday @naacp @embracerace @aclu_nationwide @blkivesmatter @campaignzero”

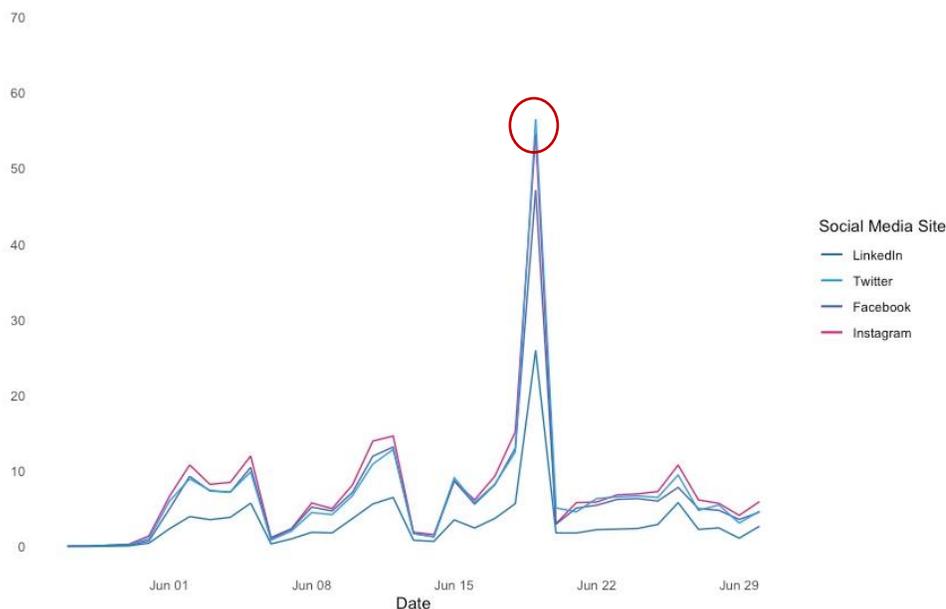
For some companies, June 2 was also the day of their first post, which brought a combination of an initial statement of their stance with the hashtag. Dick’s Sporting Goods was one of those companies, and wrote:

“We have taken time to reflect, listen, and learn. We know this has been an extremely difficult time for our nation, our teammates and the communities we serve. We are deeply saddened by the tragedies and senseless deaths over the past few weeks, which are a symbol of the longstanding, deep-rooted issues of racism and injustice in our country. We are also saddened about the ensuing unrest throughout communities across the nation. The systemic disadvantages of people of color in our society diminish and divide us ~ and the communities we serve. We believe all people deserve dignity and respect. We don’t tolerate or condone racism,

and we want to be part of the change we need to see in our nation. We will continue to invest in and support the communities we serve, and will continue to seek new opportunities to make a difference – especially for those communities that have been impacted the most. We can't solve all of these issues tomorrow, but we can make progress ~ together. #blackouttuesday”

Following this set of initial posts, some companies continued to share content throughout the month. One common type of post that followed was sharing of resources related to fighting racism—such as articles on how to improve company diversity or how to be an antiracist, groups to donate money to, information on how to be an ally, and so on. The companies that did these kinds of posts tended to have an above-average number of total posts.

Figure 2.2. Daily Post Count per Social Media Site



Another type of post was a series of spotlights on Black employees or company partners. However, the type of statement that produced the highest spike in daily posts was related to Juneteenth—both providing education on and celebrating the holiday (see Figure 2.2). Several

companies stated that they were giving the day off to their employees to honor the significance of June 19th.

2.2b Tactics for Addressing the Issue

Independent of the type of or reason behind the post, a variety of themes emerged in the statements. None of which were exclusive in their rhetoric, but rather these concepts were often mentioned or interwoven within the same statement. These themes demonstrated variance in the tone and rhetoric used to address the same issue: racism. Historically, companies seemed to conflate racial equity with “diversity and inclusion” (Hecht, 2020; Morris, 2020), and yet in this case, racism/racist was more widely used, showing up as the fourth most common word to appear amidst all posts (see Table 2.1). Considering this, a very common theme was *Diversity*, where the firm addresses the importance of diversity and inclusivity. Statements often included phrases around commitment to, “stepping up efforts” in, valuing, and “embracing” diversity. This particularly made sense for firms to include in their post, given that it is the main connection for most firms to racial equity.

Table 2.1. Most Frequent Words

black	563	take	192
communit	373	commit	185
work	253	action	176
racism	235	justic	174
support	230	peopl	162
live	222	matter	160
stand	214	make	160
chang	214	compani	144
us	209	divers	140
racial	197	day	137

Considering previous reluctance to address racism head-on, it is of interest to see to what extent companies acknowledged and addressed the issue at hand. While there were some words

that showed up frequently, other words and phrases were not as frequent, yet communicated a certain impression. After reading through the corpus of company statements, I selected words and phrases that appeared between 10-50 times and represented a particular approach to addressing both Floyd’s death and the ongoing discussion around racism in the United States. These themes (see Table 2.2) served as tactics for the firms in their participation in a rather heated and difficult national conversation.

Table 2.2. Tactics of Addressing the Issue (and number of times word was used)

<i>Acknowledgment</i>		<i>First Steps</i>		<i>Accountability</i>		<i>Explicit Discussion</i>	
solidar	49	“join us”	35	silence	41	police	33
reflect	49	pledge	33	accountab	31	anti-raci	20
recogniz	46	“do better”	30	advocat	29	fear	15
listening	42	progress	30	responsib	28	crime	13
convers	38	meaningful	30	activis	24	brutal	13
learning	32	“work to do”	29	push	16	outrage	12
pain	30	amplify	28	demand	15	anger	12
acknowl	19	empower	20	honest	13	“white supremacy”	11
“see you”	15	“do more”	19	tolerat	10	oppress	11
“hear you”	10	“first step”	15	complicit	10	murder	10

The first tactic was *Acknowledgment*, where the firm makes a simple statement expressing solidarity with the Black Community. The word “solidarity” itself showed up 49 times, but other ways this theme presented was with phrases such as “We **stand**¹⁵ with the Black community;” “join in the calls for justice;” or expressing emotions such as sadness, mourning, and disappointment. For instance, Macy’s posted:

“We stand in our commitment to prioritize diversity and inclusivity. We stand with the Black community, and we are listening.”

¹⁵ “Stand” showed up 210 times, but was also used in phrases like “taking a stand” or “stand against racism”

As a tactic, this rhetoric served to give a sense of empathy and allyship; however, if not coupled with other tactics could come across as empty and insincere. Some posts that used this tactic went into a longer discussion on the issue, such as Dick's Sporting Goods:

“We have taken time to reflect, listen, and learn. We know this has been an extremely difficult time for our nation, our teammates and the communities we serve. We are deeply saddened by the tragedies and senseless deaths over the past few weeks, which are a symbol of the longstanding, deep-rooted issues of racism and injustice in our country. We are also saddened about the ensuing unrest throughout communities across the nation. The systemic disadvantages of people of color in our society diminish and divide us ~ and the communities we serve. We believe all people deserve dignity and respect. We don't tolerate or condone racism, and we want to be part of the change we need to see in our nation. We will continue to invest in and support the communities we serve, and will continue to seek new opportunities to make a difference—especially for those communities that have been impacted the most. We can't solve all of these issues tomorrow, but we can make progress ~ together. #blackouttuesday”

Another theme was a company taking “*First Steps*,” where the firm specifies plans for or actions already taken in effort to contribute to societal change. This was often accompanied with phrases such as “work to do,” “more to come,” or “we know it takes more than talk.” This tactic provided a way for companies to demonstrate some level of sincerity. However, the concern of whether such action would be a one-time stance or an adopted long-term practice could not be addressed by these posts alone. More details on the degree of action taken by companies is discussed in the section below.

Accountability was a theme where the company expresses a sense of commitment and willingness to be held accountable for their claims or promises. In some instances, this was connected to breaking from silence - such as, “silence is not an option” or “to be silent is to be complicit.” For instance, the company Harper + Scott posted:

“We cannot keep silent. We are outraged by the recent events taking hold of our country and stand up for the lives of George Floyd, Breonna Taylor, and Ahmaud Arbery and all the other beautiful souls who have lost their lives. We stand up against the systemic racism in our country and the infinite transgressions imposed on our communities of color. We stand up for our employees, partners and communities of color and ask that you do the same. **To be silent is to be complicit.**”

Some did posts outlining their plans for increasing equity and diversity within their company, with a few even exposing the racial and ethnic makeup of their workforce and leadership. For example, TOMS shared:

“Our leadership team 3% Black employees at director and above, 33% POC employees at director and above, 0% Black employees at VP, 0% Black employees at C-Suite. **We have not done enough to attract and retain Black people.** We know that the next step is to develop a meaningful plan ~ one that will lead to a more diverse and inclusive workplace. However, we recognize that a successful plan requires deep reflection and self-examination. And so, while we are moving forward with great urgency, we're also moving forward with intention. Here's where we stand: We need to further diversify our workplace, and we need to ensure that TOMS is a place where Black people and all people of color want to be. Here's where we're headed: And straight away. In the next several weeks, our leaders will be meeting with outside experts to chart a path towards real, long-term change. Focus areas: Hiring and recruiting, Black representation within leadership positions, TOMS' corporate culture, Ongoing education and engagement, Brand marketing and expression, Transparency and accountability. Once we have a plan in place, we'll be sharing a complete list of company-wide commitments and corresponding actions. We hope you'll share your thoughts & perspectives with us.”

This tactic allows companies to communicate a sense of ownership for their role in society, and in some ways adds a degree of sincerity beyond the “first steps” approach. Many firms expressed they were committed to their promises, and some even communicated a sense of duty and responsibility to participate in addressing racism beyond the boundaries of their firm.

The theme and tactic that best demonstrated sincerity for fighting racism was an *Explicit Discussion* of not only the concurring events and protests, but of the source of, negative repercussions of, and potential solutions for systemic racism. This tactic demonstrates sincerity by not skirting around harsh or controversial aspects of the issue at hand. For example, Ben & Jerry's posted:

“WE MUST DISMANTLE WHITE SUPREMACY. The murder of George Floyd was the result of inhumane police brutality that is perpetuated by a culture of white supremacy. Link in profile for our full statement.”

Rather than using euphemisms or softer wording, this tactic uses words and phrases that are direct and have a strong connotation with the darkest parts of an issue. For instance, referring to the incident with Floyd as “murder” rather than “death”; or calling out “police brutality” rather than “law enforcement.” These statements also connected to strongly negative emotions, such as anger and outrage. This tactic also adopted the rhetoric that went a step further than simply not *being* racist, but advocating for anti-racism, which in itself requires greater effort and further action (Morris, 2020). By using such rhetoric, a company is making its stance on an issue clear and explicit, leaving little room for flexibility in interpretation down the road.

2.2c Degree of Action

As demonstrated above, the concept of “doing more” and taking action was a big part of firms’ posts. However, considering the variance among described actions, I established five categories to categorize where a firm fell on the commitment spectrum (see Table 2.3). The first two are rather straightforward—*no statement*, where no comment was made; or *no further action*, where a statement was made, but no mention of action beyond the post. The third, *vague or small actions*, is where a firm states action(s) they are going to take, but it is either quite minimal (e.g., Neiman Marcus

organized a weekend event where the community painted “messages of support & hope”) or vague.

For instance, Nike stated:

“We will continue to stand up for equality and work to break down barriers for athletes* all over the world. We will do and invest more to uphold longstanding commitment in supporting the Black community and partnering with world-class organizations dedicated to ensuring racial equality, social justice, and greater access to education.”

The fourth category is the action of *donating money*. When a firm designates resources to a sociopolitical issue, they are signaling commitment to that cause through “resource-intensive effort” (Bhagwat *et al.*, 2020). Many firms announced that they were donating money, with some range in terms of recipients, reasons, and amounts (if an amount was given at all). There was a variance in how much detail was provided around the decision process for the donation—some companies provided not only *why* they were donating to certain groups, but details about the work they do; while others did not provide any detail beyond that the donations would go to “organizations that support the fight against social injustice.” The amount donated varied widely as well, which, in part, is likely a by-product of variation in firm size. For instance, some firms simply donated a percentage of sales for a period of time, whereas other firms made donations of \$100 million (by Apple, BCG, & Walmart \$100M) and even \$530.5 million (PayPal).

Table 2.3. Degree of Action taken by Firms

	No statement	No action beyond post	Small/vague action	Donated Money	Multi-faceted
Public	15 (21.4%)	14 (20.0%)	12 (17.1%)	16 (22.9%)	13 (18.6%)
BCorp	23 (33%)	13 (18.6%)	10 (14.3%)	11 (15.7%)	13 (18.6%)
Private	32 (45.7%)	19 (27.1%)	4 (5.7%)	7 (10.0%)	8 (11.4%)
Total	70 (33.3%)	46 (21.9%)	26 (12.4%)	34 (16.2%)	34 (16.2%)

The final category was for companies that went a step beyond donating or a simple action and took a *multi-faceted* approach. For instance, PayPal falls into this category not because of the

size of their donation, but because of the steps taken beyond simply donating: they (1) donated \$500,000 to various organizations (e.g., the NAACP Legal Defense Fund, a common group donated to); (2) established a platform for individuals to donate to local nonprofit organizations, covering all processing fees so 100% of the donations go directly to the organizations; and (3) committed \$530 million “to support Black and minority-owned businesses and communities... to help address economic inequality.” Not all actions within this final category were nearly as large, but all gave an indication of additional thought and effort being put into the process.

2.3 THEORIZING AND HYPOTHESES

Despite the moralistic image that CSPI might convey, skepticism around the sincerity of firms’ participation in such action exists (Rhodes, 2021). But why would this skepticism – and for that matter, *appearing* sincere – matter to firms? As defined above, sincerity is a firm’s commitment to stated values. Such commitment matters for firms because it has implications for both (1) their reputation and (2) future flexibility.

When it comes to reputation, insincere firms risk facing controversy if discovered. If firms reactively use prosocial claims to protect their image from boycotts (McDonnell and King, 2013), it stands to reason that firms could face future boycotts if found giving meaningless sociopolitical statements. Additionally, if the firm has established a reputation for being dependable or trustworthy with its stakeholders, insincerity also puts this at risk. Such risks suggest it would benefit a firm to be sincere.

However, these reputational risks tie into CSPI’s negative impact on firms’ future flexibility: any statement made or stance taken on an issue can be held up against future statements and actions by a firm. Considering this, the greater the degree of commitment communicated by a

firm in CSPI, the more reduced flexibility for future stances. For example, firms that used non-euphemistic language in the case above left little room to change the meanings, associations, and/or implications of their post. By choosing to use such rhetoric, they are committing to their position on the issue. Similarly, firms that took a multi-faceted approach to action were *publicly* committing greater amounts of time, resources, and effort to causes directly related to racial issues.

Thus, signaling sincerity presents a paradox for firms participating in CSPI: hedge reputational risk, but reduce flexibility. Firms must then make a strategic choice when deciding whether and how to act in relation to a sociopolitical issue. However, a shared feature among the tactics found in the qualitative analysis was the varying levels of effort and clarity demonstrated. Such variance can make it difficult for an observer to discern whether a firm is being sincere, no matter the firm's intent. It is thus imperative for firms to be able to *signal* their sincerity to their intended audience.

Considering this, I propose that sincerity can be conveyed and operationalized by degree of commitment. What qualifies as 'commitment' will of course vary by case and issue, although ought to reduce a firm's flexibility in relation to the sociopolitical matter to some extent. However, it provides a way to examine a firm's sociopolitical involvement – whether through words or action – and determine whether it evokes a genuine effort.

In the sections that follow, I further develop this theory on sincerity by drawing together three different areas of literature: (1) nonmarket strategy, (2) institutional theory, and (3) I also provide hypotheses on which firms might be more likely to demonstrate commitment, with (1) non-euphemistic rhetoric and (2) the degree of action taken as the measures of commitment for this empirical context.

2.3a CSPI as a Strategic Choice

Research on nonmarket strategy focuses on ways in which a firm interacts with its stakeholders and influences its institutional environment. However, this area of literature is traditionally characterized by two distinct branches: corporate political activity, a firm's efforts to shape and influence political actors in a way that advantages the firm (Hillman *et al.*, 2004), and corporate social responsibility, a firm's ownership of its impact on its societal and natural environment (Frynas *et al.*, 2015). While similar in some ways to these areas of nonmarket strategy, corporate sociopolitical involvement is distinct enough that it stands as its own facet of nonmarket strategy, and thus opens up a new domain within this area of research (Nalick *et al.*, 2016).

Market strategy research would suggest that the choice to participate in CSPI would be made with the ultimate objective to improve a firm's financial performance (King & Walker, 2014; Lieberman & Montgomery, 1988). While monetary factors may be the driving force for some firms, nonmarket strategy literature brings in other motivations, such as influencing how stakeholders perceive the company (Clark *et al.*, 2021; King & Walker, 2014) or improving value alignment between the organization and its employees (Bundy *et al.*, 2018; McKean & King, 2021). In this way, nonmarket strategies are central to a corporation's overall strategy because they deal with improving power, influence, status, and overall position in society (King & Walker, 2014).

When dealing with a nascent area of corporate strategy, the timing of taking action is crucial as firms can build a sustainable competitive advantage by being among the first to establish new initiatives (Barney, 1991; Liberman & Montgomery, 1988; Tetrault Sirsly & Lamertz, 2008). Companies may strategically choose to join the activist fray early to gain an advantage as a norm-setter, as opposed to a follower. However, in order to secure this competitive advantage, they must

successfully signal sincerity in their sociopolitical actions (Clark *et al.*, 2021). Which firms are more likely to be among this group is yet to be examined. Thus, it is important to examine the sequence and ways in which firms are speaking about sociopolitical issues, such as methods used to participate and their rhetoric around an issue.

2.3b Growth of Sociopolitical Activism

Corporations are common targets of private politics, in which activists boycott and pressure firms in hopes of instigating change (King, 2008; Soule, 2009). Activists have targeted companies for a variety of issues and causes, such as racial diversity (Dobbin *et al.*, 2011; Edelman, 2016), women's rights (Guthrie & Roth, 1999), and anti-discrimination of LGBTQ employees (Raeburn, 2004). One potential issue is that private politics produce symbolic responses and not actual change (Hiatt *et al.*, 2015); however, it has led some firms to take leadership positions on social issues in which they were formerly seen as laggards (McDonnell, 2016). For instance, Nike, once a prominent target of human rights activists for their use of sweatshop labor, is now a frequent participant in CSPI and uses their marketing to express politically progressive values (Bennett, 2004).

Considering the difficulty that activist campaigns cause corporations, it seems to be in a firm's best interest to be proactive in addressing stakeholders (Baron, 2001; Baron & Diermeier, 2007). Proactive efforts serve as a form of reputational insurance and allow the firm to define their own terms of action (Baron & Diermeier, 2007; Fombrun *et al.*, 2000; Hadani & Coombes, 2015). These efforts improve if firms work together to establish standards and expectations, especially when they have similar objectives or are facing direct pressure from powerful stakeholders (Baron & Diermeier, 2007; Mizruchi, 1992). While taking action in this way might

appear to be sincere, some argue that intentionality matters for the initiatives to be legitimate (Baron, 2001; Walker, 2012).

One relevant insight is found within institutional theory, suggesting that organizations' behaviors may reflect a desire to comply with emerging norms in their industry and/or peer set (Briscoe *et al.*, 2015; DiMaggio & Powell, 1983; Gupta & Misangyi, 2018). Inasmuch as CSPI is a growing trend in corporate nonmarket strategy, firms may see their peers' engagement in activism as an indicator that it is a legitimate corporate strategy. As illustrated by McGregor (2016):

“Corporate America’s evolution on gay rights appears to have reached a tipping point, one where so many companies have taken a stand on the issue that the risk of speaking out has been superseded by the risk of not doing so. ...*What was once exceptional has become, in other words, almost expected.*” (emphasis added)

This raises another concern around the legitimacy and sincerity of CSPI. If such practices become a norm, it could be difficult to gauge whether a company's actions are sincere or simply a form of virtue signaling. Thus, the diffusion of CSPI as a practice and increasing popularity can lead to skepticism around whether a firm is genuine in its statements. If firms begin to take part in CSPI due to their perception of societal expectations, their actions could be more about *appearing* legitimate rather than genuine intention around the issue at hand (Boxenbaum & Jonsson, 2017; DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Tolbert & Zucker, 1983). In other words, compliance with external expectations – whether real or perceived – often leads to outward action that is decoupled from internal practices (Boxenbaum & Jonsson, 2017; Meyer & Rowan, 1977). As the number of firms participating in making sociopolitical statements increases, the more difficult it becomes to sift through the noise to decipher an individual firm's message. Thus, impression management is a crucial tool for firms who want to distinguish themselves as sincere.

In the case of growing CSPI, if firms do not adequately demonstrate authenticity they run the risk of being accused of “woke washing” (Dowell & Jackson, 2020; Vrendenburg *et al.*, 2020). Various practices of corporate “washing” – where firms mislead stakeholders by making statements that do not reflect their practices or performance – can be found throughout nonmarket strategy literature (e.g., Delmas & Burbano, 2011; Vrendenburg *et al.*, 2020). Essentially, the key concern with woke washing is that firms are only acting to avoid the cost of silence – that their image or bottom line will suffer from not taking a stand – and do not actually put their words into practice (Dowell & Jackson, 2020). While prosocial claims are a tool that can be used to ward off reputational threat (McDonnell & King, 2013), if a large number of firms are using the same tactic it becomes more difficult to stand out in the crowd. And given that many forms of CSPI are rather costless, such as signing a letter or releasing a statement, it makes participating in the trend that much easier. Considering this, a simple action in itself might not be enough to persuade stakeholders that the firm’s stated value is an embodied one.

So how, then, can sincere firms differentiate themselves from insincere firms? One impression management tactic is making a prosocial claim, such as philanthropy or social justice initiatives (McDonnell & King, 2013). Such claims serve as a signal of a firm’s commitment to values—or, in other words, serve as a signal of sincerity. However, some argue that authentic activism must go a step further to demonstrate an alignment between the firm’s purpose and the subject of activism (Vrendenburg *et al.*, 2020), while others argue that it is unrelated to a firm’s core business (Chatterji & Toffel, 2019) or an extension of top leaders’ personal views (Hambrick & Wowak, 2021). These distinctions are in some ways difficult to delineate because how an issue relates (or does not relate) to a firm’s purpose and core function can be argued in a variety of ways.

Other tactics firms can employ to more clearly signal sincerity, such as taking actions that are costly and making the firm's stance on an issue vivid and clear (Clark *et al.*, 2021; Hambrick & Wowak, 2021; McKean, 2022a).

In addition to these tactics, another way a firm can clearly distinguish itself amidst a mass of corporate participants is by being an early adopter (Clark *et al.*, 2021). Being a first-mover is not only a strategy that is vivid (Hambrick & Wowak, 2021) and conveys sincerity (Clark *et al.*, 2021)—it is also an outcome of seeing the purpose or reason in the action being taken (Tolbert & Zucker, 1983). As mentioned above, once a practice is accepted as a form of corporate action, firms will participate because it's legitimized, not because it's of value to them (Tolbert & Zucker, 1983). Decoupling is more likely to happen to firms adopting a practice due to isomorphic pressures, rather than those who were original adopters. Thus, choosing to adopt a practice before it is widely accepted signals the choice is made from intrinsic motivation rather than pressure to conform.

Considering the above, if a firm is taking the lead as a first-mover in a particular event of CSPI, then it would be expected that they would also demonstrate greater commitment through their rhetoric and actions in order to differentiate themselves from ingenuine firms (Clark *et al.*, 2021; Vrendenburg *et al.*, 2020).

H1: First-movers are more likely to engage in non-euphemistic (explicit) discussion.

H2: First-movers are more likely to describe plans for multi-faceted action.

2.3c Stakeholder Pressure

One way to examine which firms would be early adopters is to examine potential target audiences. Considering that corporate sociopolitical actions have an impact beyond the firm itself, stakeholder theory is a predominant lens through which CSPI is examined (Bhagwat *et al.*, 2020; Clark *et al.*, 2021; Hambrick & Wowak, 2021; McKean & King, 2021). In 2019, a group of firms

sought to redefine the purpose of the firm, expanding its responsibility and view to all stakeholders (Business Roundtable, 2019). Given this expansion, it remains unclear which group of stakeholders are the primary motivators and/or audience of CSPI efforts.

Stakeholders inherently stand as a risk to companies, particularly with their ability to end a transactional relationship (Barnett, 2018) or tarnish a firm's reputation (Fombrun *et al.*, 2000; King, 2008). Firms try to manage this risk and gain stakeholder support by working to gain their trust, improving the image of their firm, and creating corporate citizenship programs (Fombrun *et al.*, 2000; Laplume *et al.*, 2008). In this way, CSPI can be viewed as a strategic tool because it can enhance reputation capital for dealing with interactions with stakeholders, and it could mitigate threats of reputational risk. However, an efficacious use of this requires time to slowly build to allow for establishing patterns of behavior that stakeholders can recognize and trust (Fombrun *et al.*, 2000).

Using this logic, a firm would need to establish a consistent pattern of and relationship with CSPI in order to build trust with their stakeholders. This is consistent with literature on organizational character, which argues that actions and commitments taken by a firm establish what is expected of it in the future (Selznick, 1957; King, 2015). Thus, it could be expected that firms that have previously participated in one or more forms of CSPI would be more prepared and likely to participate in CSPI in this instance as well.

H3: The more a company has previously participated in corporate sociopolitical activism, the greater the likelihood that they are a first-mover.

When considering *which* group of stakeholders might be a firm's intended audience, we can turn to three core groups that (1) each contribute to the purpose and identity of a firm, and (2)

are commonly focused on in CSPI research: employees, shareholders, and consumers (Freeman 1984, McKean, 2022a). First, employees not only serve as a resource and an asset to a firm but can also be a core component to representing its values and fostering a strong organizational culture (Bundy *et al.*, 2018). Such representation of values can be seen through value congruence between a firm and its employees, where there is a strong person-organization fit and employees feel connected and engaged (Bundy *et al.*, 2018; Burbano, 2021; Cable & Judge, 1996). Thus, when participating in sociopolitical activism, it is of strategic interest for firms to take actions that align with the values and views of employees (Bundy *et al.*, 2018; Burbano, 2021; McKean & King, 2021).

Earlier studies of value congruence focus on values related to working environment and organizational culture, such as security, prestige, autonomy, etc. (Cable & Edwards, 2004; Edwards & Cable, 2009; Ostroff *et al.*, 2005). However, given that CSPI often expands beyond a firm's core functions, the *personal* beliefs and values of employees could serve as a guide for action (McKean & King, 2021). One way in which such values can be measured is through political ideology (Chin *et al.*, 2013; Gupta *et al.*, 2017; Gupta & Briscoe, 2020; McKean & King, 2021), especially when the action in question is related to sociopolitical issues. Recent research has shown that firms with predominant liberal employee ideologies are more likely to respond to and participate in progressive activism (Gupta & Briscoe, 2020; McKean & King, 2021). Thus, logic extends that these firms would be more likely to be an early adopter of CSPI.

H4a: The more liberal the ideology of employees, the more likely a firm is to be a first-mover.

But even beyond intentional sociopolitical activism by executives or the organization itself, companies can be held responsible for actions taken by leaders and owners, even if the action was not intended to be associated with the organization. For instance, in 2019 Stephen Ross, owner SoulCycle and Equinox Fitness, held a fundraiser for President Trump; and while this action was not endorsed nor supported by the companies owned by him, the association itself was enough to entice backlash and boycotting (Ye Hee Lee, 2019). This raises the question of how and if ownership and control of a company plays a part in corporate sociopolitical activism.

Shareholder activists have been shown to attempt to change corporate policy on social and environmental issues (Graves *et al.*, 2001; Haigh & Hazelton, 2004; Neubaum & Zahra, 2006), but the level of power that shareholders have varies according to the type and structure of firm ownership. Additionally, a traditional view of the firm is that its sole purpose is to maximize shareholder value (Friedman, 1970), and that participating in sociopolitical activism veers from that role. Participation in CSPI could be viewed by investors as a risky decision that detracts from maximization of profit (Bhagwat *et al.*, 2020).

Thus, a firm's ownership and overall organizational form could be an indicator of whether participation in activism is viewed as appropriate. For instance, privately-owned companies have less pressure from shareholders, granting them more flexibility and latitude in their actions. Additionally, if part of a firm's identity and purpose is to be a societal participant – such as with B Corporations – then participation in activism may not only be appropriate, but supported (Li & Soule, 2021). If the action or issue is central to the firm's mission, then it has the ability to provide sustainable first-mover advantage (Tetrault Sirsly & Lamertz, 2008).

H4b: B Corporations are more likely to be first-movers.

Finally, as a prominent and primary stakeholder, consumers are a crucial group for firms to consider in any strategic choice (Barnett, 2018). Historically, firms have been subject to the influence of consumer activists, who employ private politics (e.g., boycotting) to pressure a firm into responding to their demands for change (Baron & Diermeier, 2007; King, 2008; McDonnell & Werner, 2016; Soule, 2009). But beyond efforts from activists, firms may fold into account perceived opinions of their core consumer audience, or of the public in general (Hambrick & Wowak, 2021).

When aligned with consumer values, CSPI can lead to a growth in sales (Bhagwat *et al.*, 2020). By the end of 2019, the majority of Americans aligned with the Democratic party (Jones, 2020), and so it could be assumed that unless firms have a target audience they know to be conservative, it would be safer to err on the side of supporting progressive values. Additionally, research has shown that consumers respond positively to CSR efforts they perceive to be values-driven and strategic (Ellen *et al.*, 2006). Thus, I would anticipate that consumer-facing companies would be more prone than business-to-business companies adopt CSPI practices.

H4c: Business-to-consumer companies are more likely to be first-movers.

2.4 QUANTITATIVE ANALYSIS

To examine my hypotheses, I employ three types of statistical analysis: (1) logistic regression to examine which firms employ non-euphemistic to engage in explicit discussion of the issue at hand, (2) ordinal regression to examine the degree of action taken by firms, and (3) event history analysis to examine the timing of firms' first posts. For the event history analysis, I expand the dataset to include an observation for each firm for every day of the time-period and use a log-normal accelerated failure time (AFT) model. As a robustness check, I also ran the analysis under both

Weibull and Cox hazard models and compared information criterion results. These were lowest for the log-normal model, indicating that it was the best fit for the data. Additionally, I ran a linear regression which produced similar results to the log-normal event history analysis model.

Table 2.4. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI

Variable	Range	Mean/N ^a	SD/% ^b
<i>CSPI-Related Variables</i>			
Previous participation in CSPI	(0,5)	0.43	0.97
First-mover in event	(0,1)	24	11.43
<i>Stakeholder Variables</i>			
Employee Ideology	(0.02,0.99)	0.61	0.23
B Corporation	(0,1)	70	33.33
B2C	(0,1)	111	52.86
<i>Statement Variables</i>			
Explicit Discussion	(0,1)	52	24.76
Degree of Action	(0,4)	1.6	1.49
Control Variables			
<i>State-Level Variables</i>			
Predominant Party	(0,1)	131	62.38
Polarization Average	(1,2)	1.08	0.23
<i>CEO Variables</i>			
CEO Ideology	(0.00,0.99)	0.44	0.29
CEO is Statement Spokesperson	(0,1)	42	20.00
CEO is a Person of Color	(0,1)	14	6.67
CEO is a Female	(0,1)	34	16.19
<i>Industry</i>			
Construction		11	5.24
Finance/Insurance		23	10.95
Food/Beverage		34	16.19
Manufacturing		27	12.86
Retail Trade		46	21.90
Services		36	17.14
Technology		17	8.10
Transportation		16	7.62
<i>Firm-Level</i>			
Firm Age (standardized)	(-1.19,3.77)	0	1
Firm Size (standardized)	(-0.29,11.50)	0	1

N=210

^a Mean given for continuous variables, frequencies given for categorical variables.

^b Standard deviations given for continuous variables, percentages for categorical variables.

For these quantitative analyses, other firm-related variables were gathered from a variety of sources: (1) the Federal Election Committee (FEC), for data on individual political donations; (2) the American National Election Studies (ANES) pilot studies for data on state political polarization; (3) the National Conference of State Legislatures for data on state partisan composition; and (4) company websites, company profiles (e.g., LinkedIn), and news articles for

firm-level variables. Details on specific variables are below, and descriptive statistics can be found in Table 2.4.

2.4a Dependent Variable

For the event history analysis, the dependent variable is a firm's *date of first statement*, calculated by number of days after May 25. For the ordinal regression, I examine a firm's *degree of action*: (1) no post, (2) no action beyond post, (3) small/vague action, (4) donated money, and (5) multi-faceted. These action categories are detailed further in the Results section below. Finally, I examine firms' response tactics to determine whether they engaged in a *non-euphemistic discussion* of issues by coding whether they included non-euphemistic wording in their posts: "white supremacy", crime, police, brutal, fear, murder, battle, oppress, anger, and anti-racist.

2.4b Independent Variables

Other variables examined in the analysis include (1) CSPI-related variables, (2) political polarization and regional factors, (3) stakeholder-related variables:

CSPI-related variables. As a measure of whether a firm has previously participated in CSPI, I looked at 6 different letters signed by firms en masse over the course of the 5-year period leading up to this event (2015-2019). These letters covered a variety of polarized issues - LGBTQ rights, climate change, refugees, immigration, gun policy, and abortion. This form of corporate action has been used in previous research as an indicator of firms participating in collective action and progressive activism (McKean & King, 2021). Thus, to measure *previous activism*, I created a count of total letters signed by each company. In order to determine which firms were first-movers in the empirical case of this paper, I borrowed from Rogers' Innovation Adoption Curve (2003) which

would label the first 16 percent to act as early adopters¹⁶. Using this figure, I marked the first 24 companies (17.1 percent of those that signed) to post¹⁷ as a *first-mover*.

Stakeholder variables. To examine ideology at different levels in the organization, I derived a measure of *employee political ideology* from individuals' 2010-2019 political donation information from the Federal Election Commission (FEC). Following methods used by Chin *et al.* (2013) and Gupta *et al.* (2017), I calculated four different measures¹⁸ of “organizational liberalism” through grouping individual data by employer, and calculated the average of these indicators¹⁹ to create an organizational ideology scale, with 0 representing a conservative company and 1 representing liberal.

A firm's ownership status is categorized by indicating whether a company is publicly-owned, privately-owned, or a B Corporation. Given that hypotheses are based on whether a firm is a *B Corporation*, I use a binary variable to measure ownership. Additionally, I include a binary variable indicating whether the firms is business-to-business or consumer-facing (*B2C*).

2.4c Control Variables

Political polarization and regional factors. Polarization is characterized by both dispersion (i.e., how far apart opinions are) and bimodality (e.g., higher distribution of extreme opinions on each side) (DiMaggio *et al.*, 1996). Using data from ANES, *polarization in HQ state* was calculated by first calculating the average for both democrats and republicans on a scale from “very liberal” to “very conservative,” and then measuring the distance between the two averages (Evans, 2003; Fiorina &

¹⁶ Technically, the first 2.5 percent are titled “innovators,” and the next 13.5 percent are “early adopters.”

¹⁷ The cutoff for first-movers was posting by 11:59 PM (Central Daylight Time) on May 31, 2020.

¹⁸ See page 1026 of Gupta, Briscoe, and Hambrick (2017)

¹⁹ Indicators had a high degree of convergence (Cronbach alpha for CEO=0.98; Employee=0.87). I also conducted confirmatory factor analysis to ensure a similar unity as found by Gupta *et al.*: Tucker-Lewis Index for CEO=0.971; Employee=0.990; Comparative Fit Index for CEO=0.990; Employee=0.997; Standardized Root Mean Square Residual for CEO=0.012; Employee=0.010; Root Mean Square Error of Approximation for CEO=0.175; Employee=0.087)

Abrams, 2008; Pew Research Center, 2014). The greater the distance, the greater the polarization²⁰. Additionally, I include a variable for whether the firm is headquartered in a *left-leaning state*, determined by data on State Partisan Composition²¹ from the National Conference of State Legislatures. This variable is coded as 1 if the predominant political party in the state is Democrat, and 0 if it is Republican. If the predominant party was “split” or “nonpartisan,” I used whether Clinton or Trump won the electoral vote in 2016 to determine predominant party.

CEO-related variables. In the last few years, research examining CEO political ideology has emerged, connecting it to CSR (Chin *et al.*, 2013; Gupta *et al.*, 2017) and responses to activism (Briscoe *et al.*, 2014). Personal values and ideology could potentially play a part as business leaders participate in collective action (Sorkin, 2019), make statements on political issues (Chatterji & Toffel, 2019), and even form groups seeking specific political change²². Hambrick and Wowack (2021) argue that CEO activism is a product of the executive’s personal values and their expectation of support from stakeholders. Given this, I use CEO-related variables to control for what might be viewed as a personal choice by the CEO, compared to the contextual factors that the independent variables represent.

First, I include *CEO political ideology*, calculated through the same method as employee political ideology above. I also include *spokesperson of statement* to indicate whether voice of the post comes from the CEO or just by the organization in general. To account for variance in demographic details of the CEO, I include both *CEO race* – a binary variable indicating whether

²⁰ This method for measuring polarization was derived from approaches in Political Science literature (e.g., Evans, 2003; Fiorina & Abrams, 2008)

²¹ <https://www.ncsl.org/research/about-state-legislatures/partisan-composition.aspx>

²² <https://www.fwd.us/founders/>

they are a person-of-color – and CEO *gender* in the database. I also include *industry*, along with standardized measures of both a company's *size* and *age*, to account for firm-level differences.

2.5 RESULTS

To better understand which firms are employing tactics to convey sincerity, I use the findings from the qualitative analysis to inform quantitative investigation. The quantitative analysis focuses on three strategies in particular: (1) explicit discussion of racial issues, (2) degree of action taken, and (3) timing of participation. Results related to a firm's engagement of explicit discussion of racial issues and actions taken can be found in Tables 2.6 and 2.7, respectively. Both sets of regressions produced significant results, supporting Hypotheses 1 and 2. First-movers were more likely to use non-euphemistic rhetoric (coef.=1.522, $p=0.013$), with a 20.4 percent higher probability of engaging in explicit discussion than laggards. They were also more likely to take further action (coef.=1.287, $p=0.016$). Of the first-movers, 54.2 percent fell into the *multi-faceted* action category, whereas only 18.1 percent of laggards took actions of that type (see Table 2.5).

Table 2.5. Degree of Action taken by First-Movers and Laggards

	No action beyond post	Small/vague action	Donated Money	Multi-faceted
First-Movers	2 (8.3%)	4 (16.7%)	5 (20.8%)	13 (54.2%)
Laggards	44 (38%)	22 (19.0%)	29 (25%)	21 (18.1%)
Total	46	26	33	31

Other measures also produced significant results in regard to rhetoric and action. The more a firm was involved in previous activism, the more likely they were to engage in explicit discussion (coef.=0.456, $p=0.043$) and to take further action (coef.=0.508, $p=0.003$). With each standard deviation, these firms had a 6 percent increase in probability of using non-euphemistic language. In regard to stakeholder measures, firms that were more liberal ideologically were more likely to take further action (coef.=1.707, $p=0.024$). Results for consumer-facing companies

mirrored these results, with no statistical significance for using non-euphemistic rhetoric, but significance indicating they are more likely to take further action (coef.=0.756, $p=0.044$). B Corporations were more likely to both take further action (coef.=0.849, $p=0.032$) and use non-euphemistic rhetoric (coef.=1.976, $p=0.001$) in their statements; with a 26.5 percent higher probability of using such rhetoric per standard deviation. While these results were not hypothesized, they are still of interest as we consider the next analysis examining timing of participation. Results for the event history analysis can be found in Table 2.8. Of the hypotheses related to this analysis, three out of four are supported with statistical significance. First, the variable examining previous participation in corporate collective action by a firm was statistically significant (coef.= -0.213, $p=0.003$), supporting Hypothesis 3 and indicating that with each letter signed lowers the time to a firm's first post by 19.2 percent.

Stakeholder-related variables found some support as well. Hypothesis 4a was supported (coef.= -0.946, $p=0.007$), indicating that holding all else constant, firms that have more liberal-leaning employees have a time to their first post lowered by 61.2 percent. In other words, with each standard deviation increase in employee political ideology, time to first post decreases by 14.1 percent. Support was also found for Hypothesis 4c (coef.= -0.527, $p=0.002$), indicating that time to a first post by a B2C firm was 59 percent of the expected time to post for a B2B firm. The variable examining the hazard rate for B Corporations was not statistically significant, and thus Hypothesis 4b was not supported.

Table 2.6. Logistic Regression Results Evaluating Firms' Explicit Discussion of an Issue

	Model 1	Model 2	Model 3	Model 4
Firm is a First-mover		1.859 (0.001)		1.531 (0.013)
Previous Activism			0.534 (0.012)	0.458 (0.041)
Employee Ideology			2.251 (0.032)	1.925 (0.069)
B Corporation			1.963 (0.001)	1.981 (0.001)
B2C			0.042 (0.936)	-0.141 (0.790)
Left-Leaning State	0.655 (0.104)	0.287 (0.504)	0.141 (0.752)	0.058 (0.801)
Political Polarization	-0.405 (0.628)	-0.268 (0.754)	-1.335 (0.204)	-1.168 (0.265)
CEO Ideology	0.778 (0.255)	0.688 (0.337)	-0.485 (0.568)	-0.288 (0.740)
CEO is Spokesman	0.282 (0.508)	0.281 (0.522)	0.466 (0.317)	0.463 (0.325)
CEO is Person of Color	1.579 (0.014)	1.559 (0.020)	1.900 (0.006)	1.889 (0.008)
CEO is Female	0.645 (0.150)	0.650 (0.162)	0.383 (0.463)	0.313 (0.561)
Industry				
Finance/Insurance	-0.293 (0.768)	-0.387 (0.700)	-0.244 (0.829)	-0.204 (0.857)
Food/Beverage	0.203 (0.827)	0.126 (0.891)	0.182 (0.865)	0.246 (0.820)
Manufacturing	-0.808 (0.436)	-0.780 (0.449)	-0.396 (0.721)	-0.366 (0.740)
Retail Trade	0.592 (0.504)	-0.042 (0.964)	0.241 (0.815)	-0.050 (0.962)
Services	-0.288 (0.758)	-0.479 (0.609)	-0.336 (0.735)	-0.473 (0.635)
Technology	0.913 (0.361)	0.557 (0.585)	0.986 (0.362)	0.750 (0.492)
Transportation	0.426 (0.674)	0.082 (0.937)	1.302 (0.245)	1.004 (0.382)
Firm Age (standardized)	0.112 (0.553)	0.058 (0.771)	0.486 (0.040)	0.459 (0.058)
Firm Size (standardized)	-0.024 (0.894)	-0.113 (0.615)	0.038 (0.838)	-0.009 (0.967)
Constant	-1.928 (0.121)	-1.797 (0.150)	-2.587 (0.090)	-2.593 (0.119)
Model R ²	0.1065	0.1586	0.2183	0.2453
Prob chi ²	0.0494	0.0019	0.0001	0.0000
Chi-2	25.04	37.28	51.31	57.68
N	210	210	210	210

P-values reported in parentheses; two-tailed tests

Table 2.7. Ordinal Regression Results Evaluating a Firm Taking Further Action

	Model 1	Model 2	Model 3	Model 4
Firm is a First-mover		1.919 (0.000)		1.287 (0.016)
Previous Activism			0.555 (0.001)	0.508 (0.003)
Employee Ideology			1.958 (0.010)	1.707 (0.024)
B Corporation			0.848 (0.031)	0.848 (0.032)
B2C			0.909 (0.014)	0.756 (0.044)
Predominant Party	1.048 (0.000)	0.779 (0.012)	0.786 (0.013)	0.630 (0.051)
Political Polarization	-0.187 (0.742)	-0.064 (0.910)	-0.564 (0.373)	-0.489 (0.439)
CEO Ideology	0.614 (0.250)	0.518 (0.340)	-0.476 (0.421)	-0.375 (0.529)
CEO is Spokesman	1.407 (0.000)	1.523 (0.000)	1.554 (0.000)	1.622 (0.000)
CEO is Person of Color	0.795 (0.139)	0.820 (0.135)	0.911 (0.104)	0.889 (0.119)
CEO is Female	0.351 (0.324)	0.303 (0.409)	0.337 (0.399)	0.265 (0.512)
Industry				
Finance/Insurance	1.120 (0.165)	1.058 (0.187)	0.556 (0.521)	0.628 (0.466)
Food/Beverage	2.366 (0.003)	2.335 (0.003)	1.708 (0.044)	1.774 (0.036)
Manufacturing	0.297 (0.716)	0.284 (0.726)	0.267 (0.751)	0.278 (0.740)
Retail Trade	2.518 (0.001)	2.046 (0.008)	1.522 (0.069)	1.375 (0.100)
Services	1.139 (0.142)	1.018 (0.186)	0.912 (0.256)	0.861 (0.280)
Technology	1.622 (0.059)	1.117 (0.199)	0.763 (0.400)	0.543 (0.554)
Transportation	1.077 (0.211)	0.935 (0.272)	1.312 (0.146)	1.194 (0.184)
Firm Age (standardized)	0.185 (0.205)	0.138 (0.348)	0.312 (0.061)	0.289 (0.084)
Firm Size (standardized)	0.121 (0.318)	0.083 (0.466)	0.126 (0.286)	0.104 (0.370)
Cut 1	1.733 [0.942]	1.620 [0.936]	2.293 [1.075]	2.115 [1.067]
Cut 2	2.940 [0.957]	2.876 [0.952]	3.691 [1.097]	3.525 [1.088]
Cut 3	3.634 [0.968]	3.604 [0.964]	4.477 [1.110]	4.325 [1.01]
Cut 4	4.773 [0.987]	4.831 [0.985]	5.752 [1.133]	5.638 [1.123]
Model R ²	0.1225	0.1477	0.1826	0.1918
prob > chi2	0.0000	0.0000	0.0000	0.0000
Chi-2	79.60	96.00	118.64	124.64
N	210	210	210	210

P-values reported in parentheses; Standard deviations in brackets

Table 2.8. Event History Analysis of Variable Impact on Hazard Rates for Corporate Sociopolitical Activism

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Previous Activism		-0.308 (0.000)				-0.214 (0.003)
Employee Ideology			-1.407 (0.000)			-0.946 (0.007)
B Corporation				-0.111 (0.586)		-0.151 (0.427)
B2C					-0.746 (0.000)	-0.527 (0.002)
Left-Leaning State	-0.549 (0.001)	-0.396 (0.010)	-0.369 (0.021)	-0.538 (0.001)	-0.588 (0.000)	-0.331 (0.032)
Political Polarization	-0.227 (0.458)	-0.256 (0.371)	-0.255 (0.401)	-0.197 (0.526)	-0.113 (0.700)	-0.146 (0.614)
CEO Ideology	-0.245 (0.388)	-0.022 (0.936)	0.181 (0.539)	-0.237 (0.406)	-0.157 (0.560)	0.287 (0.302)
CEO is Spokesman	-0.860 (0.000)	-0.805 (0.000)	-0.808 (0.000)	-0.869 (0.000)	-0.721 (0.000)	-0.707 (0.000)
CEO is Person of Color	-0.710 (0.007)	-0.654 (0.008)	-0.717 (0.004)	-0.723 (0.006)	-0.796 (0.002)	-0.733 (0.002)
CEO is Female	-0.017 (0.931)	-0.089 (0.632)	-0.079 (0.679)	0.016 (0.938)	-0.023 (0.902)	-0.076 (0.680)
Industry						
Finance/Insurance	-0.979 (0.033)	-0.877 (0.043)	-1.063 (0.018)	-0.981 (0.033)	-0.429 (0.343)	-0.569 (0.188)
Food/Beverage	-1.313 (0.003)	-1.198 (0.004)	-1.423 (0.001)	-1.312 (0.003)	-0.747 (0.088)	-0.904 (0.031)
Manufacturing	-0.094 (0.843)	-0.115 (0.795)	-0.205 (0.656)	-0.109 (0.817)	0.082 (0.856)	-0.096 (0.823)
Retail Trade	-1.392 (0.002)	-1.210 (0.003)	-1.370 (0.001)	-1.394 (0.002)	-0.768 (0.078)	-0.809 (0.051)
Services	-0.944 (0.036)	-0.842 (0.047)	-1.104 (0.012)	-0.922 (0.041)	-0.707 (0.098)	-0.791 (0.054)
Technology	-1.086 (0.028)	-0.833 (0.074)	-1.174 (0.014)	-1.111 (0.025)	-0.847 (0.071)	-0.816 (0.070)
Transportation	-0.654 (0.185)	-0.611 (0.187)	-0.854 (0.077)	-0.684 (0.168)	-0.497 (0.289)	-0.680 (0.133)
Firm Age (standardized)	-0.072 (0.355)	-0.030 (0.682)	-0.086 (0.252)	-0.093 (0.282)	-0.057 (0.440)	-0.071 (0.358)
Firm Size (standardized)	-0.045 (0.460)	-0.036 (0.551)	-0.041 (0.490)	-0.049 (0.423)	-0.022 (0.711)	-0.024 (0.686)
Constant	8.907 (0.000)	8.501 (0.000)	9.433 (0.000)	8.900 (0.000)	8.536 (0.000)	8.693 (0.000)
Insigma	0.677 (0.000)	0.614 (0.000)	0.641 (0.000)	0.677 (0.000)	0.623 (0.000)	0.566 (0.000)
Model Chi-2	91.74	110.32	107.26	92.04	110.80	130.80
Prob>chi2	0.000	0.000	0.000	0.000	0.000	0.000
N*	7,770	7,770	7,770	7,770	7,770	7,770

Log-normal accelerated failure time (AFT) regression | P-values reported in parentheses
 *Database expanded to include an observation for each firm per day

Of the CEO-related control variables, two were significant at times: the CEO (1) being a person of color and (2) being a spokesperson in statements. The CEO being a spokesperson in statements was significant for both the timing of a first post (coef.= -0.707, $p=0.000$) and taking

further action (coef.=1.622, $p=0.000$). A person of color as CEO led to significance in the timing of a first post (coef.= -0.722, $p=0.002$) and in the use of non-euphemistic rhetoric (coef.=1.892, $p=0.008$); indicating that the probability of these firms explicitly discussing racism was 25 percent higher than firms with Caucasian CEOs. Although variables related to CEOs were not hypothesized, these findings suggest that the CEO does have some impact on a firm's decisions related to CSPI.

2.6 DISCUSSION

As the field of nonmarket strategy continues to expand and develop, our understanding of the prominence and potential of corporate sociopolitical involvement is advancing as well (Nalick *et al.*, 2016; McKean, 2021). This paper contributes to that ever-growing area of research by providing an in-depth and large-scale examination of this form of corporate action. It helps to build our knowledge of what CSPI is, how it varies among firms, and its adoption as a legitimate form of nonmarket strategy. Additionally, the paper provides a clear definition for sincerity, along with examples of how it can be signaled and measured. Findings indicate that early adopters are more likely to use tactics that convey greater sincerity. Results also suggest that concern for both employees and consumers contribute to corporate sociopolitical activism. Additionally, findings contribute to literature on corporate authenticity and “washing,” providing a new measure through which to distinguish between genuine and ingenuine firms in their sociopolitical efforts.

Research within the growing area of CSPI has examined myriad facets of the phenomenon—such as CEO's individual activism (Branicki *et al.*, 2021; Chatterji & Toffel, 2019; Hambrick & Wowak, 2021), firms taking collective action (McKean & King, 2021), effects of CSPI on employee motivation (Burbano, 2021), societal expectations for CSPI (Fan, 2019), and so

on. Given that corporate actions and strategy are not devoid of influence from social and normative pressures, this paper examines the variance in corporate response and rhetoric around the same issue to better understand how firms can convey sincerity in CSPI. While the concept of sincerity – also referred to as authenticity or genuineness – is often questioned in research and discussions around CSPI, it has yet to be empirically examined and tested. Thus, this paper contributes to the growing literature within this area by providing a concrete examination of and definition (i.e., commitment to the cause) by which to measure corporate sincerity.

This work contributes to both strategy and management literature by providing insights on first-movers, particularly in an area where the appropriateness or legitimacy of corporate involvement is contested. Findings indicate that within the area of CSPI, first-movers are more likely to be consumer-facing, liberal-leaning, and have experience participating in corporate sociopolitical activism. The latter finding is of particular interest because it indicates that as more firms decide to take public sociopolitical action, the population of firms “at risk” of participating in CSPI grows. One implication of this is that firms may be falling suit to mimetic isomorphism, and CSPI practices could not only become a norm, but an expectation. However, if this were the case, then distinguishing between genuine and ingenuine firms would become more difficult. Firms would need to adjust their strategies and tactics in order to signal to stakeholders that their efforts are sincere (Clark *et al.*, 2021).

Additionally, the findings – both quantitative and qualitative – contribute to nonmarket strategy literature, especially in relation to growing research on CSPI. Results also indicate that first-movers are more likely to demonstrate sincerity via commitment to the issue at hand by engaging in explicit discussion in their statements and taking multi-faceted actions. This aligns

with current understanding of early adopters, whose actions are not a result of social pressure but rather of seeing value in the action itself (Rogers, 2003; Tolbert & Zucker, 1983). Such reasoning implies that the response and actions of first-movers reflect greater sincerity and commitment to the issue or cause. A common question related to CSPI is whether firms' statements are genuine or whether they are an instance of empty virtue signaling (Clark *et al.*, 2021). By examining the rhetoric used in statements and degree of commitment to further action, this work lays groundwork for the effort to determine a firm's authenticity and sincerity in its sociopolitical stances. This contributes to "washing" literature, which focuses on ways in which firms are able to mislead stakeholders (Delmas & Burbano, 2011; Vrendenburg *et al.*, 2020).

Efforts by firms to address racism differed in the range of passive to active. On the passive end, a company might say that they are "listening and learning" or reflecting on the issues. Stronger tactics often coupled their discussion of racism with either a suggestion of action – such as having "hard" and "important" conversations – or outlining an action taken to specifically target racism and inequality. However, the strongest statements used rhetoric that was non-euphemistic, charged, and clearly associated with a particular perspective. Firms that were mostly likely to adopt this rhetoric were first-movers, left-leaning, previous activism participants, and had an identity inherently connected to contributing to society.

Related to this, ownership did not have an effect on speed of participation, but there was a significant effect on the firms' use of rhetoric and commitment to further action. B Corporations were more likely to use explicit rhetoric when discussing racism, and were more likely to outline multi-faceted actions that went beyond simply making a statement. One implication of this finding

could be that firms with an identity or mission connected to being “a force for good.”²³ Having such an identity allows firms to more easily be perceived as sincere in their sociopolitical actions and efforts (Li & Soule, 2021).

A rare, but interesting, event was when firms chose to highlight where they were falling short in their efforts for diversity and racial equity. This contrasts to other research examining when firms choose to not publicize prominent sustainability certification, in effort to avoid the threat of being scrutinized (Carlos & Lewis, 2018). Thus, firms disclosing their shortcomings could be a way to signal honesty and authenticity, and thus seem more sincere in their goals and efforts to improve.

This paper also contributes to stakeholder theory, particularly in relation to the influence of consumers and employees. Findings related to consumer-facing companies align with research examining consumer influence in other areas of corporate strategy, such as CSR efforts (Ellen *et al.*, 2006). These findings also provide support for postulations that CSPI is more prominent among consumer-facing firms and industries (McKean & King, 2021). While initial implications would be that this is related to the monetary reliance of firms upon consumers, this finding could potentially be related to the visibility of these companies as well. Reputational concerns could lead firms to view CSPI as a way to build and invest in their image, as other areas of nonmarket strategy have in the past (Bermiss *et al.*, 2014).

Results also showed a strong relation between liberal organizational ideology and participation in CSPI – in being a first-mover, willingness to use non-euphemistic rhetoric in statements, and taking further action. These results related to ideology of employees join a variety

²³ <https://bcorporation.net/about-b-corps>

of other work examining the relation between CSPI and employee values and ideology (e.g., Burbano, 2021; McKean & King, 2021). It is clear the values and ideological views of employees are connected to CSPI, but whether such actions are employee-led or due to leaders' understanding of employees' prevailing beliefs cannot be determined from this data. However, this is a pressing question for future research to help further our understanding of the drivers behind CSPI.

Considering the vast influence of corporations, their participation in a political conversation – such as the one above – has the potential to direct or stimulate change (Fan, 2019; Werner, 2012). A firm's voice or statement could be especially salient if it joins a conversation that has strong partisan implications. And given that politics are becoming increasingly polarized (Pew Research Center, 2014, 2019; Smith & Korschun, 2018), and that businesses hold a large portion of societal power (Vogel, 1989; Werner, 2012), we cannot ignore this burgeoning practice of corporate sociopolitical involvement. Insights and findings from the above qualitative analysis raise further questions around firms' participation in CSPI and the strategic decisions behind it.

2.6a Limitations and Future Research

Due to the breadth of this event and area of research, there are several questions that could not be addressed within the scope of this paper, but nevertheless would provide great contributions to nonmarket literature. First and foremost, while this paper looks at firm-related factors and content of posts, it does not examine what happened beyond the 5-week timeline. But this leaves open the questions: What happened afterward? How many companies continued their efforts in this area? Were the statements and actions taken only connected to the surge in protests around racism and Floyd's death, or did companies continue to provide advocacy for racial equality? Was there an comparable response to similar issues, such as racism and hate crimes targeting Asian Americans

(Nawaz & Ramachandran, 2021)? Research examining long-term behavior and actions could help us to better understand if and why firms make an enduring change around a sociopolitical issue.

Additionally, this paper did not examine how firms' statements were perceived or received. Examining stakeholder reactions to a company's CSPI efforts could provide insight into whether or not the firms actions are believed to be sincere. How does CSPI impact a firms' reputation? What factors influence whether or not a company's actions are viewed as authentic or sincere? If companies receive negative feedback, do they continue such actions under the claim of it being the right thing, or do they respond to pressure and push-back?

Given that the risk set included privately-held firms, this analysis could not examine the effect of certain factors, such as company size, assets, governance, stock price, etc. This left a limitation in both potential independent and control variables. However, the choice to include privately-held firms was deliberate, due to the fact that they are often not included in analyses because of such limitations, and thus differences due to ownership are often not examined.

Overall, this paper sought to provide a deeper understanding of the content and timing of CSPI. As such actions continue to grow in prominence and frequency, the opportunity to understand the variance in these actions and their impact grows as well. However, with that increase in prominence and frequency also comes the potential for CSPI to become a box to be ticked. Further research in this area is key to understanding the implications - for both business and society - of this burgeoning area within nonmarket strategy.

CHAPTER 3: “AMERICAN DEMOCRACY”

Corporate political involvement and stakeholder evaluations

with Brayden King and Elizabeth Pontikes

3.1 INTRODUCTION

Corporations in the United States have long-standing methods for strategically influencing the political world—such as lobbying, Congressional testimonies, building relationships with politicians, and more. As discussed in Chapter 1, these tactics provide a direct avenue for influencing policies and bills in a way that advantages the firm (Hillman *et al.*, 2004). When considering this array of established strategic options available to a firm, why would publicly speaking up on a societal concern – or at least one beyond the firm’s purview – be pursued? Some would suggest that the issue must align with the firm’s identity or strategy – or both (Bundy *et al.*, 2013). Others argue that such action is the result of the CEO using their business platform to further personal beliefs (Hambrick & Wowak, 2021). And a wide range of research point us toward firm stakeholders, proposing that firms are seeking to appease those that feel strongly about the cause at hand (Briscoe *et al.*, 2014; Briscoe & Gupta, 2016; Bundy *et al.*, 2013).

Whatever the case, when firms make the choice to speak out on societal issues or concerns, audience heterogeneity presents the likelihood of a mixed impact on stakeholders – such as alienation, disapproval, or cohesion. Recent research underscores the inevitability of this paradox, particularly as societal and ideological divisions rise (Hambrick & Wowak, 2021; McKean & King, 2021; Wowak *et al.*, 2022). Even if a firm’s actions are only directed at or intended for a specific audience, any stakeholder privy to the action will have their own perception and response. Thus, while any strategic choice carries the potential for undesired consequences (e.g., negative, unintended, or peripheral), this risk is heightened when dealing with an array of audiences, their

values, and their relationship to the firm. No matter how thoroughly considered or well-intentioned, such strategies have the potential to backfire.

Essentially, there is no clear one-size-fits-all strategy for firm responsiveness (Bundy *et al.*, 2013), especially when related to matters beyond a firm's core product. The complexity of this increases when dealing with contested or divisive issues. While some societal concerns are relatively benign or generally accepted, many are directly political or have partisan implications. Nuance in this area comes from firms as well, as their responses to a sociopolitical event or issue even demonstrate a spectrum of controversiality, ranging from relatively neutral to taboo. Thus, we seek to address the question: **How do varying degrees of controversiality in CSPI affect stakeholders' perception of the firm?**

To examine this tension we turn to the phenomenon of corporate sociopolitical involvement (CSPI): where action is taken by a firm related to a contested sociopolitical issue. One of CSPI's defining features is that it often deals with some degree of controversiality, which we define as relating to an issue that does not have societal consensus or is divisive, particularly one that has a clear partisan association. Thus, examining the tension above through the lens of CSPI is particularly fitting because it inherently involves contested issues. When a firm participates in CSPI, the ideological connotations of such action could lead employees to evaluate whether or not the firm is on their side - regardless of the firm's intentions.

One peculiarity of CSPI is while statements may appear rather homogenous across firms, even subtle differences could hold important effects. For instance, although research in this area places a strong focus on the CEO (e.g., Chatterji & Toffel, 2019; Hambrick & Wowak, 2021; Wowak *et al.*, 2022), the actors behind CSPI range from the firm as its own entity to a mix of

individuals (e.g., CEO, VP of communications, VP of diversity & inclusion, etc.). And as demonstrated in the previous chapter, a closer examination across firms' sociopolitical statements and action can reveal degrees of effort or resources committed to a cause (McKean, 2022b). Areas for potential differences include a firm's action, rhetoric, audience, partisan associations, meaning, impact, and so on.

This multi-faceted range of factors brings challenge and complexity to researchers seeking to understand the impact of CSPI; especially when considering how to account for, measure, and evaluate interactions among these different elements. Recent research has looked at levers such as CEO characteristics (Wowak *et al.*, 2022), brand image (Bhagwat *et al.*, 2020), and ideological alignment between employees and top management (McKean & King, 2021). Thus, in this paper we seek to test and build upon recent work related to employees and CSPI; while also highlighting other factors requiring consideration when examining any set of stakeholder reactions.

One way in which we replicate and build upon recent work is by using employee ratings of a firm around a CSPI event (Wowak *et al.*, 2022). This chapter also uses the collective ideology within a firm to examine how an organization's political make-up might interact with any shifts in employee ratings. As mentioned above, incorporating organizational political ideology has been an integral part of emerging research on CSPI to better understand the dynamic between a firm's political stance and its employees' collective ideology (Gupta *et al.*, 2017; McKean & King, 2021; Wowak *et al.*, 2022). Most firms have a variety of political views and partisan associations among employees, and so the potential for mixed impact on an individual's sense of value congruence with their firm introduces challenges for strategic human resource management.

Considering this challenge, we use our analysis to investigate the variance in partisan-alignment in both CSPI and organizational ideology. This enables us to provide novel contributions to nonmarket strategy (NMS) literature. First, we highlight that CSPI can have varying degrees of controversiality, and test how employee reactions change according to this variance. Second, we break from the tendency in CSPI work to focus on CEO preferences, and thus provide a different theoretical approach. And third, as previous research has used one linear regression for the entire ideological spectrum, we instead break our sample into different ideological clusters of firms (i.e., conservative, heterogenous, and progressive) in order to better examine the nuance of effects. Our findings show that while firms ideologically aligned with the CSPI action find an increase in ratings regardless of the degree of controversiality, ideologically heterogenous firms find a decrease in ratings when the firm took a more controversial stance.

Ultimately, the purpose of this paper is two-part: (1) to understand the role of controversiality in stakeholder evaluations; and (2) to employ new conditions to test and build upon previous CSPI research. This analysis provides a multi-dimensional perspective of CSPI by looking at different degrees of action taken by firms and how that impacts various ideological clusters of firms. Doing so provides us with the ability to consider the simultaneous benefits *and* risks of corporate activism and sociopolitical involvement.

3.2 BACKGROUND

With CSPI as our empirical lens, we seek to understand the interplay between two factors: (1) who it impacts and (2) the degree of controversiality (i.e., partisan associations) of an action. Recent research has started to examine the impact of CSPI on the primary stakeholders of a firm: consumers (Bhagwat *et al.*, 2020; DiRusso *et al.*, 2022), shareholders (Barko *et al.*, 2021), and

employees (Burbano, 2021; Wowak *et al.*, 2022). While the consequences of firms' choices have the potential to impact multiple stakeholder groups at once, we choose to focus our study on employees.

Although CSPI may seem inherently outward-facing – inasmuch as the issues typically relate to societal or political stakeholders – research shows that employees are one of the main target audiences of CSPI. For instance, recent studies suggest that CSPI could impact employees' motivation (Burbano, 2021) and P-O fit (Bermiss & McDonald, 2018). Additionally, employees could be a driver for firm participation in CSPI, indicating that political activism, in particular, is a means for firms to positively engage their employees (McKean & King, 2021).

When considering impact on employees, it is important to acknowledge the potential role of values and beliefs (e.g., political ideology) in employee perception. Research examining the collective political ideology of employees in an organization (Gupta *et al.*, 2017) has laid a foundation for scholars to understand how the values and views of internal stakeholders interact with CSPI (McKean & King, 2021; Wowak *et al.*, 2022). While some work has been done to examine employees' reactions to CSPI (e.g., Burbano, 2021, Wowak *et al.*, 2022) there is still room to explore this area of influence, especially when considering the complexities and nuance connected to CSPI (McKean, 2022a).

To set up how we examine the interaction between stakeholders and ideology, we will first walk through literature that explains why the audience aspect of this interaction matters. We then highlight the dynamic between perceived and actual values of those stakeholders and a firm's participation in CSPI. Afterward we explore how partisan associations play a key role in the potential impact on and evaluations from internal stakeholders.

3.2a A Stakeholder Perspective of Strategic Human Capital

When considering the avenues and tactics firms use for nonmarket strategy, it seems that most often this is direct toward or motivated by external stakeholders. It is clear to see a firm's outward efforts in actions such as responding to private politics (Briscoe & Gupta, 2016; McDonnell & King, 2013), lobbying government officials (Hillman *et al.*, 2004), adjusting sustainability efforts in order to improve ESG ratings (Barko *et al.*, 2021), or participating in sociopolitical letter campaigns (McKean & King, 2021; Wowak *et al.*, 2022). However, even though the connection to external stakeholders in nonmarket strategy is clear, it does not preclude internal stakeholders from being motivation for, participants in, and impacted by NMS. For instance, employees take on a role of 'insider activists' and push for the firm to make changes in policy or practice (Briscoe & Gupta, 2016). Another common avenue for employee involvement in NMS is by contributing to their firm's Political Action Committee (PAC) (Stuckatz, 2022). Additionally, NMS can inadvertently impact employees' sense of purpose (Carnahan *et al.*, 2017), feeling of belonging (Brown *et al.*, 2020), and overall commitment to the firm (Wowak *et al.*, 2022).

Employees are a key group of stakeholders for a variety of reasons. Foundationally, employees are necessary for a firm to function, albeit the number and needed capabilities of employees can vary widely from firm to firm. But some perspectives view employees as a crucial asset for sustainable competitive advantage – whether it be through shaping culture, sustaining a firm's reputation, creating value, and improving customer satisfaction (Barney & Wright, 1998).

However, in order for a firm's human capital to provide a competitive advantage, it needs to be 'imperfectly imitable' (Barney, 1991.) This characteristic can be achieved via avenues such as social complexity or creating value (Barney, 1991; Barney & Wright, 1998). For instance, if a firm works to improve and sustain employee satisfaction, then it can lead to improved customer

satisfaction which, in turn, generates value for the firm (Barney & Wright, 1998). Or, if a firm cultivates a culture that speaks to the values of its employees, it provides a competitive advantage by improving retention (Carnahan *et al.*, 2017) and establishing a unique environment (Barney, 1986).

Value congruence – or the alignment of firm and employee values – is an important aspect of establishing the right person-organization (P-O) fit (Bundy *et al.*, 2018; Cable & Judge, 1996; Edwards, 2010; Jones *et al.*, 2014). Individuals perceive P-O fit according to how their values match to the organizations' communicated values (Cable & Judge, 1996). One method of communicating values to employees is participation in corporate citizenship, as it provides a signal of prosocial commitments (Fombrun *et al.*, 2000; Jones *et al.*, 2014). Such efforts in corporate citizenship and social responsibility, along with some form of value or mission statement, are typically outlined on a firm's website (Capriotti & Moreno, 2007). However, this is a relatively low-cost way of demonstrating commitment, and therefore signal quality is likely to be low. CSPI, on the other hand, is a higher-cost avenue through which a firm can communicate its values through a statement or action (McKean, 2022a) and can serve as a stronger signal of the firm's values. However, it has the potential for demonstrating to employees just how aligned or misaligned their values are with the firm's (Brown *et al.*, 2020; Burbano, 2021).

If there is misalignment, employees may leave the firm (Bermiss & McDonald, 2018; Carnahan *et al.*, 2017) or seek to initiate change within the firm (Brown *et al.*, 2020; Briscoe *et al.*, 2014). For instance, even in the tech industry – a group with a history of leaning left (Manjoo, 2017) – we saw examples of employees speaking up about certain corporate policies or practice. In 2018, Google employees were pushing for more expansive sexual harassment policies (McGregor,

2018). And in 2020, over 1,000 Amazon employees missed work to protest against the company's environmental policies at the Global Climate Strike (BBC News, 2020). In some instances, firms can respond to these pressures by creating mission or value statements that portray a "broader purpose" (McGregor, 2018). In others, however, firms choose to respond by acting in direct relation to a specific event or issue.

3.2b Issue Salience and Controversiality

Value congruence is akin to the concept of issue salience (Bundy *et al.*, 2013)—a spectrum of stakeholders' values and management prioritizing issues related to those values. This understanding suggests that while a firm may take action on a certain issue, it does not mean stakeholders resonate with the firm's position. Decision makers may *think* that the issue being acted on has salience, but could in fact be misinterpreting the desires or values of their internal stakeholders. Or, alternatively, a misalignment between action and employees' values could be an indicator to employees that they are not the firm's top priority. Thus, we can evaluate a firm's action from either the perspective of the decision maker or the stakeholder – the former acting, the latter evaluating.

Optimal situations in the typology of firm responsiveness are when both the values-driven (expressive) logic and strategic (instrumental) logic are aligned (Bundy *et al.*, 2013). These circumstances would be when issue saliency is high – that is, when the firm's values and strategic choices align. Other quadrants of this typology indicate whether the issue acted upon (1) conflicts with firm values or (2) is unrelated. However, if we use the make-up of employees' values as a proxy for firm values and identity – i.e., they are the ones driving the expressive logic – what happens

when there is heterogeneity in their beliefs? An issue may resonate with some, but not others, leaving its salience ambiguous.

Another element that comes into play when considering issue salience in context and timing (McKean, 2022a). When it comes to CSPI, issues are relevant inasmuch as they are contemporary. For instance, it has become unsurprising – and almost expected – for CSPI to be done in response to a recent or upcoming event (e.g., passed legislation, election). However, whether the issue seems relevant to the firm’s identity and values is a separate matter. If a firm does not have an accurate sense of the viewpoints and priorities of its employees, it may act in a way that feels incongruent with internal firm culture. Additionally, considering that the sociopolitical environment seems to be perpetually evolving, it becomes almost essential for a firm to keep a perpetual pulse on employees’ values.

The potential for a mismatch in expressive and instrumental logics increases as controversiality is added into the mix. We define controversiality as relating to an issue that does not have societal consensus or is divisive, particularly one that has a clear partisan association. Both the sociopolitical issue and the firm’s stance have varying degrees of how divisive they might be. For instance, a firm could speak up on an issue lower on the scale of divisiveness (e.g., racial equality) but use non-euphemistic language (e.g., “white supremacy,” “defund the police”) in a way that makes their stance more controversial. Or, a firm might act in relation to a highly divisive issue (e.g., abortion), which in itself could make whatever statement or action in relation to it highly controversial. However, how these degrees of controversiality impact stakeholders’ perception and reception of CSPI has yet to be explored.

3.2c Risks and Rewards of CSPI

Considering the above, when facing a choice of if and how to address broader societal issues, there are certain risks and benefits for firms to consider. For instance, given that CSPI is inherently ideologically-charged, it stands to reason that various partisan leanings will have different reactions. As has been discussed in extant CSPI research, this emerging form of corporate action has the potential to simultaneously alienate some stakeholders while appeasing others.

When there is alignment between the ideological views of top management and general employees, a firm is more likely to engage in CSPI; thus providing a way to reflect employees' values (McKean & King, 2021). Additionally, when the CSPI action aligns with organizational ideology, a firm is more likely to see an increase in commitment to the firm (Wowak *et al.*, 2022). However, when these views and values do not align, firms might find a decrease in employees' motivation (Burbano, 2021), commitment (Wowak *et al.*, 2022), and retention (Bermiss & McDonald, 2018). This issue becomes increasingly important if the risks firms face with CSPI outweigh its potential benefits. For instance, Burbano (2021) not only found a strong demotivating effect from CSPI when values are misaligned, but also did not find statistical support for any motivating influences.

Thus, consistent with this research (i.e., Bermiss & McDonald, 2018; Burbano, 2021; Wowak *et al.*, 2022), we would expect that CSPI would lead to either increased or decreased satisfaction with the firm, according to the general ideological alignment of values between employees and the CSPI action taken:

H1a: Overall employee satisfaction will *decrease* for firms with an ideological leaning *misaligned* with the CSPI-action.

H2a: Overall employee satisfaction will *increase* for firms with an ideological leaning *aligned* with the CSPI-action.

However, there are several key factors that require consideration as we seek to provide more depth in CSPI research: (1) the tendency to focus on CEOs; (2) the difference in impact across issues and contexts; and (3) the variance in *how* firms perform CSPI. First, the majority of studies on CSPI thus far place a strong emphasis on the CEO (e.g., Brown *et al.*, 2020; Burbano, 2021; Chatterji & Toffel, 2019; Hambrick & Wowak, 2021; Wowak *et al.*, 2022) in a way that paints CSPI as a predominantly CEO-centric phenomenon. However, in practice CSPI is not inherently tied to the CEO or their beliefs (McKean, 2022a). Thus, it is important to provide studies that look from the perspective of CSPI as a **firm**-led action, not individually led.

Second, further research is needed to provide understanding of whether and how the impact of CSPI varies across both sociopolitical issues and time (e.g., context). While some issues may have clear and enduring partisan associations (e.g., abortion), others are less salient. Additionally, CSPI is often done in response to a specific event (e.g., policy or law passing, a violent attack, etc.), and the variance among context-related factors could also impact how CSPI is received. Third, while some instances of CSPI involve a uniform response from firms (e.g., a letter campaign), there is often room for variance – in both words and action – in how firms display their sociopolitical stances.

Considering these factors, while our analysis has similarities to the work of Wowak *et al.* (2022) and others by looking at employee response to CSPI; but we build upon it by looking at varying degrees of controversiality in CSPI, where it is (1) associated with the firm (not just the CEO) and (2) in relation to different issues and events. At the extremes of the ideological spectrum, we would expect a more controversial action or stance to serve as an amplifier of effects. Our reasoning is that within the extremes of partisan association are found a deep commitment

and engrained sense of loyalty (Finkel *et al.*, 2020). Thus, if an action is – to some degree – more controversial in a way that (mis)aligns with one’s views, it will establish an even greater sense of unity (or alienation). The siloed nature of these firms with uniform ideological leanings would foster such a reaction.

However, we would anticipate a different reaction from the firms with ideological heterogeneity among employees. By nature of how the organizational ideology scores are measured, these firms are either made up of (1) many moderates or (2) a diverse range of ideologies on the conservative-progressive spectrum. In either case, by nature these firms are not as subject to an echo chamber effect and thus might be more wary of steeping toward the extreme, regardless of the direction. Thus, we anticipate that taking a more controversial stance would be off-putting to members of heterogenous firms, and thus lead to a decrease in employee satisfaction. Thus, we propose the following hypotheses in relation to degrees of controversiality:

H1b: Where ideology *misaligns* with CSPI, controversiality will lead to a *greater decrease* in employee satisfaction.

H2b: Where ideology *aligns* with CSPI, controversiality will lead to a *greater increase* in employee satisfaction.

H3: Where firms are ideologically *heterogenous*, controversiality will lead to a *decrease* in employee satisfaction.

3.3 DATA AND METHODS

3.3a Empirical Cases

To examine the question of how CSPI impacts internal stakeholders, we chose to look at employee reviews before and after an external event that prodded corporate response. Initially, we used corporate response to the school shooting at Stoneman Douglas High School in Parkland, Florida. However, in that analysis we sought to examine firms that had a somewhat direct relation to the sociopolitical issue at hand (i.e., gun ownership). While the sample size for reviews was quite large

(16,056), the risk set only consisted of 25 with 8 of those taking action related to the event. The analysis did not produce any significant results (see Appendix C).

Given those results, we thought it would be worth examining another case to see if and how findings varied under different issue and company contexts. We wanted to use a case that was similar Parkland in its violent and shocking nature, but connected to a different sociopolitical category that provided opportunity for a broader audience to respond. In addition to examining a larger subset of companies, this latter point would also provide opportunity to include more control variables. A case that matched the criteria was the 2021 Capitol Insurrection.

On January 6, 2021, the United States' Congress was meeting to vote on certification of results from the 2020 election. There were 147 members of Congress – all Republicans – who had expressed intent to vote *against* ratifying election results. (We will refer to this group as “**objectors**” moving forward.) That morning, Donald Trump held a rally by the White House, during which he gave a speech that encouraged attendees to “walk down” to the Capitol to “cheer on our brave senators and congressmen and -women ... Because you’ll never take back our country with weakness. You have to show strength. You have to be strong” (Leatherby *et al.*, 2021). A large crowd had already gathered at the Capitol, and soon pushed officers and breached barricades in order to enter the building. Members of Congress were evacuated before the crowd could get to them, but the event was violent and destructive. This event produced an overarching sense of shock, fear, and anger across the country. While these negative reactions were shared across partisan lines, left-leaning individuals were more likely to express disappointment and fear,

whereas right-leaning individuals were skeptical of the source of the riot²⁴ (Gramlich, 2022). This event was a vivid and shocking reflection of the state of U.S. politics and culture.

3.3b Data

For our risk set, we focused on the 2020 list of Fortune 500 companies, which provides a variance in industry while also providing a shared “success” indicator. Data for these companies was gathered from Glassdoor (employee reviews), the Federal Election Commission (individual political donation data), Compustat (firm size and performance), and news articles and company press releases (CSPI action). Descriptive statistics can be found in Table 3.1; and correlation values can be found in Appendix B, Table 3.13.

Table 3.1. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI

Variable	Range	Pre-Insurrection		Post-Insurrection	
		Mean/N ^a	SD/% ^b	Mean/N ^a	SD/% ^b
<i>Glassdoor Ratings</i>					
Overall Rating	(1,5)	3.71	1.20	3.70	1.20
Five-Star Review	(0,1)	14,921	29.85	26,138	29.47
One-Star Review	(0,1)	4,236	8.47	7,500	8.46
<i>Insurrection Response</i>					
Paused Donations	(0,1)			104	28.49
To All of Congress	(0,1)			74	20.27
To Objectors Only	(0,1)			30	8.22
Control Variables					
<i>Review-Level Variables</i>					
Current Employee	(0,1)	25,229	50.47	49,226	55.51
Length of Employment	(1,2)	4.07	3.11	4.01	2.98
<i>Firm-Level</i>					
Employee Ideology	(8.80,99.6)	57.71	19.18		
# Employees (standardized)	(-0.62,0.32)	-0.52	0.13		
ROA	(0.03,7.26)	0.95	0.88		
N (reviews) = 138,677		49,993		88,684	
N (firms) = 365					

^a Mean given for continuous variables, frequencies given for categorical variables.

^b Standard deviations given for continuous variables, percentages for categorical variables.

Aside from the information on CSPI action, all data came from existing databases. We hand-compiled and -coded information on firms’ responses to the Capitol Insurrection. We first looked for information for each firm in a few key news articles that had extensive lists of firms that

²⁴ These groups thought perhaps that extremist left groups (e.g., Antifa) had started the riot, rather than Trump supporters.

took action. If the firm was not listed in those articles – or if detail on the firm’s action was minimal – then we searched for “[firm name] + capitol insurrection” during the two-month period following the riot. Through these two approaches, data on firms’ CSPI was found on news sites, company websites, and company social media pages. We coded for several items: whether a firm took action in general; if the firm stated they were pausing congressional donations, to whom, and for how long; and if the firm made a statement, what the statement said, and if the statement was employee-oriented. We also included information on their donation history to objectors, if available. We only use the information on firms pausing donations in our main regressions, but models including other variables from this database can be found in Appendix B.

Out of the 500 firms in the 2020 list, we dropped firms if they had fewer than 10 reviews within the 1-year time range of our data, which totaled 33 firms. Of the remaining firms, one was a repeat company (i.e., the public- and private-arm of the firm both made the list) and 34 did not provide have firm size and performance data (Compustat). (Additionally, we are working on addressing some issues with the data scraping and matching process, which will exclude 67 firms in this draft.) Thus, our final analysis examines 365 firms, with a total of 138,677 Glassdoor reviews.

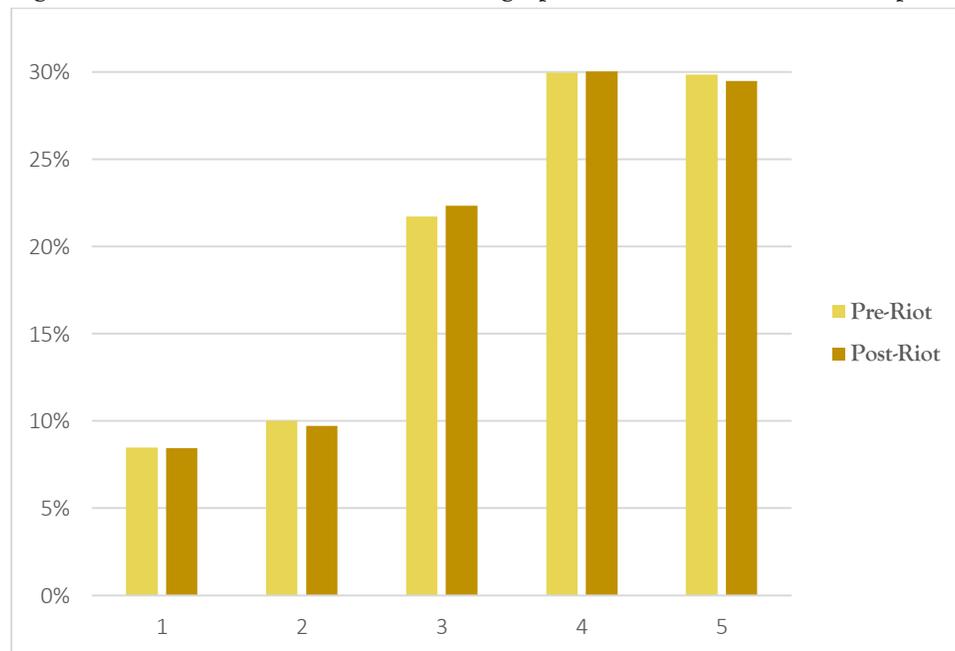
Dependent Variables

Our dependent variables are all derived from data gathered from Glassdoor.com. This website is a popular space for individuals to leave anonymous reviews about a current or previous employer. Reviewers are required to rate the company on a scale of 1 to 5, and have a free space to write about pros and cons of working for the company. The review process also allows individuals to give suggestions, indicate certain ‘flags’ (e.g., if they approve of the CEO), and, in more recent years, rate the firm on sub-categories like Diversity & Inclusion, Culture & Values, etc. Data from this site has been used in other research to examine employee reactions to firm statements and/or

action (e.g., Sharkey *et al.*, 2022; Wowak *et al.*, 2022). While we gathered review data from January 1, 2020 to December 31, 2021, we limited our analysis²⁵ using reviews from the one-year period surrounding the Capitol Insurrection (July 2020 – Jul 2021).

For our main dependent variable measuring employee satisfaction we look at the *overall rating* given to a firm. As mentioned above, this rating could range from 1 to 5 stars (see Figure 3.1). In addition to this, we also created binary variables for if the employee gave the firm a *top rating* (i.e., 5/5) or a *low rating* (i.e., 1/5). We use these variables to perform logistic regression examining whether firms were more likely to receive one of these extreme ends of ratings after the Capitol Insurrection.

Figure 3.1. Distribution of Glassdoor Ratings (percent of total reviews in time period)



Independent Variables

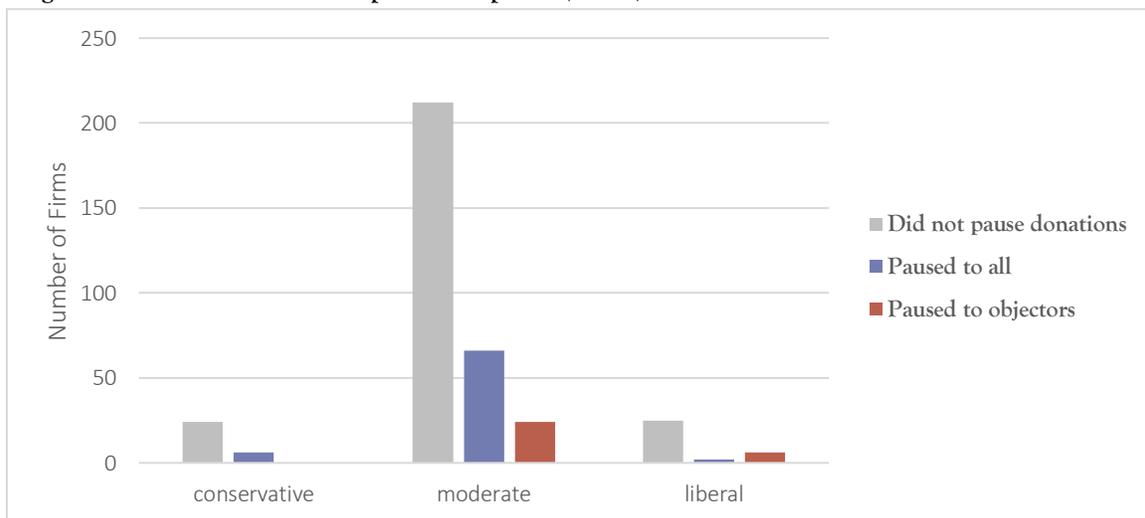
We use three sets of independent variables, accounting for time, a firm's (in)action, and political ideology. *Post-riot* is the variable used to indicate the time period in which a review was made. Any

²⁵ Part of this decision was to avoid noise or impact that came with the onset of COVID-19 in March 2020.

review made prior to January 6, 2021, was coded as a 0 to indicate the pre-riot period (July 1, 2020 – January 5, 2021). All reviews from January 6 onward were coded as a 1 for the *post-riot* period (January 6, 2021 – June 30, 2021).

We use two different variables to measure a firm’s response to the Insurrection. First, *paused donations* is a binary variable which indicates whether a firm paused Congressional donations after the Insurrection. Out of 365 firms, 104 (28.49 percent) announced that they would be pausing donations. *Congress* is a categorical variable that indicates whether that pausing of donations was inclusive of *all* members of Congress (74 firms; 20.27 percent), or targeted the *objectors* specifically (30 firms, 8.22 percent). We argue that firms specifically targeting objectors are taking a more controversial action than those who did a blanket pause of donations.

Figure 3.2. Distribution of Corporate Response (count)



We also use *employee ideology* as a way to measure the ideological leanings of the firm. We gathered individual political donation data from the Federal Election Commission (FEC) during the 10 years prior to our analysis (2011-2020). We then matched and clustered the data by firm according to the “employer” field. As with other papers in this area (e.g., McKean & King,

2021; McKean, 2022b; Wowak *et al.*, 2020), we follow the methods of Chin *et al.* (2013) and Gupta *et al.* (2017) to create a composite measure of a firm's aggregate ideological leaning. This method produces a measure of 'liberalness' along a scale of conservative (0) to liberal (100). However, unlike the original method of calculating organizational ideology, we exclude both the CEO's and top management team's political donations from the measure. Given that we are seeking to understand the general employee perspective, isolating ideological leanings from those of the executives' views seems prudent. The average employee ideology was 57.71, with a standard deviation of 19.18.

Control Variables

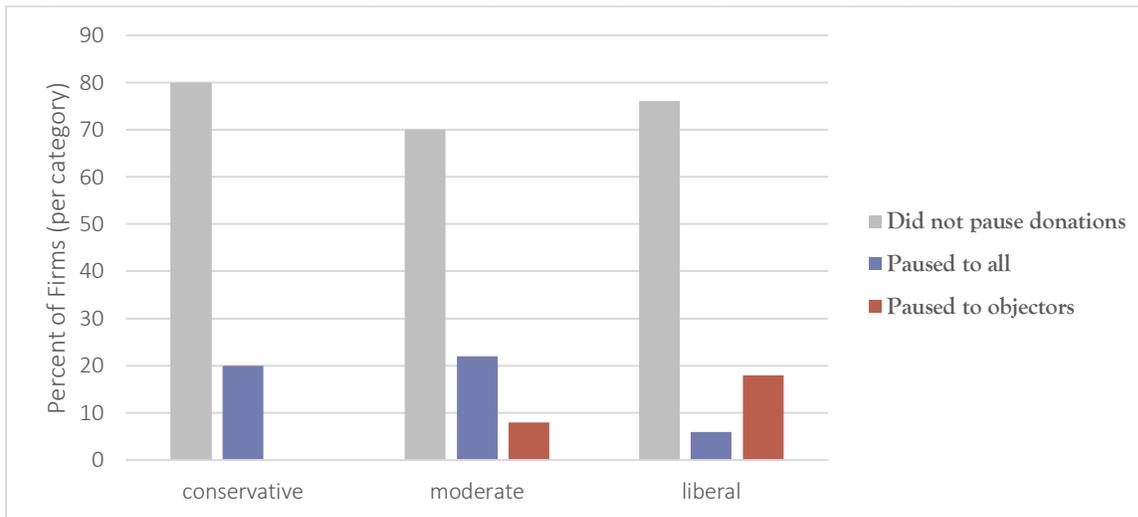
In addition to the above, we also control for a few reviewer- and firm-specific variables. On the reviewers' end, we control for whether the review is made by a ***current employee*** and their ***length of employment*** (in years). Glassdoor only indicates the general timeframe of tenure – such as “less than one year,” “more than one year,” “more than 3 years,” and so on, with a cap of “more than ten years.” Given this, *length of employment's* range of values is 1, 2, 4, 6, 9, and 11. For firm-specific controls, we include a standardized measure of ***total employees*** to capture firm size, as well as ***ROA*** (return on assets) to capture firm performance. Both of these measures were calculated by taking the mean of a five-year period (2016-2020) to reduce catching irregular size or performance.

Due to the fact that we perform a split-sample analysis (discussed below), we restricted our control variables to the four listed above because we didn't want to risk losing too many firms from the smaller sub-sets by pulling controls from more outside sources. However, we did run models with other control variables from the existing dataset, none of which had an impact on results (see Appendix B).

3.3c Analysis

To examine whether a firm's CSPI impacted employee satisfaction, we used a difference-in-differences (DiD) design. This approach provides a way to analyze the variance (i.e., difference) in shifts (i.e., differences) of specific measures after an exogenous shock. In this instance, our shock and time-period indicator is the Capitol Insurrection, and the treatment group are firms that chose to respond to the Insurrection by pausing Congressional donations. Using DiD is the best analysis for our question because it provides a way not only to examine effects after an exogenous shock (the Capitol Insurrection), but to also examine the difference in responses between our treatment and control groups. We interact these two variables in our regressions in order to create the DiD effect. Support for our hypotheses would show statistically significant interaction terms. We use both OLS and logistic regressions to examine how employees rated their company. The OLS model provides an examination of whether a firm's overall rating was impacted. Logistic regression was used to see if CSPI impacted a firm's likelihood to receive either a top (5-star) or low (1-star) review.

Using DiD is the best analysis for our question because it provides a way not only to examine effects after an exogenous shock (the Capitol Insurrection), but to also examine the difference in responses between our treatment and control groups. Given that we are also using a split-sample, there may be concern that there are more "treated" firms in the predominantly liberal group than in the conservative group. However, the treatment group consisted of 20-30 percent of firms within each ideological sample (see Figure 3.3). While there is variance in degree of controversiality across ideological samples, we feel that a 10 percent range for the general treatment group is small enough to reduce concern for the treatment being endogenous to employee ideology.

Figure 3.3. Distribution of Corporate Response (as a percentage of ideological group)

In an ideal world the Glassdoor data would also have information on the reviewers' political beliefs. However, given that the reviews (1) do not include this information and (2) are anonymous, we have to use a measure of a firm's aggregate political leaning to examine value congruence. To better see the nuance and variance in response among different ideological leanings, we perform split-sample analysis where companies are divided into three ideological groups: (1) predominantly conservative (<30), (2) heterogenous/moderate (30-85), and predominantly liberal (>85). See Figures 3.2 and 3.3 for the distribution of firms within these groups.

3.4 RESULTS

When examining a simplified version of our treatment effect - i.e., whether they paused donations, regardless of the degree of controversiality - we find some interesting results (see Table 3.2). First, as expected, ratings increased for aligned (predominantly liberal) firms that paused Congressional donations (coef.=0.234, $p=0.017$), supporting Hypothesis 2a. Second, while the effect for misaligned (conservative) firms produced a negative coefficient, there was no significant

change (coef.= -0.056, $p=0.666$) and thus no support for Hypothesis 1a. However, contrary to what we anticipated, there was a statistically significant decrease in ratings for moderate firms (coef.= -0.063, $p=0.021$).

Table 3.2. Condensed IV – OLS regression examining individual Glassdoor reviews, clustered by firm

	Model 1 conservative (<30)	Model 2 moderate /mixed (30-85)	Model 3 liberal (>85)
Post-Insurrection	0.102 (0.213)	-0.020 (0.177)	-0.046 (0.006)
Paused Congressional Donations	0.099 (0.385)	0.329 (0.000)	-0.210 (0.174)
Post-Insurrection x Paused Donations	-0.056 (0.666)	-0.063 (0.021)	0.234 (0.017)
Employee Ideology	-0.027 (0.055)	0.003 (0.253)	0.015 (0.354)
Current Employee	0.641 (0.000)	0.488 (0.000)	0.391 (0.000)
Length of Employment	-0.005 (0.688)	-0.001 (0.890)	-0.014 (0.004)
Number of Employees	-1.685 (0.111)	-0.253 (0.183)	0.142 (0.541)
ROA	0.057 (0.529)	-0.031 (0.411)	-0.284 (0.000)
Constant	2.749 (0.001)	2.964 (0.000)	2.785 (0.044)
Model R ²	0.0766	0.0587	0.0643
N (reviews)	3,852	115,444	19,381
N (firms)	30	302	33

P-values reported in parentheses; two-tailed tests

Given the potential for nuance and variance, we further break down firm's action by degree of controversiality, which also allows us to test our second set of hypotheses. We view firms choosing to pause donations to all of Congress as less controversial ("mild"), and firms choosing to only pause donations to objectors as more controversial. Results examining these conditions can be found in Tables 3.3 and 3.4. Misaligned firms did not demonstrate any changes in results when breaking the response into degrees of controversiality – in part because there were no firms within this ideological category that paused donations to objectors only. Hypothesis 1b is thus not supported.

Table 3.3. Degrees of Controversiality – OLS reg. examining individual Glassdoor reviews, clustered by firm

	Model 1 conservative (<30)	Model 2 moderate /mixed (30-85)	Model 3 liberal (>85)
Post-Insurrection	0.102 (0.213)	-0.020 (0.176)	-0.046 (0.006)
Paused Congressional Donations			
To all of Congress	0.099 (0.385)	0.280 (0.000)	-0.223 (0.141)
To objectors only		0.368 (0.000)	-0.206 (0.319)
Post-Insurrection x Paused Donations			
To all of Congress	-0.056 (0.666)	-0.034 (0.263)	0.132 (0.000)
To objectors only		-0.081 (0.022)	0.267 (0.062)
Employee Ideology	-0.027 (0.055)	0.003 (0.268)	0.016 (0.302)
Current Employee	0.641 (0.000)	0.488 (0.000)	0.390 (0.000)
Length of Employment	-0.005 (0.688)	-0.001 (0.854)	-0.014 (0.003)
Number of Employees	-1.685 (0.111)	-0.275 (0.160)	0.150 (0.511)
ROA	0.057 (0.529)	-0.031 (0.408)	-0.286 (0.000)
Constant	2.749 (0.001)	2.961 (0.000)	2.692 (0.044)
Model R ²	0.0766	0.0589	0.0647
N (reviews)	3,852	115,444	19,381
N (firms)	30	302	33

P-values reported in parentheses; two-tailed tests

In the models examining moderate firms, we find no significant change for firms in the mild condition when looking at overall rating (coef.= -0.340, $p=0.263$), 5-star reviews (coef.= -0.025, $p=0.639$), and 1-star reviews (coef.= 0.069, $p=0.307$). However, when testing for the controversial condition, moderate firms saw a statistically significant decrease in ratings (coef.= -0.081, $p=0.022$), where ratings decreased by 2.63 percent following the Insurrection (see Figure 3.4). These firms were more likely to receive a 1-star review (coef.=0.295, $p=0.000$) – providing strong support for Hypothesis 3. The likelihood of these 1-star reviews increased by 32.5 percent post-Insurrection.

Table 3.4. Degrees of Controversiality – Logit reg. examining individual Glassdoor reviews, clustered by firm

	conservative (<30)		moderate /mixed (30-85)		liberal (>85)	
	Model 1 1-star reviews	Model 2 5-star reviews	Model 3 1-star reviews	Model 4 5-star reviews	Model 5 1-star reviews	Model 6 5-star reviews
Post-Insurrection	-0.006 (0.972)	0.288 (0.083)	0.006 (0.848)	-0.047 (0.089)	0.112 (0.069)	-0.104 (0.000)
Paused Congressional Donations						
To all of Congress	-0.007 (0.973)	0.150 (0.332)	-0.453 (0.000)	0.360 (0.000)	0.696 (0.000)	-0.418 (0.659)
To objectors only			-0.810 (0.000)	0.410 (0.000)	0.520 (0.206)	-0.415 (0.126)
Post-Insurrection x Paused Donations						
To all of Congress	-0.002 (0.994)	-0.222 (0.364)	0.069 (0.307)	-0.025 (0.639)	-0.697 (0.000)	0.069 (0.659)
To objectors only			0.295 (0.000)	-0.090 (0.133)	-0.810 (0.005)	0.356 (0.039)
Employee Ideology	0.021 (0.321)	-0.056 (0.023)	-0.007 (0.123)	0.002 (0.539)	-0.042 (0.080)	0.009 (0.728)
Current Employee	-0.872 (0.000)	1.003 (0.000)	-0.761 (0.000)	0.719 (0.000)	-0.745 (0.000)	0.618 (0.000)
Length of Employment	0.007 (0.823)	-0.020 (0.398)	-0.008 (0.340)	-0.005 (0.353)	-0.011 (0.550)	-0.044 (0.001)
Number of Employees	-0.566 (0.692)	-4.874 (0.003)	0.307 (0.381)	-0.446 (0.071)	-1.116 (0.001)	-0.500 (0.185)
ROA	-0.123 (0.450)	0.039 (0.743)	0.023 (0.709)	-0.042 (0.431)	0.449 (0.000)	-0.453 (0.002)
Constant	-2.417 (0.024)	-2.977 (0.015)	-1.246 (0.000)	-1.725 (0.000)	0.220 (0.913)	-1.090 (0.609)
Model R ²	0.0271	0.0664	0.0308	0.0292	0.0406	0.0410
N (reviews)	3,852	3,852	115,444	115,444	19,381	19,381
N (firms)	30	30	302	302	33	33

P-values reported in parentheses; two-tailed tests

For aligned (predominantly liberal) firms, ratings increased for both the mild (coef.=0.132, $p=0.000$) and the controversial condition (coef.=0.267, $p=0.062$) – with a statistically significant increase 2.35 percent increase for the former, and a moderately significant 5.98 percent increase for the latter. When examining this group in the logistic regressions, they are 17.3 percent more likely to receive a 5-star review post-Insurrection when in the controversial condition (coef.=0.356, $p=0.039$). These firms are also less likely to receive a 1-star review in both mild (coef.= -0.697, $p=0.000$; -40 percent post-Riot) and controversial (coef.= -0.810, $p=0.005$; -47 percent post-Riot) conditions. Thus, we find support for Hypothesis 2b. We also examined the longevity of effects (see Figure 3.5). Interestingly enough, the positive effect for predominantly liberal firms

carries across six months post-Insurrection. Whereas, the negative effect for heterogenous firms only seems to last for about two to three months.

Figure 3.4. Predictive Margins for Employee Ratings after Capitol Insurrection

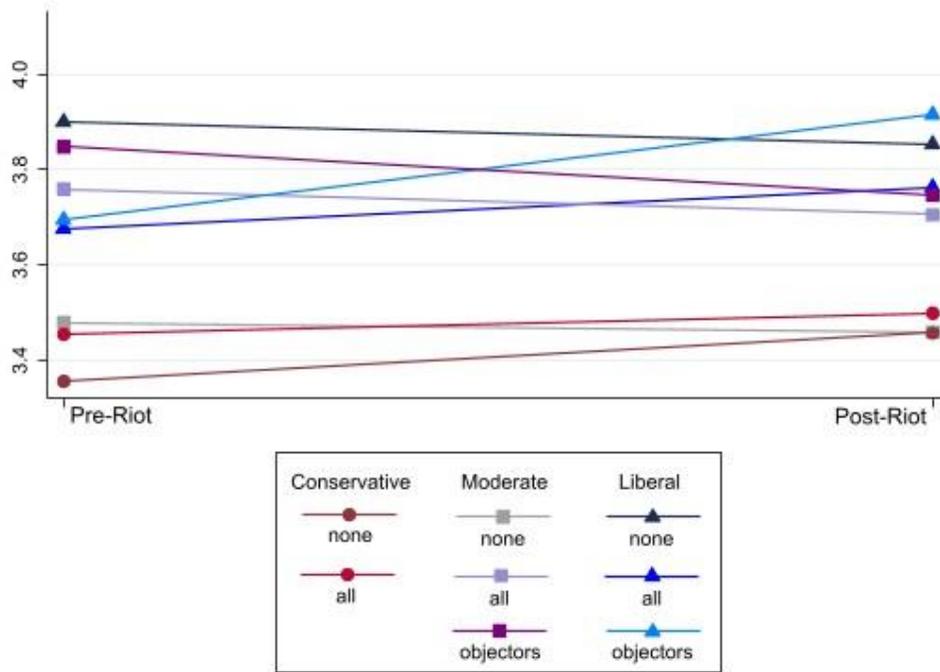
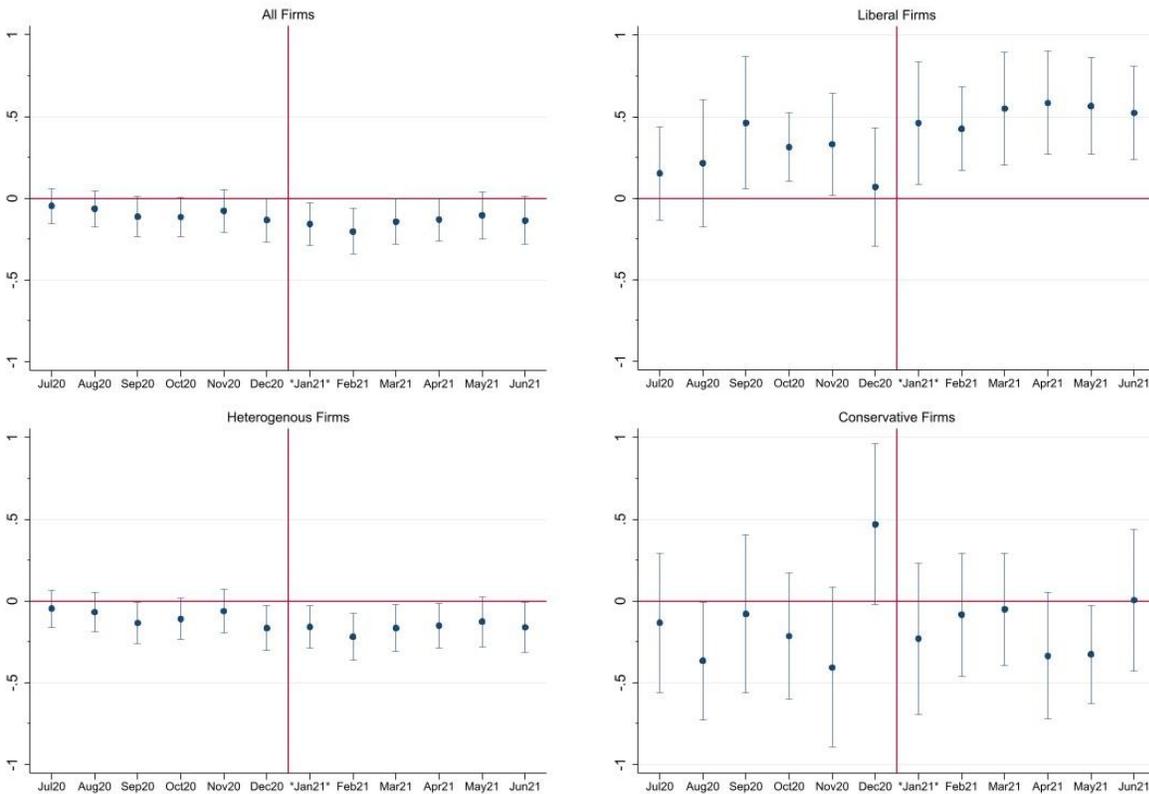


Figure 3.5. Lag Leads Graphs for the Interaction of Ratings and Pausing Donations



3.4a Robustness Checks

We tested the robustness of our results by using different approaches that would be expected to provide similar results. For the models looking at overall employee ratings, we ran the regressions through Stata's built-in DiD function (*diff*). Results were consistent with the OLS regression when testing for Hypotheses 1a and 2a (see Appendix B, Table 3.11). However, this function does not allow for multiple options in the treatment variable, so we were not able to run the regression testing for paused donations to “all” and “objectors” at the same time. Hence our decision to use OLS for our main models. We also created parallel trends graphs to provide visual representations of how treated firms were affected (see Appendix B, Figure 3.7). Additionally, we followed the method used by Wowak *et al.* (2022) to provide another approach to DiD. In this approach, we took the difference between the mean of each time period (i.e., T2 mean - T1 mean), clustered by company. We then ran a set of firm-level OLS regressions (opposed to the review-level of the other two approaches) with the difference as the DV. This approach did not provide any statistically significant results (see Appendix B, Table 3.12). One reason behind this could be that by only using the mean for a 6-month period, we lose nuance related to timing. As discussed above, when looking at the pattern of average ratings throughout the entire time period, we can see variance in how long effects lasted post-Insurrection (see Figure 3.5).

To test the robustness of our logistic models, we also ran them as OLS regressions (see Appendix B, Table 3.13). Results were consistent with those from the logistic models. We also ran various models with different control variables - such as CEO and TMT ideology, whether a firm's statement was employee-centric, etc. - none of which impacted results.

3.4b Limitations

While our risk set selection provides a variety of firms, we recognize that the firms within the list are not randomly selected. We also acknowledge that the treatment is not randomly assigned to the firms within the risk set, but rather left to whether firms chose to respond to exogenous shock. However, given that (1) the shock was not directed toward any specific firms and (2) there is variance among the firms that paused donations (e.g., see Appendix B, Table 3.10), we see fit to use a firm's choice to pause donations as the treatment condition.

Additionally, as discussed earlier, there are some limitations due to data collection issues and availability. Some of these limitations are due to firms simply not having enough reviews during the time period to provide analytical strength. Other issues will be resolved with time, and those firms will be integrated into the dataset and analysis. Overall, despite these limitations, the variety of firms and number of reviews in the current analysis provide us with confidence in our ability to learn from and discuss the results.

3.5 DISCUSSION

Considering the array of issues, audiences, events, and possibilities for responses, it is no surprise that CSPI is riddled with variance across the board. Previous research demonstrates rather straightforward effects and perspectives of CSPI, but this dissertation demonstrates the clear need to delve into the nuance that comes from so much variance in CSPI. Heterogeneity not only adds nuance to CSPI, but it also feeds variance of other factors that make up a firm. Our findings show that complexity in firms' responses (i.e., degrees of controversiality) lends to additional variance in how stakeholders are impacted (i.e., change in employee satisfaction). In the case of our analysis, this variance was reflected in the reaction of employees in ideologically heterogenous firms: while

there was no statistically significant change for firms whose CSPI was relatively neutral, firms that took a more controversial step in their CSPI found a significant decrease in employee satisfaction. This decrease was found not only in overall rating, but these firms were also more likely to receive a 1-star review after the Insurrection.

Consistent with results from similar work (e.g., Wowak *et al.*, 2022), we found an increase in employee satisfaction when employees' partisan values were aligned with the direction of a firm's CSPI. These firms were also less likely to receive a 1-star review, and firms that took a more controversial stand were more likely to receive a 5-star review. However, the value congruence had to be on the extreme end of the ideological spectrum in order to find this positive impact. The effect for the more heterogeneous groups, on the other hand, withstands adjustments in ideological threshold. This may be an indicator that the risks of taking greater degrees of controversy in CSPI may outweigh the benefits. However, when it comes to longevity of effects, predominantly liberal firms find rewards to taking action that endure longer than the negative consequences for mixed firms. Which, in turn, may suggest that the boost for firms are worth it in the long-term.

Additionally, *inconsistent* with similar work, we did not find support for a negative impact on employee satisfaction when ideological views are misaligned with CSPI. That is, while results showed a decrease in employee satisfaction for firms on the extreme conservative end, these results were not statistically significant. A few factors specific to our empirical case could have impacted this. First, the Capitol Insurrection was so unexpected and violent that event conservatives expressed shock (Gramlich, 2022). Second, considering the amount of dispute around the election and voting, conservatives may have viewed pausing donations to all of Congress as a way for firms

to express their concerns about the general political process. Third, no conservative firms took the more controversial action (pausing donations to only objectors) – thus, we are unable to see how a greater degree of controversiality interacts with misalignment of employees’ partisan leanings.

Differences between our findings and previous work highlights some important needs for future research. These needs are related to the sociopolitical nature of CSPI, and our understanding of how firms are impacted by risks and benefits. First, considering that the results for our first set of hypotheses did not match those of Wowak *et al.* (2022), we suggest that some findings in the realm of CSPI research may not be generalizable across issues or context. As demonstrated and discussed in the first chapter of this dissertation, variance is abundant across the sociopolitical spectrum – in issues, timing, events, context, and so on. This fact greatly impacts our ability to fully analyze and understand CSPI. Our analysis highlights the difficulty current and future researchers face in determining whether generalizable findings are possible within this area of research; and if so, how to develop them. A driver behind initial CSPI research was the expectation that stakeholders would respond CSPI in the same way – that is, their response to the firm taking political action, and assuming that any left-leaning action would receive the same reaction. However, our findings suggest that there is more to issue-specific details in the implications and consequences of CSPI, and thus findings in this area will be difficult to generalize.

Another need related to the *sociopolitical* in CSPI is differentiating between the social and the political. At present, these two areas are practically synonymous because social issues often have strong partisan associations – partisan has become conflated with political. However, CSPI can occur without any direct or intended political implications. For instance, in the Parkland

example, while some firms made reference to the Second Amendment, others simply clarified their store policy around selling guns and ammunition. While firms may not have control over how their CSPI is perceived, they do have control over their rhetoric and the degree to which it is directly political. This illustrates a spectrum adjacent to that of the controversiality (i.e., partisan) spectrum: one of political connection. The main case used in our analysis – response to the Capitol Insurrection – is purely political. However, other cases – such as firm responses to North Carolina’s HB 2 (McKean & King, 2021; Wowak *et al.*, 2022) – may be directed at a politician or related to a policy, yet have strong social implications. Thus, while there is very much the potential for a blending of social and political in CSPI, it should not be assumed.

In regard to contributions to strategic human capital research, our findings emphasize a way in which some firms can find longer-lasting effects on employee satisfaction, which could, in turn, contribute to a firm’s unique recipe for sustainable competitive advantage. This supports other research suggesting that nonmarket strategy can provide a way for firms to strengthen their employee relations, and not just external stakeholders. For instance, Carnahan *et al.* (2017) found that CSR practices can reduce turnover by providing a sense of meaning and purpose. Interestingly, this impact of NMS on retention was particularly strong in circumstances where employees might be reevaluating whether their job aligns with their goals or provides meaningfulness, such as after a large external shock. Thus, by strengthening culture, improving employee satisfaction, and providing retention benefits, various forms of nonmarket strategy can provide value congruence for employees. Considering that our case also examines external shocks, it would be worth further exploring long-term or unanticipated benefits of nonmarket strategy.

Perhaps NMS practices can help to protect the firm from exogenous shocks by providing employees with a sense of belonging and safety.

Finally, this analysis highlights the need for understanding more about the risks and rewards of CSPI. While our results provided a look into firms that benefitted and firms that suffered as separate groups, we have yet to understand whether and how a firm is *simultaneously* impacted by risks and rewards. In other words: Does a realized risk for a firm exclude it from also reaping benefits from the same action? Logic and discussion suggest a firm will face both simultaneously, but extant research only demonstrates firms that find either or. Thus, a task for future research is to find methods for examining this nuance within a firm.

CONCLUSION

A core goal of this dissertation was to establish a coherent understanding of corporate sociopolitical involvement as a theoretical concept and an academic area of literature. By providing a deep and thorough examination of the evolution of CSPI, I was able to lay a foundation for future research in this area of corporate behavior and strategy. However, the work in my dissertation stretches beyond a simple foundation, providing an additional set of theoretical contributions and an agenda for future research.

Broadly, my findings provide greater understanding on the ways in which corporations exercise their power in relation to politics and to society at large. The data in Chapter 1 demonstrates just how ubiquitous corporate involvement in the political world can be – with plenty of heterogeneity in issues touched on, actions taken, and firms involved. My analysis of this data produces both findings and questions crucial to developing our understanding of CSPI. Findings illuminate how firms’ relationship to sociopolitical issues has shifted over time from business-centric to moralistic. This demonstrates a core way in which firms are considering their societal reach and impact. Additionally, the boundaries of corporate concerns expanded as issues addressed went beyond a firm’s core product and continually increased in controversiality.

This societal perspective also arises when drawing connections to a firm’s stakeholders – the audiences and (hopeful) beneficiaries of increased engagement in “doing what’s right.” Extant research typically frames analyses from the perspective of one of the primary stakeholders of the firm: employees, shareholders, and consumers. However, findings highlighted another set of *contextual* stakeholders who were addressed by firms when an issue of interest was connected to them, but where they fall on a firm’s priority list was unclear.

Findings in the first chapter also demonstrated a drastic increase in CSPI – gaining momentum around 2011 and practically exploding in 2016. Co-occurring factors that likely contributed to this rapid growth include the increase of (1) visibility and accessibility of firms, and (2) the increase of political divisiveness in the U.S. Additionally, findings showed that CSPI is predominantly progressive, and that the top CSPI issues of each year did not align with the top lobbying issues. This raises questions around whether the political efforts of individual firms align across covert and overt avenues.

The prevalence of CSPI as a practice in recent years also raises skepticism around which of the firms participating are doing so out of genuine interest in the issues at hand. Thus, Chapter 2 seeks to explore how firms might convey sincerity in their actions, in order to differentiate themselves from those that may be simply virtue-signaling or “woke washing.” I define sincerity as commitment to a firm’s stated values, and results demonstrated that this definition provides a way for sincerity to be conveyed and measured. Findings indicate that early adopters use strategies that require a greater degree of commitment, which reduces a firm’s flexibility in relation to the sociopolitical matter at hand. Additionally, stakeholder-specific factors and previous participation in progressive activism are related to both the timing of firms’ responses and the content of their statements. Through this chapter, I provide a perspective and measure through which to examine whether a firm is being genuine in its sociopolitical efforts.

While Chapter 2 draws from details in firms’ statements and actions, Chapter 3 turns to the vantage point of individuals to understand how they might be affected by CSPI. We focus on employees as a stakeholder group, due to their capacity to provide a competitive advantage for the firm. Additionally, we define controversiality in context of CSPI, and examine ways in which

firms' actions might be controversial in varying degrees. Our findings demonstrate a mixed impact of CSPI on employees. Employee satisfaction increased when employees were highly unified in their political ideology *and* that ideology aligned with the firm's action. When employees' ideology was mixed, or misaligned with the firm's action, firms did not reap any rewards. However, beyond the lack of rewards, we find that ideologically-heterogeneous firms receive a drop in employee satisfaction when their action has a greater degree of controversiality.

Heterogeneity is a common theme throughout CSPI. For instance, while firms' responses to George Floyd's death seemed to follow a clear template at first glance, I found variance in both rhetoric and actions. And the combination of these many levers - e.g., ideological make-up within the firm, partisan association of the firm's action, which sociopolitical issue is addressed, stakeholder reactions, etc. - makes establishing generalized and clear contributions rather difficult. This point is demonstrated when contrasting the results of Wowak, Busenbark, and Hambrick's (2022) paper to Chapter 3: employees' reactions to CSPI were not consistent across the three cases examined. Thus, while some may view CSPI from a singular lens - i.e., the focal aspect is that firms are publicly participating in politics - this in itself will not produce consistent results. The work and findings throughout this dissertation demonstrate and underscore this challenge.

Two other key challenges for future work in this area relate to (1) firms' motivations for and (2) societal impact of CSPI. The expansion of rhetoric in firm's reasoning behind getting involved in sociopolitical issues - from simply being "good for business" into doing "the right thing" - suggests the motivation behind CSPI is connected to core values and a sense of "moral obligation." If morality was the sole motivation, there might be an expectation that a firm would

act against their self-interest in pursuit of the greater good. Whether firms have or would actually make such a choice will require future research.

This matter of “doing good” also raises the question of whether CSPI achieves any of the social benefits that firms claim to be pursuing, or if it is instead causing more harm than good. As discussed in Chapter 1—if firms are providing political prescriptions publicly and privately, then are we dealing with a new form of democracy? What is the power and reach of firms’ influence over both lawmakers and voters? Additionally, where does CSPI fall among the options for corporate influence in terms of optimal effectiveness? For instance, would it be more effective for firms to focus on curbing damage caused by their externalities? Or, for a firm to focus more of its prosocial efforts within the marketplace—such as through paying higher wages, ensuring product safety, advocating for the well-being and health of its employees, etc.? While many of these prosocial options have been studied separately, the challenge for future research is to better understand both the why and the impact of corporate prosocial efforts across the board.

Although my dissertation focused on corporations and issues in the United States, there is great need for this research to expand beyond the confines of American politics. For instance, does CSPI have the same prevalence in other countries? How does it vary in practice and reception? How do sociopolitical interests and responses vary across countries? How do multi-national firms manage their positions in different political environments? Examining CSPI in contexts outside of U.S. boundaries will greatly enrich research in this area as our understanding continues to grow.

Ultimately, by providing an in-depth examination of the evolution of CSPI, my dissertation establishes a foundation for this burgeoning area of research. The work in this dissertation provides a greater understanding of the ability corporations have to influence politics and society.

My findings also contribute to the discussion on the purpose, identity, and duty of corporations. Examining the evolution of, detail in, and effects from CSPI is important for determining what kind of role firms play in shaping policies, swaying public opinion, and contributing to the conversations in a polarized world.

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APPENDIX A | DATABASE CODING GUIDE

Table 1.8. Overview of database contents

Column	Title	Description	key
A	year	year of article	
B	filename	name of file in CSPI folder	year_mmdd_issue_topic_word
C	date	date of article	
D	issue	broad sociopolitical issue category	
E	topic	sub sociopolitical category	
F	headline	headline of article	
G	news source	newspaper/site of article	
H	author	article author	lastname, firstinitial.
I	full text	text from article	
J	link	link to article	
K	event?	is article connected to an event?	1 = yes
L	event details	descriptor of event	
M	cons of prog	conservative or progressive?	
N	type of action	what did the firm do?	e.g., boycott, statement, letter
O	accessible	Visible or accessible	1 = yes; 3 = unclear
P	unrelated to core product	Is the sociopolitical issue unrelated to the firm's core product?	1 = yes, 3 = employee-related, 5 = climate + energy/oil company, 7 = related to product sale policy
Q	polarizing	Does the issue lack societal consensus?	1 = yes; 3 = potentially; 5 = sustainability
R	proactive	Is the firm <i>reacting</i> to a specific target/boycott, or acting of their own accord?	0 = reactive; 1 = proactive; 2 = uncertain
S	actor	Who are the key actors of CSPI, CEO(s) or Organization(s)?	CEO(s), org(s), both
T	collective action	Are firms acting together?	1 = yes
U	market mediators	Is the collective action through an organization/group of firms, organized by firms?	1 = yes
V	keywords	words of interest to include in rhetoric coding	
W	notes	space for notes about the article, questions, ideas, etc.	
X	rhetoric	phrases/quotes of interest	
Y	firm(s)	companies mentioned in article	
Z	exclude from CSPI	action(s) described in article do not match criteria for CSPI	1 = exclude
AA	exclude from activism	action(s) do not qualify as activism (purposefully visible; firm is deliberately advocating for a social or political change)	1 = exclude

APPENDIX B | ADDITIONAL TABLES AND FIGURES

Chapter 2: Correlation Table

Table 2.9. Correlation Table for Variables Examining Sincerity in CSPI

	VIF	Posted	First-mover	Explicit Dis.	Action Taken	Prev. Activism	Emp. Ideol.	B Corp	B2C	Left-Lean State	Political Polarization	CEO Ideol.	CEO Spok.	CEO Race	CEO Gender	Industry	Firm Age	Firm Size	
Posted		1.000																	
First-mover		0.254	1.000																
Explicit Discussion		0.406	0.349	1.000															
Action Taken		0.762	0.389	0.415	1.000														
Previous Activism	1.44	0.306	0.364	0.290	0.379	1.000													
Employee Ideology	1.58	0.270	0.299	0.275	0.339	0.404	1.000												
B Corporation	1.96	0.007	-0.032	0.156	0.041	-0.128	0.150	1.000											
B2C	1.75	0.364	0.219	0.078	0.388	0.215	0.178	-0.041	1.000										
Left-Leaning State	1.31	0.139	0.217	0.127	0.195	0.256	0.335	0.153	-0.064	1.000									
Political Polarization	1.12	-0.010	-0.054	-0.047	-0.017	-0.021	-0.011	0.224	0.065	0.084	1.000								
CEO Ideology	1.63	0.125	0.104	0.145	0.158	0.285	0.444	0.273	0.069	0.326	0.042	1.000							
CEO Spokesperson	1.14	0.354	0.045	0.072	0.335	0.059	0.045	-0.152	0.186	-0.005	-0.088	0.022	1.000						
CEO Race	1.10	0.149	0.084	0.201	0.124	0.077	0.022	-0.027	-0.092	0.011	-0.006	-0.017	0.105	1.000					
CEO Gender	1.21	0.009	0.005	0.107	0.058	-0.090	0.012	0.347	-0.025	-0.006	-0.062	0.150	0.007	0.038	1.000				
Industry		0.048	0.176	0.112	0.041	0.114	0.043	-0.011	-0.163	0.022	-0.035	0.155	-0.025	0.151	-0.010	1.000			
Firm Age	1.57	0.078	0.065	-0.004	0.098	0.004	-0.161	-0.505	0.106	-0.089	-0.105	-0.325	0.129	-0.058	-0.133	-0.142	1.000		
Firm Size	1.14	0.122	0.116	0.010	0.161	0.056	0.007	-0.205	0.148	-0.051	-0.068	-0.116	0.196	0.031	-0.103	0.064	0.099	1.000	

Chapter 3: Additional Tables and Figures

Figure 3.6. Distribution of Glassdoor Ratings (count)

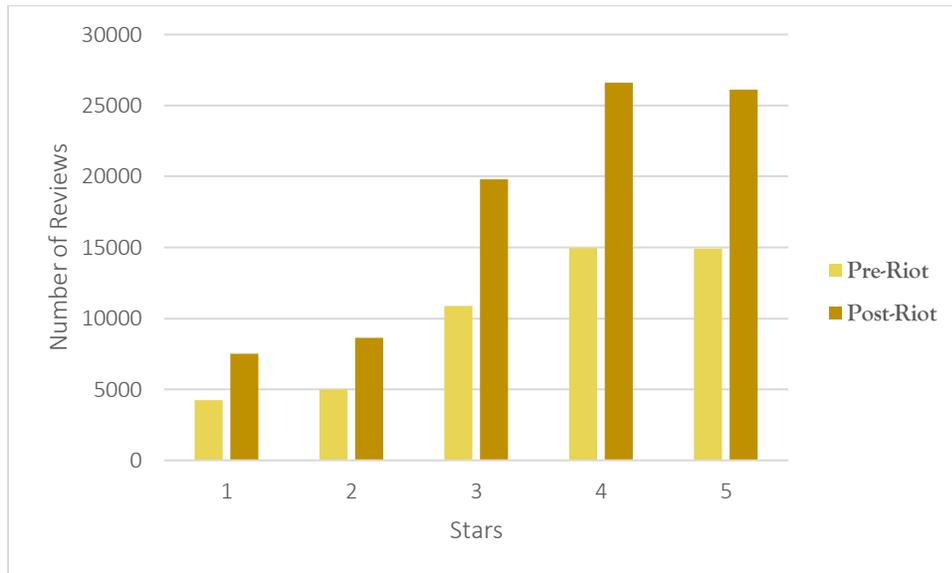


Table 3.9. Regressions examining individual Glassdoor reviews without split sample, clustered by firm

	Model 1 OLS Regression	Model 2 Logistic 1-star review	Model 3 Logistic 5-star review
Post-Insurrection	-0.016 (0.197)	0.009 (0.777)	-0.043 (0.057)
Paused Congressional Donations			
To all of Congress	0.219 (0.000)	-0.343 (0.003)	0.257 (0.007)
To objectors only	0.288 (0.000)	-0.655 (0.000)	0.302 (0.003)
Post-Insurrection x Paused Donations			
To all of Congress	-0.027 (0.351)	0.041 (0.542)	-0.017 (0.720)
To objectors only	-0.071 (0.032)	0.248 (0.000)	-0.076 (0.152)
Employee Ideology	0.006 (0.001)	-0.011 (0.000)	0.008 (0.009)
Current Employee	0.478 (0.000)	-0.757 (0.000)	0.708 (0.000)
Length of Employment	-0.003 (0.406)	-0.006 (0.443)	-0.011 (0.041)
Number of Employees	-0.092 (0.589)	-0.042 (0.907)	-0.275 (0.155)
ROA	-0.065 (0.066)	0.079 (0.180)	-0.093 (0.067)
Constant	2.927 (0.000)	-1.274 (0.000)	-1.830 (0.000)
Model R ²	0.0579	0.0304	0.0294
N (reviews)	138,677	138,677	138,677
N (firms)	365	365	365

P-values reported in parentheses; two-tailed tests

Table 3.10. Companies that paused donations to Objectors only

Company	Employee Ideology	Donations	To # objectors	HQ	Industry	TMT Ideology	CEO Ideology
AES	34.83	\$10,000	3	VA	Energy and Transport	N/A	N/A
AT&T	39.26	\$764,000	98	TX	Manufacturing, Food	61.73	36.50
Walmart	41.19	\$211,000	75	AR	Manufacturing, Food	N/A	N/A
Dow	41.96	N/A	NA	MI	Chemicals/Pharmacy	44.94	38.10
Allstate	46.23	\$93,000	27	IL	Chemicals/Pharmacy	N/A	N/A
Newmont	50.00	\$8,000	2	CO	Chemicals/Pharmacy	N/A	N/A
Pfizer	50.00	\$158,000	37	NY	Manufacturing, Materials	89.74	N/A
Texas Instruments	50.00	\$15,000	11	TX	Technology	30.21	N/A
PPL	50.00	\$59,000	14	PA	Technology	73.78	47.37
Qurate Retail	50.00	\$10,000	4	PA	Technology	N/A	N/A
Walgreens Boots Alliance	50.00	\$25,000	13	IL	Technology	84.99	29.02
Dell Technologies	51.72	\$62,000	16	TX	Telecommunications	N/A	N/A
State Street	53.63	\$23,000	13	MA	Telecommunications	62.59	35.22
Exelon	53.90	\$114,000	32	IL	Telecommunications	53.09	22.32
Morgan Stanley	54.76	\$172,000	28	NY	Telecommunications	68.36	93.75
McKesson	55.65	\$31,000	9	TX	Energy	56.19	39.16
PNC Financial Services	55.83	\$68,000	17	PA	Energy	N/A	N/A
Marsh & McLennan	58.54	\$20,000	10	NY	Energy	40.15	21.60
General Electric	59.29	\$201,000	58	MA	Energy	N/A	N/A
Cigna	61.59	\$181,000	36	CT	Energy	85.63	96.54
General Mills	62.53	\$14,000	4	MI	Wholesale, Drugs	69.94	93.75
Verizon	63.50	\$169,000	49	NY	Retail, Lumber	39.05	41.07
Marriott International	63.91	\$11,000	6	MD	Retail, Variety	48.20	N/A
Home Depot	64.02	\$465,000	63	GA	Retail, Electronics	71.58	51.92
Cerner	64.44	\$20,000	9	MO	Retail, Catalog	N/A	93.75
Best Buy	64.88	\$14,000	10	MN	Retail, Drugs	N/A	N/A
Comcast	66.61	\$755,000	95	PA	Retail, Catalog	86.02	97.94
PG&E	67.85	\$58,000	15	CA	Finance	71.78	N/A
Oracle	72.02	\$12,000	13	TX	Finance	44.71	N/A
Cisco Systems	74.18	\$21,000	5	CA	Finance	83.90	98.95
Intel	75.72	\$50,000	15	CA	Finance	64.96	76.26
Amazon.com	79.41	\$220,000	76	WA	Finance	59.79	88.16
American Express	80.45	\$76,000	19	NY	Insurance	72.58	33.84
NRG Energy	81.27	\$1,000	1	TX	Insurance	38.85	51.45
Microsoft	83.81	\$178,000	59	WA	Insurance	84.29	97.08
Walt Disney	87.28	\$11,000	8	CA	Services, Hospitality	75.34	27.95
Nike	87.65	\$8,000	4	OR	Services, Technology	31.85	N/A
Mastercard	88.21	\$25,000	8	NY	Services, Technology	52.20	21.36
Kraft Heinz	88.67	\$31,000	15	IL	Services, Technology	89.42	81.79
Alphabet / Google	91.61	\$177,000	37	CA	Services, Technology	67.05	57.43
Eli Lilly	93.75	\$64,000	15	IN	Services, Consumers	N/A	N/A
S&P Global	97.60	\$21,000	4	NY	Real Estate & Construction	40.56	57.83

Table 3.11. Robustness Test – Regressions examining individual Glassdoor reviews, clustered by firm

	Model 1 conservative (<30)	Model 2 moderate /mixed (30-85)	Model 3 liberal (>85)	Model 3 all ideologies
Pre-Insurrection				
Control	2.749	2.964	2.785	2.928
Treated	2.848	3.293	2.575	3.184
Diff (T-C)	0.099 (0.385)	0.329 (0.000)	-0.210 (0.174)	0.257 (0.000)
Post-Insurrection				
Control	2.851	2.944	2.739	2.911
Treated	2.894	3.210	2.763	3.116
Diff (T-C)	0.043 (0.707)	0.266 (0.000)	0.024 (0.875)	0.205 (0.001)
Diff-in-Diff	-0.056 (0.666)	-0.063 (0.021)	0.234 (0.017)	-0.052 (0.038)
Model R ²	0.08	0.06	0.06	0.06
N (reviews)	3,852	115,444	19,381	138,677
N (firms)	30	302	33	365
<i>P</i> -values reported in parentheses				

Table 3.12. Robustness Test – OLS reg. examining difference between each time period's average rating, clustered by firm

	Model 1 conservative (<30)	Model 2 moderate /mixed (30-85)	Model 3 liberal (>85)
Paused Congressional Donations			
To all of Congress	-0.081 (0.407)	0.036 (0.071)	-0.106 (0.121)
To objectors only		0.049 (0.112)	0.074 (0.091)
Employee Ideology	0.001 (0.945)	0.001 (0.326)	0.001 (0.829)
Average Employment Length	-0.020 (0.596)	-0.023 (0.020)	0.022 (0.387)
Number of Employees	0.099 (0.905)	-0.008 (0.891)	-0.018 (0.895)
ROA	0.021 (0.657)	0.002 (0.840)	0.014 (0.567)
Constant	0.321 (0.574)	0.315 (0.000)	0.084 (0.842)
Model R ²	0.0559	0.0385	0.0669
N (firms)	30	302	33
<i>P</i> -values reported in parentheses; two-tailed tests			

Figure 3.7. Parallel Trends Graphs, divided by ideological groups

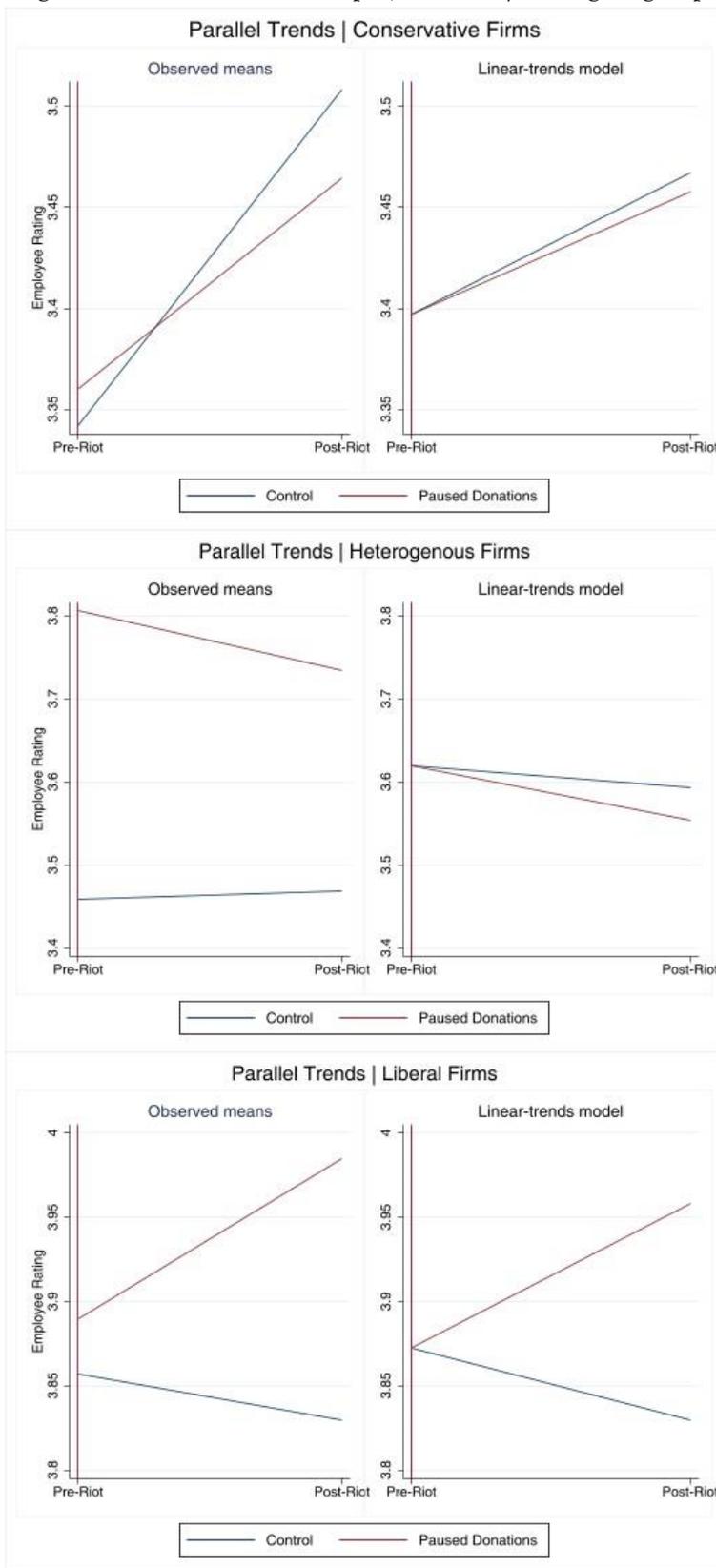


Table 3.13. Robustness Test – OLS regression examining individual Glassdoor reviews, clustered by firm

	conservative (<30)		moderate /mixed (30-85)		liberal (>85)	
	Model 1 1-star reviews	Model 2 5-star reviews	Model 3 1-star reviews	Model 4 5-star reviews	Model 5 1-star reviews	Model 6 5-star reviews
Post-Insurrection	-0.000 (0.982)	0.053 (0.093)	0.000 (0.972)	-0.009 (0.077)	0.006 (0.060)	-0.023 (0.000)
Paused Congressional Donations						
To all of Congress	-0.001 (0.971)	0.021 (0.415)	-0.035 (0.000)	0.074 (0.000)	0.038 (0.000)	-0.098 (0.211)
To objectors only			-0.056 (0.000)	0.083 (0.000)	0.025 (0.326)	-0.097 (0.141)
Post-Insurrection x Paused Donations						
To all of Congress	-0.000 (0.998)	-0.043 (0.332)	0.005 (0.302)	-0.006 (0.580)	-0.039 (0.000)	0.014 (0.698)
To objectors only			0.017 (0.000)	-0.019 (0.105)	-0.041 (0.049)	0.081 (0.048)
Employee Ideology	0.002 (0.334)	-0.012 (0.023)	-0.001 (0.131)	0.000 (0.527)	-0.002 (0.197)	0.002 (0.720)
Current Employee	-0.085 (0.000)	0.181 (0.000)	-0.060 (0.000)	0.141 (0.000)	-0.037 (0.000)	0.139 (0.000)
Length of Employment	0.001 (0.822)	-0.004 (0.384)	-0.001 (0.274)	-0.001 (0.312)	-0.001 (0.550)	-0.010 (0.003)
Number of Employees	-0.059 (0.672)	-0.869 (0.004)	0.022 (0.474)	-0.087 (0.054)	-0.070 (0.001)	-0.123 (0.156)
ROA	-0.012 (0.444)	0.008 (0.753)	0.002 (0.679)	-0.008 (0.434)	0.034 (0.000)	-0.097 (0.003)
Constant	0.086 (0.409)	-0.13 (0.951)	0.182 (0.000)	-0.134 (0.006)	0.170 (0.146)	0.229 (0.650)
Model R ²	0.0189	0.0760	0.0181	0.0343	0.0198	0.0529
N (reviews)	3,852	3,852	115,444	115,444	19,381	19,381
N (firms)	30	30	302	302	33	33

P-values reported in parentheses; two-tailed tests

Table 3.14. Correlation Table for Regressions Examining Capitol Insurrection

	VIF	Overall Rating	Time Period	Paused Donations	Employee Ideology	Current Employee	Emp. Length	Number of Emp.	ROA
Overall Rating		1.000							
Time Period	1.63	-0.001	1.000						
Paused Donations	2.89	0.091	0.034	1.000					
Emp. Ideology	1.02	0.079	0.008	-0.130	1.000				
Current Employee	1.02	0.203	0.486	0.063	0.007	1.000			
Emp. Length	1.03	0.008	-0.010	0.075	-0.089	0.049	1.000		
Number of Emp.	1.17	-0.035	0.023	0.099	-0.028	-0.062	-0.073	1.000	
ROA	1.18	-0.072	0.005	-0.108	0.021	-0.085	-0.127	0.346	1.000

APPENDIX C | PARKLAND CASE RESULTS

In February 2018 there was a shooting at Stoneman Douglas High School in Parkland, Florida, where 17 were killed and another 14 injured²⁶. After the shooting a variety of companies released statements in regard to policies, connections, or products of theirs that had some connection to gun use (Holson, 2019). There were some groups that stated they would not be making any changes to their current practices that were connected to firearms²⁷. For example, some companies stated that they would place restrictions on their sale of firearms or reduce their associations with firearm-related groups^{28,29}. On top of that, some of the statements included commentary on their duty or obligations to be responsible companies.

A brief glance at Glassdoor reviews shows the political statements were noticed by at least a few employees:

- Dick's Sporting Goods: *"Cut hours coincidentally after making political statements. Seems to be related to a projected loss of sales. Store manager's hands are tied, they give as many hours as corporate lets them have, but hourly employee's suffer while the do-gooder trustees make political moves."*
- Cabela's: *"check their politics at the door"*

Using the same methods as above, we used Diff-in-Diff to examine whether employee ratings on Glassdoor were impacted by a firm taking action related to a particular event – in this case, the shooting in Parkland. However, there are a few differences to the Capitol case:

1. We focused on one specific industry: the outdoor industry. This enabled us to examine firms relevant to the issue at hand, but also restricted the number of firms in our sample (see Tables 5 & 6).
2. Due to this restricted number of firms, we did not split the sample by ideological grouping. We do, however, include the ideology variables in the analysis (see Tables 7 & 8).
3. The treatment variable simply indicates whether or not the firm made a statement about the Parkland shooting, it does not denote any degrees of controversiality. While there was variance in how firms reacted overall, the firms within our sample did not have enough variance to provide an effective analysis of its impact.
4. We do not include any additional control variables.

As noted in the Methods & Data section of the paper, this analysis did not produce any statistically significant results for our interaction variable.

²⁶ <https://www.nbcnews.com/news/us-news/police-respond-shooting-parkland-florida-high-school-n848101>

²⁷ <https://about.van.fedex.com/newsroom/fedex-responds-questions-national-rifle-association-gun-safety-policy/>

²⁸ <https://corporate.walmart.com/newsroom/2018/02/28/walmart-statement-on-firearms-policy>

²⁹ <https://news.delta.com/update-delta-ends-nra-discount-annual-meeting>

Table 3.15. Risk Set for Parkland Case Analysis; Firms in Outdoor Industry

Company	Number of Reviews				Average Rating		Ideology <i>conservative (0) - liberal (100)</i>		
	Made a statement?	Pre-Parkland	Post-Parkland	Total	Pre-Parkland	Post-Parkland	Employees	TMT	CEO
Academy Sports	y	120	82	202	3	3.16	50	50	50
Amazon.com	n	2709	2260	4969	3.82	3.71	88.08	62.41	5.30
BJ's Wholesale Club	n	70	50	120	2.8	3.12	99.14	6.25	6.25
Bass Pro Shops	n	38	46	84	3.24	3.33	46.36	50	5.30
Big 5	n	31	17	48	3.29	3.35	98.93	50	50
Cabela's	n	71	56	127	3.18	3.23	55.89	1.91	3.06
Columbia Sportswear	n	24	16	40	3.58	3.06	99.51	47.94	80.90
Costco Wholesale	n	285	256	541	3.83	4.03	75.95	44.81	50
Dick's Sporting Goods	y	187	198	385	3.44	3.18	68.89	49.74	34.15
Eddie Bauer	n	23	31	54	3.09	3.13	99.25	95.35	50
FedEx Corp.	y	188	168	356	3.81	3.68	48.41	39.10	18.85
Gander Mountain	n	18	20	38	3	3	51.37	50	50
Hibbett Sports	n	25	28	53	3.92	3.46	50	50	50
Kmart	n	175	105	280	2.75	2.93	66.23	94.61	50
Kroger	y	541	452	993	3.14	3.13	67.35	60.75	3.05
L.L. Bean	y	33	23	56	3.58	3.57	53.80	25.52	3.41
Modell's	n	18	22	40	2.83	3.45	50	95.05	50
Patagonia	n	6	17	24	4.17	3.76	99.74	50	97.49
REI	y	51	54	105	3.86	4.02	71.04	94.69	93.75
Sears	n	372	346	718	2.82	2.61	73.03	94.68	50
Sportsman's Warehouse	n	15	13	28	3.2	3.23	48.27	50	50
Target	n	1270	1181	2451	3.48	3.44	62.04	54.43	6.25
The North Face	n	33	24	57	3.67	3.83	97.81	50	50
Vista Outdoor Inc.	y	8	13	21	2.25	2.77	2.62	2.55	5.31
Walmart	y	2233	2034	4267	3.19	3.16	55.41	49.18	50

Table 3.16. Means, Standard Deviations, and Descriptions for Variables Used in Analytic Sample examining Corporate Participation in CSPI

Variable	Range	Pre-Parkland		Post-Parkland	
		Mean/N ^a	SD/% ^b	Mean/N ^a	SD/% ^b
<i>Glassdoor Ratings</i>					
Overall Rating	(1,5)	3.45	1.27	3.39	1.27
Five-Star Review	(0,1)	2,140	25.05	1738	23.14
One-Star Review	(0,1)	892	10.44	830	11.05
<i>CSPI Response</i>					
Made a Statement	(0,1)			8	32.00
<i>Ideology Measures</i>					
Employee Ideology	(2.62,99.7)	67.16	23.79		
Top Management Team	(1.91,95.4)	52.76	26.92		
CEO	(3.06,97.5)	38.52	28.47		
N (reviews) = 16,056		8,544		7,512	
N (firms) = 25					

^a Mean given for continuous variables, frequencies given for categorical variables.

^b Standard deviations given for continuous variables, percentages for categorical variables.

Table 3.17. OLS reg. examining individual Glassdoor reviews, clustered by firm

	Model 1	Model 2	Model 3
Post-Parkland	-0.060 (0.164)	-0.054 (0.201)	-0.053 (0.189)
Made Statement	-0.337 (0.038)	-0.118 (0.365)	-0.119 (0.384)
Post-Parkland x Statement	0.016 (0.729)	0.010 (0.831)	0.010 (0.823)
Employee Ideology		0.011 (0.020)	0.012 (0.012)
TMT Ideology			-0.008 (0.191)
CEO Ideology			-0.002 (0.436)
Constant	3.580 (0.000)	2.754 (0.000)	3.208 (0.000)
Model R ²	0.0166	0.0248	0.0350
N (reviews)	16,056	16,056	16,056
N (firms)	25	25	25

P-values reported in parentheses; two-tailed tests

Table 3.18. Logistic regression examining 1-star and 5-star ratings from individual Glassdoor reviews, clustered by firm

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	1-star	5-star	1-star	5-star	1-star	5-star
	reviews	reviews	reviews	reviews	reviews	reviews
Post-Parkland	0.002 (0.983)	-0.116 (0.047)	0.000 (0.999)	-0.105 (0.089)	0.000 (0.998)	-0.104 (0.095)
Made Statement	0.218 (0.140)	-0.572 (0.048)	0.141 (0.561)	-0.053 (0.789)	0.157 (0.431)	-0.082 (0.730)
Post-Parkland x Statement	0.130 (0.236)	0.046 (0.521)	0.132 (0.222)	0.034 (0.654)	0.131 (0.218)	0.034 (0.661)
Employee Ideology			-0.004 (0.613)	0.024 (0.000)	-0.005 (0.480)	0.026 (0.001)
TMT Ideology					0.011 (0.194)	-0.010 (0.270)
CEO Ideology					0.003 (0.406)	-0.002 (0.765)
Constant	-2.239 (0.000)	-0.891 (0.002)	-1.949 (0.002)	-0.282 (0.000)	-2.570 (0.000)	-2.302 (0.000)
Model R ²	0.0030	0.0118	0.0032	0.0234	0.008	0.0265

P-values reported in parentheses; two-tailed tests

Table 3.19. Correlation Table for Regressions Examining Parkland Case

	VIF	Overall Rating	Time Period	Statement	Emp. Ideology	TMT Ideology	CEO Ideology
Overall Rating		1.000					
Time Period		-0.022	1.000				
Statement	2.89	-0.127	0.009	1.000			
Emp. Ideology	1.02	0.153	-0.019	-0.677	1.000		
TMT Ideology	1.02	-0.027	-0.005	-0.354	0.371	1.000	
CEO Ideology	1.03	-0.135	0.012	0.554	-0.492	0.011	1.000