

CORPORATE SOCIOPOLITICAL ACTIVISM AND MEDIA ORGANIZATIONS

by

FARHAN IQBAL

(Under the Direction of Michael D. Pfarrer)

ABSTRACT

I develop and test theory pertaining to media organizations' reactions to corporate sociopolitical activism, which refers to a firm's public demonstration of support for or opposition to a partisan social issue. The premise of my core arguments is that media organizations make strategic decisions to maintain political biases in order to attract and retain a target audience. These news outlets are thus searching for stories to tell that reinforce this bias—and corporate sociopolitical activism provides these opportunities to media organizations. Building on this premise, I develop arguments about firm involvement in sociopolitical activism, media organizations' reactions to sociopolitical activism, and the downstream effects thereof. I test my theory using matched sampling, econometrics, and deep learning-based natural language processing techniques on novel datasets of media organizations and corporate sociopolitical acts.

INDEX WORDS: Corporate activism, Non-market strategy, Corporate communications, Media, Social movements, Stakeholder theory, Natural language processing

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To my wife, Heather, without whom I would never have begun—let alone completed—this journey. Thank you for the nudge, and for the sacrifices you made along the way. (And, thanks for the financial support, too.)

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TABLE OF CONTENTS

| | Page |
|---|------|
| ACKNOWLEDGEMENTS | v |
| LIST OF TABLES | ix |
| LIST OF FIGURES | xi |
| CHAPTER | |
| 1 INTRODUCTION | 1 |
| 2 LITERATURE REVIEW | 6 |
| Corporate Sociopolitical Activism..... | 6 |
| Media Organizations | 12 |
| Politics, Social Movements, and the Media..... | 19 |
| 3 THEORY DEVELOPMENT..... | 32 |
| Predictors of Corporate Sociopolitical Activism | 35 |
| Political Bias in the Media..... | 41 |
| The Polarizing Effect of Corporate Sociopolitical Activism..... | 45 |
| Asymmetry in the Polarizing Effect of Corporate Sociopolitical Activism | 51 |
| The Moderating Effect of Endowed Media Coverage | 55 |
| Media Coverage and Investors' Reactions to Corporate Sociopolitical Activism | 56 |
| Corporate Sociopolitical Activism and Subsequent Media Coverage | 59 |
| The Moderating Effect of Joint Involvement in CSA..... | 64 |
| 4 RESEARCH METHODOLOGY..... | 66 |

| | |
|---|-----|
| Data Collection | 66 |
| Measurement and Estimation..... | 70 |
| 5 RESULTS | 91 |
| 6 SUPPLEMENTAL ANALYSES | 124 |
| 7 DISCUSSION | 133 |
| REFERENCES | 139 |
| APPENDICES | |
| A Survey Key for CSA Conservatism | 164 |

LIST OF TABLES

| | Page |
|--|------|
| Table 2.1: Comparison of Nonmarket Strategies..... | 8 |
| Table 2.2: Selected Studies on Corporate Sociopolitical Activism | 10 |
| Table 2.3: Politics as a Decision-Making Process | 21 |
| Table 2.4: Examples of Social Movements | 27 |
| Table 3.1: Summary of Hypotheses..... | 35 |
| Table 3.2: Headline Comparison Following Walmart CSA | 49 |
| Table 4.1: Pre- and Post-Matching Comparison for H1 | 76 |
| Table 5.1: Hypothesis 1 - NNM Results..... | 92 |
| Table 5.2: Hypothesis 1 - CEM Results (Weighted Logistic Regression with CEM Weights) | 93 |
| Table 5.3: Hypothesis 2 - Correlation Matrix..... | 95 |
| Table 5.4: Hypothesis 2 - Logistic Regression | 95 |
| Table 5.5: Correlation Matrix (H3-H5; Approach #1)..... | 100 |
| Table 5.6a: OLS Regression (Controls Only)..... | 103 |
| Table 5.6b: Hypotheses 3-5 OLS Regression Results | 104 |
| Table 5.7: Correlation Matrix (H3-H5; Approach #2)..... | 106 |
| Table 5.8a: Polynomial Regression (Controls Only) | 107 |
| Table 5.8b: Hypotheses 3-5 Polynomial Regression Results | 108 |
| Table 5.9: Response Surface Plot – Slopes and Curvatures | 109 |

| | |
|--|-----|
| Table 5.10: Summary Statistics of Cumulative Abnormal Stock Market Returns | 113 |
| Table 5.11: Summary Statistics of Alternative Cumulative Abnormal Stock Market Returns ... | 115 |
| Table 5.12: Correlation Matrix (H7-H8) | 117 |
| Table 5.13a: H7-H8 OLS Regression (Controls Only)..... | 118 |
| Table 5.13b: H7-H8 OLS Regression Results | 119 |
| Table 5.13c: H7-H8 OLS Regression Results (Controlling for Other DV)..... | 120 |
| Table 5.14a: Conditional Marginal Effects of CSA Sentiment at Varying Levels of Joint Involvement (DV = Frequency; H7a P-values Across Varying Levels of Moderator) ... | 122 |
| Table 5.14b: Conditional Marginal Effects of CSA Sentiment at Varying Levels of Joint Involvement (DV = Sentiment; H7b P-values Across Varying Levels of Moderator).... | 123 |
| Table 6.1: Pre- and Post-Matching Comparison with Standardized Mean Differences | 124 |
| Table 6.2: Hypothesis 1 Results Using PSM | 125 |
| Table 6.3: Correlation Matrix of Alternative Measurements (H3-H5)..... | 126 |
| Table 6.4: Average P-values of Alternative Measurements - Controls | 128 |
| Table 6.5: Aggregate Hypothesized Results Across Alternative Models | 129 |
| Table 6.6: Comparing Coefficients Among CSA Conducted in Trump Admin. vs. Obama Admin. | 131 |
| Table 6.7: Correlations of Alternative Post-Sentiment of Firm Coverage | 132 |
| Table 6.8: Correlations of Alternative Post-Frequency of Firm Coverage..... | 132 |
| Table 7.1: Hypothesis Testing Results..... | 134 |

LIST OF FIGURES

| | Page |
|--|------|
| Figure 5.1: Histogram of Coverage of CSA by Number of Media Outlets | 98 |
| Figure 5.2: Average Outlet Favorability by Conservatism Rating | 99 |
| Figure 5.3: Congruence Effects of CSA Conservatism and Media Conservatism | 109 |
| Figure 5.4a: Conditional Marginal Effects of CSA Sentiment with 95% CIs (DV = Frequency; H8a) | 122 |
| Figure 5.4b: Conditional Marginal Effects of CSA Sentiment with 95% CIs (DV = Sentiment; H8b) | 123 |
| Figure 6.1: Histogram of P-values Across Alternative Models for H3 Coefficients (Both Approaches) | 130 |

CHAPTER 1

INTRODUCTION

Consider the following examples. In 2015, PepsiCo's Doritos brand launched "Doritos Rainbows," a limited-edition product to celebrate the lesbian, gay, bisexual, transgender, and queer (LGBTQ+) community. Stakeholders could only attain the rainbow-colored chips as reward for a ten-dollar donation to It Gets Better, a nonprofit organization aimed at empowering LGBTQ+ youth around the world. In a similar vein, Tim Cook, Apple's CEO, wrote an op-ed in response to Indiana's Religious Freedom and Reformation Act, disparaging the law as fostering an unwelcoming environment for members of the LGBTQ+ community. In 2019, Walmart announced it would restrict sales of certain types of guns and ammunitions in its stores, sending a signal of their stance of gun control in America. Others such as Amazon, Delta, and Starbucks have all engaged in similar behaviors, and examples abound of firm involvement in sociopolitical issues in the United States.

These examples represent a newer type of nonmarket strategy called corporate sociopolitical activism (CSA), which refers to a firm's public demonstration of support for or opposition to a partisan social issue (e.g., Bhagwat, Warren, Beck, & Watson, 2020; Burbano, 2021; Hambrick & Wowak, 2021). Research on CSA is in its nascence, and the few studies on this topic suggest it may do more harm than help (e.g., Bhagwat et al., 2020; Burbano, 2021; Chatterji & Toffel, 2019), leaving us wondering why firms take part in these contentious behaviors. I argue that firms do so in order to engage in a broader discourse surrounding the underlying sociopolitical issue, and that by studying the media—a key stakeholder in the

discourse process—we may be able to paint a more complete and accurate picture of how CSA affects a firm’s relationships with its stakeholders.

Surprisingly, research on sociopolitical activism tends to ignore the media. This is problematic because the media influence firms and their behaviors, other stakeholders’ perceptions of firms, as well as perceptions of social and political issues (e.g., Graf-Vlachy et al., 2020; Houser & Wooders, 2006; McCombs, 1981; McCombs & Shaw, 1972; Siebert, Peterson, & Schramm, 1956; Tetlock, Saar-Tsechansky, & Macskassy, 2008; Trent & Friedenberg, 1991; Zavyalova et al., 2012). As such, and because of the media’s deep-rooted social and political interests, it is likely for media organizations to take notice when firms engage in these behaviors and use these events to push their narratives of firms and sociopolitical issues.

In this dissertation, I mitigate this problem by developing and testing a theoretical framework on why firms engage in sociopolitical activism, how media organizations react to these behaviors, and how their reactions influence firms’ market and nonmarket outcomes. I begin my framework by developing an argument for why firms engage in CSA. I suggest that firms react opportunistically to external stimuli in order to manage stakeholder relationships. Thus, firms will engage in CSA when they calculate a positive net benefit, which I argue occurs when a sociopolitical issue gains prominence in the media. I also argue that firms with more liberal political ideologies are more likely to conclude that there is a positive net benefit.

I then develop arguments related to the media organizations’ and investors’ reactions to CSA. In particular, I conceptualize media organizations as subjective information intermediaries that cast narratives of firms. Media organizations capitalize on their agency in deciding what events to cover and how to cover them. The premise of my theory is that a point of differentiation among media organizations that helps direct their coverage is *political bias*,

defined as a systematic difference in the mapping from facts to news that would sway naïve readers toward a political direction (Gentzkow, Shapiro, & Stone, 2015). Media organizations' coverage of events, firms, and sociopolitical issues changes based on their political biases, which is reflected in the news stories they publish.

This premise is the foundation for several arguments. First, I explicate the “polarizing effect of corporate sociopolitical activism”—the notion that some media organizations will react favorably while others will react unfavorably. This is predicated on *congruence*, which I conceptualize as the degree of fit between media organizations' political bias and that of the sociopolitical act. Building from this core argument, I develop theory on two moderators of the polarizing effect: (1) the source of incongruence and (2) endowed media coverage. The first relates to a body of research on the asymmetry of partisan affect, suggesting that left- and right-leaning groups are not equal in their sentiment toward the “opposing” side. The second is based on media organizations' extant relationships with firms engaging in CSA.

I then argue that the media's reactions will influence investors' reactions. While some research finds that investors react negatively to the uncertainty and perceived risk associated with corporate sociopolitical activism (Bhagwat et al., 2020), I argue that the media's collective reaction to the sociopolitical act moderates this effect. The consistency of the media's coverage can help reduce perceptions of risk among investors, mitigating their negative reaction.

I then shift to the downstream consequences of corporate sociopolitical activism on the media's subsequent coverage of the firm and of the underlying sociopolitical issue. The premise for these effects is two-fold: (1) by engaging in CSA, firms may be altering the narratives that media organizations project, and (2) media organizations and activists will leverage CSA to progress the sociopolitical issue. My arguments build on this premise to suggest that CSA alters

how a media organization subsequently covers the firm and its behaviors, such that the more positively a media organization covers CSA, the (a) more often and (b) more positively it will cover the firm in the future. An added contingency to these effects is the salience of firms engaging in CSA. That is, as the number of firms engaging in a single behavior increases, the relative salience of each acting firm necessarily decreases—thus mitigating the effects of CSA on subsequent media coverage of the firm.

This dissertation is as much an investigation of media organizations as it is firm behaviors. By centering my study on the media following CSA, I argue that we paint a more complete and accurate picture of firm motivations for engaging in CSA, how media coverage of CSA affects a firm's market and nonmarket outcomes, and whether and how firms contribute to broader sociopolitical issues through CSA. In particular, I make the following contributions.

First, this study contributes to the conversation surrounding corporate sociopolitical activism by developing new theory regarding its effects on an understudied—but important—stakeholder: the media. Second, I contribute to the growing stream of research on media organizations by exploring contexts in which there is meaningful variance between media organizations, such that they differentially cover firms and firm behaviors. In doing so, I shine the spotlight on the importance of treating the media heterogeneously. Third, this study introduces methodologies that enable scholars to test more nuanced and complex theory. Finally, by establishing a more tangible connection between firm behaviors and social movements, I contribute to the conversation on social movements, identifying public companies as key actors insofar as they may bring attention to and help mobilize social movements.

The rest of this dissertation is structured as follows. In Chapter 2, I provide a literature review of research on corporate sociopolitical activism, media organizations, and social

movements. In Chapter 3, I develop my theoretical framework. In Chapter 4, I explain my research methodology. In Chapters 5 and 6, I share my primary results and supplemental analyses, respectively. Finally, Chapter 7 is a discussion of the implications of the study and future research opportunities.

CHAPTER 2

LITERATURE REVIEW

In this chapter, I set the foundation for my theorizing in three ways. First, I define and establish corporate sociopolitical activism as a distinct and consequential behavior, with a particular emphasis on how research on sociopolitical activism tends to ignore the media. Second, to expand on why this omission is problematic, I describe the influence of media coverage on firms and firm behaviors. Third, I establish the critical role of the media in influencing the political process through mobilizing social movements and influencing perceptions of policy and politicians. The media's strong connection to political systems, and their coverage of (and influence on) key firm events, provides the foundation for why the media would be likely to cover a firm's sociopolitical activism, why a firm might engage in sociopolitical activism, and how these behaviors fit into the broader narrative about a sociopolitical issue.

Corporate Sociopolitical Activism

Corporate sociopolitical activism (CSA) refers to a firm's demonstration of support for or opposition to a partisan social issue (e.g., Bhagwat et al., 2020; Burbano, 2021; Hambrick & Wowak, 2021). Over the last decade, sociopolitical activism has received attention by researchers and practitioners. Anecdotal evidence suggests that CSA is consequential for firms. For example, Delta lost a \$40 million tax break subsequent to calling for gun control and speaking out against the National Rifle Association (Dantes, 2018). Nike, on the other hand, saw

a 31 percent year-over-year increase in online sales in the days following its ad campaign featuring Colin Kaepernick's support of the Black Lives Matter movement (Martinez, 2018).

Research has made clear two properties of corporate sociopolitical activism that distinguish it from related constructs. Table 2.1 illustrates this comparison. First, with CSA the stance taken on by the firm relates to an issue of public and political debate. It is thus, by definition, contentious and partisan (i.e., divided along political party lines). Nalick and colleagues (2016) suggest that this form of activism is divisive, unsettling, and met with high emotional responses. This property discerns CSA from corporate social responsibility (CSR). CSR refers to organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance (Aguinis & Glavas, 2012). Given that partisanship or contentiousness are not components of CSR, such actions (e.g., a food manufacturer announcing an investment toward reductions in carbon emissions) are less likely to be met with adverse reactions than if the same food manufacturer sponsored an event supporting the LGBTQ+ community. Indeed, research suggests firms engaging in CSR do so when there is overwhelming and clear stakeholder support (Aguinis & Glavas, 2012; Nalick et al., 2016).

TABLE 2.1
COMPARISON OF NONMARKET STRATEGIES

| | Corporate Social Responsibility | Corporate Political Activity | Corporate Sociopolitical Activism |
|-----------------------|--|---|--|
| Definition | Organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance. | Corporate attempts to shape government policy in ways favorable to the firm. | Demonstration of support for or against a partisan social issue. |
| Key References | Aguinis & Glavas, 2012 | Hillman et al., 2004; Lux et al., 2011 | Bhagwat et al., 2020; Burbano, 2020; Hambrick & Wowak, 2021 |
| Partisanship | Low | High | High |
| Societal | Highly socially/societally-driven | Agnostic | Highly socially/societally-driven |
| Publicize | Agnostic | Avoid | Promote |
| Example Events | LEED certifications; Partnership with St. Jude's; R&D towards carbon emissions reductions | Lobbying against fuel economy standards; donations to political candidates to adjust taxi permits | PepsiCo's Doritos Rainbows; Starbucks's Race Together |

Second, for a behavior to be considered sociopolitical activism, it needs to be publicized. This is important because firms may make efforts to progress political agendas that are not publicized. For example, firms maintaining stances on a political issue may engage in corporate political activity by contributing to political candidates, campaigns, interest groups, or lobbyists without publicizing their efforts (Werner, 2017; Minefee, McDonnell, & Werner, 2021). Sociopolitical acts, however, are events that the acting firm willingly publicizes, making it distinct from traditional corporate political activity (Lux et al., 2011).

More broadly, not all activism is sociopolitical in nature. For example, taking action against inhumane manufacturing processes such as the use of sweatshop labor is activism. At the same time, however, and as the above properties suggest, it is not *sociopolitical* in that “use of

sweatshop labor” is not necessarily a partisan issue (Pew Research Center, 2014). Indeed, it may seem difficult to find advocates for the use of sweatshop labor—and, even if such advocates exist, there is no reasonable justification for their advocacy that would fall more in line with the ideology of one side of the political aisle in the United States.¹

Similarly, sociopolitical activism is seen as highly relevant to the general public; the “average” person knows the underlying issue and likely has an opinion on it. Firms can, however, engage in activism related to issues that are not relevant to, and perhaps not even known by, most members of the public. For example, right-to-farm laws that regulate suburban encroachment of farmland have been supported by farming organizations for decades (Adelaja & Friedman, 1999; Hand, 1983). These laws dictate whether land is deemed agricultural, and whether and how agricultural areas, facilities, and operations may be deemed a public nuisance. As such, firms operating in the agriculture industry, including farmers, equipment manufacturers, and food processors, tend to support (financially or otherwise) and enjoy the benefits of these laws. The average person, however, may not be aware of these laws, about firms’ efforts to maintain them, and about the business- and society-related implications of preserving agricultural land. As such, a firm’s activism toward this issue may not be classified as sociopolitical.

While the distinction between sociopolitical activism and other forms of activism is clear, less is understood about why firms engage in CSA, and the consequences thereof. Some, for example, refute market- or financially-based explanations altogether through their conceptualizations of CSA. For example, Chatterji and Toffel stated that this behavior is for

¹ This is not meant to suggest that there are no bills or laws pertaining to sweatshop labor; rather, the politics of sweatshop labor pertain to how to mitigate sweatshop labor as opposed to whether sweatshop labor is problematic.

issues “not directly related to [the company’s] core business” (2019: 159). Yet, several sociopolitical acts relate to a firm’s business or operations in material ways. For example, it is difficult to suggest that when Amazon removed Confederate flag-related merchandise, when Walmart stopped selling certain types of guns and ammunition, or when Doritos launched *Rainbows*, that there was no connection to their respective business operations. As such, some scholars do not maintain this restriction (e.g., Bhagwat et al., 2020; Hambrick & Wowak, 2021).

Thinking more abstractly about Chatterji and Toffel’s (2019) statement, however, provides valuable insight into the theoretical underpinnings of CSA. While I contend that it does not matter whether a firm’s core business is impacted by its CSA, I concede that firms engaging in these behaviors are more likely to be motivated by managing stakeholder relationships than they are by market-based outcomes. For example, when Lowe’s pulled its advertising from the television network that aired a reality TV show called *All-American Muslim*, it cited “a significant amount of communication” from individuals and groups that led them to make a decision that had clear financial costs in the form of canceled media slots (CNN, 2011; NPR, 2011). Most theories of CSA take on this perspective, and thus center on how, by engaging in CSA, firms and their leaders influence relationships with stakeholders—and thus, their nonmarket environments (e.g., Burbano, 2021; McDonnell, 2016; Nalick et al., 2016).

TABLE 2.2
SELECTED STUDIES ON CORPORATE SOCIOPOLITICAL ACTIVISM

| Paper | Type | Construct | Definition | Key RQ | Stakeholder(s) | Main Findings |
|---|-------------|-------------------------------------|--|---|------------------------|--|
| Bhagwat, Warren, Beck, & Watson (2020) | Empirical | Corporate sociopolitical activism | A firm's public demonstration (statements and/or actions) of support for or opposition to one side of a partisan sociopolitical issue. | How do investors react to CSA? | Investors | CSA elicits negative reactions by investors because investors perceive the behavior as risky. This relationship is exacerbated when the company's sociopolitical activism is highly incongruent with customers' values. |
| Burbano (2021) | Empirical | Corporate social-political activism | When firm leaders communicate stances on social-political issues not directly related to their core business. | How does CSA affect employee motivation? | Employees | CSA has an adverse effect on employee motivation. In particular, when employees disagree with the stance taken by the firm, there is a demotivating effect; when employees agree with the stance taken by the firm, there is no statistically significant motivating effect. |
| Chatterji & Toffel (2019) | Empirical | CEO activism | A public stand by the CEO on a controversial political and social issue not directly related to their company's core business. | Does CEO activism influence public opinions? | Customers Public | Following CEO activism, public support for legislation enabling gay marriage decreases; public support is unchanged, however, following activism around climate change. Purchase intent increased following the activism. |
| Dodd & Supa (2014) | Empirical | Corporate social advocacy | Public stances regarding controversial social-political issues. | How does CSA affect purchase intent? | Customers | Purchase intent increases, but only when consumers' values are in line with the stance taken by the firm. |
| Hambrick & Wowak (2021) | Conceptual | CEO sociopolitical activism | A business leader's personal and public expression of a stance on some matter of current social or political debate. | Why do CEOs take public stances on socially contentious issues? | Employees Customers | CEO sociopolitical activism is due to personal values, but is further encouraged or discouraged based on expectations of support from stakeholders, particularly employees and customers. Following the activism, stakeholders' identification will change based on the degree to which they agreed with the CEO's stance. |
| McDonnell (2016) | Empirical | Corporate-sponsored social activism | When firms voluntarily cooperate with contentious social movement organizations to sponsor boycotts. | When are firms more likely to engage in corporate-sponsored activism? | Activists | Overt corporate-sponsored activism is selected when under significant pressure by activists, especially when public approval is faltering. |
| Nalick, Josefy, Nardkoohi, & Bierman (2016) | Conceptual | Sociopolitical involvement | Engagement in sociopolitical issues that are divisive, unsettled, emotionally charged, or contested. | Why do firms engage in public sociopolitical debates? | General | CSA is distinct from CSR and CPA; CSA has "no direct performance motivation". Instead, firm leaders may be acting on their own personal values; their perceptions of stakeholders' future values, and/or current pressures by stakeholders. |

As Table 2.2 suggests, the importance of managing stakeholder relationships is clear when examining research on sociopolitical activism. For example, Dodd and Supa (2014) studied customers' reactions to CSA and found that purchase intent increases, but only among customers that agree with the stance taken by the firm. In their case study of Tim Cook's opposition to Indiana's Religious Freedom Restoration Act, Chatterji and Toffel (2019) studied customer reactions and found similar results to those of Dodd and Supa (2014). The authors further examined public support for the legislation following Cook's statements and found that his statements *decreased* support because of the public's dislike of corporate involvement in matters of public opinion. These adverse effects can be found among employees, too. In an experiment, Burbano (2021) studied the effect of CSA on employee motivation and found a demotivating effect among employees that did not agree with the stance taken by the firm, and no statistically significant relationship among employees that agreed with the stance taken by the firm. Similarly, Bhagwat and colleagues (2020) found that investors react negatively to CSA.

These findings suggest that CSA may do more harm than help. Indeed, if investors are likely to react negatively, employees are likely to lose motivation, and public support for the sociopolitical issue is undermined, then it is perplexing why firms engage in this behavior. I do not believe, however, that this is an appropriate conclusion to make. Rather, my conclusion is that theory on CSA tends to overlook the notion that firms may engage in CSA as part of a broader discourse between firms and their external environments. The lack of focus on a key stakeholder in the discourse process—the media—makes this oversight apparent. By incorporating the media, my theory may paint a more full and accurate picture of why firms engage in CSA and the effects thereof.

Omitting the media from our theoretical arguments on CSA is surprising because, as I explain below, the media influence firms and their behaviors, other stakeholders' perceptions of firms, as well as perceptions of social and political issues. Thus, if we argue that firms engage in CSA to meaningfully contribute to a social and political cause (e.g., Burbano, 2021; Chatterji & Toffel, 2019; McDonnell, 2016), it is just as likely to manifest in media coverage as it is in employee, investor, or customer reactions—if not more so. Studying media reactions may thus help explain why firms engage in CSA. Additionally, how the media reacts to CSA may subsequently influence social perceptions of firms, including investors' reactions and the media's subsequent coverage of a firm (i.e., their media reputation; Deephouse, 2000; Zavyalova et al., 2017). Similarly, since media organizations play a key role in bringing attention to and shaping opinions of social and political issues, how they cover sociopolitical acts may influence the broader discourse surrounding a sociopolitical issue. In the next section, I further unpack the role of the media in organizational research. Then, I discuss how the media influence politics, particularly through their coverage of social movements.

Media Organizations

“The media” is often broadly conceptualized to incorporate those parties whose primary functions are to create, distill, and disseminate information to the masses that would otherwise not be communicated (e.g., Kuypers, 2002). More specifically, traditional media (also labeled mass media or news media) typically comprise newspapers, magazines, cable networks, and journals, while social media typically refers to online platforms for direct communications between actors (e.g., Wang, Pfarrer, & Reger, 2021) such as Facebook and Twitter. As a point of clarification, these categories (i.e., traditional and social) are based on the medium through which the information is communicated as opposed to the third party communicating the

information. That is, the *Wall Street Journal* is a third-party media organization that can communicate information via a newspaper or an online website (both of which I would consider “traditional” because of its indirect form), as well as via Twitter (which I would consider “social” because of its direct form). This is an important distinction because it differentiates the medium from the organization. When I write “the media,” I refer to the organization(s) communicating the information, as opposed to the medium through which that information is communicated. Indeed, throughout my theorizing I remain agnostic of the medium, as my interests lie in those third parties that have influence over what information is communicated and the manner in which that information is told. To be clear, platforms such as Facebook and Twitter are not within my scope of “the media”. Rather, they are a channel through which information can be provided by both “the media” (third-party organizations) and by actors (e.g., individuals or first-party organizations such as Nike) alike.

Social scientists across several disciplines including sociology, communications, political science, economics, finance, and management have studied the media for decades (e.g., Graf-Vlachy et al., 2020; Houser & Wooders, 2006; McCombs, 1981; McCombs & Shaw, 1972; Siebert, Peterson, & Schramm, 1956; Tetlock, Saar-Tsechansky, & Macskassy, 2008; Trent & Friedenberg, 1991; Zavyalova et al., 2012). This body of work suggests that the media have a profound impact on shaping public opinion about social, economic, political, and legal issues (e.g., Cappella & Jamieson, 1997; Dyck & Zingales, 2002; Kuypers, 2002; McCombs & Shaw, 1972; McCombs & Valenzuela, 2020; Scheufele, 1999; Shoemaker & Reese, 2013).

Within organizational settings, how media organizations cover a given firm event has consequences for the firm’s operations as well as how the firm is perceived by myriad stakeholders, including investors, customers, and employees (Graf-Vlachy et al., 2020). For

example, media coverage can influence executive compensation (e.g., Bednar, 2012), stock market returns (e.g., Bowen, Call, & Rajgopal, 2010), resource allocations (e.g., Bednar, Boivie, & Prince, 2013), relationships between firms and journalists (e.g., Park & Westphal, 2013), and stakeholders' subsequent social perceptions of firms such as legitimacy, reputation, and celebrity (e.g., Bundy, Iqbal, & Pfarrer, 2021; Deephouse, 2000; Lamin & Zaheer, 2012; Love & Kraatz, 2017; Zavyalova et al., 2012, 2016). The media is thus an important stakeholder for firms because media organizations have the potential to influence the firm as well as other stakeholder groups.

This relationship is, of course, reciprocal in that just as the media influence firms, they are also influenced *by* firms and firm events. Indeed, a large stream of research on impression management examines how firms and their managers influence subsequent media coverage of a firm (Deephouse, 2000; Elsbach, 2003; Graf-Vlachy et al., 2020). For example, following violations or wrongdoing, a firm's crisis response strategy can mitigate or exacerbate its losses in the firm's various reputations, which are typically measured using media coverage (e.g., Bundy et al., 2021; Iqbal, Bundy, & Pfarrer, 2021). Similarly, firms can alter media coverage of a CEO succession announcement by engaging in strategic noise, or "simultaneously releasing confounding information about other significant events" (Graffin, Carpenter, & Boivie, 2011: 748). This influence persists at the individual level, too. For example, a survey conducted by Westphal and Deephouse (2011) found that following negative coverage of firms, CEOs are less likely to communicate with the journalist responsible for the coverage—and that other journalists that recognized this lack of access were subsequently less likely to publish negative statements about the firm.

Multiple explanations have been developed for the discourse between media organizations and firms (as well as their leaders) (Earl, Martin, McCarthy, & Soule, 2004; Graf-Vlachy et al., 2020).

A market-based perspective of media organizations. Fundamentally, the media mitigate information asymmetry between organizations and stakeholders (e.g., Deephouse, 2000; Dyck, Volchkova, & Zingales, 2008; Dyck & Zingales, 2002; Wartick, 1992). This purpose is deep-rooted since, historically, while firms had some direct lines of communication (e.g., letters to shareholders, earnings calls), much of what stakeholders knew about firms came from what was written in newspapers or said on the radio and television (Stephens, 2007). Even though firms have more direct lines of communication in our current era (e.g., Wang, Reger, & Pfarrer, 2021), the vast majority of information received surrounding firms comes from journalists—not firms. This is unsurprising given firms have few requirements for what information they must communicate and because stakeholders are more likely to follow a media organization that reports on hundreds of firms than they are to follow each of those firms individually—especially since they have done so for decades (Kuypers, 2002). Under this perspective, the media are rational information intermediaries. The decision of what to cover and how much of it to cover is based solely on monetary incentives, namely audience size and advertising income (Engelberg & Parsons, 2011; Gurun & Butler, 2012). Thus, if the media provide information in a seemingly irrational manner, it is for the (rational) purpose of appeasing its audiences and its fiduciaries.

A nonmarket based perspective of media organizations. Myriad studies suggest, however, that the media's coverage is not derived solely by rational, market-based decisions. Indeed, many have shown that media organizations decide what to publish based on social factors pertaining to norms (Bednar, 2012; Bednar et al., 2013; Bitektine, 2011), which is

sometimes called the “institutional” perspective (Graf-Vlachy et al., 2020). Under this view, the media’s coverage is primarily to affect audience perceptions of the degree to which organizations are seen as legitimate (e.g., Pollock & Rindova, 2003). Media organizations are thus “social arbiters” (Bednar, 2012: 131) and, accordingly, are more likely to publish nonnormative events because that is an ingredient for newsworthiness (Kuypers, 2002). Additionally, other nonmarket factors such as media organizations’ and journalists’ relationships with firms and firm leaders, the media organizations’ and journalists’ own characteristics and experiences, as well as their own agendas have been found to influence what gets covered and how it gets covered (e.g., Bushee & Miller, 2012; Pollock, Rindova, & Maggitti, 2008; Shani & Westphal, 2016; Westphal & Deephouse, 2011).

These social and psychological factors can be powerful. For example, Westphal and Deephouse (2011) demonstrated that CEOs go out of their way to ingratiate journalists following negative news coverage, and that journalists respond in the firm’s favor following such behavior. Relatedly, Shani and Westphal (2016) found that when CEOs distance themselves from journalists following negative coverage, journalists are more likely to respond with more positive subsequent coverage of the firm. In short, factors beyond those traditionally considered “rational” seem to play a role in media coverage.

My interpretation of these perspectives is that while they derive from multiple disciplines (e.g., economics, communications, social psychology), they lead to a similar understanding of the role of the media as it relates to firms and firm behaviors. I thus treat them as complementary as opposed to being in conflict, which is consistent with what recent management scholarship suggests (for a review, see Graf-Vlachy et al., 2020).

A common thread across these perspectives is the notion that media organizations and the journalists that represent them do not provide full and objective accounts of organizational events. Indeed, even market-based explanations concede that media outlets are not rational actors, but that their irrationality can be explained by rational (i.e., market-based) incentives. Beyond the above explanations, subjective coverage occurs for a number of reasons. One reason is that media organizations are limited by how much information firms disclose, given firms need not disclose information outside of that which is legally required. Additionally, media outlets are limited by audiences' attention and levels of interest. This stems from an issue that may, on the surface, seem to no longer exist. Indeed, media organizations *used to be* limited by newspapers' physical space restrictions as well as radio and television airtime. Even though this restriction is somewhat mitigated in the age of technology, there exist limits to what the media's audiences can reasonably digest (Stephens, 2007).

Consider, for example, BP's internal investigation into the *Deepwater Horizon* oil spill, which was detailed in a report over 200 pages long (Ramseur & Hagerty, 2013). Media organizations covering this investigation without parsimony or interpretation could simply direct readers to the entire report. There is both the available "space" (e.g., a website) as well as the available "time" (assuming the website is reliably accessible). The media are thus not restricted in the same way they were previously. This would be unlikely, however, to lead to fruitful information for a media organization's audience because those willing and able to read the full report would simply have done so. Similarly, those interested in following a specific firm could read its press releases and other public communications. Those individuals motivated enough to do this are not the media's target audience, however. The vast majority of the media's audiences are those actors that would otherwise not have sought out this information due either to time,

capacity, expectations (of coverage), or some combination thereof. As such, media organizations necessarily tailor how and what they disseminate in order to maintain audiences' captivity and interest (Kuypers, 2002). This restriction is in line with the media's incentives, as too much information has the potential to dissuade readers (Houston, Lin, & Ma, 2011).

Taken together, one way of characterizing the role of media organizations is as storytellers. Consider the elements of all stories: a plot, character(s), and a narrative (Forster, 1927). A plot contains significant events of a story, sometimes considered to be the hard facts (Dibell, 1999: 5). In our context, a plot is the objective information being provided by a media organization about a firm event. The plot is absent interpretation. At the same time, however, media organizations can decide (and often need to decide) how much of the plot to tell. The plot thus does not revoke media organizations of their agency, as may sometimes be perceived. Rather, the plot is the first of a series of decisions that media organizations make when telling a story. This element represents the role of the media as information intermediaries—those that reduce information asymmetry between firms and audiences.

Beyond the plot, the media cast firms as characters. Sometimes, characters are chosen for them by the plot. For example, if Microsoft restated its financials, the media necessarily cast Microsoft so long as they choose to publish that plotline. They can, however, also cast other actors, and give other actors more or less attention in the story. Indeed, perhaps after disclosing that Microsoft restated its financials in a sentence or two, a media organization mentions that Apple has announced it is launching a new phone and details its features and applications over several paragraphs. In this hypothetical example, the media organization introduces two characters (Microsoft and Apple) and casts Apple as the main role of the protagonist, with Microsoft taking a subsidiary role.

The final element of a story is the narrative being told of the characters using the plot as well as interpretations of the plot. Continuing with the above example, a narrative of Microsoft restating its financials would be additional language that adds valence to the plot or interprets the plot. The statement, “Microsoft has restated its financials, calling into question its capabilities to function as a company and its executives’ inability to manage,” suggests the financial restatement is bad, and interprets the plot as reflective of the firm’s leaders and its operations.² Both the character and the narrative represent the media’s nonmarket roles. Indeed, the choice of which firm(s) to cast and in what manner to cast them reflects the media’s role as social arbiters that are influenced by their own biases and heuristics. To summarize, firms and their leaders influence the media, who maintain the role of subjective storytellers of firms and their behaviors. This is the foundation for the discourse between firms and the media, as well as those stakeholders whose perceptions may be influenced by media coverage. I use this perspective of the media throughout this dissertation.

This section reviewed why media organizations matter for firms, explicating their role as storytellers. In the following section, I shift the discussion to lay the building blocks for why corporate sociopolitical activism is a relevant behavior for the media to cover, and how it can have a broader influence on social and political institutions. To do so, I review the political process, with a particular emphasis on how social movements create forces for political change—and, critically, how the media can propel or refute these movements’ efforts.

² Of course, there may be multiple narratives in a story with several plotlines discussing multiple characters. As such, this is an example of a simple story.

Politics, Social Movements, and the Media

Politics is a decision-making process related to resource allocation that balances the retention of power with the interests of society (Louw, 2005). The political process differs based on the underlying political system. As a point of clarification, the focus of this dissertation is on modern Western democracies, sometimes referred to as “liberal democracies,” in contrast to focusing on dictatorships or authoritarian regimes (Heywood, 2000: 169; Louw, 2005: 16). While rudimentary, this understanding of politics is at the core of how regulatory change is implemented. The notion that politics is a clash between interest groups—some of which are more powerful than others—can be seen across a variety of political theories, as shown in Table 2.3. While these theories vary in how they conceptualize the political process, each one describes politics as a tradeoff between the interests of those in power and others. For example, in pluralist theory, power is dispersed across interest groups, which maintain balance through competing self-interests (Dahl, 1967). As competing forces, when one force overcomes the other, changes in resource allocations occur (Dahl, 1983; Giliomee & Simkins, 1999).

TABLE 2.3
POLITICS AS A DECISION-MAKING PROCESS

Politics: A decision-making process related to resource allocation that balances the retention of power with the interests of society (Louw, 2005).

| Political Theory | Distinguishing Characteristics of Process | References |
|-------------------------|---|---|
| Pluralist theory | Power is dispersed across interest groups, which maintain balance through competing self-interests. | Dahl (1967, 1983); Giliomee & Simkins (1999) |
| Public choice theory | Two competing forces in the political process are (1) politicians' desire to stay in power and (2) the self-interests of voters. | Boyne (1998); Downs (1957) |
| Elite theory | Politics reflects the struggle between a society divided by the dominant elites and the subordinate masses. | Mills (1959); Mills & Wolfe (2000); Pareto (1968) |
| Class conflict model | The upper classes use the state (political institutions) to advance their own interests while suppressing the interests of the working class. | Lenin (1969); Milliband (1970) |
| State-centered approach | The state is as equal a political actor as any other interest group. | Nordlinger (1981); Rueschemeyer (1986) |
| Power diffusion | Institutions allow actors to enforce their position in the face of opposition. | Bernauer & Vatter (2019); Mansbridge et al. 2012) |

Public choice theory expands on pluralist theory, making clearer the two competing forces in the political process: (1) politicians' desire to stay in power and (2) the self-interests of voters (Boyne, 1998; Downs, 1957). Elite theory posits that there will always be an elite class that "rules" over others, even if not in an authoritarian or dictatorial manner (Mills, 1959; Mills & Wolfe, 2000; Pareto, 1968). As such, politics reflects the struggle between a society divided by the dominant elites and the subordinate masses. A related model of politics—the class conflict model—suggests that the upper classes necessarily use the state (i.e., political institutions) to advance their own interests while suppressing the interests of the working class (Lenin, 1969;

Milliband, 1970). While this theory rose under the Soviet dictatorship, its underpinnings are consistent with the idea that democratic politics is a balance between different groups (Moore, 1975). The state-centered approach is distinct in that it personifies “the state” as an equal political actor, treating it as any other interest group (Nordlinger, 1981; Rueschemeyer, 1986). Under this view, politicians maintain their own interests (distinct from other interest groups) and attempt to advance these interests through policy formulation.

Finally, a more recent theory of power diffusion—when institutions allow actors to enforce their position in the face of opposition—suggests that power is diffused across multiple groups, and that the group that attains and maintains more power is able to enact change (Bernauer & Vatter, 2019; Mansbridge et al., 2012). In some ways, this theory is a more abstract amalgamation of the previous five perspectives. First, it encapsulates ideas from pluralist and public choice theories that suggest self-interested groups are in competition (e.g., Steiner, 2012). Second, it acknowledges that there is a dominant and subordinate group, and that the struggle between these two will drive political change (e.g., Bogaards, 2000). Finally, it gives credence to the state, or those politicians and political institutions currently in control (e.g., Armitage, 2000; Flinders, 2010). Taken together, political thought across a spectrum of conceptualizations acknowledges the role of competing forces in the political process.

More practically, there are structural (also called institutional; e.g., Bernauer & Vatter, 2019) and social forces that dictate whether and how the rules governing a society might change. Structural forces are the protocols and processes set in place that shape how, functionally, regulations are enacted, implemented, and enforced. Structural forces are designed for maintenance of the status quo. For example, consider the following description of the steps

involved in the federal regulatory process, beginning in the United States House of Representatives:

“Laws begin as ideas. First, a representative sponsors a bill. The bill is then assigned to a committee for study. If released by the committee, the bill is put on a calendar to be voted on, debated or amended. If the bill passes by simple majority (218 of 435), the bill moves to the Senate. In the Senate, the bill is assigned to another committee and, if released, debated and voted on. Again, a simple majority (51 of 100) passes the bill. Finally, a conference committee made of House and Senate members works out any differences between the House and Senate versions of the bill. The resulting bill returns to the House and Senate for final approval. The Government Printing Office prints the revised bill in a process called enrolling. The President has 10 days to sign or veto the enrolled bill.” (U.S. House of Representatives, 2021).

The above outlines the difficulty with which laws are passed in the United States, giving deference to those that are already in place. This preference for the status quo—whether conceptualized positively as consistency or negatively as inflexibility—has a clear implication for policy change: It is difficult to implement (e.g., Jost, Banaji, & Nosek, 2004). To create change, there must be social forces strong enough to successfully navigate processes favoring the status quo.

By “social forces,” I refer to the collective actors within a society attempting to advance their own interests. Examples include corporations and their managers who may be trying to relax regulations on a manufacturing process; labor unions attempting to increase the salaries and enhance the working conditions of their members; and activists trying to maintain our natural environment. Each group acts as its own “force” insofar as the group(s) place pressure on politicians and voters to align with their interests. This is accomplished in two major ways. First, by influencing the politician directly. Lobbyists and political action committees (PACs) are two such examples, as they influence representatives by (1) contributing to their campaign efforts and (2) offering networks that can benefit politicians during and after their political careers (e.g.,

Brooks, Cameron, & Carter, 1998; Lux et al., 2011). I consider this avenue “direct” since politicians have the power to propose, debate, and vote on laws. The second avenue is by changing public perceptions such that politicians feel threatened by not implementing the change, since the public has the power to elect politicians. I consider this avenue “indirect” because, while politicians may be influenced to enact change, the effects are less proximal than providing financial support.

Research suggests that, in practice, the direct approach tends to reinforce the status quo, largely because the financial investments required are more likely to be held by those whose interests are already prioritized by the state (e.g., Bernauer & Vatter, 2019; Fitzgerald & Housley, 2009; Louw, 2005; Lux et al., 2011). Given that the wealthy contribute more money to lobbying efforts and PACs, and given that the wealthy overwhelmingly derive their profits from businesses that benefit from the persistence of the extant system, it logically follows that these contributors will prefer the status quo (Adler, 2019; Saad, 2009, 2013; Schuur, Decker, & Baker, 2019; Twedell & Webb, 2007). As such, so do the representatives they endorse and elect.³

In contrast, the indirect approach is more accessible because even those without financial resources can contribute. There are many ways to influence public perceptions, including advertising campaigns, education, public demonstrations, protests, and boycotts (e.g., Aranda & Simons, 2018; Briscoe & Gupta, 2016; Briscoe, Gupta, & Anner, 2015; McDonnell & King, 2013; McNair, 1999; Schultz, 1998; Walker, 2014). This can manifest in material policy changes—but those changes often take time. For example, in 1996 the U.S. Food and Drug Administration (FDA) enacted regulation that would restrict the sale and promotion of tobacco

³ I am not arguing that lobbyists and PACs do not also partake in policy-changing efforts. Rather, I am suggesting that the social forces engaging in lobbyist activity and in PACs are more likely to have power, and thus to actively suppress policy changes since they may threaten that power.

and tobacco-based products to minors (Kagan & Vogel, 1993; Zieve, 1996). This only took place, however, after more than two decades of highly publicized research studies and publicly-funded media campaigns beginning in the 1970s (Kagan & Vogel, 1993; Wakefield, Loken, & Hornik, 2010).

In this dissertation, I focus on the second approach, which aims at enacting societal-level change by influencing public perceptions surrounding regulation. It is thus worth further discussing the processes underlying this change. More specifically, since these behaviors often materialize as—and are more successful as—part of a broader social movement (e.g., Soule, 2009; Tilly, 1978), in the next section I review research on social movements. I emphasize the role of the media.

Social Movements

Social movements are sustained campaigns in support of a goal (Diani, 1992). Research has outlined specific guardrails comprising social movements (Tilly, Castañeda, & Wood, 2018). More specifically, they are a form of contentious politics that contain three elements. First, as the definition implies, social movements are *campaigns*—organized public efforts making collective claims on target authorities. Second, social movements make up *repertoires*, or collections of various actions (e.g., boycotts, vigils, protests, demonstrations, etc.). Finally, social movements must comprise “*WUNC displays*,” or signals of worthiness, unity, numbers, and commitment by its members. The last property may sound overly contextualized, but WUNC displays are prevalent outside of social movement contexts. Consider, for example, a professional basketball team. The team requires *worthiness*, which is proven by a player’s basketball acuity; *unity*, as demonstrated by team uniforms and mascots; *numbers*, or a formal roster and line-up; and *commitment*, as seen by the contracts players sign that require their time, attention, and effort for

several months each year. Taken together, a social movement requires a campaign, a repertoire, and WUNC displays.

Social movements take many forms. They vary in the primary issue of concern, the tactics implemented, and the outcomes thereof. Table 2.4 highlights this point by summarizing four social movements: University Divestment (also known as Anti-apartheid), the Earth Island Institute's dolphin-safe tuna campaign, Occupy Wall Street, and the Tiananmen Square protests. The calls for divestment following human rights violations in South Africa—sometimes called the Anti-apartheid movement (e.g., Soule, 2009)—comprised a series of student-led protests on college campuses across the United States that requested banks, corporations, and universities to divest from the South African government and South African businesses. This is different from the Earth Island Institute's campaign to raise awareness of dolphin deaths that occurred because of tuna fishing practices in multiple ways. Beyond differences in the primary issues of concern, the Anti-apartheid movement was mobilized by student protests and speeches at colleges and universities across the United States, whereas the Earth Island Institute leveraged its own journal publication to raise awareness. The two are also different in that the Anti-apartheid campaign's intended goals were finite and outcome-oriented (financial divestment) whereas Earth Island's intended goals were ongoing and process-oriented (the continued increase in dolphin-safe protocols for the fishing industry). Similar differences can be seen across the other featured social movements.

TABLE 2.4
EXAMPLES OF SOCIAL MOVEMENTS

| Movement | Primary Issue(s) | Description | Outcome(s) |
|---|---|--|--|
| University Divestment (Anti-apartheid; 1960-1989) | Human rights violations | In 1960, police forces opened fire on a crowd peacefully protesting the geographical restriction of nonwhites in South Africa. The apartheid, as it came to be known, inspired student activists in the U.S. to boycott banks that had branches in South Africa. Eventually, this boycott was supplemented by protests on college campuses across the U.S., requesting banks and corporations to divest from South Africa. By the early 1970s, the goals became more specific as students requested universities to do the same. School newspapers and national news outlets provided valuable support during this time, documenting and publicizing the violence against black South Africans. | The Anti-Apartheid Act of 1985 enforced sanctions on imports and exports from South Africa and prohibited loans to the South African government. The Comprehensive Anti-Apartheid Act of 1986 and 1988 Anti-Apartheid Amendments prohibited new investments in and new loans to South African businesses. By 1989, 167 colleges and universities agreed to divest. |
| Earth Island Institute Campaign (1980s) | Dolphin-safe tuna | The Earth Island Institute launched a campaign through its journal in order to raise awareness of the number of dolphin deaths that occurred because of the (tuna) fishing industry. The Institute (and several other media outlets) leveraged footage of the dolphin killings to encourage a national tuna boycott. | The Dolphin Protection Consumer Act of 1989 required that tuna caught with methods that were harmful to dolphins be publicly disclosed, and several retailers refused to stock such tuna. |
| Occupy Wall Street (2011) | Economic inequality | In 2011, activists began camping out near Wall Street in New York City and advocating for bank reform, wealth equality, and a reduced influence of corporations on politics. Over the next two months, Zuccotti Park became the headquarters for these activists, but activists held marches across the Brooklyn Bridge, Manhattan, and Times Square. Critics in the media, however, pushed back, calling the movement unorganized and portraying them as nonsensical and irrational. | Michael Bloomberg, New York's mayor, ordered police to evict the Zuccotti Park encampment. While this effectively put an end to the movement, Occupy Wall Street is often credited with progressing regulatory pressure for a \$15 federal minimum wage. |
| Tiananmen Square (1989) | Growing class-based inequalities and perceptions of government corruption | In 1989, the death of general secretary Hu Yaobang ignited an uproar among students who associated his death with the pressure related to his forced resignation from the Chinese Communist Party (CCP). As a proponent of democratic reform that included freedom of the press and freedom of speech, Hu Yaobang's legacy became a call-to-action for Chinese students and residents. Over the course of one month, there were protests in Beijing's Tiananmen Square as well as hundreds of cities across China. Students began boycotting class, going on hunger strikes, and demanding meetings with government officials. Other Beijing residents marched in support of these students' efforts. Chinese media outlets such as <i>People's Daily</i> , however, framed the acts as conspiracies and turmoil, causing rifts between the activists. | Government troops killed hundreds of protestors in what is now known as the Tiananmen Square Massacre; remaining students eventually left the square, ending to the protests. This movement ultimately had adverse effects because the government set additional limits on political expression in China. |

A commonality across social movements, however, is in their reliance on media outlets. For example, both the Anti-apartheid and dolphin-safe tuna movements heavily relied on media outlets. In the case of Anti-apartheid, school newspapers and national news outlets provided valuable support during this time, bringing attention to the protests, speeches, and sit-outs conducted on college campuses (Culverson, 1998; Friedman, 1978; Frey, 1977; Loeb, 1994; Sussman, 1985). In particular, by documenting and publicizing the violence against black South Africans, media outlets instilled empathy in the public (McAdam, 1996; Gamson, 2004). Congress took action through a series of Anti-apartheid legislation that prohibited investment and loans to the South African government and South African businesses, and over 150 colleges and universities divested from South Africa (Soule, 2009). Subsequently, several states and municipalities adopted more divestment policies. For example, the state of Michigan required all higher educational institutions to divest (Rottenberg, 1986).

In the case of the dolphin-safe tuna campaign the media played an even bigger role—they *were* the social activists. Indeed, Earth Island’s awareness campaign began in the early 1980s through the *Earth Island Journal* (Heath & Heath, 2007). And, attention was brought to this issue because of raw footage of dolphins being crushed by ships or drowning in nets, which became the center of Earth Island’s campaign (Danaher & Mark, 2003) and was publicized by several media outlets (Girdner, 1988; Olzak & Soule, 2009). Additional efforts followed, including a boycott that made its way into public schools, public demonstrations and protests, and even efforts to sabotage tuna boats (Freeman, 2000). The media were the catalysts to these actions, which ultimately led to the Dolphin Protection Consumer Act of 1989 and the subsequent decline in tuna sales that accompanied it.

In other cases, the media may prevent a social movement from making progress. For example, in 2011 activists began camping in Zuccotti Park near Wall Street in New York City. They were advocating for bank reform in an effort to reduce income and wealth inequality, increase the number of jobs, and decrease the influence of corporations on politics. They held marches in various places across the city, inspiring others to do so in different cities across the country. Critics in the media, however, pushed back, calling the movement unorganized. Additionally, the media generally portrayed the activists as nonsensical and irrational (Tilly et al., 2018). Perhaps unintentionally, the media's coverage of the movement decreased public support for it, and after a mere two months, the movement ended. While Occupy Wall Street is often credited with advancing progress toward a \$15 federal minimum wage, there is little legal action to substantiate the movements' efforts to enact bank reform.

Finally, sometimes the media make explicit efforts to extinguish a social movement campaign. For instance, following the rise of the Tiananmen Square protests in Beijing, China, the media framed the protests as conspiracy acts, dampening the activists' efforts toward freedom of speech. Students boycotted class, began hunger strikes, and demanded meetings with government officials. The media often covered these behaviors in ways that made the students appear unorganized and confused, especially during their meetings with officials (Zhao, 2001). And, even though more than a million Beijing residents and thousands more across 400 cities supported the students, hundreds of millions of others were against the movement. The movement ended with the infamous Tiananmen Square Massacre and additional government constraints on free speech (Tilly et al., 2018), counter to the activists' intent.

The above examples suggest that regardless of the underlying issue a social movement targets, the media play a pivotal role in its evolution and its process. In the United States, the

connection between media outlets and social movements is deep-rooted and pervasive. For example, in 1773 the Boston Tea Party was famously orchestrated by the *Boston Gazette* (Mott, 1941), and the ensuing malice toward the British as well as the Revolutionary War that followed was fueled, in part, by several newspapers who “spared no pejoratives” in how they described and discussed British officials and their supporters (Stephens, 2007: 168). The media played a similar role in forming and fueling the French Revolution (Robert, 1996; Tilly et al., 2018), in promoting the civil rights and women’s suffrage movements (Bedingfield, 2017; Klinghoffer & Elkis, 1992; Nelson, 2001), and in shedding light on contemporary movements such as immigration rights issues as well as the Black Lives Matter and #MeToo movements (Benedictis, Orgas, & Rottenberg, 2019; Faust et al., 2018; Voss & Bloemraad, 2011).

Beyond social mobilization, it is worth noting the media can often be catalysts for more direct changes to policy and politics. Indeed, there are several instances of investigative journalists uncovering stories that would alter regulation, politics, and/or politicians’ careers. For example, in 1972, the *Washington Post* journalists Bob Woodward and Carl Bernstein discovered the various connections between the burglars that broke into the Democratic National Committee offices and President Richard Nixon and his reelection campaign, ultimately leading to over forty indictments in what became known as the Watergate scandal (Dews & Young, 2014; Emery, 1995; Killen, 2007). Similarly, in 1992 an investigation also conducted by the *Washington Post* unearthed U.S. Senator Packwood’s sexual misconduct, ultimately leading to his resignation (Moore, 1997). Additionally, the media’s decision to endorse political candidates was perceived as powerful enough for motivated (and wealthy) individuals to purchase newspaper organizations—as Rupert Murdoch did with the *Wall Street Journal*—with the goal of influencing how the media outlet discussed politics and political candidates (Featherstone,

2009). Just as directly, Upton Sinclair's work on Chicago's meatpacking plants brought attention to the unsanitary practices of the industry, and is cited as having led to the Pure Food and Drug Act and the Federal Meat Inspection Acts of 1906, fundamentally reshaping the industrial landscape of meat processing (Parmenter, 1983; Young, 1985).

Taken together, politics is a decision-making process that is often thought of as a struggle between forces, with institutional forces preferring the status quo and social forces choosing whether and how to oppose or reinforce the status quo (i.e., directly or indirectly). The indirect approach—through social movements—is where the media's influence is particularly relevant, as both proponents and opponents of political change. The media's strong connection to our political system, and their coverage of (and influence on) key firm events, provides the foundation for why the media would be likely to cover a firm's sociopolitical activism, and how these behaviors may fit into the broader narrative surrounding a sociopolitical issue. The next chapter develops theory based on this understanding.

CHAPTER 3

THEORY DEVELOPMENT

In this chapter, I develop theory on why firms engage in corporate sociopolitical activism and the effects thereof. In my first hypothesis, I argue that firm characteristics—in particular, organizational political ideology—influence their involvement in CSA. I argue that firms with more liberal political ideologies are more likely to engage in CSA, *ceteris paribus*, because liberal ideologies are associated with more openness to activism (Gupta & Briscoe, 2020). Next, I take on the perspective that firms use environmental events as opportunities to manage relationships with stakeholders, and that the discourse surrounding sociopolitical issues can act as such an opportunity. Engaging in CSA is thus a strategic decision. I argue that as sociopolitical issues become more salient to members of society, firms are more likely to engage in activism surrounding the issue.

Hypotheses 3-5 focus on how media organizations react to CSA. As I discussed in the previous chapter, media organizations are not objective in their coverage of events. My theory builds on this subjectivity. In particular, my core argument is based on the premise that media organizations make strategic choices related to the magnitude and direction of their political biases. This bias is thus endogenous, as media organizations and their leaders react to market incentives for differentiation and quality. Consequently, media organizations send signals of their political bias to the market through their news stories. My theory specifies that media organizations will more favorably cover events that are more aligned with their intended political leanings. I explain this using the mechanism *congruence*, which I conceptualize as the degree of

fit between media organizations' political bias and that of the sociopolitical act being covered. Logically, this results in what I call the "polarizing effect of corporate sociopolitical activism"—the notion that some media organizations will react favorably while others will not.

Building on this core argument, I develop theory on two moderators of the polarizing effect: (1) the source of incongruence and (2) endowed media coverage. First, a body of research on the asymmetry of partisan affect suggests that left- and right-leaning groups are not equal in their sentiment toward the "opposing" side. In the U.S., for example, Republicans demonstrate more negative affect toward Democrats and left-leaning policies than Democrats demonstrate toward Republicans and right-leaning policies (e.g., ANES, 2015; Wood & Jordan, 2017). I build on this to suggest that there will be asymmetry in the polarizing effect. More specifically, the more conservative a media organization's bias, the more negative its coverage of an incongruent event. Second, since media organizations may have existing relationships with firms (e.g., Westphal & Stern, 2007), and since there may be inertia in how media organizations cover certain actors (e.g., Kuypers, 2002; Stephens, 2007), I argue that a firm's endowed media coverage—how the firm has been covered by a media organization in the past—also moderates the polarizing effect, such that the more positively a firm has been covered in the past, the more positively its CSA will be covered.

I also posit that the media's reactions will influence investors' reactions. While some research finds that investors react negatively to the uncertainty and perceived risk associated with corporate sociopolitical activism (Bhagwat et al., 2020), I argue in Hypothesis 6 that the media's collective reaction to the sociopolitical act moderates this effect. The consistency of the media's coverage can help reduce perceptions of risk among investors, thus mitigating their negative reaction.

Hypotheses 7-8 focus on the downstream consequences of the media's coverage of corporate sociopolitical activism on subsequent coverage of the firm and of the underlying sociopolitical issue. The premise for these effects is that by engaging in CSA, firms may be altering the narratives that media organizations project. My arguments build on this premise to suggest that CSA alters how a media organization subsequently covers the firm and its behaviors, such that the more positively a media organization covers CSA, the (a) more often and (b) more positively it will cover the firm in the future. A contingency to these effects is the salience of firms engaging in CSA. That is, as the number of firms engaging in a single behavior increases, the relative salience of each acting firm necessarily decreases—thus mitigating the effects of CSA on subsequent media coverage of the firm.

A summary of my hypotheses can be found in Table 3.1 below. In the sections that follow, I more fully explicate my logic and develop my arguments.

TABLE 3.1
SUMMARY OF HYPOTHESES

| Conceptual Question | Hypothesis | Mechanism |
|---|--|----------------------------|
| Why do firms engage in CSA? | H1 <i>The more liberal an organization's political ideology, the more likely the firm will engage in CSA.</i> | Openness to activism |
| | H2 <i>The more salient a sociopolitical issue, the more likely a firm will engage in CSA.</i> | Opportunism |
| How do media organizations react to CSA? | H3 <i>The more (less) congruence between a media organization's political bias and the political stance taken by the firm's corporate sociopolitical act, the more (less) positive the news stories of the event.</i> | Congruence |
| | H4 <i>The direction of the source of (in)congruence moderates the sentiment of news stories of CSA, such that the effect is stronger (weaker) when the media organization's political bias is more (less) conservative than the stance taken by the firm's CSA.</i> | In-group bias |
| | H5 <i>A firm's endowed media coverage moderates the sentiment of news stories of CSA, such that the more (less) positively a firm has been covered in the past, the more (less) positive the news stories of its CSA.</i> | Inertia |
| How does the media's coverage of CSA affect investors' reactions? | H6 <i>Consistency in the media's (collective) coverage of sociopolitical activism moderates investors' reactions, such that the more (less) consistent the media's coverage, the more (less) positive investors' reactions.</i> | Risk reduction |
| How does CSA affect the media's subsequent narrative of a firm? | H7a-b <i>The more (less) positively a media organization covers CSA, the (a) more (less) frequent and (b) more (less) positive the subsequent narration of the firm.</i> | Altered role cast by media |
| | H8a-b <i>Joint involvement in CSA moderates the effects proposed in H7a and H7b, such that the effects are stronger (weaker) when there are fewer (more) firms involved in a CSA.</i> | Firm salience |

Predictors of Corporate Sociopolitical Activism

Media organizations' direct influence on firm outcomes as well as their indirect influence on firms' relationships with stakeholders encourage firms and their executives to manage their media coverage. The media's ability to influence executive compensation (e.g., Bednar, 2012), resource allocations (e.g., Bednar, Boivie, & Prince, 2013), and stakeholders' social perceptions of firms (e.g., Love & Kraatz, 2017; Zavyalova et al., 2012, 2016) provides clear evidence that

firms react to how they are covered by media organizations. Firms may go to great lengths to enhance how they are perceived in the media. For example, Graffin and colleagues (2011) demonstrate that surrounding a CEO succession announcement, firms release information about other significant events. The authors suggest that this behavior—strategic noise—obfuscates the CEO succession announcement. In a similar vein, Westphal and Deephouse (2011) argue that CEOs actively maintain and nurture relationships with journalists because they believe it mitigates bad press. CEOs whose firms receive bad press react by closing off access to the offending journalist, creating a dilemma for the journalist whose job it is to acquire and report information on the firm.

As the above examples suggest, firms can influence media coverage by exploiting newsworthy organizational events (Graf-Vlachy et al., 2020). I argue that corporate sociopolitical activism provides such an opportunity given (1) CSA is particularly newsworthy given the rarity of the behavior (McDonnell, 2016) and (2) CSA goes against firms' assumed primary purpose of shareholder wealth maximization (e.g., Bhagwat et al., 2020).

There is face validity for this claim. As it relates to rarity, consider Amazon's decision to suspend sales of merchandise depicting the Confederate flag (WSJ, 2015), Apple's CEO Tim Cook weighing in on Indiana's Religious Freedom Restoration Act (RFRA) (TIME, 2015), and Lowe's pulling its advertising from the TLC network's *All-American Muslim* reality television show (Reuters, 2011). These are sociopolitical acts because they relate to social issues that are partisan. Relative to other firm- and CEO-related news, however, none of these occurs frequently. Indeed, we hear far more often of Amazon's acquisitions—of which there are over 100 (CB Insights, 2019; Forbes, 2021)—than we do of its decisions to pull merchandise; far more of Apple's newest iPhone than we do of Tim Cook's opinions of state-wide policy; and far

more of Lowe’s competitive actions against Home Depot than we do of their decisions to revoke media buys during specific shows on a particular network. Perhaps these acts are becoming more common than they previously were—which research suggests (e.g. Burbano, 2021; Hambrick & Wowak, 2021; McDonnell, 2016)—but they are not yet common occurrences.

As it relates to shareholder wealth maximization, while we have yet to fully understand the financial implications of CSA, theory and evidence points to negative returns for investors (Bhagwat et al., 2020) and additional costs for firms. For example, Delta lost a \$40 million tax break subsequent to calling for additional gun control legislation and speaking out against the National Rifle Association (Dantes, 2018). And, almost every theoretical explanation for CSA points to reasons other than shareholder wealth maximization (e.g., Burbano, 2021; Chatterji & Toffel, 2015, 2019; Hambrick & Wowak, 2021; McDonnell, 2016; Nalick et al., 2016). Taken together, CSA is newsworthy because of its rarity and deviation from our expectations of firm behavior (i.e., nonnormativity).

It is surprising that the media has remained absent from the conversation on CSA not only because CSA is newsworthy, but also because the media is the mechanism by which extant explanations of CSA operate. For example, Hambrick and Wowak develop a framework centered on a CEO’s political ideologies, arguing that “[CEO sociopolitical activism] stems foremost from a CEO’s personal values” (2021: 33). Many of the authors’ examples, however, demonstrate how the media is the focal mechanism by which CSA occurs: Dan Cathy’s opposition to same-sex marriage was broadcasted on a radio show (McGregor, 2012); Tim Cook’s response to Indiana’s Religious Freedom Restoration Act came in the form of an opinion piece published in the *Washington Post* (Cook, 2015); and a joint effort by 30 CEOs to keep the

United States in the Paris Climate Accord manifested in a full-page advertisement taken out in the *Wall Street Journal*.

Another determinant of CSA that scholars have studied is whether outsider activists are targeting the firm. Research suggests that firms are more likely to engage in activism (and be open to activism) when firms are targeted (e.g., Briscoe et al., 2015; Gupta & Briscoe, 2020; Hiatt, Sine, & Tolbert, 2009). Within the context of CSA, McDonnell found that firms are more likely to engage in corporate-sponsored boycotts when they are “chronically targeted and losing ground to activists” (2016: 53). The study’s focal variables were assessed using the media. For example, the degree to which firms are targeted was calculated using the number of boycotts that appeared in media searches, and a firm’s public approval was calculated using its sentiment in articles published in *USA Today*. Similarly, firm concessions to activists as well as firm engagement in corporate-sponsored boycotts were coded by reading media articles. Media coverage is at the core of how firms and managers engage in sociopolitical activism, as evidenced by extant theory on why firms engage in CSA. At the same time, however, these theories do not give proper credence to media organizations as the mechanism, using the media as a collective, non-agentic entity.

Before exploring the media as this mechanism, it is important to consider certain firm characteristics driving CSA. In particular, political ideology is likely to affect whether firms engage in CSA. Organizational political ideology is defined as “prevailing beliefs among organizational members about how the social world operates, including convictions about what outcomes are desirable and how they should be achieved” (Gupta, Briscoe, & Hambrick, 2017: 1019). A firm’s political ideology thus reflects the deep-rooted values of its members (Swigart, Anantharaman, Williamson, & Grandey, 2020). Left-leaning ideologies are often thought of as those more concerned

with social justice, economic equality, and market regulation, whereas right-leaning ideologies are often thought of as those more concerned with free markets, individualism, and economic reward (Erikson & Tedin, 2019; Jost, 2006; Jost, Federico, & Napier, 2009; McCloskey & Zaller, 1984; Skitka & Tetlock, 1993; Swigart et al., 2020).

Research suggests that organizational political ideology (which I shorten to “political ideology”) differentiates firms along several behaviors such as mergers and acquisitions (Chow et al., 2020) and corporate social responsibility (Gupta et al., 2017). Political ideology is commonly viewed as a “source of motivated reasoning that influences strategic decisions” (Swigart et al., 2020: 1063). A CEO’s political ideology may also affect her decision-making. For example, more liberal CEOs tend to allocate resources more equally across subunits within a conglomerate (Gupta, Briscoe, & Hambrick, 2018), are more likely to engage in corporate social responsibility (Gupta, Nadkarni, & Mariam, 2019), and are less likely to engage in corporate downsizing (Gupta et al., 2019) than more conservative CEOs.

I argue that political ideology can influence a firm’s decision to engage in CSA. The mechanism underlying this relationship is openness to activism. A firm’s openness is reflected in how it responds to stakeholders’ concerns. An “open” firm is more likely to acknowledge its interdependence on its external environment than is a “closed” firm. Openness thus leads to more consideration of “secondary” stakeholders such as local communities and social movement organizations (e.g., Gupta & Briscoe, 2020; Mitchell, Agle, & Wood, 1997). Research suggests that more liberal firms are more open to activism, as evidenced by their higher likelihood of conceding to protestors (Gupta & Briscoe, 2020). The notion that more liberal firms may be more likely to engage in CSA is consistent with the general values of liberals: change, equality, and the environment (Swigart et al., 2020). More liberal firms may thus be more willing to engage in sociopolitical activism because activism is typically conducted to incite change (e.g., Briscoe & Gupta, 2016).

Indeed, by its very nature activism is intended to promote reform (Tilly et al., 2018), so it logically follows that liberal firms—those that would support change—are more open to it. *Ceteris paribus*, more liberal organizations are thus also more likely to engage in CSA.

Hypothesis 1: The more liberal a firm's political ideology, the more likely the firm will engage in corporate sociopolitical activism.

I now switch to an environmental factor that predicts CSA. Based on the notions that (a) firms exploit environmental events to attain more favorable media coverage and (b) CSA is newsworthy, it logically follows that firms engaging in CSA would do so with the intention of influencing their media coverage. To test this, I argue for *issue salience* as a key determinant of CSA. I define issue salience as the degree to which a sociopolitical issue resonates with and is prioritized by the public (e.g., Bundy, Shropshire, & Buchholtz, 2013). Issue salience leads to CSA because the more salient an issue, the more likely firms and managers perceive it as an opportunity to engage in discourse surrounding the issue. Returning to the example of Apple's CEO, Tim Cook's, response to Indiana's Religious Freedom Restoration Act (RFRA) helps illustrate this effect. On March 26, 2015, Indiana's Governor signed into law a bill stating that “a governmental entity may not substantially burden a person's exercise of religion,” wherein “person” includes for-profit corporations (Senate Enrolled Act 101). The bill effectively permitted businesses to discriminate based on sexual orientation, increasing salience for equal rights—particularly among the LGBTQ+ community.

Just three days later, Tim Cook responded in a *Washington Post* opinion piece that disparaged the law and highlighted the importance of being open to treating everyone equally. “Our message, to people around the country and around the world, is this: Apple is open. Open to everyone, regardless of where they come from, what they look like, how they worship or who

they love. Regardless of what the law might allow in Indiana or Arkansas, we will never tolerate discrimination” (Cook, 2015). Tim Cook could have made this statement at any point in time, as it was not associated with any particular policy change at Apple or firm-related announcement.

As opportunistic actors, however, firms and their leaders are more likely to take advantage of growing salience for a sociopolitical issue because organizational events relating to issues with higher degrees of attention are more likely to be covered by media organizations (Pavelka, 2014). Tim Cook’s response to Indiana’s RFRA may have gone overlooked if not properly contextualized. For example, if the response came several months after the bill was enacted, it would likely not have gained the attention it did. Issue salience is thus a key determinant of CSA insofar as firm opportunism leads firms and their managers to capitalize on opportunities for discourse. In sum, since firms and their leaders do not want to fall on deaf ears, they are more likely to engage in sociopolitical activism when salience for a sociopolitical issue is relatively high. I thus hypothesize:

Hypothesis 2: The more salient a sociopolitical issue, the more likely a firm will engage in corporate sociopolitical activism.

Political Bias in the Media

I now turn to media organizations’ reactions to CSA. As subjective storytellers, media organizations decide what events to cover and how to cover them (Graf-Vlachy et al., 2020; McCombs & Shaw, 1972; Shoemaker & Reese, 2013). In democratic societies, media organizations are for-profit institutions and are thus interested in making strategic decisions to maximize shareholder wealth.⁴ They are incentivized to alter their coverage in order to attain and

⁴ The focus of this dissertation is on democratic countries; thus, autocracies or countries in which the press are government entities are out of scope.

retain audiences, advertisers, and investors (Engelberg & Parsons, 2011; Gurun & Butler, 2012; Kuypers, 2002; Stephens, 2007). There are two market incentives (relevant to forming a political bias) that help drive their strategic decisions: differentiation and quality.

Differentiation. Media organizations operate in markets, competing over audiences and advertisers (Anand, Di Tella, & Galetovic, 2007; Atwater, 1984; Bae, 1999; Chye & Sylvie, 1998; Picard, 1989). Indeed, research has documented the competitive nature of media markets. For example, in a study including content analysis of and interviews with local news networks, Atwater (1984) found that half the news stories published by three networks were unique. His conclusion was that "...stories aired by competing stations represent a source of product differentiation in local TV news" (Atwater, 1984: 760). Bae found similar results at the national level, arguing that news networks "compete for audience by differentiating programming" (1999: 265). This product differentiation is no different than differentiation in other industries (e.g., Goldberg, 1995). As such, media organizations are incentivized to differentiate to increase barriers to entry, protect against imitation, and enhance customer loyalty (Boehe & Cruz, 2010; Porter, 1985).

Differentiation among media organizations takes many forms. For example, *Financial Times* and the *Wall Street Journal* tend to focus on business affairs, while others such as the *Washington Post* are more likely to cover political affairs (Dews & Young, 2014; Emery, 1995; Killen, 2007). Beyond topic, many newspapers attempt to cover specific geographies with greater depth than others, including the *Chicago Sun-Times*, the *Los Angeles Times*, and the *Atlanta-Journal Constitution*.

Quality. Quality is a complementary force to the aforementioned differentiation. Research suggests that, just as the media need to differentiate, they need to retain perceptions of

high-quality (i.e., a high reputation for producing accurate news; Rindova et al., 2005) in order to survive (e.g., Crouse, 1973; Groseclose & Milyo, 2005). Indeed, “any company has to sell the credibility of its product, but a media company has nothing else to sell” (Kirkpatrick & Fabrikant, 2003: B9). Quality is often equated to credibility or accuracy in this context because audiences tend to view news as “better” or “worse” based on their perceptions of its accuracy (Gentzkow & Shapiro, 2006; Kuypers, 2002; Stephens, 2007). This is evidenced by the significant resources that news organizations invest into acquiring accurate and credible information (Philips & Witschge, 2011; Stephens, 2007). Consider the popular example of coverage of the war in Afghanistan, which *NBC News* estimated would cost each network about \$1 million per week, or 10 percent of its weekly expenditures (Auletta, 2001). The cost to produce accurate information would not be incurred if it was not important.

Differentiation and quality are incentives for media organizations to establish and maintain political biases. I define political bias as the systematic difference in the mapping from facts to news that would sway naïve readers toward a political direction (Gentzkow, Shapiro, & Stone, 2015). The difference between the media’s political bias and its political ideology is a relevant point of clarification. I consider the latter to be a fundamental belief and the former to be a manifestation that may or may not reflect that belief. More specifically, organizational political ideology is defined as the “prevailing beliefs among organizational members about how the social world operates, including convictions about what outcomes are desirable and how they should be achieved” (Gupta, Briscoe, & Hambrick, 2017: 1019). Bias as defined above, however, makes no assumptions about organizational members. Rather, it may or may not manifest as the outcome or reflection of a political ideology. A journalist’s political ideology may indeed influence her writing, but that is not a requirement for bias to persist. While nuanced,

this detail is important for conceptually distinguishing the two constructs, especially because there is debate over whether journalists suppress their ideologies in an effort to remain objective (e.g., Crouse, 1973; Jamieson, 2000). Additionally, there are empirical implications insofar as I operationalize the media's political bias differently from measures of organizational political ideology.

Conceptually, political bias is a clear, discernable, and meaningful method of differentiation (e.g., Lazaridou & Krestel, 2016) particularly because the strong affective reactions to ideologically-driven news leads to distinct and engaged audiences (Fitzgerald & Housley, 2009; Wood & Jordan, 2017). Additionally, audiences tend to believe news sources are of higher quality when the sources are consistent with audiences' own perceptions (Pew Research Center, 2002). This is true even beyond the news. For example, in their seminal piece on perceptions of studies relating to the death penalty, Lord and colleagues (1979) showed that subjects rated studies to be more "convincing" when the study conformed to subjects' prior opinions on the death penalty. In a similar study, Koehler (1993) demonstrated that scientists rate experiments as higher-quality when the results of the experiments align with their perceptions of contentious issues.

Gentzkow and Shapiro (2006) expanded this confirmation bias to media organizations by juxtaposing the percentage of conservatives and liberals who believed news published from *Fox News* and *NPR*. Relative to *NPR*, *Fox News* is more right-leaning. They showed that "very conservative" respondents believe 35% of everything *Fox News* says, but only 15% of everything *NPR* says. Conversely, "very liberal" respondents believe almost 40% of everything *NPR* says, but only 20% of everything *Fox News* says. While perceptions of *Fox News* and *NPR* differ greatly, they are in fact closer in proximity on the spectrum of political bias than *Fox News*

is to, say, the *Washington Times* (Groseclose & Milyo, 2005). This makes the different responses between Democrats and Republicans even more striking, as it suggests that consumers' trust in an outlet differs greatly based on even subtle differences in the outlets' political bias. It is clear that differentiating is appealing to a media organization's target audiences, and that doing so has positive implications for the reputation of the media organization among those audiences (e.g., Dalton, Beck, & Huckfeldt, 1998; Shoemaker & Reese, 2013; Wood & Jordan, 2017).

Differentiation and quality are not the only explanations for why media organizations are politically biased. Strong arguments persist that journalists' personal political ideologies, as well as media executives' personal political ideologies, influence this bias (e.g., Graf-Vlachy et al., 2020; Lazaridou & Krestel, 2016). However, ideologies may or may not manifest in reporting. Additionally, my underlying logic is that by choosing their political bias, media organizations will attract journalists and hire managers whose ideologies are consistent with their bias. And, given that research suggests journalists intentionally suppress their own ideologies in their reporting (Crouse, 1973) and that research provides significant support for the notion that the media react to and strategize around consumers' preferences (e.g., Groseclose & Milyo, 2005; Hotelling, 1929; Mullainathan & Schleifer, 2003), I focus on differentiation and quality under the assumption that individual ideological influences are subsumed by these explanations. While understanding whether journalists' individual political ideologies influence a media organization's publications is a worthy endeavor, it is out of scope of this dissertation.

The Polarizing Effect of Corporate Sociopolitical Activism

If media organizations' political biases are visible in their coverage of events, then it follows that how a media organization covers a contentious event such as corporate sociopolitical activism will be, in part, a function of its bias. A succinct way of examining media

coverage is thus through *sentiment*, or the degree to which coverage is favorable. Sentiment is used frequently by researchers across disciplines, including communications, engineering, linguistics, and computer science (e.g., Feldman, 2013; Medhal, Hassan, & Korashy, 2014; Lin & He, 2009), and has become a staple component of natural language processing (Manning et al., 2014). Sentiment is synonymous with tenor or tone, the former of which is more commonly used in management research (e.g., Bednar, 2012; Pfarrer et al., 2010; Zavyalova et al., 2012) and the latter of which is more commonly used in research on media coverage of politicians (e.g., Brandenburg, 2005; Eberl et al., 2017). I use the construct “sentiment” simply because it relates more proximally to my operationalization than do tenor or tone.

Sentiment of media coverage is an important construct because it allows scholars to study the broader impact of events as they are presented by the media. Sentiment is well-rooted in management research. A few examples of events studied by scholars wherein sentiment was affected include product recalls (Zavyalova et al., 2012), board independence (Bednar, 2012), and financial restatements (Bundy et al., 2021).

I argue that media organizations perceive corporate sociopolitical activism as signals to reinforce perceptions of their political bias. As such, when the political stance taken on by a firm through its sociopolitical activism is congruent with the political bias of a media organization, that media organization will more positively cover the event. This mechanism—congruence—has social-psychological underpinnings that apply across several firm-stakeholder relationships (Bundy, Vogel, & Zachary, 2018; Edwards & Cable, 2009). Indeed, value congruence stems from Byrne’s attraction paradigm (1971), which posits that actors favor those that are similar to them. There is substantial support for this theory. For example, at the individual-level, organizational psychologists paired attitude profiles between subjects and job applicants and

found that “subjects whose attitudes were similar to the hypothetical applicant were more attracted to the applicant than subjects whose attitudes were dissimilar...” (Peters & Terborg, 1975: 285). Similarly, Baskett (1973) asked college students to evaluate fictional candidates for an executive position at a firm based on a candidates’ attitude similarity and found the similarity to the respondents influenced the recommendation to hire, and influenced salary (Baskett, 1973). In both cases, congruence led to favorability.

The effects of the attraction paradigm hold in other organizational settings (Devers, Dewett, Mishina, & Belsito, 2009; Pollock et al., 2019). For example, greater fit between an organization and its employees leads to more favorable perceptions of the organization, higher self-images, job satisfaction, and identification with the organization (e.g., Ashforth & Mael, 1989; Brockner et al., 2014; Dutton & Dukerich, 1991; Kristof-Brown et al., 2005). This effect also applies within politicized contexts, and to media coverage. For example, Gentzkow and Shapiro (2010) emphasized the importance of alignment between readers’ political views and news. Similarly, Puglisi and Snyder (2011) found that the media are more likely to cover negative events committed by the “opposing” political party but not the party with which they align, suggesting congruence as a key mechanism. And, scholars studying corporate sociopolitical activism have given credence to its effects. For example, Burbano (2021) suggested that person-organization fit following CSA would influence employee motivation, and Hambrick and Wowak’s (2021) stakeholder-alignment model is contingent on congruence (see also Bundy et al., 2018; Edwards & Cable, 2009).

An example helps bring to life the role of congruence in the media. In September 2019, Walmart announced it would no longer sell certain types of ammunition in its retail stores. The announcement came following a month with three mass shootings—two of which occurred in

Walmart stores in the U.S.—that left 32 people dead. In tandem with this policy, the firm requested customers against openly carrying firearms in their retail outlets. CEO Doug McMillan also called for government action:

We encourage our nation's leaders to move forward and strengthen background checks and to remove weapons from those who have been determined to pose an imminent danger. [...] As we've seen before, these horrific events occur and then the spotlight fades. We should not allow that to happen. [...] We have a long heritage as a company of serving responsible hunters and sportsmen and women, and we're going to continue doing so.

This sociopolitical act is more in line with liberal political ideologies striving for stricter gun control laws than with conservative political ideologies looking for less intervention. At the same time, however, this act is not at the extreme end of the spectrum. More extreme acts in this context would likely manifest in a policy against selling *any* guns and gun-related products, formally enforcing a no-open carry policy, and perhaps even adjusting its advertising and hiring practices to dissuade gun owners from working and shopping at the firm. For this act, we would thus expect the highest levels of congruence to be among media organizations that are more liberal than conservative, but not far left-leaning.

Consider the following media organizations, which are listed on a spectrum from liberal to conservative: *Vox* (most liberal), *New York Times*, *NPR*, *Fox News*, and *Washington Examiner* (most conservative).⁵ As shown in Table 3.2, which contains headlines of articles discussing the event from these media organizations, *Washington Examiner*, the most conservative outlet in the group, refers to the event as “meaningless”. In the body of the article, the publisher adds its thoughts on the effectiveness of the act:

It will do [...] absolutely nothing to quell gun violence and mass shootings. It's hard to believe that Walmart's opponents, who also take issue with the disparity in pay between

⁵ See the methodology section for an explanation.

its CEO and hourly employees among other things, will have a change of heart and suddenly begin to shop there.

TABLE 3.2
HEADLINE COMPARISON FOLLOWING WALMART CSA

| Media Organization | Headline |
|---|--|
| <i>Washington Examiner</i> (most conservative) | “Walmart takes a meaningless stand for gun control” |
| <i>Fox News</i> (conservative) | “Walmart to stop Alaska handgun sales, end sales of short-barrel rifle and handgun ammo nationwide; NRA hits back” |
| <i>NPR</i> (center) | “Walmart Curbs Ammunition Sales, Calls For Stronger Background Checks” |
| <i>New York Times</i> (liberal) | “Walmart ends all handgun ammunition sales and asks customers not to carry guns into stores” |
| <i>Vox</i> (most liberal) | “Walmart is doing more to stop gun violence than Congress” |

As the excerpt suggests, *Washington Examiner* does not think favorably of this event, and took this opportunity to discuss the unrelated issue of pay inequality at Walmart. At the other end of the spectrum, coverage by *Vox* applauds Walmart for taking a stance on gun control but calls into doubt how effective it will be—ultimately leading to negative coverage. An excerpt follows:

It’s unclear just how much Walmart’s actions will help. Chances are a lot of gun owners will simply take their business elsewhere. [...] The act] comes after pressure from advocacy groups, which have been asking Walmart for years to stop selling guns and ammo. [...] Meanwhile, Congress has taken no significant action on mass shootings. [...] Republicans, who control the Senate, have resisted doing anything on gun violence... As demonstrated by the excerpt, the sentiment of this coverage is not positive. Namely,

there is negativity toward Walmart, Congress, and Republicans.⁶ Beyond the negativity, the

⁶ Sentiment is typically studied as a holistic measure of media coverage. For example, in their measure of sentiment, Zavyalova and colleagues (2012) measured the valence of entire news articles, regardless of whether the content relates specifically to the firm or the event being covered. The sentiment was aggregated across all articles and news sources. Others have taken similar approaches to studying tenor (e.g., Deephouse, 2000; McDonnell & King, 2013;

article attributes the action to third-party advocacy groups as opposed to Walmart. Finally, beyond the excerpt, over half of the article is negatively aimed at inaction from Congress and Republicans, emphasizing why strict gun control is beneficial. Taken together, *Vox*'s incongruence leads it toward negative coverage in a similar fashion to *Washington Examiner*, even though these two outlets differ greatly in political bias. Indeed, they both seem to doubt the effectiveness of Walmart's action, and both outlets highlight areas of negativity. The *New York Times*, on the other hand, explicitly praised Walmart throughout its coverage:

The retailer, whose *sheer reach has reshaped communities nationwide*, largely avoids publicly wading into politics. That made Walmart's statement on Tuesday *even more notable*. It called on leaders in Washington to enact stronger background checks to "remove weapons from those who have been determined to pose an imminent danger." The company said it also supported a new debate over an assault rifle ban.

The difference in sentiment between these media organizations is likely unsurprising, but serves to highlight the importance of congruence between the media organization's political leanings and those of the sociopolitical act. More specifically, media organizations with the highest congruence—more liberal than conservative, but not the most liberal—seem to discuss Walmart most favorably. And, interestingly, even media organizations that have diametrically opposing political leanings (e.g., the *Washington Examiner* and *Vox*) may converge in terms of the sentiment of their coverage. It seems clear that firms engaging in CSA send signals about their stances on these issues, and when the signals are aligned with a media organization's political bias, it attracts media organizations to the event—and, by extension, to the firm—ultimately leading to more positive coverage overall.

Bednar, 2012). In line with this view, when I discuss sentiment *regarding an organizational event*, I do so broadly. Thus, highly negative tenor does not stipulate that the negative content in an article relates specifically to the firm. In my subsequent theorizing, which focuses specifically on sentiment related to a focal firm, I will account for this nuance empirically.

Hypothesis 3: The more (less) congruence between a media organization's political bias and the political stance taken by the firm's corporate sociopolitical act, the more (less) positive the news stories of the event.

Asymmetry in the Polarizing Effect of Corporate Sociopolitical Activism

Differences between left- and right-leaning groups add nuance to the polarizing effect explicated in Hypothesis 3. Namely, there is not equal sentiment toward the “opposing” side. Research suggests that right-leaning groups react more negatively to left-leaning groups and policies than do left-leaning groups to right-leaning groups and policies (ANES, 2015). Explanations for this point to a stronger in-group bias among Republicans than among Democrats, driven by two primary factors.

First, research in political science finds that Republicans have a stronger ideological self-placement (Ellis & Stimson, 2012). In particular, about 45% of Republican voters self-identify as “conservative” (i.e., rated themselves a 6 on a 1-7 Likert scale of ideology), whereas only 20% of Democratic voters self-identify as “liberal” (i.e., rated themselves a 2 on a 1-7 Likert scale of ideology) (Ellis & Stimson, 2012). This self-identification is consistent with the broader findings of how members of the two parties think about politics and policy. Republicans are “more likely than Democrats to think about partisan politics in terms of ideology and to view their party as standing for a set of abstract values and principles” (Grossmann & Hopkins, 2016: 25). Democrats, on the other hand, “prefer to think of politics as a contest among social groups competing with each other for influence over the government” (Grossmann & Hopkins, 2016: 33). The Democratic conceptualization of social groups suggests that social groups exist agnostic of political parties. Thus, even *within* the Democratic Party, there is substantial variation in what policies should be enacted based on the issues most prominent to the social group. This is a

fundamental difference in how members of each group conceptualize the group—Republicans are more likely to view the group as a singular, unified voice; Democrats as a collection of myriad interest groups (e.g., Abramowitz & Saunders, 2006; Converse, 1964; Ellis & Stimson, 2012).

A second reason for a higher in-group bias among Republicans is because of demographic composition. For example, 81% of registered voters that identified as Republicans or Republican-leaning were White, whereas 59% of registered voters that identified as Democrats or Democrat-leaning were White; 79% of Republicans or Republican-leaning were Christian, whereas 52% of Democrats or Democrat-leaning were Christian; 70% of Republicans or Republican-leaning reported a high school degree as their highest degree, whereas 59% of Democrats or Democrat-leaning reported a high school degree as their highest degree (Pew Research Center, 2020).⁷ Research suggests that demographic homogeneity can lead to a stronger in-group bias (e.g., Cunningham, 2005; Gómez et al., 2000; Tajfel, 1982; Tajfel & Turner, 1986; Turner, Sachdev, & Hogg, 1983).

Building on the above two factors and using time series data from the American National Election Studies, Wood and Jordan (2017) compared Republicans' affect toward liberals and Democrats' affect toward conservatives. They noticed a discernable gap between the groups' attitudes. In particular, from 1968-2012, Democrats either felt positively or were indifferent in

⁷ The Pew Research Center reports these numbers as of 2019. Two important caveats are worth mentioning. First, it is likely that many voting-eligible citizens did not register by the time this information was compiled, or registered but chose not to provide information. While this is possible, for this to have a meaningful impact on the numbers the portion of voting-eligible citizens that are not registered would need to be systematically non-White Republican or Republican-leaning, which is difficult to a priori argue given that many states do not require registration (Center For Politics, 2018). Second, just because someone registers to vote does not imply that the individual actually voted, or voted for the candidate representing the party to which that person registered. Again, while possible, unless this occurs systematically for only one party, it is unlikely to change the implications of these data.

their affect toward conservatives in all but one year of the study, whereas Republicans felt negatively toward liberals across the entire timeframe. Another finding in this study is that Republicans reported higher favorability of conservatives than did Democrats of liberals. Thus, the gap in partisan affect—that is, the difference between respondents’ affect for the group they belonged to and the other group—was much higher for Republicans than it was for Democrats. This is true across the entire timeframe of the study. From this, the authors concluded, “Thus, [the figures] jointly suggest that Republicans have been far more visceral than Democrats in their feelings toward liberals and conservatives. These figures also suggest that mass polarization has been asymmetrical, driven largely by changing Republican attitudes” (Wood & Jordan, 2017: 117).

More broadly, this result suggests that the in-group biases between Democrats and Republicans are not uniform. In-group favoritism is a well-documented phenomenon (e.g., Fowler & Kam, 2007; Tajfel, 1981; Tajfel, Billig, & Flament, 1971; Yamagishi, Jin, & Kiyonari, 1999; Yamagishi & Mifune, 2008). Indifference—or even malice—toward out-group members persists even when the differences between in- and out-group membership are trivial, such as one’s preference for paintings by one artist over another (e.g., Yamagishi & Mifune, 2008). Members of the in-group rate other in-group members more positively for similarly trivial reasons, such as when people share the same birthday (Burger et al., 2004). This treatment persists across more substantive differences, too. In the context of politics, Wood and Jordan’s (2017) findings summarized above are indeed consistent with other research on the differential in-group favorability between Democrats and Republicans (Balliet et al., 2018; Freeman, 1986; Grossmann & Hopkins, 2016).

Taken together, there are ideological and demographic reasons for a stronger in-group bias among Republicans than among Democrats which leads to differential treatment of out-group members. This difference, namely more unification, has also been reflected in the media, as demonstrated by the following excerpt:

Talk radio, right-leaning Internet outlets, and Fox News Channel have become highly influential forces in Republican politics over the past 25 years by promoting conservative views, mobilizing Republican voters, and enforcing ideological loyalty among the party's candidates and elected officials. Though some enterprising liberals have attempted to build a corresponding infrastructure on the left, it has never approached the visibility and popularity of conservative media and has not demonstrated the capacity to motivate mass participation or exert significant leftward pressure on Democratic leaders. (Grossmann & Hopkins, 2016: 11).

Indeed, research consistently demonstrates that Republicans—and Republican media—are more unified (e.g., Adams, 1997; Jacobson, 2000; Jarvis, 2004). This is further evidence of the previously-discussed phenomenon that media organizations are generally reflective of their target audiences' interests (which several management scholars have used as the justification for studying media coverage; e.g., Bundy et al., 2021; Pfarrer et al., 2010; Zavyalova et al., 2012). It thus logically follows that media organizations with a more conservative media bias are likely to have a stronger in-group effect than their liberal counterparts, which will manifest in higher positive affect toward the in-group and higher negative affect toward the out-group (e.g., Fowler & Kam, 2007; Tajfel, 1981; Tajfel, Billig, & Flament, 1971; Wood & Jordan, 2017; Yamagishi, Jin, & Kiyonari, 1999; Yamagishi & Mifune, 2008). More specifically, this logic posits that a far right-leaning media organization will react more negatively to a centrist corporate sociopolitical act than will a far left-leaning media organization.⁸

⁸ One can make an argument that differences in the in-group biases between Democrats and Republicans has changed since President Trump was inaugurated in January 2017. I do concede that it is possible for changes within this context to have altered because of President Trump, who is often described as a polarizing figure (e.g., Jacobson, 2019), and explore this idea in a supplemental analysis. However, the logic underlying the asymmetrical effect is not

I thus hypothesize:

Hypothesis 4: The direction of the source of (in)congruence moderates the sentiment of news stories of CSA, such that the effect is stronger (weaker) when the media organization's political bias is more (less) conservative than the stance taken by the firm's CSA.

The Moderating Effect of Endowed Media Coverage

Another contingency to the polarizing effect of corporate sociopolitical activism is how a media organization previously covered a firm and its events. The premise of this argument is that media organizations' prior perceptions of firms and their leaders are likely to influence their current coverage (e.g., Darr, Argote, & Eppler, 1995; Pfarrer et al., 2010). The mechanism underlying this expected effect is inertia, or a tendency to remain unchanged. Inertia can be thought of as internally- or externally- driven (e.g., Dean & Snell, 1991; Snell & Dean, 1984). In some ways, inertia is similar to what scholars refer to as the first impression bias (e.g., Fang et al., 2020; Lim et al., 2000; Rabin & Schrag, 1999), in that an actor's first impression of an object is likely to have a lasting impact on the actor's perceptions of the subject. In the context of media organizations, this would reflect internally-driven inertia, as media organizations (i.e., the actor) will maintain perceptions of firms (i.e., subjects) even in the face of new information. Inertia, however, also serves a pragmatic organizational function driven by external factors.

Organizational inertia (or "structural" inertia) has been a focus of sociology and management

fundamentally altered by a new President, since the crux of my argument is that there is a stronger in-group bias among Republicans due to their demographic and ideological consistency (relative to Democrats). Research in social psychology substantiates differences between in- and out-group favoritism beyond the context of political party identification (e.g., Fowler & Kam, 2007; Tajfel, 1981; Tajfel, Billig, & Flament, 1971; Yamagishi, Jin, & Kiyonari, 1999; Yamagishi & Mifune, 2008). Taken together, the mechanism driving this effect should still be present regardless of the sitting President.

research for decades (e.g., Barnett & Pontikes, 2008; Dean & Snell, 1991; Hannan & Freeman, 1984; Kelly & Amburgey, 1991; Shimizu & Hitt, 2005). Here, inertia represents an organization's ability to be reliable and predictable—two qualities of key interest to consumers and investors (Bettman & Suja, 1987; Hannan & Freeman, 1984; Meyer & Rowan, 1977). This, in turn, acts as a barrier to change for the organization as it must balance the risk of losing what it already has against the risk of becoming obsolete (e.g., Shimizu & Hitt, 2005).

Media organizations are not exempt from inertia, both in its internal and external components. Indeed, research incorporates the importance of past media coverage on current coverage of events (e.g., Bundy et al., 2021; Zavyalova et al., 2012) and gives credence to the idea that a media organization may risk losing its audience and its relationships with firms if it covers entities in an unexpected manner (e.g., Graf-Vlachy et al., 2020; Shani & Westphal, 2016). It thus follows that how a media organization covered a firm in the past will influence its coverage of the corporate sociopolitical act. More specifically, if a media organization covered the firm and its events positively in the past, it will cover the firm's sociopolitical act more positively. I thus hypothesize:

Hypothesis 5: A firm's endowed media coverage moderates the sentiment of news stories of CSA, such that the more (less) positively a firm has been covered in the past, the more (less) positive the news stories of its CSA.

Media Coverage and Investors' Reactions to Corporate Sociopolitical Activism

Corporate sociopolitical activism has effects on a firm's financial market outcomes. In their recent study on corporate sociopolitical activism, Bhagwat and colleagues (2020) found that investors reacted negatively to it. This reaction is consistent with investor responses to most firm behaviors that can be seen as risky, namely acquisition announcements (e.g., Graffin et al., 2016;

Haleblian et al., 2009). Risk can be defined as “the degree to which potential outcomes are associated with a decision are consequential, vary widely, and include the possibility of extreme loss” (Sanders & Hambrick, 2007: 1057). Bhagwat and colleagues (2020) used this as the mechanism with which to ground and test their hypothesis. As they mentioned in their paper, their core argument for why investors would react negatively is because “...CSA is fundamentally risky, can jeopardize future cash flows, and diverts the firm’s efforts from traditional shareholder value maximization activities. This is due to CSA’s partisan nature. Specifically, while CSA may appeal to some stakeholders who agree with the firm’s stance, it will inevitably offend other stakeholders who hold opposing values” (Bhagwat et al., 2020: 4).

I suggest that various contingencies persist that could affect investors’ perceptions of CSA. Since stakeholders evaluate a firm based on their expectations of the firm (e.g., Bundy et al., 2021), there may be many firm-, industry-, and society-level characteristics that investors consider. For example, consistent with my theorizing for Hypothesis 1, investors may perceive CSA as less surprising if the acting firm is highly liberal; if an entire industry is engaging in the behavior; and if there is impending regulation that is threatening to the firm or its members.

While it is infeasible to explore all of these characteristics, one can assume how the media covers a sociopolitical act—collectively—influence investors’ reactions to CSA. Consistency in media coverage can mitigate investors’ perceptions of risk. I define consistency in this context as the degree to which coverage across media organizations is homogenous in its sentiment. The reason consistency is an important mechanism—and a contingency to investors’ reactions—is because, as signaling theory suggests, investors use the media’s coverage as a signal of stakeholders’ perceptions (Connelly et al., 2011; Gangloff, Connelly, & Shook, 2016; Graf-Vlachy et al., 2020; Graffin et al., 2016; Spence, 1973).

For example, if investors perceive CSA as a risky behavior because they cannot predict stakeholders' behaviors, but if media organizations show little deviation in their reactions to the event, then investors may perceive that as a signal of consistency in stakeholders' perceptions. Similarly, if investors do not perceive CSA as a risky—or even meaningful—behavior, but the event is covered contentiously by media organizations, then investors may perceive that as a signal of inconsistency in stakeholders' perceptions. Since it incorporates stakeholders' expectations of the firm, consistency can be considered as a heuristic reflective of how outsiders may perceive this event. Investors looking for signals on how to evaluate the impact of an event would logically look to consistency as a reduction of risk.

While the aforementioned argument underlying consistency is simple, its effects can have a significant impact on refining management research. Indeed, as mentioned before, strategic management research on media coverage tends to focus on “the media” in the collective as opposed to as independent news organizations (e.g., Earl et al., 2004; Graf-Vlachy et al., 2020). The extant conceptualization has thus subsumed consistency as a given: Media organizations act as a unified collective, and empirical measures of media coverage are consistent with this approach (e.g., Bundy et al., 2021; Graffin et al., 2016; Haleblian et al., 2017; Zavyalova et al., 2012).

This is not a flaw of prior work. As Bundy and colleagues (2021) mentioned, there is a strong intraclass correlation coefficient between the coverage of media outlets ($\alpha = .816$). Haleblian and colleagues (2017) showed a similar finding. They compared the three newspaper outlets in their sample to a larger sample of over 120 outlets and found the sentiment of coverage to highly correlate ($r = 0.83$). For many events, media organizations are indeed consistent in the

valence of their coverage, as firm events do not typically hold systematic or discernable differences to media organizations. CSA is, however, an exception to this norm. It is—as I explored above—divisive (e.g., Hambrick & Wowak, 2021; Nalick et al., 2016), leading to differential responses among media organizations. The importance of considering and theorizing around consistency stems from this exception.

Summarizing, the media can provide investors with information to reduce (or enhance) the perceived level of risk involved in engaging in CSA. In particular, the more consistently media organizations cover an event, the more certain investors can be of stakeholders' reactions. When this consistent signal is positive, investors' negative reactions will be mitigated. Conversely, when this consistent signal is negative, investors' negative reactions will be exacerbated. I thus hypothesize:

Hypothesis 6: Consistency in the media's (collective) coverage of sociopolitical activism moderates investors' reactions, such that the more (less) consistent the media's coverage, the more (less) positive investors' reactions.

Corporate Sociopolitical Activism and Subsequent Media Coverage

I now shift attention to the downstream consequences of corporate sociopolitical activism on the media's narration, both of the firm and of the underlying sociopolitical issue. If CSA contributes to a broader sociopolitical issue (e.g., Briscoe & Gupta, 2016; Burbano, 2021; Chatterji & Toffel, 2019; McDonnell, 2016), then it follows that CSA will alter the media's narrative surrounding the firm and the issue. Narration, or a narrative, represents a mode of discourse (also known as a “rhetorical mode”) that conveys a story to an audience (Anker, 2004; Hühn & Sommer, 2012). Narration thus gives credence to my perspective of the media as

storytellers. In particular, the construct allows for more proximal theorizing on specific actors within media coverage, as opposed to coverage of an event.

The distinction between *coverage* and *narration* is that the former refers to the entirety of what a media organization may publish on a given topic (e.g., sociopolitical activism) while the latter refers to content specifically referencing a focal actor. This is an important conceptual distinction. Indeed, research in strategic management typically uses media coverage to reflect what is discussed in the media at a high level of abstraction, remaining agnostic of the specific actors or subjects discussed as long as the focal firm is mentioned (e.g., Bednar, 2012; Bednar et al., 2013; Bundy et al., 2021; Deephouse, 2000; Pfarrer et al., 2010; Pollock et al., 2008; Zavyalova et al., 2012). While this may be conceptually and operationally appropriate for the research questions being addressed, it does not capture the media's discussion of individual actors (e.g., a firm or a sociopolitical issue). By focusing on narration, I develop theory on how the media discusses a firm separately from how the media discusses an issue.⁹

The media's narrative of the firm. I argue that how a media organization covers the sociopolitical act will influence its subsequent coverage of a firm because media organizations will react to the event by recasting the firm's role in its broader narrative. Indeed, as storytellers the media have agency in the frequency and sentiment with which they discuss firms. This discourse evolves over time as media organizations and their journalists establish and maintain relationships with firms and their executives (e.g., Bushee & Miller, 2012; Pollock et al., 2008; Shani & Westphal, 2016; Westphal & Deephouse, 2011). When firms engage in sociopolitical

⁹ Of note, there are practical reasons why scholars have likely not theoretically differentiated between what I call *coverage* and *narration*. In particular, this distinction faces empirical challenges of discerning the subject of content within a media article. As I will further discuss in the following chapter, common methodologies fail to parse out content related only to one actor. However, I contend that this distinction is relevant and thus introduce a new method to addresses this challenge.

activism, they disclose potentially relationship-altering information regarding their political stances. CSA can thus influence not only how firms are covered in the media in the few days surrounding the event, but also how firms are subsequently covered.

This mechanism—an altered role cast by the media—is as functional as it is relational. Indeed, media organizations will change their narrative of firms after CSA because of their market incentives to reinforce and justify their political biases. Consider that a media organization’s political bias is decided on and reinforced by the signals it sends via its coverage on political events, policy updates, politicians, etc. (i.e., “politics-related content”). Here, the media’s bias comes into play by the story it tells when it covers politics-related content. For example, a media organization with a more conservative political bias will tend to reinforce Americans’ right to bear arms in its messaging surrounding gun control and gun violence, whereas media organizations with a more liberal political bias will tend to leverage acts of gun violence to advocate for stricter gun control regulation (e.g., McGinty et al., 2016). When an event in society related to the issue occurs, media organizations cover it in accordance with the political stance to which they ascribe.

As is often the case with political news, an event may favor one side of the political aisle (Stephens, 2007). An event such as a mass shooting, for example, can thus be thought of as an opportunity for the more liberal media organizations and an obstacle for the more conservative media organizations insofar as the former can leverage the event to discuss the importance of stricter gun control whereas the latter may need to preempt or refute this point. I introduce this example to underscore the notion that media organizations try to cover politically favorable events in their discussion of politics, and thus it is fair to assume they actively seek out such events and bring (positive) attention to them. This is indeed a well-documented component of

agenda-setting theory (McCombs & Shaw, 1972; McCombs, Shaw, & Weaver, 2014), which posits that the media bring forth attention to the issues they prioritize in an effort to push their agendas. Left on their own with politically neutral news, media organizations' political biases will be reflected in the amount and valence of attention they bring to specific issues—their endogenous choices to cover gun control more than homelessness, for example.

CSA, then, acts as interference to the media's story because it calls attention to a specific issue. If the media organization has a political interest in the issue or views it favorably, then the interference can be positive. In this situation, the media organization's coverage of the CSA would be positive, and it would subsequently reprioritize the firm's place on its list of actors such that it continues investing resources in collecting information about the firm, under the premise that doing so will help bring positive attention to the issues the media organization wishes to advance.

Since the media organization is more closely studying the firm, it necessarily collects more information. And, given the investment into collecting this information and the incentives for media organizations to provide content, the media organization is more likely to publish coverage of the firm, even if the information is unrelated to the sociopolitical event that increased the firm's favor with the media organization. If, however, the media organization views it unfavorably, then the interference poses problems for the media organization which has to decide how to cover the event.¹⁰ In this situation, the media organization's coverage of the CSA would be negative, and it would subsequently deprioritize the firm's place on its list of actors such that it no longer invests as many resources in collecting information about the firm.

¹⁰ While media organizations may also decide *whether* to cover the event at all, market incentives to provide coverage typically result in *some* response by media organizations (e.g., Jamieson, 2000).

The resulting outcome is that the media organization is less likely to publish coverage of the firm.

The logic above can be extended to the valence of the narration of the firm. Media organizations' and journalists' perceptions of the actors they have previously covered will influence the lens with which they view a firm's subsequent behaviors, even if those behaviors are not sociopolitical or polarizing in nature. This is a fairly straightforward effect in that when media organizations have more positive impressions of firms, they cover their behaviors more positively. For this to be true following CSA, it must be that the effects of CSA are strong enough to influence what would otherwise be largely homogenous coverage by media organizations (in terms of sentiment; e.g., Bundy et al., 2021). Indeed, as I discussed in my theorizing on consistency for Hypothesis 6, media organizations tend to be fairly consistent in how they cover non-politicized events (e.g., Haleblan et al., 2017). There is evidence, however, that suggests there may be greater variance in how media organizations cover firm events when considering their favorability toward the focal firm. For example, in their study of the relations between CEOs and journalists, Westphal and Deephouse (2011) tested and found that CEOs can positively influence journalists' perceptions of them by engaging in ingratiation behaviors (e.g., Westphal, 1998), and that these more positive evaluations manifest in how the journalists reported on the CEOs' firms.

Taken together, sociopolitical activism alters media organizations' relationships with firms, including their prioritization of resources to cover the firm's events—leading to more (less) coverage of the firm, as well as more (less) positive coverage of the firm. I thus hypothesize:

Hypotheses 7a: The more (less) positively a media organization covers a corporate sociopolitical act, the more (less) frequent the subsequent narration of the firm.

Hypothesis 7b: The more (less) positively a media organization covers a corporate sociopolitical act, the more (less) positive the subsequent narration of the firm.

The Moderating Effect of Joint Involvement in CSA

There is an important contingency to the effects above that relates to the overall firm involvement in a given sociopolitical act. The premise of this argument is that media organizations' abilities to identify a focal actor will be more difficult as more firms engage in the same sociopolitical act. The mechanism driving this effect is firm salience, or the degree of prominence a firm has in its CSA. Firm salience inhibits the media from altering the role cast on the firm. When a firm engages in a sociopolitical act on its own and in isolation, media organizations can clearly attribute the behavior to the firm and, thus, assess how their relationship to that firm may be affected (e.g., Bushee & Miller, 2012; Westphal, 1998; Westphal & Deephouse, 2011). If, however, several firms are involved in a sociopolitical act—whether through joint action or action that occurs nearly simultaneously—a firm's salience decreases, and media organizations are less likely to cast the focal firm differently in its subsequent coverage.

Firm salience in this context applies to journalists' abilities to differentiate between actors. This mechanism can thus be related to journalists' cognitive constraints. The more stimuli there are, the more cognitively taxing it becomes for journalists to keep track of and pay attention to each actor equally. And, since journalists may not always have agency in how much they can publish, even journalists with especially high cognition may not be incentivized to give full or equal credence to each actor. In situations with lower firm salience, journalists are more

likely to refer to multiple actors as a single collective. This may seem unsurprising as sometimes, firms willingly engage as a collective. For example, in 2019 the Business Roundtable came out with a statement on the purpose of a corporation that 181 CEOs signed. Other times, firms or CEOs make statements concurrently with peer firms. These, too, tend to be narrated as though there were one focal actor. For example, in January 2017, President Trump signed an executive order “that temporarily halted the admission of refugees, indefinitely banned the admission of refugees from Syria, and stopped citizens of several Muslim-majority countries from entering the U.S” (TechCrunch, 2017). Dozens of U.S.-based corporate leaders across the technology sector spoke out against the executive order. While they did so separately, their actions occurred close together in time, and the media (e.g., TechCrunch, 2017) covered the firms as more or less a collective group. I thus hypothesize:

Hypothesis 8a-b: Joint involvement in corporate sociopolitical activism moderates the effects proposed in H7a and H7b, such that the effects are stronger (weaker) when there are fewer (more) firms involved in a CSA.

CHAPTER 4

RESEARCH METHODOLOGY

In this chapter, I discuss my approach for testing the hypotheses outlined in Chapter 3 (see Table 3.1). This chapter is organized as follows. First, I describe how I construct my samples, including how I identify sociopolitical acts, how I collect news stories, and data collected from other sources including the Federal Election Commission, Twitter, the Center for Research in Security Prices, and Compustat. Second, I explain my approach for measuring and testing my hypotheses. Due to having several data structures for testing different hypotheses, I separate the measurement and estimation into five parts: Hypothesis 1, Hypothesis 2, Hypotheses 3-5, Hypothesis 6, Hypotheses 7-8.

Data Collection

I combined data from various sources to test the hypotheses in this study. I began by identifying sociopolitical acts. I constructed a sample of sociopolitical acts made by firms listed in the *Fortune 500*, and collected news stories published by media organizations, from the years 2015-2019. I drew my sample from the *Fortune 500* because higher-status firms are more likely to engage in social movements (King & McDonnell, 2015). The sample begins in 2015 because I am restricted by the years for which I can reliably retrieve news articles. My sample ends in 2019 to avoid overlap with the ongoing global pandemic. I combined these data with data from the United States Federal Election Commission (FEC), the Center for Research in Security Prices (CRSP), Compustat, Ad Fontes Media, and primary data collected from a survey.

Identifying sociopolitical issues and sociopolitical activism. To identify sociopolitical activism, I searched press releases and company tweets for keywords associated with sociopolitical issues. To generate a list of relevant sociopolitical issues among Americans, I began with the Pew Research Center’s “Political Polarization in the American Public” report (Pew Research Center, 2014). This report is the result of a nationally representative survey of political polarization that PRC conducts every ten years. The items in this survey helped develop a list of over 35 sociopolitical issues. Other scholars studying sociopolitical activism have used PRC to identify these issues (Bhagwat et al., 2020), which include a range of topics at varying levels of abstraction. For example, “abortion,” “border security,” and “gun control” represent issues at higher levels of abstraction while “bathroom bill,” “Georgia House Bill 757,” and “North Carolina HB2” represent issues at lower levels of abstraction. This list is thus broad in its conceptualization of CSA-related topics, allowing for a wide initial search.¹¹ Using this list and my sample of *Fortune 500* firms, I searched for each firm-issue combination in ProQuest for news releases by firms, retaining any firm-issue that yielded results.

Two trained research assistants (RAs) replicated any firm-issue combinations that yielded results and verified whether the results referred to sociopolitical acts. Both research assistants completed this task independently, and had an agreement score of 0.910. I resolved any differences in the identification process by acting as a third rater. Since I am unable to verify the completeness of ProQuest’s newswire sources, and since ProQuest does not include tweets by firms, the RAs also conducted manual internet searches of firm-issue combinations in Google

¹¹ Many of these issues are related (e.g., “immigration enforcement” and “immigration reform”), and not all are necessarily sociopolitical (e.g., “mass shooting” may relate to a social and partisan concern insofar as it connects to gun control, but the phrase “mass shooting” in and of itself is not necessarily a social and partisan issue). However, searching for each term allows me to retain a broad search.

and Twitter. Additional events were also added by (1) reading through press releases of identified events for mentions of other firms' involvement and (2) including events identified in prior work. In sum, events were identified by statements made by firms or their CEOs taken from press releases and tweets.

Due to the breadth of the initial list of issues, this process resulted in behaviors that may not be considered sociopolitical activism when applying a strict interpretation of the construct's definition. To evaluate and remove such events, one RA and I independently compiled a brief description of each event and recorded whether the event should be classified as CSA. There were several criteria we followed. First, the event must relate to a specific action tied to the underlying issue. For example, if a company publishes a press release reporting they have been identified as one of the Human Rights Campaign's "best places to work for LGBT equality," this event was discarded since, while the information is a signal of the firm's sociopolitical reputation (Werner, 2015), it is a placement on a ranking and is thus not a specific event. Second, if the action referred to the primary operations of the firm, as opposed to the firm taking a stance on an issue, the event was discarded. For example, General Dynamics is an aerospace and defense firm. When the company announced that it was conducting a pilot test of new technology related to border security, it did so in the context of successfully completing a milestone along the new product development process—not in the context of taking a stance on a social and partisan issue.

Finally, I removed events when both me and the RA agreed it was not contentious along party lines. A guiding question for this step was: Would left- and right-leaning groups necessarily have opposing reactions upon learning of this event? For example, in 2019 3M announced a partnership with Clean Air Asia, and in 2018 Cigna raised its minimum wage to

\$16 per hour. These events do not meet the threshold for being considered contentious along party lines. More specifically, while there is justification for why stakeholders may not prefer the firms to engage in these behaviors—e.g., an investor that thinks the firm is misallocating resources—this division is not necessarily along party lines. In general, most events that were originally identified using the “climate change” and “minimum wage” search terms were removed because of this final criterion.¹² After merging with other data sources, the final sample of corporate sociopolitical acts includes 80 events made by 61 firms.

News stories from media organizations. I collected news stories published by the top national and regional media outlets in the United States. These outlets include those seen as the “top six” outlets in management research (Bednar, 2012; McDonnell & King, 2013), the top outlets in Factiva (e.g., Zavyalova et al., 2012), and “featured” or “major” news publications from practitioner-oriented sources such as the Pew Research Center or *AllSides.com*.

I collected all news stories published by each outlet from 2015-2019. Structured databases such as Factiva provide a useful starting point for collecting stories, but Factiva does not have coverage on several media outlets and restricts downloads to batches of 100 articles per download (with anti-bot captchas that make it unreasonable to rely on it as my only source). To complement Factiva, I used two application programming interfaces (APIs), one maintained by Media Cloud and one maintained by Webhose (also known as “News API”). Both of these sources crawl various media outlets on a regular basis and store data on media coverage (in the

¹² An argument can be made that these acts still relate to fundamentally political issues, such as the federal minimum wage or stricter regulation on carbon emissions. This may be true, but a company announcing a raise to its minimum wage is unlikely to be met with partisan reactions because even conservatives (who traditionally oppose a federal minimum wage) would think it is not necessarily a “bad thing” for a firm to decide to pay employees more money. This group may have a more negative reaction if a company was attempting to implement or enforce a federal minimum wage.

case of Webhose) or at least provide URLs to the news stories (in the case of Media Cloud). I retrieved the structured data from Webhose and used the URLs provided by Media Cloud to scrape the contents of the URLs. In some cases, media outlets maintain reliable archives to their news stories (e.g., *New York Times*, *Wall Street Journal*, *ABC News*, and *Los Angeles Times*). In such cases, I scraped the websites directly as opposed to going through third parties (e.g., Factiva, Media Cloud, Webhose). This process led to reliable coverage of media outlets dating back to 2015. However, prior to 2015, the quality of coverage seems to deteriorate. Indeed, several URLs are no longer active, and Factiva's coverage of certain outlets seems to diminish. Other internet archives cannot seem to fill this gap. For example, the Wayback Machine - Internet Archive (www.archive.org) only has some media outlets archived on certain dates, thus proving unreliable for prior years. News stories with fewer than 250 characters were discarded. Additionally, news stories that were identifiable as opinion pieces were also removed. Finally, news stories that were reprints of the *Associated Press* or *Reuters* were removed. In the following section, I describe how the sociopolitical acts and the news stories were combined with other data sources to test the hypotheses.

Measurement and Estimation

This section is divided into five subsections, one for each unique data structure I use to test my hypotheses. First, Hypothesis 1 argues that organizational political ideology predicts engagement in CSA. I test this hypothesis in a quasi-experimental design by comparing a matched sample of firms that engaged in CSA to and that did not engage in CSA within the *Fortune 500*. Second, Hypothesis 2 argues that a sociopolitical issue's salience predicts engagement in CSA. I also test this hypothesis using a quasi-experimental design, comparing a matched sample of "acting days" and "non-acting days," where acting days consist of the days

leading up to CSA and non-acting days represent randomly selected days during the sample timeframe that are used to create a control group. Third, Hypotheses 3-5 pertain to media organizations' reactions to CSA. The data for testing these hypotheses are at the CSA-media outlet level (i.e., one observation for each unique media outlet that responds to a given act), and I test the hypotheses using polynomial regressions and split-sampling techniques. Fourth, Hypothesis 6 argues that the media's collective consistency influences investors' subsequent reactions to CSA. I test this hypothesis using cumulative abnormal stock market returns at the event-level (i.e., one observation per sociopolitical act). Finally, Hypotheses 7-8 pertain to the subsequent relationships between media organizations and firms. I create a firm-media outlet data structure (i.e., one observation for each dyadic relationship) and test these hypotheses using ordinary least squares regression.

Hypothesis 1 - Measurement

Hypothesis 1 argues that an organization's political ideology affects its engagement in CSA, such that more liberal organizations are more likely to engage in CSA. *Organizational political ideology* (i.e., "*organizational conservatism*") is thus the independent variable in Hypothesis 1. I measure this variable in line with how it is measured by Gupta and colleagues (Gupta & Briscoe, 2020; Gupta et al., 2017). The variable is an index based on employees' political donations of the two most recent election cycles prior to the start of the sample (2012, 2014). The four components of the index are: "(1) the dollar amount donated to the Democratic Party divided by the total amount donated to both parties, (2) the count of donations to the Democratic Party divided by the count of donations to both parties, (3) the count of unique employee donors to the Democratic Party divided by the count of donors to both parties, and (4) the count of unique Democratic donation recipients divided by the count of all recipients. These

items had similar means and dispersions, so we averaged them to create a composite index of organizational liberalism, with lower values representing conservatism” (Gupta & Briscoe, 2020: 538). As described above, lower values of this variable would represent more conservative ideologies. To remain consistent across all my variables, however, I manipulated this variable such that higher values would represent more conservative ideologies (by subtracting the original value by 100; an original value of 66 thus became $100 - 66 = 34$). I call my version “organizational conservatism.”

To create this variable, I collected individual contributions from the United States Federal Election Commission (FEC). Every contribution equal to or greater than \$200 must be reported to the FEC by a recipient. Recipients can be individual political candidates (e.g., incumbents and challengers) or committees (e.g., political action committees, interest groups, and election committees). In the event a recipient is an individual political candidate, I mapped individual contributions to the political party of the recipient. For example, if John Smith (individual contributor) donated \$201 to Barack Obama (recipient), that contribution would be coded as a donation to the Democratic Party. In the event the recipient was a committee, I mapped the committee’s subsequent donations to candidates in order to assign a political party to the recipient. For example, if John Smith (individual contributor) donated \$201 to The Committee To Elect Democrats (recipient), and The Committee To Elect Democrats’ subsequent donations were to political candidates representing the Democratic Party, then that contribution would be coded as a donation to the Democratic Party. Following extant work, I assigned a committee to the Republican (Democratic) Party when all of its subsequent donations were to political candidates representing the Republican (Democratic) Party (e.g., Chin, Hambrick, & Treviño,

2013). Individual contributions to a committee that donated to candidates on both major political parties were thus discarded.¹³

Individual contributors must list an employer, which I used to match contributors to companies listed in the *Fortune 500* in any year from 2015 – 2019 (676 firms in total). To ensure an exhaustive search, I identified alternative names for each company (including subsidiaries) and searched the contributions for typos. I then computed the index as described above.

Hypothesis 1 - Estimation

I take a quasi-experimental approach to testing this hypothesis by creating a matched sample of firms that engaged in activism (i.e., “actors”) and those that did not engage in activism (i.e., “non-actors”). Actors comprise firms in the *Fortune 500* that engaged in CSA at least once between the years 2015 – 2019. Non-actors comprise firms in the *Fortune 500* that did not engage in CSA during the same timeframe.

Matching techniques are useful tools for estimating causal effect sizes because they create a treatment and control group that can then be compared along a focal variable (in this case, organizational conservatism). In my sample, manual matching can be difficult because firms in the *Fortune 500* are atypical. Indeed, finding an apt comparison for firms of this size and of this nature (e.g., General Mills) can be difficult. To resolve this, I implement nearest neighbor matching (NNM) and coarsened exact matching (CEM), two algorithms that match treatment and control observations based on values for a set of covariates (e.g., Taunk, Verma, & Swetapadma, 2019; Iacus, King, & Porro, 2012). I use both because their approaches differ in complementary ways, such that implementing both enhances the veracity of the findings. The

¹³ This construction is thus a conservative estimate of organizational ideology.

NNM algorithm operates by using a weighted function of covariates to generate similarity scores between observations, which it then uses to assign unmatched non-actors to unmatched actors (e.g., Abadie & Imbens, 2011). Then, it calculates an average treatment effect based on the average of the difference between actors and non-actors based on the treatment (organizational conservatism). This matching process results in a k -to-one match where k is the number of nearest neighbors to the focal observation along the predetermined covariates. I explore $k = 3$ in my analyses, although the results are consistent at $k = 1$.

Matching observations directly, regardless of the ratio (i.e., the value of k), may be problematic in my sample because even firms that are deemed to be “neighbors” may differ along key aspects. For example, if NNM tries to find matches for Apple, any observations it identifies as neighbors are unlikely to be reflective of the matched firm. CEM helps mitigate this issue. In this approach, observations are coarsened into bins based on their values (percentiles) of each covariate. Each observation is then assigned to a stratum, which denotes the corresponding combination of covariate-bins. Actors and non-actors are then matched via these strata. This process highlights the benefit of CEM: There may be any number of non-actor observations partially matched to each actor observation based on values of the covariates that were used in the matching process. Given the potential disparity in the number of non-actors matched to each actor, a weight is applied to each actor based on the number of corresponding non-actors in the stratum. Observations that don’t fall into any specific combination of bins (i.e., no stratum) are not matched with firms and are thus discarded from the analysis. One concern with using CEM is that as the number of covariates used in the matching process increases, there become too many strata to find reliable matches for actors. Thus, it becomes difficult to match on a larger number of covariates. NNM does not have this concern, and thus CEM and NNM act as complements.

As mentioned, in order to create comparable treatment and control groups, actors are matched with non-actors based on multiple covariates (e.g., Adabie & Guido, 2011; Shadish, Cook, & Campbell, 2002). For the NNM algorithm, I use the following variables. First, to gain an understanding of the communities in which actors operate, I include a measure of *state conservatism*. This variable reflects the percentage of votes for the Republican Party's candidate in the state in which the company is headquartered during the most recent election cycle prior to the start of the sample (2014). Second, I include the firm's *CSR performance*, based on KLD scores, during the most recent year prior to the start of the sample (2014). This variable represents the sum of a company's CSR strengths minus its CSR weaknesses. Finally, to account for firm size and financial performance, I include the *number of employees (logged)*, *total assets (logged)*, *net sales (logged)* and net income (winsorized at the 3% level), all for the fiscal year 2014. I also include an industry variable (2-digit SIC). For the CEM algorithm, I use a subset of the variables listed above: *state conservatism*, *CSR performance*, *number of employees (logged)*, and *net sales (logged)*. This allowed the algorithm to retain 57 of 61 acting firms in the match. All variables were coarsened into quartiles.¹⁴

Table 4.1 compares the results of the matching process for both NNM and CEM. The table shows p-values of two-tailed difference tests for each covariate, as well as the number of corresponding observations. For the matching process to be successful, one would expect higher p-values in the post-match columns than in the pre-match columns. The result of NNM suggests

¹⁴ Using just one year of data (2014) may be problematic. For example, since 2014 was a midterm election and not a Presidential election, a state's votes may not be reflective of the population of citizens in the state. To account for this, I calculated the values for the 2012 election cycle. The correlation between election cycles is high ($r = 0.91$), suggesting that the 2014 values are reflective of the state population's broader voting habits. Additionally, I compared the results from using 2014 and the average of the years 2012-2014 for each covariate. The results are nearly identical. I also explored matching across different covariates, which also led to nearly identical results.

that there are no statistically significant differences between actors and non-actors along the focal variables. Of note, the results of a variable ratio test comparing variance in each variable for actors and non-actors suggests that the covariates are balanced across the matched groups (Rubin, 2001). The result of CEM suggests otherwise; while there were substantial improvements (all p-values increased, albeit it some nominally), there are still significant firm-level differences (i.e., number of employees and net sales). The number of observations also dropped, as CEM discards observations in its attempt to create groups that are comparable and balanced. Based on these results, there exist some residual differences between the groups that need to be corrected. I do so by including the matched covariates as control variables in the logistic regression model that is run subsequent to the match (with the dependent variable being a dummy representing whether the firm acted) (Blackwell et al., 2009).¹⁵

TABLE 4.1
PRE- AND POST-MATCHING COMPARISON FOR H1

| | Pre-match p-value | Post-NNM p-value | Post-CEM p-value |
|-------------------------------------|--------------------------|-------------------------|-------------------------|
| State conservatism | 0.192 | 0.735 | 0.229 |
| CSR performance | 0.006 | 0.275 | 0.750 |
| Number of employees (logged) | < 0.001 | 0.762 | 0.001 |
| Net sales (logged) | < 0.001 | 0.820 | < 0.001 |
| Total assets (logged) | < 0.001 | 0.408 | |
| Net income | < 0.001 | 0.820 | |

* *NNM = nearest neighbor matching; CEM = coarsened exact matching*

** *Values are from 2014; in NNM, k is set to 3.*

*** *NNM includes industry in the match based on 2-digit SIC and robust standard errors.*

**** *Robustness checks explore additional matching variables.*

¹⁵ In a supplemental analysis, I assess a third technique: propensity score matching (PSM). The results are consistent.

Hypothesis 2 – Measurement

Hypothesis 2 argues that a sociopolitical issue's salience affects a firm's engagement in CSA, such that more salience around a particular issue within society, the more likely a firm is to engage in CSA. Issue salience is thus the independent variable in Hypothesis 2. Consistent with its conceptualization, I measure this variable as the number of tweets in which a sociopolitical issue is mentioned. Since engagement in sociopolitical activism occurs on a discrete day (e.g., November 6, 2018), this variable is measured daily, such that a value of 5 means that a given sociopolitical issue has been mentioned 5 times on the focal day. I then take the average of issue salience in the five days prior to each CSA. Due to the skewed distribution of this variable, I took its natural logarithm. While this hypothesis will be tested using a quasi-experimental design, to help ensure certain factors are accounted for beyond the randomization I include multiple control variables: *firm salience*, measured as the average number of tweets mentioning the acting firm in the five days leading up to the event; *firm events*, measured as the average number of press releases of the focal firm leading up to the event; and *stock market returns*, measured as the cumulative abnormal stock market reaction the day prior to the focal day. Due to their skewed distributions, I logged *issue salience*, *firm salience*, and *firm events*.

Hypothesis 2 – Estimation

To test this, I create a quasi-experiment comparing the issue salience of sociopolitical issues in the five days leading up to CSA with the issue salience of sociopolitical issues across a randomly selected set of days where no CSA occurred. Five non-acting days were randomly assigned to each CSA and were then tested using a logistic regression model wherein the dependent variable is a binary variable with a value of "1" if the day was one in which CSA occurred and "0" otherwise.

Hypotheses 3-5 – Measurement

Hypotheses 3-5 focus on media organizations' reactions to CSA. The dependent variable is sentiment of media coverage of the event (Hypothesis 3), and the two moderating variables are the direction of incongruence (Hypothesis 4) and endowed sentiment of media coverage of the firm (Hypothesis 5).

Sentiment of media coverage of sociopolitical activism. Sentiment refers to the degree to which coverage is favorable. This variable is the dependent variable in Hypotheses 3-5 (and the independent variable in Hypotheses 7 and 8). In the field of strategic management, sentiment is most commonly operationalized using some combination of the *posemo* and *negemo* variables in Linguistic Inquiry and Word Count (LIWC; Pennebaker et al., 2015) (e.g., Bednar et al., 2013; Bundy et al., 2021; Bitektine, 2011; Deephouse, 2000; Durand & Vergne, 2015; Lamin & Zaheer, 2012; Love & Kraatz, 2017; Park & Westphal, 2013; Pfarrer et al., 2010; Pollock & Rindova, 2003; Shani & Westphal, 2016; Titus, Parker, & Bass, 2018; Vergne, 2012; Westphal & Deephouse, 2011; Zavyalova et al., 2012, 2016). LIWC is a commercialized software package that uses dictionaries of words to code corpora. Words categorized as positive and negative are counted, and these counts are then weighed against the number of total words in an article. This approach has its limitations. Evidence against word-based sentiment classifiers continues to grow, particularly when using longer-form text (i.e., media articles) (Polanyi & Zaenen, 2006; Moilanen & Pulman, 2007; Rentoumi et al., 2010; Nakagawa et al., 2010). In particular, the notion that words can be isolated without context for their relative placement in a sentence nor their spatial proximity to other words has been, more or less, refuted (Choudhury et al., 2019; Choudhury, Allen, Endres, 2021; Socher et al., 2013; Suarez et al., 2021). A drawback of

LIWC's technique is thus that it may not capture enough context to meaningfully evaluate the sentiment of the article at large.

To resolve this, I implemented a sentence-based sentiment classifier using Stanford CoreNLP (which I refer to simply as “CoreNLP”), a suite of natural language processing tools that implements a sentence-based sentiment classifier (Manning et al., 2014). Conceptually, this process leads to the same result as LIWC—a single score per article that reflects its degree of positivity. Practically, it does so in ways that better contextualizes the data it is assessing. In particular, CoreNLP conducts its sentiment analysis through deep learning, with a compositional model over trees. In my context, compositional models take several variations of fragments of sentences (i.e., combinations of words that are next to each other in a sentence; referred to as *n*-grams, where *n* equals the number of words being combined) and evaluates their collective sentiment. Through a recursive process, the program compares its evaluation of *n*-grams to other *n*-grams within the same sentence, creating “branches” between them as it establishes their relationship. This is where the terminology of “trees” originates. Human raters validated this method by evaluating various text sources, including news articles. The Sentiment Treebank, from which this model was derived, is a compilation of sentiment scores of over 10,000 sentences that was manually labeled by workers through Amazon's Mechanical Turk platform. It has been properly validated and has been used thousands of times in published works across a variety of academic disciplines.¹⁶

For each sentence, the program returns an integer between 0 (“very negative”) and 2 (“very positive”). The resulting measure of *sentiment of media coverage of sociopolitical*

¹⁶ For example, as of September 23, 2021, Socher et al. (2013) has accrued 5,514 Google Scholar citations. This paper developed the model that Stanford CoreNLP uses. CoreNLP's direct cite is Manning et al. (2014), which has accrued 6,801 Google Scholar citations thus far.

activism will be the sum of the sentiment score for all sentences in all articles wherein a corporate sociopolitical act is the primary item covered by the focal media outlet, up to 3 days following the initial event.¹⁷ I choose 3 days because it allows enough time for media outlets—even though with limited weekend activity—to cover an event.

Congruence. Congruence is the independent variable in Hypotheses 3-5. Conceptually, congruence is the difference between the political bias of a media organization and that of the stance taken on by the CSA. There are thus two components. The first is political bias of media organizations (which I call *media conservatism*) and the second is *political stance taken by the CSA* (which I call *CSA conservatism*).

Media conservatism is measured using Ad Fontes Media’s “The Media Bias Chart” (MBC). MBC rates media outlets’ political biases on a scale ranging from -42 (most liberal) to +42 (most conservative). To rate a media outlet, three analysts with differing degrees of self-reported political ideologies independently read and rate articles published within the outlet. The scores are then averaged together to produce an overall outlet rating. For any given article, additional raters are involved to resolve outliers. While this approach is a reasonable form of identifying media conservatism, as a robustness check I compared the MBC to a method of identifying political bias that is unrelated to reading news articles. Ribeiro and colleagues (2018) created a publicly available “Media Bias Monitor” that utilizes advertisers’ interfaces to examine the audiences of various news sources. This method is perhaps most intriguing because it infers a political bias based on the assumption that the media’s audience is a strategic decision made by the organization. In this sense, it gives credence to the notion that media organizations make

¹⁷ Per my mention of the issues in using ratios, I control for the length of the article in *number of sentences*, given that having more content can significantly alter this measure.

intentional decisions surrounding differentiation. The political bias scores of media outlets included in both the MBC and Ribeiro et al.'s Media Bias Monitor have a correlation of $r = 0.745$. The scores of Media Bias Monitor are not used for my primary measure because MBC covers more outlets than does the Media Bias Monitor. Practically, however, the two approaches would lead to comparable results.

To calculate the *CSA conservatism*, I fielded an IRB-approved survey (Project #00005183 at the University of Georgia) wherein respondents rated descriptions of CSA events along a Likert scale from 1 (most liberal) to 7 (most conservative). Respondents were first given some background on the project and a definition of CSA. They were then randomly assigned about ten descriptions of CSA events and asked to rate each of them. The survey was designed such that several raters were randomly assigned to only a handful of events to mitigate the likelihood of fatigue. Respondent variables such as gender, age, and personal ideology were captured as control variables. Gender and age were both captured as a single item. Personal ideology was captured using a scale developed by Everett (2013), which distinguishes between indicators reflecting social conservatism and indicators reflecting economic conservatism. I also captured ideology as a single item variable on a Likert scale from 1 (highly liberal) to 7 (highly conservative). The single item version strongly correlated with the two factors in Everett's (2013) scale ($r = 0.74$ with social conservatism and $r = 0.70$ with economic conservatism; $r = 0.71$ between social and economic conservatism). After filtering out respondents that completed the survey too quickly, too slowly, or did not pay enough attention, there were a total of 295 raters.

The descriptions of CSA were abstracted in order to mitigate the likelihood that the rater knew the particular event they were rating. This is important since the ratings need to be based

on factors unrelated to the acting firm. Thus, if the rater can identify the acting firm, the ratings may be biased. These descriptions may be seen in Appendix A, which presents a version of the survey key. In addition to abstracting the descriptions, I included descriptions of events that were then excluded (e.g., minimum wage). Such events were indeed rated closer to 4 (i.e., not leaning in one political direction or the other). Since raters were randomly assigned to two of ten groups of events, each CSA was rated by at least 28 raters across a variety of genders, ages, and personal ideologies. I took the average of all ratings to arrive at the resulting CSA conservatism score. Given both components of congruence will have values based on different scales, I standardized *media conservatism* and *CSA conservatism*.

In strategic management, congruence (also called “fit”) is often measured in surveys by asking participants the degree to which they agree with a statement, or measuring such agreement through experimentation (e.g., Burbano, 2021; Shaw, Gupta, & Delery, 2001). Archival data does not lend itself to this approach. A simple calculation of congruence could be the absolute value of the difference between the two components (a difference score of 0 means the two components are in full agreement and the magnitude away from 0 would be used to calculate the degree of incongruence; also known as an “algebraic difference index”). This is one approach I take as it provides a parsimonious test of Hypotheses 3-5.

There are multiple issues with difference scores, however (Edwards, 1994). In particular, when researchers create difference scores they discard potentially valuable information. Consider, for example, what one can infer from a difference score = 1. Assuming standardized components, this score suggests that the components differ from each other by one standard deviation. One does not know, however, which component is driving this effect. This leads to reduced information as well as ambiguity in interpretation. Indeed, it is unclear whether the

effect is driven by one component or the other, and the relative contribution of each component is concealed (Wolins, 1982). For this reason I also measure congruence in my empirical estimation using polynomial regression (i.e., response surface methodology).

Direction of the source of incongruence. The direction of the source of incongruence is the moderating variable in Hypothesis 4. This is measured as a dummy variable with a value of 0 when the difference between the standardized components of congruence is negative (i.e., when the media's political bias rating is lower [i.e., more liberal] than the stance taken on by the CSA), and a value of 1 when the difference between the standardized components of congruence is positive (i.e., when the media's political bias rating is higher [i.e., more conservative] than the stance taken on by the CSA).

Endowed sentiment of media coverage of the firm. The sentiment of a focal firm's endowed media coverage is the moderating variable in Hypothesis 5. I measure this variable identically to my measure of *sentiment of subsequent media coverage of the firm*, except that the timeframe of analysis for this variable is prior to the event as opposed to after the event. For the primary model, I examine the 365-day timeframe (i.e., $t-365$ to $t-3$). I end three days prior to the CSA's occurrence in order to mitigate the likelihood of leaked information or more recent happenings to influence this variable (as it is meant to reflect a firm's stable relationship with media outlets).

Control variables. I include myriad control variables to account for alternative explanations, including *firm size* (logged value of total assets reported in the quarter prior to the CSA) and *firm performance* (net income in the quarter prior to the CSA). To account for exposure-related effects in the media, I will control for the *number of total articles published* by each media outlet. The length of the media's articles can influence several of my measures. Thus,

I will include *number of sentences of coverage of sociopolitical activism*, and *number of sentences of coverage of sociopolitical issue* to account for this influence.

I also control for *organizational political ideology*, measured as described in the subsection on the measurement for testing Hypothesis 1. In particular, I use the most recent election cycle prior to the CSA (e.g., 2016 values of an organization's political ideology for an event that took place in 2017; 2014 values of an organization's political ideology for an event that took place in 2015). I control for *investor reactions* in the day following the event, measured as described in the subsection on the measurement for testing Hypothesis 6. I include a dummy, *CEO*, indicating whether the CSA was made by the CEO (*CEO* = 1) or another firm representative (*CEO* = 0). I include another dummy called *action* indicating whether the CSA was an action (*action* = 1) or a statement (*action* = 0). I account for local politics by including the *state conservatism* variable, as calculated for Hypothesis 1 (the percentage of voters for the Republican party in the state in which the firm is headquartered). I also control for *ideological surprise*, calculated as the difference between the company's political ideology and its CSA conservatism rating. Additional control variables (as well as alternative measurements of the variables listed above) are included as part of robustness checks that can be found in Chapter 6 (Supplemental Analyses).

Hypothesis 3-5 – Estimation

I estimate Hypotheses 3-5 using two approaches: ordinary least squares (OLS) and polynomial regression (i.e., response surface methodology). In the OLS approach, I create a difference score that represents the absolute difference between the standardized versions of CSA conservatism and media conservatism (multiplied by -1 such that higher values represent more *congruence* and lower values represent less *congruence*).

Due to some of the limitations associated with OLS in the presence of difference scores, I also test these hypotheses using polynomial regression and response surface methodology (Edwards, 2002; Edwards & Parry, 1993). I use polynomial regression because it allows me to properly assess both components of my measure of congruence. Specifically, to test each hypothesis, the dependent variable will be regressed on the control variables as well as the five polynomial terms: b_1 (the political bias of the CSA), b_2 (the media's political bias), b_3 (the political bias of the CSA squared), b_4 (the media's political bias x the political bias of the CSA), and b_5 (the media's political bias squared). In other words, I estimate the following equation:

$$Y = \alpha + b_1 \text{Cons}_{CSA} + b_2 \text{Cons}_M + b_3 \text{Cons}_{CSA}^2 + b_4 (\text{Cons}_M * \text{Cons}_{CSA}) + b_5 \text{Cons}_M^2 + \mathbf{C} + \mu$$

where b_0 is the intercept, Cons_{CSA} is CSA conservatism, Cons_M is media conservatism, \mathbf{C} is a vector of the control variables, and μ is the residual. I then use the regression coefficients ($b_1 - b_5$) to plot the three-dimensional response surface, in which Cons_m and Cons_{CSA} are plotted on the perpendicular horizontal axes and sentiment of media coverage of sociopolitical activism (Y) is plotted on the vertical axis (for recent examples, please see Edwards & Cable, 2009; Matta et al., 2015; Tepper et al., 2018). I use the slopes and curvatures of this plot to evaluate statistical significance (e.g., Matta et al., 2015).

I test Hypotheses 4 and 5 by creating a block variable from the coefficients $b_1 - b_5$ and adding the block variable with the respective moderators in a second regression. The block variable replicates the R^2 of the coefficients in the first regression equation. This mitigates the need for several additional quadratic terms in the regression which can make interpretation difficult (Francisco-Fernández & Vilar-Fernández, 2001; Matta et al., 2015).

Hypothesis 6 – Measurement

Consistency. Consistency in the media’s collective coverage of sociopolitical activism is the moderating variable in Hypothesis 6. This is not a measure of an individual media outlet’s coverage, but a compilation of all outlets’ coverage of CSA. To calculate this variable, I will compute the standard deviation of the sentiment scores of all news stories on the CSA (as measured by *sentiment of media coverage of sociopolitical activism*). Since a higher standard deviation reflects lower consistency, I multiply this value by -1 for ease of interpretation (i.e., higher values signify higher levels of consistency).

Cumulative abnormal stock market returns. The dependent variable in Hypothesis 6 is the cumulative abnormal stock market return of the firm engaging in sociopolitical activism. Using abnormal returns is appealing because they provide an approximation of the effect of sociopolitical activism on firm value, thus capturing the channels through which CSA may benefit shareholders. As such, they reflect investors’ reactions to CSA. Another advantage of using abnormal returns is the high “signal-to-noise ratio” (Flammer, 2015: 2554), or the idea that investors’ reaction in the immediate days following the CSA is most likely attributable to the activism.¹⁸ Other accounting measures of performance, such as return on assets or net income, are more susceptible to capturing other events that took place during the year.

Stock market data come from the Center for Research in Security Prices (CRSP). I calculate cumulative abnormal returns using the commonly applied market model (e.g., Durand, Paugam, & Stolowy, 2019; Flammer, 2013; Hawn, Chatterji, & Mitchell, 2018). This estimation occurs in two steps. First, I use the previous 200 trading days from the day of the sociopolitical

¹⁸ I will remove observations with confounding events.

act to estimate the coefficients α_i and β_i of the market model (using ordinary least squares regression). The equation for this model is

$$R_{it} = \alpha_i + \beta_i R_{mt} + e_{it}$$

where R_{it} is the return on the stock of firm i on day t , α_i is the intercept, β_i is the systematic risk of stock i , R_{mt} is the daily return of the equally weighted CRSP market portfolio, and e_{it} is the daily risk-adjusted residual for firm i . I then use these coefficients to estimate the expected return on the stock of firm i on day t as

$$\hat{R}_{it} = \alpha_i + \beta_i R_{mt*}$$

from which I can calculate the abnormal return as

$$CAR_{it} = R_{it} - \hat{R}_{it} \quad [1]$$

To allow time for news articles to be published after the event, I measure CARs starting two days after the event. For robustness, I will consider the following time intervals, with $t = 0$ representing the day of the event and (x, y) representing the beginning and ending of the window of time under analysis: $[2, 3]$, $[2, 4]$, $[2, 5]$, $[2, 6]$, $[2, 7]$, $[3, 4]$, $[3, 5]$, $[3, 6]$, and $[3, 7]$.

Hypothesis 6 – Estimation

Hypothesis 6 relates to the effects of CSA as a specific event in time. The direct effect being moderated is the stock market reaction to firm engagement in CSA. The hypothesis is testing the moderating effect of the consistency of coverage of CSA. There are multiple approaches to testing this hypothesis. The most conventional method is to include the CAR alongside all the other focal variables (as listed in the measurement sections for the prior hypotheses) (e.g., Bundy et al., 2021; Flammer, 2015). There are two concerns to this approach. First, in my sample the data structure for Hypotheses 3-5 and 7-8 are at the CSA-media outlet

level, and this hypothesis requires testing at the CSA-level. Thus, any controls operating at the media outlet level are necessarily excluded (excepting the variables associated with story length and number of stories, which I could aggregate to the CSA level).

Second, since this is an event study, the “independent variable” is the event itself (i.e., engagement in CSA). While scholars can often include CARs into their regression models when stock market reactions are not the DV, when the stock market reaction is the DV we often look to t-tests of the CARs to determine whether the value is statistically significant from zero (e.g., Bhagwat et al., 2020; Hawn et al., 2018). Our field’s confidence in this simple estimation technique comes from the notion that stock market reactions are already estimated using a series of regressions that conceptually account for much of the systematic bias that would otherwise enter the model. I thus follow others in testing the direct effect in this manner. To test the moderating effect (Hypothesis 6), I split the sample along different levels of consistency and compare the stock market reactions at those levels (e.g., Withers & Fitza, 2017).

Hypotheses 7-8 – Measurement

Frequency of subsequent coverage of firm. Frequency of subsequent media coverage of the focal firm is the dependent variable in Hypotheses 7a and 8a. This measure is a count of the number of articles in which the focal firm is mentioned at least once in the period following the CSA event window (beginning with the third day after the firm engaged in CSA). For robustness, I examine the following time periods: 3 days, 5 days, 7 days, 14 days, 30 days, 90 days, 180 days, and 365 days.

Sentiment of the media’s subsequent coverage of firm. Sentiment of subsequent media coverage of the focal firm is the dependent variable in Hypotheses 7b and 8b. I use the same sentiment classifier to measure this variable as I did to measure *sentiment of coverage of*

sociopolitical activism (the dependent variable in Hypotheses 3-5 and the independent variable in Hypotheses 7-8). Two important distinctions exist. First, this is a measure of content pertaining specifically to the firm. Second, this is a measure of content published subsequent to the CSA (thus, any articles used to cover the CSA are omitted from this analysis). To identify content pertaining only to the focal firm, I implement coreference resolution.

Coreference resolution is a natural language processing technique that allows me to categorize news content based on focal entities in sentences. Consider an article on Walmart's and Kroger's involvement in the discourse surrounding gun control. The article has 20 sentences, 7 of which relate to Walmart, 6 of which relate to Kroger, and 7 of which discuss the issue at large but do not relate to either firm in particular. This technique allows me to ascribe these sentences to each related firm. Then, I parse out only sentences that refer to the focal firm, and run a sentiment analysis on those sentences just as I do for my measure of *sentiment of coverage of sociopolitical activism*. This process leads to a more proximal and more accurate measurement of the media's narrative of firms (Manning et al., 2014).

Joint involvement in CSA. Joint involvement is the moderating variable in Hypotheses 8a-b. This is measured as a count of the number of other firms engaging in the same behavior within a five-day timeframe.

Control variables. The control variables for this model will be the same as those included in the model for testing Hypotheses 3-5.

Hypotheses 7-8 – Estimation

I test these consistent with the ordinary least squares approach I use to test Hypotheses 3-5. Additional control variables (as well as alternative measurements of the variables listed above)

are included as part of robustness checks that can be found in Chapter 6 (Supplemental Analyses).

CHAPTER 5

RESULTS

This chapter provides the results of my hypothesis testing. As in the prior chapter, the findings are sectioned into five parts: (1) H1, (2) H2, (3) H3-H5, (4) H6, and (5) H7-H8. For each section, I provide descriptive statistics, results of the formal hypothesis tests as described in the prior chapter, as well as robustness checks exploring alternative measurements and analytical techniques.

Hypothesis 1

This hypothesis argued that more liberal companies are more likely to engage in corporate sociopolitical activism than less liberal companies. In my sample of *Fortune 500* firms from 2015 – 2019 (N = 633), firms are, on average, more liberal than not. The mean *organizational conservatism* for the year prior to the sample is 39.97 (0 = most liberal, 50 = neutral, 100 = most conservative) with a median of 45.74. Over the duration of the sample timeframe, firms became more liberal: in the 2016 election cycle, the average of *organizational conservatism* was 37.61; in the 2018 election cycle, the average of *organizational conservatism* was 32.44.

During the sample timeframe, 61 firms engaged in CSA at least once. Basic comparisons suggest that these firms are more liberal than the non-acting firms. In particular, acting firms had an average conservatism of 33.25, whereas non-actors had an average conservatism of 40.69 ($p = 0.044$; 2014 conservatism values used). Such a comparison, of course, ignores the notion

that there are differences between these two groups unrelated to their political ideologies that might explain their engagement in corporate sociopolitical activism.

To account for such differences, I use two matched sample approaches: nearest neighbor matching (NNM) and coarsened exact matching (CEM), both of which are detailed in the prior chapter. Recall that these matching techniques are quasi-experiments, insofar as they create treatment (actors) and control (non-actors) groups based on focal variables such that researchers can calculate average treatment effect (ATE). We would expect a negative ATE given that more liberal firms have a lower score than more conservative firms. The results of the NNM technique are shown in Table 5.1. As shown in the table, the coefficient is statistically significant ($\beta = -23.18$, $p = 0.001$). The average acting firm has a conservatism score that is 23 points lower than the average non-acting firm. Given that each point represents one percentage point (e.g., 25 = 25% conservative, 75 = 75% conservative), and given that the average conservatism of all firms (in the 2014 election cycle) is 39.97 with a standard deviation of 27.47, this difference is meaningful.

TABLE 5.1
HYPOTHESIS 1 – NNM RESULTS

| Organizational conservatism | Coef. | St.Err. | t-value | p-value | [95% Conf | Interval] |
|------------------------------------|---------|---------|------------------|---------|--------------|-----------|
| Actors = 1 (vs. non-actors = 0) | -23.168 | 6.973 | -3.32 | 0.001 | -36.836 | -9.501 |
| Mean dependent var | | 40.001 | SD dependent var | | | 27.748 |

The results of the logistic regression following the CEM technique are shown in Table 5.2. This is a weighted regression representing the weights assigned to observations via the CEM matching process. Additional variables are included as a buffer for the inefficiencies in the

matching process. As shown in the table, the coefficient is statistically significant ($\beta = -0.019$, $p = 0.022$). The coefficient in a logistic regression represents the expected change in log odds of having the outcome per unit change in the predictor (*organizational conservatism*). To interpret the result, I thus exponentiate the coefficient to arrive at $e^{-0.019} = 1.019$, which means that a one unit change in organizational conservatism changes the probability that a firm engages in CSA by about 2%. This is a meaningful result: A firm moving from the median to the 75th percentile of conservatism is about 22.8% less likely to engage in CSA.

TABLE 5.2
HYPOTHESIS 1 – CEM RESULTS (WEIGHTED LOGISTIC REGRESSION WITH CEM WEIGHTS)

| DV = acting dummy (1 = acted) | Coef. | St.Err. | t-value | p-value | [95% Confidence Interval] | |
|-------------------------------|--------|---------|----------------------|---------|---------------------------|--------|
| Organizational conservatism | -0.019 | 0.008 | -2.28 | 0.022 | -0.035 | -0.003 |
| Number of employees (logged) | 0.355 | 0.238 | 1.49 | 0.135 | -0.111 | 0.821 |
| State conservatism | -0.199 | 2.151 | -0.09 | 0.926 | -4.416 | 4.017 |
| CSR performance | 0.004 | 0.060 | 0.07 | 0.941 | -0.113 | 0.122 |
| Net sales (logged) | -0.051 | 0.222 | -0.23 | 0.818 | -0.486 | 0.384 |
| Constant | -0.851 | 1.853 | -0.46 | 0.646 | -4.482 | 2.781 |
| Mean dependent var | | 0.314 | SD dependent var | | 0.466 | |
| Pseudo r-squared | | 0.045 | Number of obs | | 159 | |
| Chi-square | | 8.619 | Prob > chi2 | | 0.125 | |
| Akaike crit. (AIC) | | 196.446 | Bayesian crit. (BIC) | | 214.860 | |

Taken together, the NNM and CEM techniques both suggest that more liberal organizations are more likely to engage in CSA. Thus, there is support for Hypothesis 1. I conducted several robustness checks to explore the consistency of these results. First, I created alternative versions of the *organizational conservatism* variable. The first alternative required each firm to have at least ten donors, and the second alternative used the average organizational

conservativism scores of 2012 and 2014. All four of the resulting variables—*organizational conservatism (2014)*, *organizational conservatism (2014, ten donors)*, *organizational conservatism (2012 – 2014)*, and *organizational conservatism (2012 – 2014, ten donors)*—behaved nearly identically, with no meaningful differences in coefficients and p-values in the above tests.

Second, I altered the covariates that went into the matching algorithms. I created a number of alternatives for NNM—adding and removing variables to test the sensitivities of the model. I re-ran the models with the averages of 2012 – 2014 instead of just the 2014 values. Overall, the model presented above is robust to the inclusion/exclusion of the focal variables and the years used in the analysis (17 versions of the NNM were tested with each variable, some forcing a nearest neighbor of 1 and others forcing 3 nearest neighbors). All four of the *organizational conservatism* values mentioned in the first robustness check are robust to the vast majority of iterations of the NNM, such that about 90% of the p-values remain at or below 0.05, with several others between 0.05 and 0.10.

I also created alternatives for the covariates input to the CEM algorithm, while remaining sensitive to the number of resulting matched actors. One alternative switched out the *number of employees (logged)* for the firm's *total assets (logged)*, and a second alternative switched out *net sales (logged)* for *net income*. The findings presented above are robust to all three versions, and in each version I was able to retain at least 50 of 61 matched observations. It is worth noting that when adding additional variables as part of the input, the number of matches deteriorates quickly such that the resulting logistic regression is unlikely reflective of the population of actors. There was no statistically significant difference when replacing total assets and net income with return on assets.

Hypothesis 2

Hypothesis 2 argued that issue salience is positively associated with a firm's decision to engage in CSA. Descriptive statistics of the focal variables across the treatment and control groups can be found in Table 5.3.

TABLE 5.3
HYPOTHESIS 2 – CORRELATION MATRIX

| Variable | Mean | Std.Dev. | (1) | (2) | (3) | (4) |
|---|--------|----------|--------|--------|-------|-------|
| (1) Treatment (1 = engaged in CSA) | 0.169 | 0.375 | | | | |
| (2) Issue salience (t - 5 days; logged) | 8.715 | 2.087 | 0.323 | | | |
| (3) Firm salience (t - 5 days; logged) | 6.430 | 2.372 | 0.053 | -0.090 | | |
| (4) Firm events (t - 5 days; logged) | -3.125 | 3.236 | -0.028 | -0.164 | 0.014 | |
| (5) CARs [-1, 0] | 0.002 | 0.024 | 0.149 | 0.086 | 0.025 | 0.032 |

N = 409; after missing values, there were 69 observations in the treatment group and 340 in the control group

Despite the randomization of treatment and control days, t-tests comparing the differences between variables along the treatment and control groups suggest the need to include them in the formal hypothesis test ($p = 0.203$ for firm salience; $p = 0.625$ for firm events; and $p = 0.003$ for CARs). The logistic regression thus includes them. Results of the hypothesis test can be found in Table 5.4. As shown in the table, issue salience is positively related to a firm's likelihood of engaging in CSA ($\beta = 0.882$, $p < 0.001$).

TABLE 5.4
HYPOTHESIS 2 – LOGISTIC REGRESSION

| DV = Engaged in CSA (Treatment) | Coef. | St.Err. | t-value | p-value | [95% Confidence Interval] | |
|------------------------------------|---------|---------|----------------------|---------|---------------------------|---------|
| Issue salience | 0.882 | 0.130 | 6.78 | 0.000 | 0.627 | 1.137 |
| Firm salience | 0.096 | 0.068 | 1.42 | 0.156 | -0.037 | 0.229 |
| Firm events | -0.089 | 0.047 | -1.87 | 0.061 | -0.182 | 0.004 |
| CARs | 11.205 | 6.376 | 1.76 | 0.079 | -1.293 | 23.702 |
| Constant | -10.873 | 1.416 | -7.68 | 0.000 | -13.648 | -8.098 |
| Mean dependent var | | 0.169 | SD dependent var | | | 0.375 |
| Pseudo r-squared | | 0.214 | Number of obs | | | 409 |
| Chi-square | | 79.593 | Prob > chi2 | | | 0.000 |
| Akaike crit. (AIC) | | 301.637 | Bayesian crit. (BIC) | | | 321.705 |

The coefficient in a logistic regression represents the expected change in log odds of having the outcome per unit change in the predictor (*issue salience*). To interpret the result, I thus exponentiate the coefficient to arrive at $e^{0.882} = 2.416$, which means that a one unit change in issue salience changes the probability that a firm engages in CSA by about 142%. In other words, when issue salience goes from the 50th percentile to approximately the 67th percentile, a firm's likelihood of engagement increases by 142%. This result is robust to alternative time frames of issue salience, firm salience, firm events, and stock market returns. More specifically, for issue salience, firm salience, and firm events, the model is robust to the prior 3 days, prior 7 days, a rolling 3-day average, a rolling 5-day average, and a rolling 7-day average. The model is robust to alternative specifications of stock market returns, including: [-7, 0], [-5, 0], [-3, 0] [-3, 1], and [-1, 1]. Hypothesis 2 is thus supported.

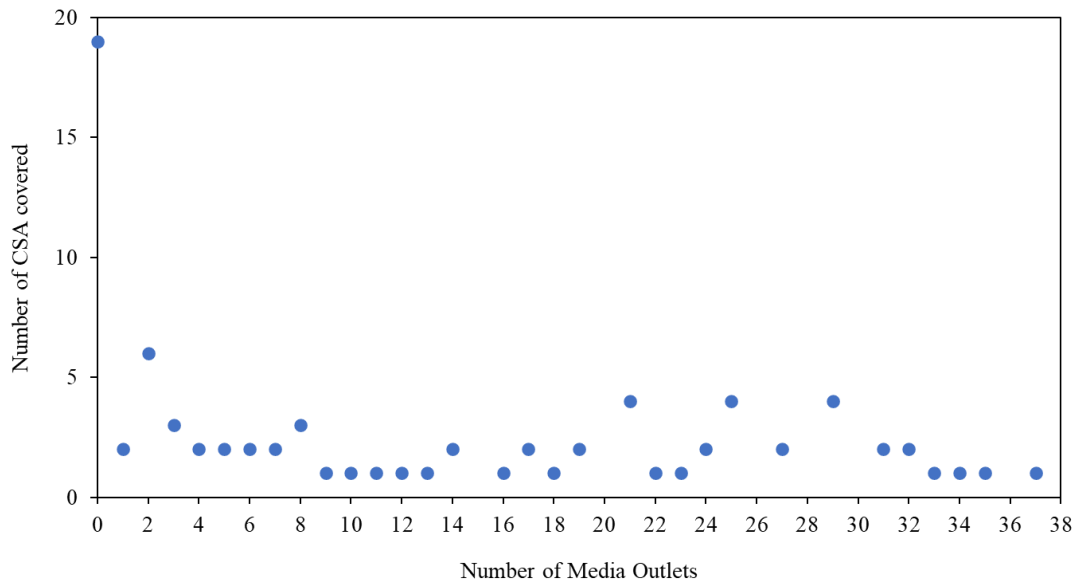
Hypotheses 3 – 5

Hypothesis 3 argued that the more congruence between media conservatism and CSA conservatism, the more positive the media organization's coverage of the event. Hypotheses 4

and 5 added contingencies to this effect, suggesting that the source of incongruence (H4) and endowed coverage (H5) alter the coverage of CSA, such that incongruence stemming from the right (i.e., a media outlet that is more right-leaning than the corresponding CSA) will be more negative (H4), and that firms that have been more positively covered by a media outlet will positively influence the outlet's coverage of CSA (H5). I discuss general information on CSA, media outlets, and coverage of CSA before testing these hypotheses.

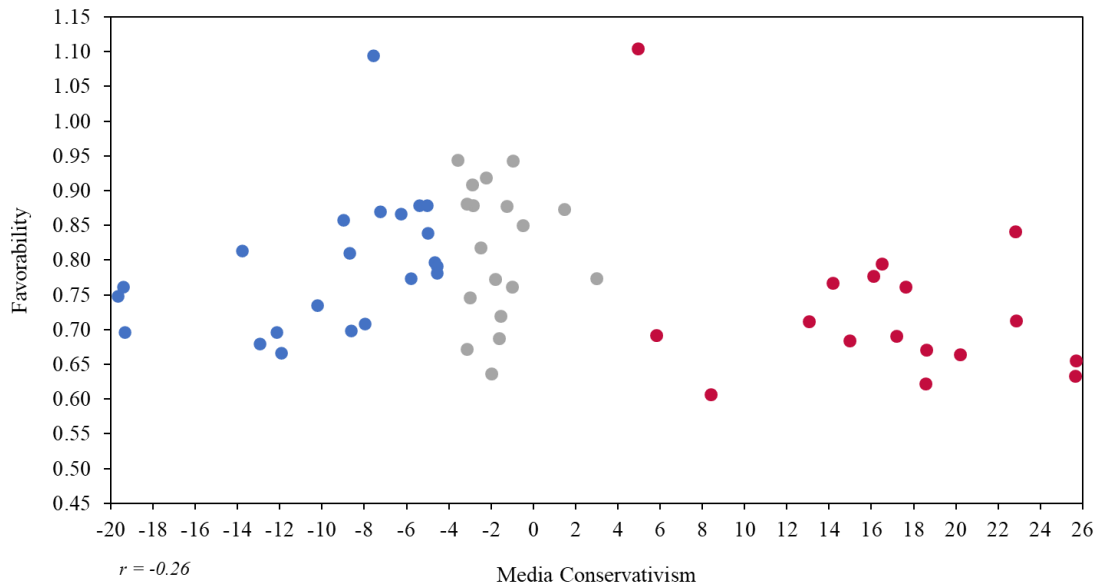
Across all media outlets ($N = 63$) and CSA ($N = 72$) that were retained in the sample, there was 20.5% coverage of the events (where 100% = every media outlet publishes at least one story on every event). Of those events that were covered, an average of 2.95 stories were published by each media outlet. On average, 12.4 media outlets cover a sociopolitical act—although there is a high degree of variance, with 23.8% of events ($N = 19$) covered by zero outlets and 22.5% ($N = 18$) of events being covered by 25 or more outlets. If one focuses on the events that received zero coverage, CSA coverage resembles a uniform distribution. Figure 5.1 below shows this distribution.

FIGURE 5.1
HISTOGRAM OF COVERAGE OF CSA BY NUMBER OF MEDIA OUTLETS



Media outlets are generally more negative than they are positive (across all stories, not just those pertaining to CSA), with an average sentiment of 0.80 (0 = most negative, 2 = most positive). Media outlets vary in their media conservatism, ranging from -19.66 to +25.71 with an average of 0.77 (neutral). As shown in Figure 5.2 below, the sample is relatively balanced, with slightly more left-leaning outlets than there are right-leaning outlets. On average, there is a moderate negative correlation ($r = -0.26$) between media conservatism and media favorability, suggesting that right-leaning outlets are more negative than left-leaning outlets. As it pertains specifically to coverage of CSA, the average sentiment of CSA stories is 0.73, and this follows a normal distribution.

FIGURE 5.2
AVERAGE OUTLET FAVORABILITY BY CONSERVATISM RATING



CSA conservatism ratings also vary, although they tend to skew less conservative, with an average of 2.80 (1 = least conservative; 7 = most conservative). This is consistent with the notion that activism is, generally, more left-leaning than it is right-leaning (e.g., Nalick et al., 2016; Wowak et al., 2022).

Hypotheses 3-5 were tested using two approaches: First by combining media conservatism and CSA conservatism into a difference score as the independent variable and second by leaving each component separate and testing their interaction in a polynomial regression. Additionally, I tested several versions of the models to assess their consistency across a myriad number of control variables (many of which can be calculated in numerous ways). I do this because there is little theoretical rationale for using certain versions of variables instead of others. By testing the hypotheses more exhaustively, I may feel more certain of the results. The average results of these models are presented as a supplemental analysis in Chapter 6.

Approach #1: Difference scores. In this approach, a single independent variable *congruence* was calculated as the absolute value of the difference between CSA conservatism and media conservatism (both standardized), multiplied by -1 so that higher values reflected more congruence and lower values reflected less congruence. I tested H3-H5 using OLS regression. Table 5.5 shows the correlation matrix of the primary measurements of *congruence* (IV), *sentiment* (DV), *source of incongruence* (moderator), and *endowed coverage* (moderator) as well as the control variables.

TABLE 5.5
CORRELATION MATRIX (H3-H5; APPROACH #1)

| Variables | Mean | S.D. | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|---|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| (1) CSA sentiment (DV) | 21.82 | 15.99 | | | | | | | | | | | | | |
| (2) Congruence (IV) | -1.04 | .87 | 0.08 | | | | | | | | | | | | |
| (3) Source of incongruence (Mod) | .5 | .5 | -0.19 | 0.02 | | | | | | | | | | | |
| (4) Endowed sentiment (t – 365 days; Mod) | 25.61 | 135.64 | -0.05 | 0.02 | -0.01 | | | | | | | | | | |
| (5) Total assets (logged; prior qtr) | 9.95 | 1.16 | 0.04 | 0.06 | 0.00 | 0.14 | | | | | | | | | |
| (6) Net income (logged; prior qtr) | 7.05 | 1.56 | 0.01 | -0.03 | -0.03 | 0.14 | 0.77 | | | | | | | | |
| (7) Outlet size (number of stories) | 161695 | 115636 | -0.08 | 0.06 | -0.01 | 0.03 | -0.02 | 0.00 | | | | | | | |
| (8) CSA coverage (# sentences) | 29.86 | 19.27 | 0.92 | 0.09 | -0.22 | -0.07 | 0.05 | 0.06 | -0.11 | | | | | | |
| (9) Org. political ideology | 21.42 | 17.78 | -0.08 | 0.03 | 0.12 | -0.05 | 0.37 | 0.30 | -0.03 | -0.03 | | | | | |
| (10) Investor reactions [0,1] | 0 | .02 | -0.12 | -0.04 | 0.00 | -0.04 | -0.11 | -0.25 | 0.02 | -0.08 | 0.06 | | | | |
| (11) CEO | .5 | .5 | 0.13 | -0.19 | -0.26 | 0.07 | 0.16 | 0.20 | -0.03 | 0.09 | -0.08 | -0.46 | | | |
| (12) Action | .62 | .48 | -0.15 | 0.01 | 0.23 | -0.12 | -0.25 | -0.06 | 0.04 | -0.09 | 0.11 | 0.20 | -0.56 | | |
| (13) State conservatism | .45 | .09 | -0.06 | 0.02 | 0.18 | -0.13 | 0.10 | 0.15 | -0.04 | 0.02 | 0.50 | -0.05 | -0.07 | 0.36 | |
| (14) Ideological surprise | 18.24 | .92 | -0.07 | 0.47 | 0.52 | -0.01 | 0.04 | -0.07 | -0.03 | -0.06 | 0.07 | -0.04 | -0.47 | 0.25 | 0.11 |

N = 545

Results of the variance inflation factor (VIF and impact threshold of a confounding variable (ITCV) suggest there is little evidence of multicollinearity and endogeneity, respectively (e.g., Busenbark et al., 2022; Kalnins, 2018). The average VIF is 2.61, and all values are lower than 5 (with < 10 being the generally agreed upon standard). For an omitted variable to significantly influence the model, it would have to have a correlation of 0.24 with the DV and -0.24 with the IV, which seems unlikely given most variables are either directionally similar in their relationships to these variables or have correlations that are not so strong in magnitude. Results of the control variables can be found in Table 5.6a. Results of the full OLS regressions can be found in Table 5.6b. Models include robust standard errors.

TABLE 5.6A
OLS REGRESSION (CONTROLS ONLY)

| DV = Sentiment (CSA) | ControlsOnly |
|----------------------------------|---------------------------|
| Total assets (logged; prior qtr) | 0.982 (0.367) [0.008] |
| Net income (logged; prior qtr) | 0.560 (0.324) [0.002] |
| Outlet size (number of stories) | 0.561 (0.000) [0.123] |
| Org. political ideology | 0.562 (0.017) [0.443] |
| Investor reactions [0,1] | 0.563 (15.808) [0.001] |
| CEO = 1 | 0.564 (0.809) [0.575] |
| Action = 1 | 0.565 (0.747) [0.795] |
| State conservatism | 0.566 (3.289) [0.001] |
| Ideological surprise | 0.567 (0.323) [0.580] |
| Constant | 4.164 (6.161) [0.499] |
| Observations | 545 |
| R-squared | 0.856 |

Standard errors in parentheses; p-values in brackets.

TABLE 5.6B
HYPOTHESES 3-5 OLS REGRESSION RESULTS

| | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 |
|---|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
| DV = Sentiment (CSA) | H3-H5 No Controls | H3 Only | H3 + H4 | H3 + H5 | Full Model |
| Congruence (IV; H3) | -0.043 (0.354) [0.902] | 0.075 (0.363) [0.837] | 0.284 (0.558) [0.611] | 0.085 (0.369) [0.817] | 0.293 (0.561) [0.602] |
| Congruence x Source of incongruence (H4) | 0.002 (0.604) [0.998] | | -0.351 (0.703) [0.618] | | -0.348 (0.704) [0.621] |
| Congruence x Endowed coverage (H5) | -0.001 (0.002) [0.704] | | | -0.001 (0.002) [0.767] | -0.001 (0.002) [0.777] |
| Source of incongruence (Mod) | 0.239 (1.087) [0.826] | 1.260 (0.875) [0.150] | 1.017 (1.093) [0.353] | 1.261 (0.876) [0.151] | 1.019 (1.094) [0.352] |
| Endowed sentiment (Mod) | 0.001 (0.002) [0.605] | 0.001 (0.001) [0.592] | 0.001 (0.001) [0.580] | 0.000 (0.002) [0.920] | 0.000 (0.002) [0.904] |
| CSA coverage (# sentences) | 0.765 (0.026) [0.000] | 0.766 (0.025) [0.000] | 0.766 (0.025) [0.000] | 0.766 (0.025) [0.000] | 0.766 (0.025) [0.000] |
| Constant | -1.218 (1.004) [0.226] | 10.731 (8.929) [0.230] | 13.439 (10.569) [0.204] | 10.763 (8.946) [0.229] | 13.450 (10.583) [0.204] |
| Controls | Not Included | Included | Included | Included | Included |
| Observations | 545 | 545 | 545 | 545 | 545 |
| R-squared | 0.844 | 0.857 | 0.857 | 0.857 | 0.857 |

Standard errors in parentheses; p-values in brackets.

As Model 5 in Table 5.6B shows, the coefficients for Hypotheses 3-5 are not significant ($p > 0.60$). Additionally, there appears to be no statistically significant direct effect of the source of incongruence (the moderator in H4) on the sentiment of news stories on CSA. Similarly, there appears to be no statistically significant direct effect of endowed coverage (the moderator in H5) on the sentiment of news stories on CSA. In sum, Hypotheses 3-5 are not supported using Approach #1. The argument for pursuing Approach #2 is that there is discarded variance by capturing *congruence* as a single variable (i.e., the IV in Approach #1). Approach #2 takes a finer approach to testing these hypotheses.

Approach #2: Polynomial regression (response surface methodology). Table 5.7 shows the correlation matrix for this approach with *CSA conservatism* (IV), *media conservatism* (IV), *sentiment* (DV), as well as the primary control variables. The independent variables are standardized. Table 5.8a shows the controls-only model. Table 5.8b shows the results of the hypothesis tests. As a reminder, a block variable was created using the independent variables and their quadratic terms in order to test H4-H5 (e.g., Matta et al., 2015). Results of the variance inflation factor (VIF and impact threshold of a confounding variable (ITCV) suggest there is little evidence of multicollinearity and endogeneity, respectively (e.g., Busenbark et al., 2022; Kalnins, 2018). The average VIF is 2.46, and all values are lower than 7 (with < 10 being the generally agreed upon standard). For an omitted variable to significantly influence the model, it would have to have a correlation of 0.20 with the DV and 0.20 with one IV (CSA conservatism), and/or a correlation of 0.18 with the DV and -0.18 with the other IV (media conservatism). This seems unlikely given most variables are either directionally similar in their relationships to these variables or have correlations that are not so strong in magnitude. Models include robust standard errors.

TABLE 5.7
CORRELATION MATRIX (H3-H5; APPROACH #2)

| Variables | Mean | S.D. | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|---|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| (1) CSA sentiment (DV) | 21.82 | 15.99 | | | | | | | | | | | | | |
| (2) CSA conservatism (z) (IV) | .13 | .92 | 0.07 | | | | | | | | | | | | |
| (3) Media conservatism (z) (IV) | .11 | .95 | -0.13 | -0.04 | | | | | | | | | | | |
| (4) Source of incongruence (Mod) | .5 | .5 | -0.19 | -0.52 | 0.58 | | | | | | | | | | |
| (5) Endowed sentiment (t – 365 days; Mod) | 25.61 | 135.64 | -0.05 | 0.01 | -0.01 | -0.01 | | | | | | | | | |
| (6) CSA coverage (# sentences) | 29.86 | 19.27 | 0.92 | 0.06 | -0.17 | -0.22 | -0.07 | | | | | | | | |
| (7) Total assets (logged; prior qtr.) | 9.95 | 1.16 | 0.04 | -0.04 | 0.00 | 0.00 | 0.14 | 0.05 | | | | | | | |
| (8) Net income (logged; prior qtr.) | 7.05 | 1.56 | 0.01 | 0.07 | -0.01 | -0.03 | 0.14 | 0.06 | 0.77 | | | | | | |
| (9) Outlet size (number of stories) | 161695 | 115636 | -0.08 | 0.03 | 0.06 | -0.01 | 0.03 | -0.11 | -0.02 | 0.00 | | | | | |
| (10) Org. political ideology | 21.42 | 17.78 | -0.08 | -0.07 | 0.02 | 0.12 | -0.05 | -0.03 | 0.37 | 0.30 | -0.03 | | | | |
| (11) Investor reactions [0,1] | 0 | .02 | -0.12 | 0.04 | 0.07 | 0.00 | -0.04 | -0.08 | -0.11 | -0.25 | 0.02 | 0.06 | | | |
| (12) CEO | .5 | .5 | 0.13 | 0.47 | -0.00 | -0.26 | 0.07 | 0.09 | 0.16 | 0.20 | -0.03 | -0.08 | -0.46 | | |
| (13) Action | .62 | .48 | -0.15 | -0.25 | 0.03 | 0.23 | -0.12 | -0.09 | -0.25 | -0.06 | 0.04 | 0.11 | 0.20 | -0.56 | |
| (14) State conservatism | .45 | .09 | -0.06 | -0.11 | 0.04 | 0.18 | -0.13 | 0.02 | 0.10 | 0.15 | -0.04 | 0.50 | -0.05 | -0.07 | 0.36 |

N = 545

TABLE 5.8A
POLYNOMIAL REGRESSION (CONTROLS ONLY)

| DV = CSA sentiment | Model 1 - Controls Only |
|----------------------------------|-----------------------------|
| Total assets (logged; prior qtr) | 1.178 (0.855) [0.169] |
| Net income (logged; prior qtr) | -0.642 (0.747) [0.391] |
| Outlet size (number of stories) | -0.000 (0.000) [0.044] |
| Org. political ideology | -0.076 (0.037) [0.041] |
| Investor reactions [0,1] | -95.437 (48.149) [0.048] |
| CEO = 1 | -0.488 (2.166) [0.822] |
| Action = 1 | -3.021 (1.853) [0.104] |
| State conservatism | 1.992 (8.821) [0.821] |
| Ideological surprise | -1.119 (0.819) [0.173] |
| Constant | 39.631 (16.540) [0.017] |
| Observations | 545 |
| R-squared | 0.044 |

Standard errors in parentheses; p-values in brackets.

TABLE 5.8B
HYPOTHESES 3-5 POLYNOMIAL REGRESSION RESULTS

| DV = CSA Sentiment | Model 1 (H3; No Controls) | Model 2 (H3 Only) | Model 3 (H4) | Model 4 (H5) | Model 5 (H4+H5) |
|---|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| CSA conservatism (z); b₁ | -0.023 (0.667) [0.972] | -0.707 (0.721) [0.327] | | | |
| Media conservatism (z) b₂ | 1.168 (0.478) [0.015] | 1.143 (0.487) [0.019] | | | |
| CSA conservatism (z) x CSA conservatism (z) b₃ | 0.127 (0.220) [0.566] | 0.519 (0.246) [0.036] | | | |
| CSA conservatism (z) x Media conservatism (z) b₄ | -0.152 (0.223) [0.496] | -0.166 (0.216) [0.443] | | | |
| Media conservatism (z) x Media conservatism (z) b₅ | -0.838 (0.293) [0.004] | -0.803 (0.294) [0.007] | | | |
| Block | | | 1.193 (0.380) [0.002] | 0.998 (0.293) [0.001] | 1.192 (0.380) [0.002] |
| Source of incongruence | -0.368 (1.173) [0.754] | -0.038 (1.166) [0.974] | -0.263 (0.963) [0.785] | -0.038 (0.869) [0.965] | -0.267 (0.965) [0.782] |
| Block x Source of incongruence (H4) | | | -0.697 (0.731) [0.341] | | -0.712 (0.739) [0.336] |
| Endowed sentiment | 0.002 (0.001) [0.263] | 0.000 (0.001) [0.808] | 0.000 (0.001) [0.827] | 0.000 (0.001) [0.811] | 0.000 (0.001) [0.838] |
| Block x Endowed sentiment (H5) | | | | 0.000 (0.002) [0.925] | 0.001 (0.002) [0.793] |
| CSA coverage (# sentences) | 0.767 (0.026) [0.000] | 0.769 (0.025) [0.000] | 0.769 (0.026) [0.000] | 0.769 (0.026) [0.000] | 0.769 (0.026) [0.000] |
| Constant | -0.409 (1.028) [0.691] | 0.751 (3.219) [0.816] | -2.499 (8.564) [0.771] | 0.762 (7.333) [0.917] | -2.537 (8.577) [0.767] |
| Controls | Not Included | Included | Included | Included | Included |
| Observations | 545 | 545 | 545 | 545 | 545 |
| R-squared | 0.846 | 0.860 | 0.860 | 0.860 | 0.860 |

Standard errors in parentheses; p-values in brackets.

The coefficients for testing Hypothesis 3 (Model 2) suggest there may not be initial support for the hypothesis because of the insignificant coefficient associated with CSA conservatism * media conservatism ($p > 0.40$). Interpreting these coefficients, however, is

not intuitive. I test whether these coefficients support Hypothesis 3 by looking at the significance of their slopes and curvatures. According to the hypothesis, I expect that, on a three-dimensional plot (x = CSA conservatism, y = media conservatism, z = sentiment), the highest values of z are found along the line $x = y$ (i.e., the congruence line). It is along this line when congruence is at its highest (in line with Hypothesis 3). The hypothesis further suggests there would be a downward-sloping curve, with the lowest points along the line $-x = y$ (i.e., the incongruence line). I calculate whether these slopes and curves are significant by using the coefficients, standard errors, and covariances of $b_0 - b_5$. In particular, to test the slope of the congruence line ($x = y$), I add $b_1 + b_2$; to test its curvature, I add $b_3 + b_4 + b_5$. If the resulting intercepts are statistically different from zero (tested using the covariances and standard errors of the coefficients), then the line is sloped and/or curved, respectively. Table 5.9 below shows the results of this test.

TABLE 5.9
RESPONSE SURFACE PLOT – SLOPES AND CURVATURES

| | Coefficient | Standard Error | P-value |
|--|-------------|----------------|---------|
| <i>Congruence line ($x = y$)</i> | | | |
| Slope: $b_1 + b_2$ | 0.44 | 0.71 | 0.540 |
| Curve: $b_3 + b_4 + b_5$ | -0.45 | 0.42 | 0.279 |
| <i>Incongruence line ($x = -y$)</i> | | | |
| Slope: $b_1 - b_2$ | -1.85 | 1.00 | 0.066 |
| Curve: $b_3 - b_4 + b_5$ | -0.12 | 0.45 | 0.794 |

Given that neither the slope ($b = 0.44$; $p = 0.540$) nor the curve ($b = -0.45$; $p = 0.279$) are significant, Hypothesis 3 can be rejected. As for Hypotheses 4-5, the coefficients are not statistically significant ($p = 0.336$ and $p = 0.793$, respectively), and as such they can also be rejected. In sum, the results of Approach #2 are consistent with those of Approach #1.

Despite the lack of significance, there are interesting findings worth mentioning. First, the quadratic terms of both CSA conservatism ($b = 0.519$; $p = 0.036$) and media conservatism are ($b = -0.803$; $p = 0.007$) are statistically significant (Model 2 of Table 5.9). I ran a response surface plot (Figure 5.3 below) of these terms with the other polynomial term (CSA conservatism * media conservatism) without control variables.

FIGURE 5.3
CONGRUENCE EFFECTS OF CSA CONSERVATISM AND MEDIA CONSERVATISM

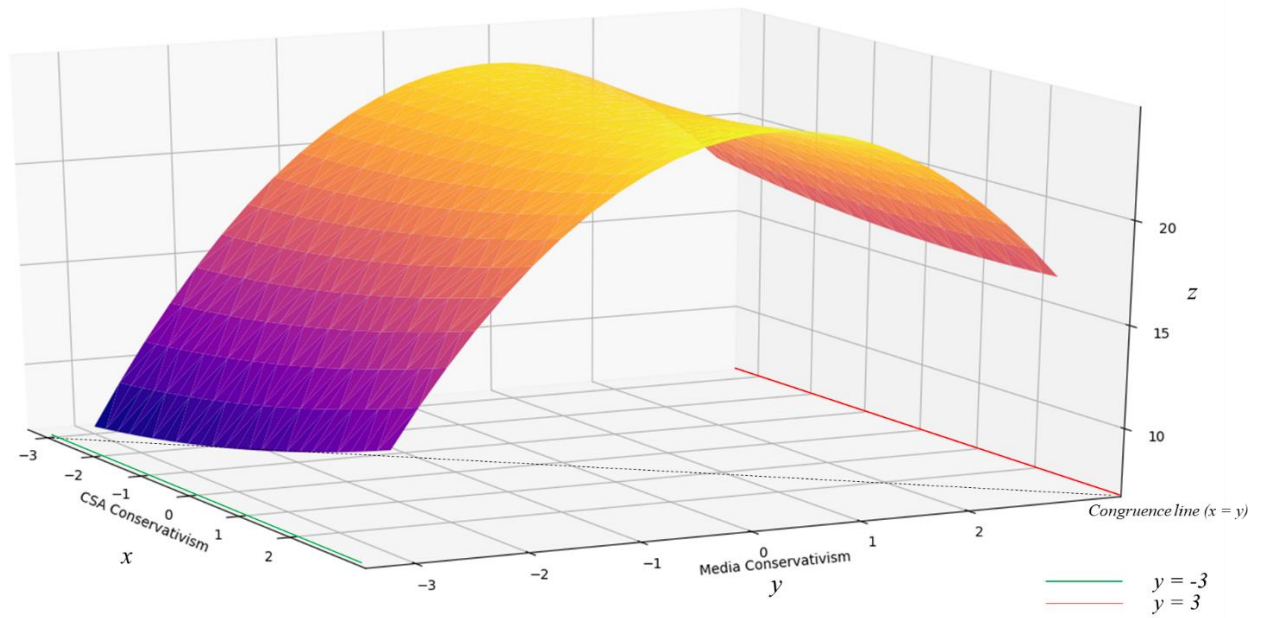


Figure 5.3 is a 3D representation of the polynomial terms. The x-axis represents CSA conservatism, the y-axis represents media conservatism, and the z-axis represents the raw sentiment score (the amount of coverage was included as a control variable). One can focus on a

single spot along the x-y plane and find the corresponding sentiment score. The higher the sentiment score, the lighter the color of the graph (orange = high sentiment, blue = low sentiment). In general, the highest values of sentiment can be found along $y = 0$ (i.e., neutral media outlets publish the most favorable news stories on CSA). If one looks at all the values along the x-axis (CSA conservatism) at $y = -3$ (the least conservative media outlets), one can see that the sentiment is comparable at high and low values of CSA conservatism, with CSA being covered slightly more favorably the more conservative it becomes. The highest point of congruence with $y = -3$ is when $x = -3$, which is the far-left point on the graph.

Moving away from $y = -3$ and toward $y = 3$ (the most conservative media outlets), one can see that the sentiment is also comparable at high and low values of CSA conservatism. Together, this suggests that sentiment of CSA does not vary much as a function of CSA conservatism. On the other hand, looking at the sentiment values along the $y = 3$ line suggests that for any given value of CSA conservatism (x), more conservative media outlets publish more favorable stories on CSA than do less conservative media outlets. This is noteworthy because it goes against the theory that media outlets favor CSA that is in line with their own political biases. In actuality, it appears that the CSA does not matter—media outlets will tell the same valenced-story regardless, suggesting that the CSA is nothing but a device to push forward an a potentially unrelated narrative.

As a reminder, I explore additional models in Chapter 6 (Supplemental Analyses).

Hypothesis 6

Hypothesis 6 argued that the consistency of coverage of CSA moderates investors' reactions, such that more consistency enhances stock market returns. Of the 76 events retained in the model (those with coverage across outlets, with non-missing values of abnormal stock market

returns, and with no other major significant firm events in the days immediately following CSA) the average abnormal returns across several windows are shown in Table 5.10 below. As the table suggests, these windows can be categorized as investors' immediate reactions to the event (i.e., time periods ending two days after the CSA) and investors' subsequent reactions to the event (i.e., the time periods beginning two days after the CSA). I make this distinction because two days is the amount of time given to media outlets when collecting CSA stories. Thus, the later time frame (beginning at 2 days after the event) shows investors' reactions including media coverage. On average, the immediate returns are fairly close to zero regardless of the time frame under analysis. For example, the "[0, 1]" window, which is arguably the most proximal as it examines the day following the event, is not statistically different from zero ($p = 0.504$). The "[-7, 1]" window, which has the largest average effect, is only marginally different from zero ($p = 0.072$). On average, subsequent reactions tend to be comparable to the immediate reactions but with more variation. For example, the "[2, 3]" window, which is the corollary to the "[0, 1]" window in the immediate category, has a similar mean to the [0, 1] window but a 25% higher standard deviation than the [0, 1] window. On its surface, this suggests that some other factor (e.g., media coverage) could be influencing the variation in subsequent reactions. The windows that are labeled "Robustness" are means to display the relative consistency of investors' reactions in the days leading up to and following the event.

TABLE 5.10
SUMMARY STATISTICS OF CUMULATIVE ABNORMAL STOCK MARKET RETURNS

| CAR (0 = day of engagement) | Category | Mean | Std.Dev. | Min | Max |
|-----------------------------|------------|--------|----------|--------|-------|
| [-3, 0] | Immediate | 0.005 | 0.029 | -0.087 | 0.140 |
| [0, 1] (focal) | Immediate | -0.001 | 0.019 | -0.069 | 0.070 |
| [-1, 1] | Immediate | 0.002 | 0.027 | -0.055 | 0.142 |
| [-3, 1] | Immediate | 0.004 | 0.031 | -0.074 | 0.133 |
| [-5, 1] | Immediate | 0.004 | 0.037 | -0.124 | 0.142 |
| [-7, 1] | Immediate | 0.008 | 0.041 | -0.115 | 0.098 |
| [1, 2] | Immediate | -0.005 | 0.023 | -0.134 | 0.063 |
| [0, 2] | Immediate | -0.004 | 0.030 | -0.154 | 0.068 |
| [-1, 2] | Immediate | -0.001 | 0.035 | -0.137 | 0.153 |
| [-2, 2] | Immediate | 0.000 | 0.035 | -0.123 | 0.127 |
| [2, 3] (focal) | Subsequent | -0.000 | 0.024 | -0.123 | 0.058 |
| [2, 4] | Subsequent | -0.008 | 0.026 | -0.122 | 0.057 |
| [2, 5] | Subsequent | -0.010 | 0.035 | -0.184 | 0.068 |
| [2, 6] | Subsequent | -0.009 | 0.036 | -0.149 | 0.109 |
| [2, 7] | Subsequent | -0.009 | 0.038 | -0.156 | 0.101 |
| [3, 4] | Subsequent | -0.005 | 0.019 | -0.076 | 0.025 |
| [3, 5] | Subsequent | -0.007 | 0.030 | -0.198 | 0.035 |
| [3, 6] | Subsequent | -0.006 | 0.032 | -0.163 | 0.105 |
| [3, 7] | Subsequent | -0.006 | 0.036 | -0.170 | 0.097 |
| [1, 3] | Robustness | -0.005 | 0.028 | -0.147 | 0.071 |
| [1, 4] | Robustness | -0.009 | 0.030 | -0.147 | 0.052 |
| [1, 5] | Robustness | -0.012 | 0.039 | -0.200 | 0.063 |
| [0, 3] | Robustness | -0.005 | 0.036 | -0.167 | 0.079 |
| [-1, 3] | Robustness | -0.002 | 0.042 | -0.151 | 0.180 |
| [-3, 3] | Robustness | 0.000 | 0.045 | -0.141 | 0.172 |
| [-5, 5] | Robustness | -0.006 | 0.055 | -0.181 | 0.166 |
| [-7, 7] | Robustness | -0.001 | 0.063 | -0.189 | 0.102 |

I test the moderating variable of consistency using a split sample approach. As a reminder, consistency represents the standard deviation of the sentiment of the news stories across all media outlets (multiplied by -1, so that higher values represent more consistency). A value of 0 thus represents complete consistency. The average consistency is -1.13, with a

standard deviation of 1.40. Values above the 67th percentile are treated as having “high” levels of consistency, whereas values below the 34th percentile are treated as having “low” levels of consistency, and values in between having “moderate” levels of consistency. Table 5.11 below compares the CARs for each category of consistency across a variety of time frames. In general, low consistency events have a more negative response in the days after the news stories are published. However, the results of a one-way ANOVA test suggest there are no statistically significant differences between the means of each group (lowest p-value = 0.296). Additional t-tests comparing the low consistency and high consistency groups corroborate this finding (lowest p-value = 0.226). Thus, even if there is some evidence to suggest that lower levels of consistency lead to a more negative reaction by investors, the difference is not statistically meaningful. Hypothesis 6 can thus be rejected.

TABLE 5.11
SUMMARY STATISTICS OF ALTERNATIVE CUMULATIVE ABNORMAL STOCK
MARKET RETURNS

| CAR | Low consistency | | | Moderate consistency | | | High consistency | | |
|--------|-----------------|---------|--------------------|----------------------|---------|-------------------|------------------|---------|-------------------|
| | Mean | p-value | 95% CI | Mean | p-value | 95% CI | Mean | p-value | 95% CI |
| [2, 3] | -0.003 | 0.374 | [-0.009, 0.0036] | 0.000 | 0.943 | [-0.0128, 0.0137] | -0.008 | 0.070 | [-0.0169, 0.0007] |
| [2, 4] | -0.013 | 0.009 | [-0.0221, -0.0036] | -0.003 | 0.658 | [-0.0156, 0.0010] | -0.007 | 0.151 | [-0.0174, 0.0028] |
| [2, 5] | -0.017 | 0.053 | [-0.0342, 0.0002] | -0.005 | 0.507 | [-0.0195, 0.0099] | -0.008 | 0.125 | [-0.0188, 0.0024] |
| [2, 6] | -0.015 | 0.055 | [-0.0308, 0.0004] | -0.008 | 0.311 | [-0.0227, 0.0075] | -0.003 | 0.645 | [-0.0164, 0.0103] |
| [2, 7] | -0.015 | 0.113 | [-0.0332, 0.0038] | -0.009 | 0.229 | [-0.0249, 0.0063] | -0.002 | 0.748 | [-0.0147, 0.0107] |
| [3, 4] | -0.009 | 0.047 | [-0.0185, -0.0001] | -0.001 | 0.764 | [-0.0074, 0.0055] | -0.004 | 0.301 | [-0.0115, 0.0037] |
| [3, 5] | -0.013 | 0.143 | [-0.0318, 0.0049] | -0.003 | 0.476 | [-0.0114, 0.0055] | -0.005 | 0.226 | [-0.0128, 0.0032] |
| [3, 6] | -0.012 | 0.167 | [-0.0285, 0.0052] | -0.006 | 0.194 | [-0.0146, 0.0031] | 0.000 | 0.953 | [-0.0116, 0.0123] |
| [3, 7] | -0.011 | 0.260 | [-0.0311, 0.0088] | -0.008 | 0.182 | [-0.0188, 0.0038] | 0.001 | 0.814 | [-0.0105, 0.0133] |

N = 25 for low and moderate consistency; N = 26 for high consistency

Hypotheses 7 – 8

Hypotheses 7-8 argued that CSA will influence a media outlet's subsequent sentiment (H7a) and frequency (H7b) of coverage of a firm, and that joint involvement in the CSA will mitigate these effects (H8a-b). These hypotheses are tested similarly to how H3-H5 were tested, with the caveat that the dependent variable in H3-H5 (sentiment of CSA stories) is the independent variable in H7-H8. Table 5.12 shows the correlation matrix and Table 5.13c shows the results of the OLS regression (and Table 5.13c serves only as a reference of how the coefficients change when including both DVs in the model [one as an IV; one as the focal DV]).

Results of the variance inflation factor (VIF) and impact threshold of a confounding variable (ITCV) suggest there is little evidence of multicollinearity and endogeneity, respectively (e.g., Busenbark et al., 2022; Kalnins, 2018). The average VIF is 3.50. An omitted variable would have to be correlated at 0.12 with the DV and -0.12 with the IV to meaningfully alter the results. Robust standard errors are used in all models. I discuss the results below.

TABLE 5.12
CORRELATION MATRIX (H7-H8)

| Variables | Mean | S.D. | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
|---------------------------------------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| (1) Sentiment (+5 days) | 7.09 | 26.22 | | | | | | | | | | | | | | | |
| (2) Frequency (+5 days) | 3 | 8.29 | 0.89 | | | | | | | | | | | | | | |
| (3) CSA sentiment | 21.82 | 15.99 | 0.02 | 0.03 | | | | | | | | | | | | | |
| (4) Joint involvement | 8.69 | 6.33 | 0.01 | -0.01 | 0.12 | | | | | | | | | | | | |
| (5) CSA coverage (# sentences) | 29.86 | 19.27 | -0.03 | -0.02 | 0.92 | 0.07 | | | | | | | | | | | |
| (6) Congruence | 1.04 | .87 | 0.02 | 0.03 | -0.08 | -0.14 | -0.09 | | | | | | | | | | |
| (7) Source of incongruence | .5 | .5 | -0.05 | -0.06 | -0.19 | -0.09 | -0.22 | -0.02 | | | | | | | | | |
| (8) Endowed sentiment (t – 365 days) | 25.61 | 135.64 | 0.58 | 0.49 | -0.05 | 0.01 | -0.07 | -0.02 | -0.01 | | | | | | | | |
| (9) Investor reactions [0,1] | 0 | .02 | -0.03 | -0.03 | -0.12 | -0.16 | -0.08 | 0.04 | 0.00 | -0.04 | | | | | | | |
| (10) Total assets (logged; prior qtr) | 9.95 | 1.16 | 0.27 | 0.34 | 0.04 | -0.10 | 0.05 | -0.06 | 0.00 | 0.14 | -0.11 | | | | | | |
| (11) Net income (logged; prior qtr) | 7.05 | 1.56 | 0.28 | 0.36 | 0.01 | -0.05 | 0.06 | 0.03 | -0.03 | 0.14 | -0.25 | 0.77 | | | | | |
| (12) Org. political ideology | 21.42 | 17.78 | -0.10 | -0.13 | -0.08 | -0.06 | -0.03 | -0.03 | 0.12 | -0.05 | 0.06 | 0.37 | 0.30 | | | | |
| (13) CEO | .5 | .5 | 0.12 | 0.17 | 0.13 | 0.27 | 0.09 | 0.19 | -0.26 | 0.07 | -0.46 | 0.16 | 0.20 | -0.08 | | | |
| (14) Action | .62 | .48 | -0.18 | -0.27 | -0.15 | -0.15 | -0.09 | -0.01 | 0.23 | -0.12 | 0.20 | -0.25 | -0.06 | 0.11 | -0.56 | | |
| (15) State conservatism | .45 | .09 | -0.19 | -0.25 | -0.06 | -0.16 | 0.02 | -0.02 | 0.18 | -0.13 | -0.05 | 0.10 | 0.15 | 0.50 | -0.07 | 0.36 | |
| (16) Ideological surprise | 18.24 | .92 | -0.08 | -0.10 | -0.07 | 0.04 | -0.06 | -0.47 | 0.52 | -0.01 | -0.04 | 0.04 | -0.07 | 0.07 | -0.47 | 0.25 | 0.11 |

N = 545

TABLE 5.13A
H7-H8 OLS REGRESSION (CONTROLS ONLY)

| | Model 1 (H7a DV; Controls Only) | Model 2 (H7b DV; Controls Only) |
|----------------------------------|------------------------------------|------------------------------------|
| Endowed sentiment (- 365 days) | 0.024 (0.005) [0.000] | 0.101 (0.021) [0.000] |
| Investor reactions [0,1] | 47.471 (15.770) [0.003] | 88.183 (46.720) [0.060] |
| Total assets (logged; prior qtr) | 0.677 (0.336) [0.044] | 1.983 (1.032) [0.055] |
| Net income (logged; prior qtr) | 1.714 (0.307) [0.000] | 3.477 (0.882) [0.000] |
| Org. political ideology | -0.083 (0.016) [0.000] | -0.195 (0.054) [0.000] |
| CEO = 1 | -0.047 (0.521) [0.928] | -0.898 (1.465) [0.540] |
| Action = 1 | -2.443 (0.557) [0.000] | -3.392 (1.645) [0.040] |
| State conservatism | -10.612 (2.392) [0.000] | -21.851 (7.007) [0.002] |
| Ideological surprise | -0.371 (0.385) [0.336] | -1.515 (1.103) [0.170] |
| Congruence | 0.011 (0.296) [0.970] | -0.005 (0.832) [0.995] |
| Source of incongruence | 0.803 (0.600) [0.181] | 1.590 (1.502) [0.290] |
| Constant | -2.029 (6.014) [0.736] | 3.575 (15.605) [0.819] |
| Observations | 545 | 545 |
| R-squared | 0.427 | 0.426 |

Standard errors in parentheses; p-values in brackets.

TABLE 5.13B
H7-H8 OLS REGRESSION RESULTS

| | Model 1 (No Controls) DV: Frequency (+5 days) | Model 2 (No Controls) DV: Sentiment (+5 days) | Model 3 (H7a, H8a) DV: Frequency (+5 days) | Model 4 (H7b, H8b) DV: Sentiment (+5 days) |
|--|--|--|---|---|
| CSA sentiment | 0.131 (0.080) [0.105] | 0.313 (0.210) [0.136] | 0.128 (0.069) [0.065] | 0.315 (0.193) [0.104] |
| Joint involvement (# other acting firms) | -0.019 (0.077) [0.810] | -0.078 (0.211) [0.712] | 0.020 (0.079) [0.802] | 0.051 (0.252) [0.840] |
| CSA sentiment x Joint involvement | -0.001 (0.003) [0.844] | 0.003 (0.009) [0.775] | -0.002 (0.003) [0.417] | 0.000 (0.008) [0.974] |
| CSA coverage (# sentences) | -0.086 (0.046) [0.062] | -0.233 (0.137) [0.088] | -0.088 (0.039) [0.025] | -0.248 (0.125) [0.048] |
| Endowed sentiment (t – 365 days) | 0.030 (0.005) [0.000] | 0.112 (0.021) [0.000] | 0.024 (0.005) [0.000] | 0.101 (0.021) [0.000] |
| Controls | Not Included | Not Included | Included | Included |
| Constant | 2.261 (0.785) [0.004] | 4.486 (2.213) [0.043] | -3.279 (6.205) [0.597] | 0.227 (16.495) [0.989] |
| Observations | 545 | 545 | 545 | 545 |
| R-squared | 0.245 | 0.348 | 0.433 | 0.432 |

Standard errors in parentheses; p-values in brackets.

TABLE 5.13C
H7-H8 OLS REGRESSION RESULTS (CONTROLLING FOR OTHER DV; For Reference Only)

| | Model 1 (No Controls) DV: Frequency (+5 days) | Model 2 (No Controls) DV: Sentiment (+5 days) | Model 3 (H7a, H8a) DV: Frequency (+5 days) | Model 4 (H7b, H8b) DV: Sentiment (+5 days) |
|--|--|--|---|---|
| CSA sentiment | -0.040 (0.040) [0.913] | -0.013 (0.112) [0.906] | 0.045 (0.039) [0.244] | -0.022 (0.122) [0.854] |
| Joint involvement (# other acting firms) | 0.004 (0.037) [0.913] | -0.032 (0.100) [0.751] | 0.007 (0.041) [0.873] | -0.002 (0.129) [0.989] |
| CSA sentiment x Joint involvement | -0.001 (0.001) [0.297] | 0.004 (0.004) [0.248] | -0.002 (0.001) [0.061] | 0.006 (0.004) [0.094] |
| Frequency (+5 days) | | 2.498 (0.281) [0.000] | | 2.636 (0.311) [0.000] |
| Sentiment (+5 days) | 0.289 (0.030) [0.000] | | 0.263 (0.027) [0.000] | |
| CSA coverage (# sentences) | -0.019 (0.256) [0.462] | -0.018 (0.082) [0.829] | -0.023 (0.026) [0.385] | -0.016 (0.093) [0.864] |
| Endowed sentiment (t – 365 days) | -0.003 (0.004) [0.492] | 0.038 (0.014) [0.005] | -0.003 (0.004) [0.493] | 0.038 (0.013) [0.004] |
| Controls | Not Included | Not Included | Included | Included |
| Constant | 0.965 (0.407) [0.018] | -1.163 (1.284) [0.366] | -3.339 (3.375) [0.323] | 8.872 (9.157) [0.333] |
| Observations | 545 | 545 | 545 | 545 |
| R-squared | 0.826 | 0.825 | 0.826 | 0.825 |

Standard errors in parentheses; p-values in brackets.

To provide some general information, when looking at the two-week window around the CSA, firms are generally covered more frequently in the 14 days after the event compared to the 14 days before the event (an average of 2.6 articles before the CSA; an average of 4.95 articles after the CSA). This effect continues at +/- 180 days (from 15.4 articles up to 19.2 articles) and +/- 365 days (from 30 articles up to 37.9 articles). Given the general consistency of the firm's sentiment across the different timeframes, there are early signs that Hypothesis 7b is unlikely to be supported. Of events that were covered by at least one media outlet, in 87.1% of instances

there was at least one additional acting firm (i.e., there is a fair amount of joint involvement). On average, there are about 10 firms engaging in the same CSA (i.e., an event pertaining to the same issue within a 5-day span). There is a wide range of joint involvement. For example, 25% of the time there are 3 or fewer additional acting firms; about 53% of the time, there are 14 or greater additional acting firms. Indeed, it seems that firms either act in isolation or that a large group of firms act at the same time.¹⁹

As shown in Table 5.13b, the coefficients for Hypothesis 7a ($b = 0.128$; $p = 0.065$) and Hypothesis 7b ($b = 0.315$; $p = 0.104$) are positive and marginally significant. The coefficients for Hypothesis 8a ($b = -0.002$; $p = 0.417$) and Hypothesis 8b ($b = 0.000$; $p = 0.974$) are not statistically significant. I follow the principles mentioned in Busenbark and colleagues (2022) on how to interpret main effects in the presence of moderation. As it relates to H7a, practically speaking, CSA sentiment maintains significant at various levels of joint involvement when regressing on subsequent firm frequency. The effect is positive and statistically significant. A one unit increase in CSA sentiment (4.6% of its mean value) leads to a 0.128 increase in subsequent firm sentiment (4.3% of its mean value). Interestingly, at higher levels of joint involvement the coefficient gets lower, suggesting that joint involvement mitigates the subsequent frequency of a firm. (This effect is not statistically significant.) Table 5.14A and Figure 5.4A show the marginal effects.

As it relates to H7b, practically speaking, CSA sentiment does not vary across different levels of joint involvement when regressing on subsequent firm sentiment (i.e., the moderating variable does not play a role in altering the influence of H7b). For example, when going from the

¹⁹ As a reminder, I do not examine instances where firms signed petitions or otherwise engaged in the activity as part of an amalgamated group (e.g., North Carolina's bathroom bill; Business Roundtable Council's redefinition of the purpose of the firm). All events are individual firm activities.

median (joint involvement = 6) to the 75th percentile (joint involvement = 15), CSA sentiment only increases by 0.6%. At higher levels of joint involvement the direct effect of CSA sentiment on subsequent firm sentiment is positive and significant. A one unit increase in CSA sentiment (4.6% of its mean value) leads to a 0.315 increase in subsequent firm sentiment (4.4% of its mean value). Table 5.14B and Figure 5.4B show the marginal effects. Taken together, Hypotheses 7a and 7b are marginally supported, and Hypotheses 8a and 8b can be rejected.

TABLE 5.14A
CONDITIONAL MARGINAL EFFECTS OF CSA SENTIMENT AT VARYING LEVELS
OF JOINT INVOLVEMENT (DV = Frequency; H7a P-values Across varying levels of
Moderator)

| | dy/dx | std. err. | t | p-value | [95% conf. interval] | |
|------------------------|-------|-----------|-------|---------|----------------------|------|
| Joint involvement = 0 | 0.128 | 0.069 | 1.850 | 0.065 | -0.01 | 0.26 |
| Joint involvement = 3 | 0.121 | 0.063 | 1.920 | 0.055 | 0.00 | 0.24 |
| Joint involvement = 6 | 0.114 | 0.057 | 2.000 | 0.046 | 0.00 | 0.23 |
| Joint involvement = 9 | 0.107 | 0.052 | 2.050 | 0.040 | 0.00 | 0.21 |
| Joint involvement = 12 | 0.100 | 0.048 | 2.080 | 0.038 | 0.01 | 0.19 |
| Joint involvement = 15 | 0.093 | 0.045 | 2.050 | 0.041 | 0.00 | 0.18 |

FIGURE 5.4A
CONDITIONAL MARGINAL EFFECTS OF CSA SENTIMENT WITH 95% CIs (DV =
Frequency; H8a)

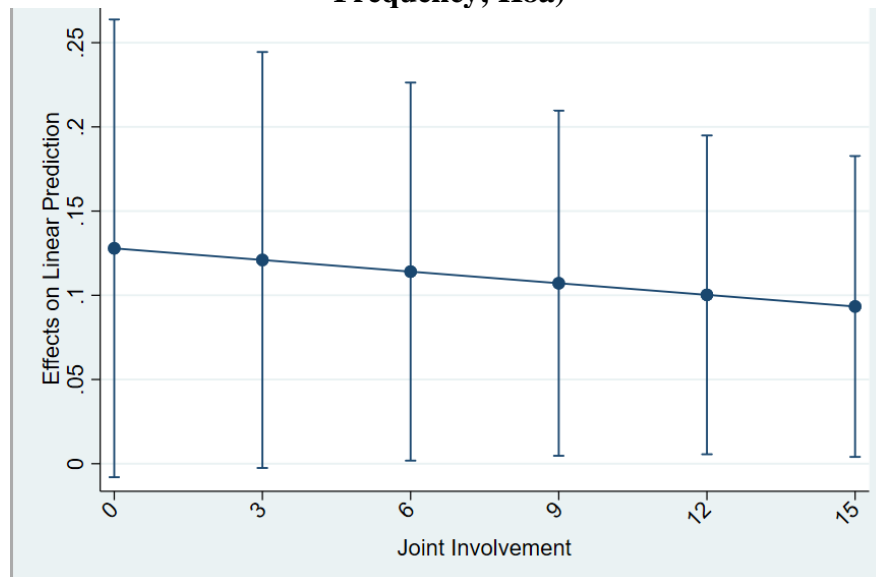
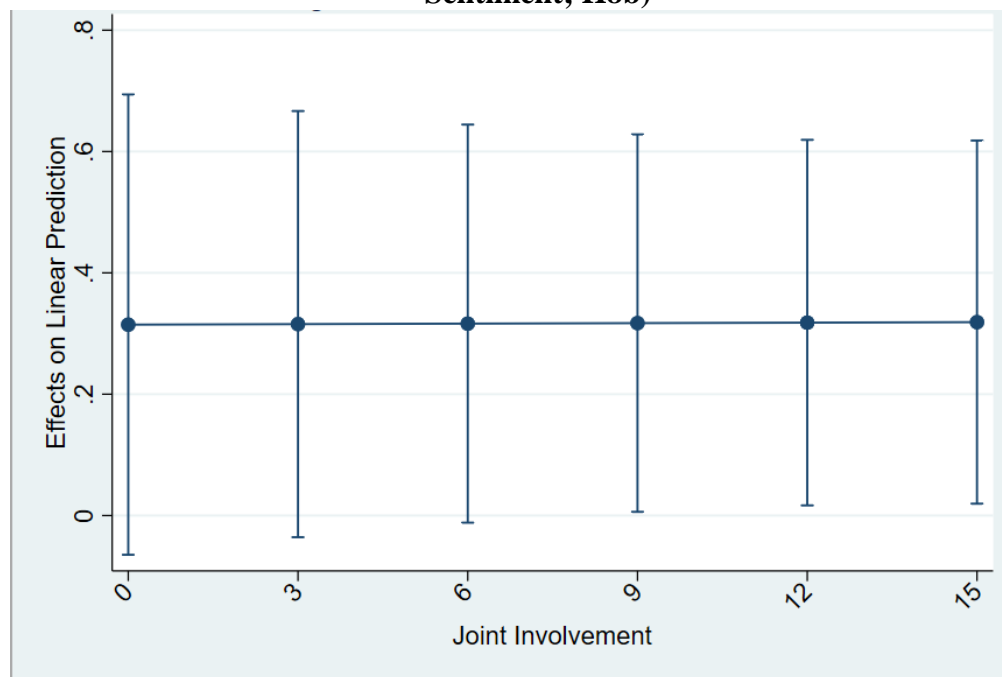


TABLE 5.14B
CONDITIONAL MARGINAL EFFECTS OF CSA SENTIMENT AT VARYING LEVELS
OF JOINT INVOLVEMENT (DV = Sentiment; H7b p-values across varying levels of
Moderator)

| | dy/dx | std. err. | t | p-value | [95% conf. interval] | |
|------------------------|-------|-----------|-------|---------|----------------------|------|
| Joint involvement = 0 | 0.315 | 0.193 | 1.630 | 0.104 | -0.06 | 0.69 |
| Joint involvement = 3 | 0.315 | 0.179 | 1.760 | 0.078 | -0.04 | 0.67 |
| Joint involvement = 6 | 0.316 | 0.167 | 1.890 | 0.059 | -0.01 | 0.64 |
| Joint involvement = 9 | 0.317 | 0.158 | 2.000 | 0.046 | 0.01 | 0.63 |
| Joint involvement = 12 | 0.318 | 0.153 | 2.070 | 0.039 | 0.02 | 0.62 |
| Joint involvement = 15 | 0.319 | 0.152 | 2.090 | 0.037 | 0.02 | 0.62 |

FIGURE 5.4B
CONDITIONAL MARGINAL EFFECTS OF CSA SENTIMENT WITH 95% CIs (DV =
Sentiment; H8b)



CHAPTER 6

SUPPLEMENTAL ANALYSES

Hypothesis 1

In this supplemental, I estimate the effect of organizational political ideology on firm engagement in CSA using propensity score matching (PSM) (Abadie & Imbens, 2006; Rosenbaum & Rubin, 1983; 1985). Propensity score matching is similar to nearest neighbor matching and should thus yield similar results. The PSM algorithm matched 42 out of 61 observations using the following covariates: *number of employees (logged)*, *state conservatism*, *CSR performance*, *net sales (logged)*, *total assets (logged)*, and *net income*. Table 6.1 below shows the balance of the variables pre- and post-matching. Overall, there are no statistically significant differences between the groups based on these focal variables. Of note, one of the six covariates did show signs of imbalance via the standardized mean difference. At the same time, however, this imbalance did not materialize in a statistically significant difference between the two groups.

TABLE 6.1
PRE- AND POST-MATCHING COMPARISON WITH STANDARDIZED MEAN DIFFERENCES

| | Pre-match p-value | Post-PSM p-value | SMD ^a |
|------------------------------|-------------------|------------------|------------------|
| State conservatism | 0.192 | 0.834 | 0.007 |
| CSR performance | 0.006 | 0.259 | 0.046 |
| Number of employees (logged) | < 0.001 | 0.973 | 0.248 |
| Net sales (logged) | < 0.001 | 0.575 | 0.123 |
| Total assets (logged) | < 0.001 | 0.955 | 0.012 |
| Net income | < 0.001 | 0.937 | 0.017 |

^a Standardized mean differences represent the magnitude of the difference between the means of actors and non-actors, scaled by the average of the standard deviations of the two groups. Values > 0.2 are seen as problematic, suggesting some imbalance in the number of employees variable.

After the match was completed, a t-test was conducted to show the average treatment effect of organizational conservatism on engagement in CSA. The results are in Table 6.2 below.

TABLE 6.2
HYPOTHESIS 1 RESULTS USING PSM

| | Non-actors | Actors | Mean1 | Mean2 | dif | St Err | t value | p value |
|---------------------------------------|------------|--------|--------|--------|--------|--------|---------|---------|
| Organizational conservatism by acting | 42 | 42 | 42.681 | 25.577 | 17.104 | 4.833 | 3.55 | 0.001 |

The average difference of 17.1 between actors and non-actors is consistent with the results of the nearest neighbor match and the coarsened exact matching. This result is robust to alternative covariates placed as inputs, as well as alternative conservatism measurements (as described when discussing the results of Hypothesis 1 in the previous chapter).

Hypotheses 3 – 5

The next supplementals relate to Hypotheses 3-5. First, there is an argument that certain factors may lead media outlets to cover CSA, and that those factors may bias my results (i.e., sample selection bias). I tested for sample selection bias by using the guidance of Certo and colleagues (2016). The coefficient of the independent variable (congruence) was insignificant across a number of Heckman models with varying exclusion restrictions (including industry, the sociopolitical issue, the firm's other recent events, and the firm's salience). Also, there are no statistically meaningful differences between the media outlet-CSA observations that were covered by media outlets and those observations not covered by media outlets along a variety of focal measures, including the above variables. Taken together, it does not seem that there is sample selection bias affecting my results.

Second, I tested alternative measurements of variables across both approaches (the approach using difference scores and the approach using polynomial regression). A list of the alternatives and their correlations are included in Table 6.3.

TABLE 6.3
CORRELATION MATRIX OF ALTERNATIVE MEASUREMENTS (H3-H5)

| Variables | (1) | (2) | (3) | (4) | (5) | (6) |
|--|---|------|------|------|------|------|
| (1) CAR [0,1] | | | | | | |
| (2) CAR [-1,1] | 0.62 | | | | | |
| (3) CAR [-3,1] | 0.65 | 0.90 | | | | |
| (4) CAR [-5,1] | 0.55 | 0.74 | 0.83 | | | |
| (5) CAR [-7,1] | 0.52 | 0.51 | 0.65 | 0.80 | | |
| (6) CAR [-3,0] | 0.44 | 0.83 | 0.92 | 0.75 | 0.55 | |
| (7) CAR [-2,2] | 0.64 | 0.85 | 0.84 | 0.65 | 0.46 | 0.74 |
| Variables | (1) | (2) | (3) | (4) | (5) | (6) |
| (1) Total assets (logged; prior quarter) | | | | | | |
| (2) Total assets (logged; prior 4 qtrs.) | 0.99 | | | | | |
| (3) Net income (logged; prior qtr) | | | | | | |
| (4) Net income (logged; prior 4 qtrs.) | | | 0.97 | | | |
| Variables | (1) | (2) | (3) | (4) | (5) | (6) |
| (1) Org. political ideology (most recent) | | | | | | |
| (2) Org. political ideology (2012) | 0.49 | | | | | |
| (3) Org. political ideology (2014) | 0.62 | 0.54 | | | | |
| (4) Org. political ideology (2016) | 0.78 | 0.49 | 0.62 | | | |
| (5) Org. political ideology (2018) | 0.74 | 0.65 | 0.50 | 0.82 | | |
| (6) Org. political ideology (2012-2018 avg.) | 0.78 | 0.79 | 0.84 | 0.86 | 0.85 | |
| Additional models were run to explore the inclusion and exclusion of the following variables: | | | | | | |
| Variable | Reason for not being in primary | | | | | |
| Sociopolitical issue (categorical) | Added VIF without adding to model R^2 (also ns) | | | | | |
| Industry category | Added VIF without adding to model R^2 (also ns) | | | | | |
| Presidential administration | Added VIF without adding to model R^2 (also ns) | | | | | |
| Outlet size (# stories in sample by outlet) | Was included in primary | | | | | |
| CEO | Was included in primary | | | | | |
| Action | Was included in primary | | | | | |
| State conservatism | Was included in primary | | | | | |
| Ideological surprise | Was included in primary | | | | | |
| Endowed sentiment | t – 365 to t – 3 was the primary | | | | | |

Regressions were run for all combinations of these variables (corresponding to H3-H5 for Approach #1; H3 for Approach #2) The average effect sizes, average standard errors, average

degrees of freedom, and average p-values were captured for each model. This allowed me to systematically test the consistency of the model across a variety of alternatives. The average results are reported in Tables 6.4 – 6.5 below next to each variable. The p-values reflect the respective averages for models that included the corresponding variable. In Table 6.4, these results can be interpreted as the significance of the average effect size of that variable across all iterations of the model, since it includes alternative measurements of other variables as well. As shown in Table 6.4, there is a high degree of consistency. The average p-values are comparable to each other and, in most cases, the percentage of models with a statistically significant p-value does not change drastically. There are some exceptions, such as when going from the total assets (prior quarter) to total assets (prior 4 quarters). Notably, I could not use the prior 4 quarters version (which would seem more favorable) because it added too much to the variance inflation factor and would risk effects due to collinearity (which likely explains the substantial increase in % p-values < 0.05).

TABLE 6.4
AVERAGE P-VALUES OF ALTERNATE MEASUREMENTS - CONTROLS

| Variable | Number of models run | Mean p-value | S.D. of p- value | Min p- value | Max p- value | % p- values < 0.05 |
|--|----------------------------|-----------------|------------------------|-----------------|-----------------|--------------------------|
| CAR [0,1] | 24478 | 0.34 | 0.31 | 0 | 1 | 26.1% |
| CAR [-1, 1] | 24480 | 0.25 | 0.24 | 0 | 1 | 12.2% |
| CAR [-3,1] | 24468 | 0.43 | 0.31 | 0 | 1 | 12.4% |
| CAR [-5,1] | 24480 | 0.4 | 0.28 | 0 | 1 | 11.6% |
| CAR [-7,1] | 24480 | 0.57 | 0.28 | 0.01 | 1 | 4.0% |
| CAR [-3,0] | 24480 | 0.48 | 0.31 | 0 | 1 | 7.6% |
| CAR [-2,2] | 24378 | 0.52 | 0.28 | 0 | 1 | 2.9% |
| Total assets (logged; prior quarter) | 80580 | 0.25 | 0.27 | 0 | 1 | 21.8% |
| Total assets (logged; prior 4 qtrs.) | 90664 | 0.19 | 0.26 | 0 | 1 | 48.4% |
| Net income (logged; prior qtr) | 80580 | 0.19 | 0.3 | 0 | 1 | 68.6% |
| Net income (logged; prior 4 qtrs.) | 90664 | 0.14 | 0.25 | 0 | 1 | 64.1% |
| Org. political ideology (most recent) | 28540 | 0.2 | 0.27 | 0 | 1 | 48.5% |
| Org. political ideology (2012) | 28541 | 0.3 | 0.29 | 0 | 1 | 26.9% |
| Org. political ideology (2014) | 28541 | 0.21 | 0.27 | 0 | 1 | 38.1% |
| Org. political ideology (2016) | 28541 | 0.22 | 0.27 | 0 | 1 | 33.7% |
| Org. political ideology (2018) | 28541 | 0.23 | 0.26 | 0 | 1 | 31.2% |
| Org. political ideology (2012-2018 avg.) | 28540 | 0.21 | 0.27 | 0 | 1 | 40.7% |

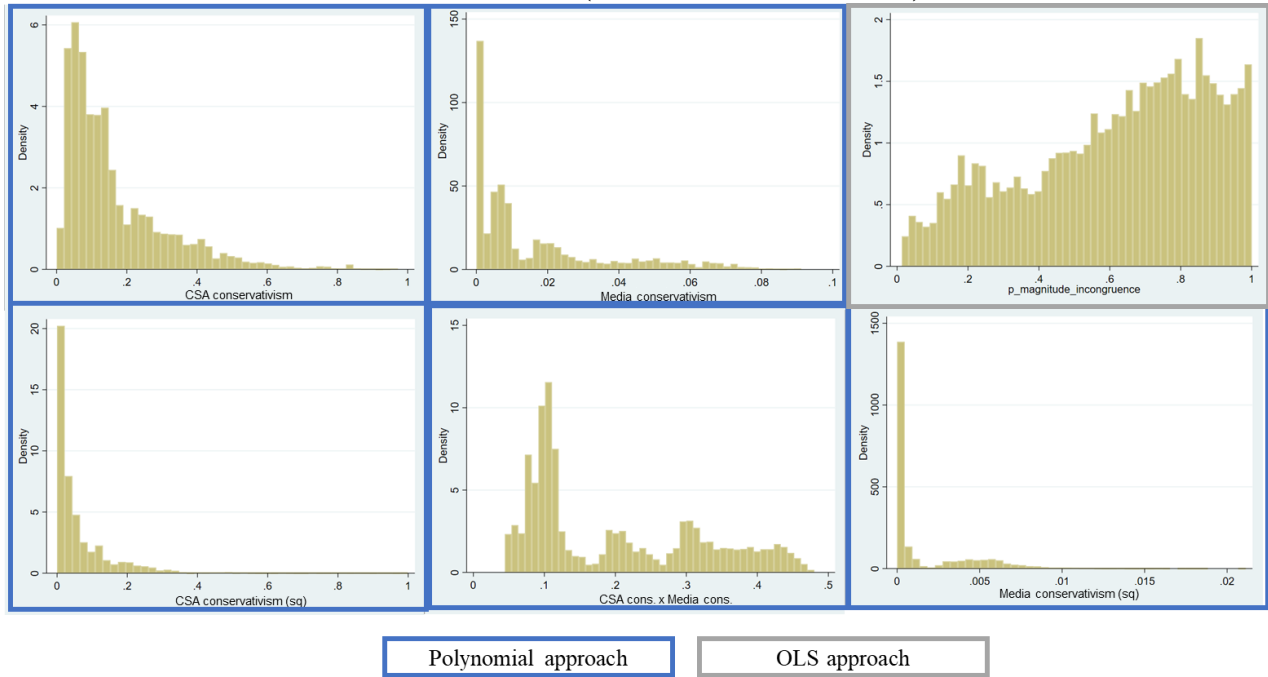
Next, in Table 6.5, I show the regression outputs of the hypothesized variables across the iterations. In general, the non-significance found in the primary model is consistent across all the various alternatives. Histograms of the average p-values for H3-H5 can be found in Figure 6.1. As the figure suggests, there is no statistical significance in Approach #1 (OLS)—the number of models with $p < 0.05$ is less than what would be expected by chance given the number of models included in the averages. The histogram of Approach #2 (polynomial) shows more nuance. A core polynomial—the CSA conservatism x Media conservatism coefficient—is not significant, but the others are. This is consistent with the findings in the primary model and the response surface plot shown in Figure 5.3. The takeaway is that there are meaningful differences between liberal and conservative outlets (Media conservatism and Media conservatism x

Media conservatism), but less so when interacting media conservatism with CSA conservatism. CSA conservatism on its own is not, on average, statistically significant ($p = 0.160$), nor is its corresponding squared term (although it gets closer; $p = 0.60$).

TABLE 6.5
AGGREGATE HYPOTHESIZED RESULTS ACROSS ALTERNATIVE MODELS

| Variable | Number of models tested | Mean coefficient | Mean std. err. | Mean p-value |
|---|-------------------------|------------------|----------------|--------------|
| CSA conservatism (z) | 45696 | -0.700 | 0.470 | 0.160 |
| Media conservatism (z) | 45696 | 0.700 | 0.270 | 0.020 |
| CSA conservatism (z) x CSA conservatism (z) | 45696 | 0.380 | 0.180 | 0.060 |
| CSA conservatism (z) x Media conservatism (z) | 45696 | -0.130 | 0.120 | 0.200 |
| Media conservatism (z) x Media conservatism (z) | 45696 | -0.480 | 0.170 | 0.000 |
| Congruence | 125548 | -0.090 | 0.260 | 0.620 |
| Congruence x Source of incongruence | 125548 | 0.540 | 0.380 | 0.270 |
| Congruence x Endowed sentiment | 110764 | 0.000 | 0.000 | 0.740 |

FIGURE 6.1
HISTOGRAM OF P-VALUES ACROSS ALTERNATIVE MODELS FOR H3
COEFFICIENTS (BOTH APPROACHES)



Another test I conducted was whether the results varied based on the Presidential administration. There is no statistically significant difference in CSA sentiment among only those events occurring before 2017 (i.e., the Obama Presidency) and among only those events occurring in 2017 or later (i.e., the Trump Presidency) ($p = 0.156$). There is, however, a statistically significant difference in congruence (the IV) between the groups ($p = 0.038$). Re-running the primary model shows no statistically significant difference in the hypothesized coefficients of the models, although there is a notable difference in the congruence coefficient between the groups. Table 6.6 shows this distinction.

TABLE 6.6
COMPARING COEFFICIENTS AMONG CSA CONDUCTED IN TRUMP
ADMINISTRATION VS. OBAMA ADMINISTRATION

| <i>DV = CSA sentiment</i> | Model 1 (Full Model - Trump Group) | Model 2 (Full Model - Obama Group) |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Congruence (IV) | -1.137 (0.826) [0.169] | 0.096 (0.829) [0.908] |
| Congruence x Source of incongruence | 1.565 (1.041) [0.134] | -0.468 (1.045) [0.655] |
| Congruence x Endowed sentiment | 0.001 (0.004) [0.716] | -0.002 (0.004) [0.665] |
| Source of incongruence (Mod) | -0.036 (1.594) [0.982] | 1.461 (1.358) [0.283] |
| Endowed sentiment (-365 days) (Mod) | -0.001 (0.005) [0.862] | 0.002 (0.003) [0.542] |
| Total assets (logged; prior qtr) | 0.135 (0.933) [0.885] | -4.415 (7.389) [0.551] |
| Net income (logged; prior qtr) | -0.347 (0.621) [0.577] | 2.216 (4.459) [0.620] |
| Outlet size (number of stories) | 0.000 (0.000) [0.146] | 0.000 (0.000) [0.525] |
| CSA coverage (# sentences) | 0.761 (0.035) [0.000] | 0.785 (0.021) [0.000] |
| Org. political ideology | -0.015 (0.024) [0.523] | -0.163 (0.216) [0.451] |
| Investor reactions [0,1] | -10.832 (25.123) [0.667] | 114.671 (302.938) [0.706] |
| CEO = 1 | 2.096 (1.465) [0.153] | 7.422 (12.181) [0.543] |
| Action = 1 | -2.098 (1.166) [0.073] | 5.881 (7.795) [0.452] |
| State conservatism | -12.994 (4.504) [0.004] | 34.410 (59.509) [0.564] |
| Ideological surprise | -0.057 (0.992) [0.954] | 4.729 (7.781) [0.544] |
| Constant | 7.049 (20.466) [0.731] | -77.652 (129.838) [0.551] |
| Observations | 360 | 185 |
| R-squared | 0.840 | 0.914 |

Hypotheses 7 – 8

The stability shown in the additional models for H3-H5 above suggest that this model will also be relatively consistent. Still, I re-ran the primary models with various timeframes of analysis for the subsequent sentiment and subsequent frequency of coverage of firms.

Correlations for these alternatives can be found in Tables 6.7 and 6.8. Across all the models that were run, the p-values are nearly identical for the 3-, 5-, and 7-day timeframes. In both cases of sentiment and frequency, the coefficients get closer to zero the longer the timeframe. Overall these additional models did not suggest that the primary model (+5 days) was inaccurate. The primary results were robust at the 3, 5, 7, 14, and 30 day windows.

TABLE 6.7
CORRELATIONS OF ALTERNATIVE POST-SENTIMENT OF FIRM COVERAGE

| Variables | (1) | (2) | (3) | (4) |
|--------------------------|------|------|------|------|
| (1) Sentiment (+3 days) | | | | |
| (2) Sentiment (+5 days) | 0.90 | | | |
| (3) Sentiment (+7 days) | 0.87 | 0.98 | | |
| (4) Sentiment (+14 days) | 0.77 | 0.90 | 0.93 | |
| (5) Sentiment (+30 days) | 0.46 | 0.69 | 0.72 | 0.84 |

N = 545

TABLE 6.8
CORRELATIONS OF ALTERNATIVE POST-FREQUENCY OF FIRM COVERAGE

| Variables | (1) | (2) | (3) | (4) |
|--------------------------|------|------|------|------|
| (1) Frequency (+3 days) | | | | |
| (2) Frequency (+5 days) | 0.94 | | | |
| (3) Frequency (+7 days) | 0.90 | 0.98 | | |
| (4) Frequency (+14 days) | 0.79 | 0.88 | 0.93 | |
| (5) Frequency (+30 days) | 0.44 | 0.61 | 0.67 | 0.81 |

N = 545

Additionally, I tested joint involvement as a binary variable that indicated 1 when there were 4 or more additional firms involved for each observation (i.e., 5 acting firms). Results were comparable with no statistically significant differences.

CHAPTER 7

DISCUSSION

In this dissertation, I developed and tested a theoretical framework on why firms engage in sociopolitical activism, how media organizations react to these behaviors, and how their reactions influence firms' market and nonmarket outcomes. This dissertation was as much an investigation of media organizations as it is firm behaviors. By centering my study on the media following CSA, I argued that we may be able to paint a more complete and accurate picture of firm motivations for engaging in CSA, how media coverage of CSA affects a firm's market and nonmarket outcomes, and whether and how firms contribute to broader sociopolitical issues through CSA. Table 7.1 summarizes the results of the hypothesis tests.

TABLE 7.1
HYPOTHESIS TESTING RESULTS

| | Hypothesis | Result |
|--------------|--|------------------|
| H1 | <i>The more liberal an organization's political ideology, the more likely the firm will engage in CSA.</i> | Fail to reject |
| H2 | <i>The more salient a sociopolitical issue, the more likely a firm will engage in CSA.</i> | Fail to reject |
| H3 | <i>The more (less) congruence between a media organization's political bias and the political stance taken by the firm's CSA, the more (less) positive the news stories of the event.</i> | Reject |
| H4 | <i>The direction of the source of (in)congruence moderates the sentiment of news stories of CSA, such that the effect is stronger (weaker) when the media organization's political bias is more (less) conservative than the stance taken by the firm's CSA.</i> | Reject |
| H5 | <i>A firm's endowed media coverage moderates the sentiment of news stories of CSA, such that the more (less) positively a firm has been covered in the past, the more (less) positive the news stories of its CSA.</i> | Reject |
| H6 | <i>Consistency in the media's (collective) coverage of CSA moderates investors' reactions to CSA, such that the more (less) consistent the media's coverage, the more (less) positive investors' reactions to the CSA.</i> | Reject |
| H7a-b | <i>The more (less) positively a media organization covers CSA, the (a) more (less) frequent and (b) more (less) positive the subsequent narration of the firm.</i> | Marginal support |
| H8a-b | <i>Joint involvement in CSA moderates the effects proposed in H7a and H7b, such that the effects are stronger (weaker) when there are fewer (more) firms involved in a CSA.</i> | Reject |

There are multiple contributions this study makes. First, this study contributes to the conversation surrounding corporate sociopolitical activism by developing new theory regarding its effects on an understudied—but important—stakeholder: the media. The notion that media organizations are independent entities is not new. Yet, a small number of studies across myriad disciplines give credence to the heterogeneities in media coverage across outlets (cf. Olson & Waguespack, 2020). For example, based on my review only 6% of published academic articles with the keyword “media bias” actually study media outlets as individualized actors, with the vast majority focusing on sociological theories such as the hostile media effect or the third person effect (e.g., Che & Mierendorff, 2019; Perloff, 2015). Within the field of management,

there is a dearth of research on media outlets as having dyadic relationships with firms. My dissertation takes one step in filling this gap.

Second, as it relates specifically to corporate sociopolitical activism, extant studies tend to focus to internal stakeholders such as employees (e.g., Burbano, 2020; Wowak et al., 2022). I shift the focus to tertiary stakeholders by focusing on media organizations. By taking on this view, I shed light on the importance of the nonmarket perspective. In particular, perhaps the explanations for why firms engage in these behaviors—and the effects of doing so—lie not in proximal firm-related outcomes such as positive investor reactions (cf. Bhagwat et al., 2020), employee motivation (cf. Burbano, 2020), or employee satisfaction with the CEO (cf. Wowak et al., 2022), but in the relationships firms have with their stakeholders and with society more broadly. By giving attention to this line of thinking, we may realize that CSA has little to do with the firm and much to do with the societal pressures that firms and CEOs face.

Third, this study introduced methodologies that enable scholars to test more nuanced and complex theory. I combined several methodological techniques and introduced coreference resolution to the field of management, which can allow us to be more granular in our estimation of sentiment (among other text-based analyses). The dataset of news stories may be considered a contribution by itself, since such rich data is typically hidden behind paywalls and is relatively inaccessible to a large body of researchers.

Limitations

As with any study, this dissertation has limitations. For example, despite my efforts I was only able to reliably attain news stories for a subset of media outlets. It is possible that including other media outlets would have influenced the results. The nature of archival data analysis is the reliance on complete and accurate data. In some cases, verifying completeness and accuracy is

difficult; if systematic inaccuracies or missing data persist, they could bias the results of my tests. Additionally, while my research designs aimed at creating quasi-experimental settings or controlling for myriad effects, it is possible that alternative explanations persist that were not properly addressed. I do not claim causality in any of my results. Measurement error is another potential explanation for having biased coefficients. While I made efforts to ensure robustness and consistency across various measurements, it is possible that measurement error meaningfully altered my results. Finally, this dissertation took a quantitative approach to answering research questions on CSA and media organizations. However, it is likely the case that qualitative work needs to be conducted in this space to understand firms' explanations for these behaviors. My study makes no claims around firm intent.

Theoretical Implications and Future Research Opportunities

My hypotheses explored four questions: (1) *Why do firms engage in CSA?* (2) *How do media organizations react to CSA?* (3) *How does the media's coverage of CSA affect investors' reactions?* and (4) *How does CSA affect the media's subsequent narrative of a firm?* While the results provide some answers, in many ways the implications lead to even more questions.

(1) *Why do firms engage in CSA?* The results of H1 suggest that liberal organizations are far more likely to engage in CSA than conservative organizations. Yet, not all highly liberal firms engage in CSA consistently, nor do they do so in response to the same sociopolitical issues. The results of H2 suggest that firms react to issues that gain salience in the public sphere, supporting the idea that firms are reacting to their external environments just as much as (if not more than) their internal ideological composition. The implication is that firm engagement in CSA may not be strategic, but simply reactive. Consider that Walmart changed its stance on ammunition sales only after two mass shootings occurred inside the stores. The idea that firms

are pressured into acting requires major theoretical exploration as it would shift our perceptions of this behavior away from a nonmarket strategy and toward something akin to a crisis management response (e.g., Bundy et al., 2017; Iqbal et al., 2021). Future research in this space is crucial to shaping our understanding of this nascent construct.

(2) *How do media organizations react to CSA?* The study makes clear that media organizations differently react to CSA, with some outlets covering CSA more often than others and with varying degrees of favorability. The implication is simple but powerful: Studying media outlets as individual actors with dyadic relationships with firms (and their leaders) is a fruitful endeavor. In fact, it may be possible that many of our studies using media coverage holistically (e.g., Bednar et al., 2013) would lead to interesting contingencies, if not altogether different results, when considering media heterogeneities. Replications of these works is important to understanding the degree to which media heterogeneities matter across contexts. In this dissertation, H3-H5 was not supported. Still, it seems clear that media outlets behave differently, and that perhaps the common logic that led to H3-H5 no longer applies. In particular, it appears that more conservative outlets publish more positive news stories of CSA than do more liberal outlets, despite CSA being significantly more liberal than it is conservative.

(3) *How does the media's coverage of CSA affect investors' reactions?* Given H6 was not supported, it is difficult to say that the consistency of media coverage affects investors' reactions. Still, my results suggest that investors are reacting to media coverage, as at the lowest levels of consistency, investors react the most negative. This result is in line with the logic leading to H6—investors respond poorly to uncertainty, and volatility in how an event is covered leads to uncertainty in how investors should perceive it. This same principle may be applied to a variety of contexts (e.g., mergers and acquisitions, earnings calls, financial restatements). We

may find that investors react to certain media outlets but not others, or to the magnitude of coverage but not the sentiment. I also encourage scholars to assess investor reactions with more granularity. My research design for H6 did not allow for real-time reactions, but if one were able to capture investor reactions in the minutes following a news story publication, one may more proximally answer this question.

(4) *How does CSA affect the media's subsequent narrative of a firm?* Media outlets' coverage of CSA influences their subsequent coverage of firms, both in sentiment and frequency. Yet, the effect tested in this dissertation is perhaps too proximal to lead to meaningful, practical implications for managers that may be looking for longer-term guidance. It seems clear that subsequent work should continue studying the dyadic relationships between firms and media outlets, in both the short- and long-term, over several events.

Taken together, this dissertation explores the interrelationships between firms and their external environments. When firms engage in CSA, they are taking one action that is part of a narrative being constructed and told by media outlets; part of a broader movement being created by social movement organizations; and part of a regulatory system that may change as a result of this action, and whose changes may or may not affect the acting firms. As researchers, we should continue exploring these interrelationships and their implications for firms and for members of society.

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APPENDICES

APPENDIX A – SURVEY KEY FOR CSA CONSERVATISM

CSA Conservatism Lab Protocol

Welcome to our research study, conducted by the Terry College of Business at the University of Georgia!

This purpose of this study is to understand attitudes toward corporate involvement in social and political activism, of which you will learn more about momentarily. Your responses will be kept strictly confidential. The average completion time for this survey should be between 10 and 15 minutes.

Again, thank you for your participation! **Please enter your unique Prolific ID below and then click to the next page to begin the survey.** We will use this ID to grant payment for participation in this study.

*** APPROVED CONSENT FORM TO APPEAR HERE ***

Please read the following carefully: (45-60 second timer on page before they can advance)

As noted previously, the purpose of this study is to understand attitudes toward corporate involvement in social and political activism. This new assessment is based on recent research, which suggests that whether and how companies engage in social and political activism affects third party evaluators' perceptions of them.

More specifically, we are working to understand the degree to which corporate actions correspond to a certain political ideology.

Political ideologies are typically seen as the widely-shared and deeply-held beliefs regarding how a society ought to be structured. Ideologies often relate to views on how the social world operates, including convictions about what political outcomes are desirable and how those outcomes should be achieved. Accordingly, political ideologies are often associated with certain values. In the United States, for example, left-leaning political ideologies (i.e., "more liberal" ideologies) tend to prioritize values such as social justice, economic equality, and market regulation, whereas right-leaning political ideologies (i.e., "more conservative" ideologies) tend to prioritize values such as individualism, economic reward, and free markets. These values underpin political parties' agendas, as well as the regulations that stem from those agendas. In the United States, more liberal ideologies are typically affiliated with the Democratic party whereas more conservative ideologies are typically affiliated with the Republican Party.

At times, for-profit corporations engage in political discourse by making actions that may promote or impede the progress of certain political ideologies. We call this concept corporate sociopolitical activism.

We need to understand where, on the political ideology spectrum, a corporation's sociopolitical activism should be placed. This is where you come in! On the following page, you will be asked to read a series of descriptions of corporate actions. For each of these actions, you will be asked to rate the degree to which you believe the item aligns with a political ideology.

Since these ratings are meant to reflect your own perceptions, your honest answers are much appreciated!

(NOTE: you must spend at least 45-60 seconds reading the instructions on this page before you can advance)

30 of the interview participants were randomly assigned to the topic of: **Event List 1**

30 of the interview participants were randomly assigned to the topic of: **Event List 2**

30 of the interview participants were randomly assigned to the topic of: **Event List 3**

30 of the interview participants were randomly assigned to the topic of: **Event List 4**

30 of the interview participants were randomly assigned to the topic of: **Event List 5**

30 of the interview participants were randomly assigned to the topic of: **Event List 6**

30 of the interview participants were randomly assigned to the topic of: **Event List 7**

30 of the interview participants were randomly assigned to the topic of: **Event List 8**

30 of the interview participants were randomly assigned to the topic of: **Event List 9**

30 of the interview participants were randomly assigned to the topic of: **Event List 10**

*Randomly present ONE of the following ten conditions.

*Condition 1 – Event List 1

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company announces that it will no longer sell games that contain the national flag of the Confederate States of America, commonly referred to as the "confederate flag". 1 2 3 4 5 6 7
- A company announces it will be ending its contract with *National Rifle Association*, a gun rights advocacy group. The contract included discounts for members of the advocacy group. 1 2 3 4 5 6 7
- A company voices its support for the Equality Act of 2015, a proposed bill that extends the rights offered by the Civil Rights Act of 1964 to members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. The Civil Rights Act of 1964 outlawed discrimination on the basis of race, color, religion, and national origin. 1 2 3 4 5 6 7
- A company executive announces they will step from the U.S. President's American Manufacturing Council in the wake of the President's spoke at the "Unite the Right" rally in Charlottesville, Virginia. The company executive made the following statement: "America's leaders must honor our fundamental values by clearly rejecting expressions of hatred, bigotry and group supremacy, which run counter to the American ideal that all people are created equal." 1 2 3 4 5 6 7
- A company announces its executive is chairing the Network of Executive Women's (NEW) Future Fund, an industry-wide campaign aimed at achieving gender parity in the workforce. The executive makes the following statement: "NEW's Future Fund is important to us because we need to make sure great women leaders have an opportunity to rise as far as their talents will take them. The Future Fund is tackling this challenge by providing new tools and training to increase the number of women in the retail and consumer goods industry that we're proud to be a part of." 1 2 3 4 5 6 7
- A company makes the following statement: "We respectfully requests that only law enforcement officials openly carry firearms in our stores." 1 2 3 4 5 6 7
- A company operating in the financial sector announces it will host Climate Week, an event focused on quantifying climate risk and exploring the issues organizations face when mitigating climate-related risks. A company executive says the event "will bring together a number of financial and business experts to explore in-depth the climate-related issues facing companies in many industries." 1 2 3 4 5 6 7
- A company announced it will cancel all programs that require its employees to travel to or from a state that recently passed the Religious Freedom Restoration Act (RFRA), a state law that allows individuals and companies to refuse the sale or distribution of products and/or services to others by citing that their exercise of religion has been, or is likely to be, substantially burdened. Proponents of the law claim that it protects freedom of religion, whereas opponents of the law claim it allows businesses to discriminate against others. 1 2 3 4 5 6 7
- A company announces it will hire 10,000 refugees in opposition to an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. 1 2 3 4 5 6 7
- A company makes the following statement: "Today, we're proud to announce another important milestone: Y has signed on in support of the Equality Act. Introduced in Congress this year, the bill would amend the Civil Rights Act of 1964 to include sexual orientation and gender identity, and ban discrimination in areas including employment, housing, access to credit, public education and accommodations." 1 2 3 4 5 6 7

***Condition 2 – Event List 2**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company removes a discount it offered to members of the National Rifle Association, a gun rights advocacy group. 1 2 3 4 5 6 7
- A company operating in the pharmaceutical industry argues that a recently passed bill, the Religious Freedom Restoration Act (RFRA), will inhibit its ability to continue operating because it will turn away potential employees and patients. RFRA is a state law that allows individuals and companies to refuse the sale or distribution of products and/or services to others by citing that their exercise of religion has been, or is likely to be, substantially burdened. Proponents of the law claim that it protects freedom of religion, whereas opponents of the law claim it allows businesses to discriminate against others. 1 2 3 4 5 6 7
- A company announces it will continue to allow both concealed and open carry of firearms in its stores. 1 2 3 4 5 6 7
- A company executive announces they will step from the U.S. President's American Manufacturing Council in the wake of the President's spoke at the "Unite the Right" rally in Charlottesville, Virginia. The company executive made the following statement: "I resigned because I want to make progress, while many in Washington seem more concerned with attacking anyone who disagrees with them." 1 2 3 4 5 6 7
- A company says it is considering discontinuing operations in a state after the state passed a bill banning abortions as early as six weeks into pregnancy. 1 2 3 4 5 6 7
- A company announced it will cancel plans to open operations in a state because of a recently passed law, the *Public Facilities Privacy & Security Act*, which introduced new rules regarding individuals' use of public restrooms. In particular, the law required individuals to use the restroom that corresponded with their biological sex and not with their gender identity. Proponents of this law claimed it reinforced privacy in public restrooms. Opponents claimed it created complications for transgender individuals. 1 2 3 4 5 6 7
- An insurance company hosts the *LGBT Financial Experience Symposium*, in which members of the lesbian, gay, bisexual, and transgender community speak about their experiences related to finances. 1 2 3 4 5 6 7
- A company announces that one of its executives is a co-chair of the *Network of Executive Women's (NEW) Future Fund*, which is an industry-wide campaign aimed at achieving 50/50 gender parity in the workforce. NEW funds technology that helps more women advance their careers and land leadership roles. 1 2 3 4 5 6 7
- A company announces that it will no longer sell merchandise relating to national flag of the Confederate States of America, commonly referred to as the "confederate flag". The company also made the following statement: "Our intention is never to offend. We all recognize the great sensitivity around this and have removed the item from our website." 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company made the following statement: "We hope that this temporary action by the Administration transitions to a fair and thoughtful long-term policy." A company executive added: "The blanket entry ban on citizens from certain primarily Muslim countries is not the best way to address the country's challenges. Many people negatively affected by this policy are strong supporters of the US. They've done right, not wrong & don't deserve to be rejected." 1 2 3 4 5 6 7

***Condition 3 – Event List 3**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company announces a partnership with the *Trevor Project*, a non-profit organization specializing in suicide prevention for youth that identify as lesbian, gay, bisexual, transgender, etc. (LGBT+). 1 2 3 4 5 6 7
- A platform company that hosts third-party applications banned an application made by *Human Coalition* that allowed users to join in prayers on behalf of "abortion-determined families". Human Coalition is a non-profit organization that describes itself as "a champion of life, committed to an audacious mission: to end abortion in America". 1 2 3 4 5 6 7
- A company executive sends a memorandum to the company's employees that opposes an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. 1 2 3 4 5 6 7
- A company discontinues its sales of the national flag of the Confederate States of America, commonly referred to as the "confederate flag", saying the item has "become a contemporary symbol of divisiveness and racism". 1 2 3 4 5 6 7
- A company executive sends a memorandum to employees criticizing incidents where the phrase, "Black Lives Matter", was crossed out and replaced with the phrase, "All Lives Matter", on designated interior walls at the company's headquarters. 1 2 3 4 5 6 7
- A company published a press release encouraging protections for members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. 1 2 3 4 5 6 7
- A company announces it will end home and auto insurance discounts for members of the *National Rifle Association*, a gun rights advocacy group. 1 2 3 4 5 6 7
- Following the proposal of the Equality Act of 2015, a company released the following statement: "We believe that diversity drives innovation and allows us to attract and retain world class talent. We need fair and equitable laws that prevent discrimination." the Equality Act of 2015 extends the rights offered by the Civil Rights Act of 1964 to members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. The Civil Rights Act of 1964 outlawed discrimination on the basis of race, color, religion, and national origin. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company made the following statement: "The Executive Order's humanitarian and economic impact is real and upsetting. We benefit from what refugees and immigrants bring to the U.S." 1 2 3 4 5 6 7
- A company requests that its customers no longer openly carry firearms while in its stores. 1 2 3 4 5 6 7

***Condition 4 – Event List 4**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A retailer announces it will no longer sell merchandise that contains the national flag of the Confederate States of America, commonly referred to as the "confederate flag". 1 2 3 4 5 6 7
- A company publishes an opinion article in a national newspaper that opposes the Religious Freedom Restoration Act (RFRA), a state law that allows individuals and companies to refuse the sale or distribution of products and/or services to others by citing that their exercise of religion has been, or is likely to be, substantially burdened. Proponents of the law claim that it protects freedom of religion, whereas opponents of the law claim it allows businesses to discriminate against others. 1 2 3 4 5 6 7
- A company announces it will no longer offer discounts to members of the *National Rifle Association*, a gun rights advocacy group. 1 2 3 4 5 6 7
- A video-hosting platform company flagged a user-generated video suggesting the information in the video needed to be fact-checked. The video's content claimed that abortion is never medically necessary. 1 2 3 4 5 6 7
- A company announces a partnership with the United Nations Free & Equal campaign of the United Nations Human Rights Office to promote equal rights and fair treatment for lesbian, gay, bisexual, transgender, etc. (LGBT+) people globally. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. A company made the following tweet: "40% of Fortune 500 founded by immigrants or their children. All ethnicities should have access to opportunity -- founding principle of U.S." 1 2 3 4 5 6 7
- A company announced it will stop contributing to *Planned Parenthood*, a non-profit organization that provides reproductive healthcare resources, including abortions. 1 2 3 4 5 6 7
- A company expresses discontent with how leaders of the National Football League have allowed its athletes to protest. The protests involved players kneeling during the playing of the National Anthem in solidarity with the Black Lives Matter movement. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company made the following statement: "Our company believes in equality for all and must ensure that all people are treated fairly, regardless of race, gender identity, abilities, sexual orientation, religion or national origin." 1 2 3 4 5 6 7
- A company requests that its customers no longer openly carry firearms while in its stores. 1 2 3 4 5 6 7

***Condition 5 – Event List 5**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. 1 2 3 4 5 6 7
- A company requests a repeal of a state law, the Public Facilities Privacy & Security Act, which introduced new rules regarding individuals' use of public restrooms. In particular, the law required individuals to use the restroom that corresponded with their biological sex and not with their gender identity. Proponents of this law claimed it reinforced privacy in public restrooms. Opponents claimed it created complications for transgender individuals. 1 2 3 4 5 6 7
- A company requests that its customers no longer openly carry firearms while on its premises. 1 2 3 4 5 6 7
- A video-hosting platform company flagged a user-generated video suggesting the information in the video needed to be fact-checked. The video's content claimed that abortion is never medically necessary. 1 2 3 4 5 6 7
- A company announces it will no longer offer discounts to members of the *National Rifle Association*, a gun rights advocacy group. 1 2 3 4 5 6 7
- A company announces its 13th consecutive year sponsoring the Annual PRIDE Parade, the largest national lesbian, gay, bisexual, transgender, etc. (LGBT+). 1 2 3 4 5 6 7
- A company defended its contract with the U.S. Customs and Border Protection Agency following criticism that the company's products and services were being used to detain individuals at the United States-Mexico border. 1 2 3 4 5 6 7
- A company operating in the sports industry announces that one of its executives will step from the U.S. President's American Manufacturing Council in the wake of the President's spoke at the "Unite the Right" rally in Charlottesville, Virginia. The company executive said they wished instead to focus on "the power of sport which promotes unity, diversity and inclusion." 1 2 3 4 5 6 7
- A retailer announces it will no longer sell merchandise that contains the national flag of the Confederate States of America, commonly referred to as the "confederate flag". The company makes the following statement: "We never want to offend anyone with the products that we offer. We have taken steps to remove all items promoting the confederate flag from our assortment – whether in our stores or on our web site." 1 2 3 4 5 6 7
- A company announces an increase in its minimum hourly wage, from \$11.00 to \$15.00 over a three-year period. 1 2 3 4 5 6 7

***Condition 6 – Event List 6**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company announces its support for the True Colors Fund, a non-profit organization aimed at mitigating youth homelessness in the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. 1 2 3 4 5 6 7
- An entertainment company says it will be "very difficult" to continue operations in a state after the state passed a bill banning abortions as early as six weeks into pregnancy. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company makes the following statement: "We are assessing the impact on our workforce and determining how best to protect our people and their families from any adverse effects". 1 2 3 4 5 6 7
- A company requests that its customers no longer openly carry firearms while on its premises. 1 2 3 4 5 6 7
- A company announces it will no longer offer discounts to members of the *National Rifle Association*, a gun rights advocacy group. 1 2 3 4 5 6 7
- A company voiced concerns over a new law, the Public Facilities Privacy & Security Act, which introduced new rules regarding individuals' use of public restrooms. In particular, the law required individuals to use the restroom that corresponded with their biological sex and not with their gender identity. Proponents of this law claimed it reinforced privacy in public restrooms. Opponents claimed it created complications for transgender individuals. The company made the following statement: "Inclusivity is a core belief of ours. It's something we celebrate. We stand for equality and equity, and strive to make our guests and team members feel accepted, respected and welcomed in our stores and workplaces every day." 1 2 3 4 5 6 7
- A retailer announces it will no longer sell merchandise that says: "Bulletproof: Black Lives Matter". 1 2 3 4 5 6 7
- A company announces carbon emissions reductions goals. 1 2 3 4 5 6 7
- A company announces that it will no longer sell games that contain the national flag of the Confederate States of America, commonly referred to as the "confederate flag". 1 2 3 4 5 6 7

***Condition 7 – Event List 7**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- An insurance company is fined several millions of dollars by the state government after it paid for elective abortions that were not covered under the patients' policies. 1 2 3 4 5 6 7
- A company announces its third annual "Out Holding Hands" campaign, which encourages members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community to hold hands publicly. 1 2 3 4 5 6 7
- A company announces it will no longer sell any firearms or hunting products. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company makes the following statement: "We're upset about the impact of this order and any proposals that could impose restrictions on our customers and their families, or that could create barriers to bringing great talent to the United States. It's painful to see the personal cost of this executive order on our colleagues." 1 2 3 4 5 6 7
- Following protests by athletes in the National Football League, in which players kneeled during the playing of the National Anthem in solidarity with the Black Lives Matter movement, a company released the following statement: "We supports athletes and their right to freedom of expression on issues that are of great importance to our society." 1 2 3 4 5 6 7
- A company requests that its customers no longer openly carry firearms while on its premises. 1 2 3 4 5 6 7
- A company voices discontent with a proposed bill, the Free Exercise Protection Act (FEPA), which would allow individuals and companies to refuse the sale or distribution of products and/or services to others by citing that their exercise of religion has been, or is likely to be, substantially burdened. Additionally, clergy members and religious organizations may refuse to perform marriage ceremonies between certain individuals. Proponents of the law claim that it protects freedom of religion, whereas opponents of the law claim it allows businesses to discriminate against others. 1 2 3 4 5 6 7
- A company that previously lobbied against federal- and state-wide increases in minimum wage says it will stop doing so. 1 2 3 4 5 6 7
- A company announces its executive is chairing the Network of Executive Women's (NEW) Future Fund, an industry-wide campaign aimed at achieving gender parity in the workforce. The executive makes the following statement: "NEW's Future Fund is important to us because we need to make sure great women leaders have an opportunity to rise as far as their talents will take them. The Future Fund is tackling this challenge by providing new tools and training to increase the number of women in the retail and consumer goods industry that we're proud to be a part of." 1 2 3 4 5 6 7
- A company announces that it will no longer sell merchandise relating to national flag of the Confederate States of America, commonly referred to as the "confederate flag". The company also makes the following statement: "Our intention is never to offend. We all recognize the great sensitivity around this and have removed the item from our website." 1 2 3 4 5 6 7

***Condition 8 – Event List 8**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company voices discontent with the U.S. Congress, suggesting for regulatory solutions to prevent future acts of gun violence. 1 2 3 4 5 6 7
- A company voices its support for the Equality Act of 2015, a proposed bill that extends the rights offered by the Civil Rights Act of 1964 to members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. The Civil Rights Act of 1964 outlawed discrimination on the basis of race, color, religion, and national origin. 1 2 3 4 5 6 7
- A company announces it will restrict the sale of any guns and ammunition to those under 21 years of age. 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company made the following statement: "We share the concerns about the impact of the executive order on our employees from the listed countries, all of whom have been in the United States lawfully, and we're actively working with them to provide legal advice and assistance." A company executive added: "As an immigrant and as a CEO, I've both experienced and seen the positive impact that immigration has on our company, for the country, and for the world. We will continue to advocate on this important topic." 1 2 3 4 5 6 7
- A company launches a new product. The sales of the product will be donated to the It Gets Better Project, a non-profit organization with a mission to "uplift, empower, and connect lesbian, gay, bisexual, transgender, and queer youth around the globe". 1 2 3 4 5 6 7
- In solidarity with the Black Lives Matter movement, a social media company creates a new emoji depicting a "raised fist" that is featured when users write "#BlackLivesMatter" in their content. 1 2 3 4 5 6 7
- A company received a 100% rating in the Corporate Equality Index (CEI), an annual survey administered by the Human Rights Campaign (HRC) Foundation. Top-rated businesses are designated by the HRC as "Best Places to Work." This is the third year the company has achieved this distinction. 1 2 3 4 5 6 7
- A company operating in the financial sector announces it will host Climate Week, an event focused on quantifying climate risk and exploring the issues organizations face when mitigating climate-related risks. A company executive says the event "will bring together a number of financial and business experts to explore in-depth the climate-related issues facing companies in many industries." 1 2 3 4 5 6 7
- A company says it is considering discontinuing operations in a state after the state passed a bill banning abortions as early as six weeks into pregnancy. 1 2 3 4 5 6 7
- A company announces that one of its executives is a co-chair of the Network of Executive Women's (NEW) Future Fund, which is an industry-wide campaign aimed at achieving 50/50 gender parity in the workforce. NEW funds technology that helps more women advance their careers and land leadership roles. 1 2 3 4 5 6 7

***Condition 9 – Event List 9**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company voices its support for the Equality Act of 2015, a proposed bill that extends the rights offered by the Civil Rights Act of 1964 to members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. The Civil Rights Act of 1964 outlawed discrimination on the basis of race, color, religion, and national origin. The company released the following statement: "Ensuring fairness in the workplace is a fundamental principle for us, and we support legal protections for LGBT Americans as outlined in the Equality Act."

1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. The company made the following statement: "Trump's actions are hurting our employees around the world, and are so un-American it pains us all. Worse, these actions will make America less safe (through hatred and loss of allies) rather than more safe. A very sad week, and more to come with the lives of over 600,000 Dreamers here in a America under imminent threat. It is time to link arms together to protect American values of freedom and opportunity."

1 2 3 4 5 6 7
- A company launches a new product. The sales of the product will be donated to the It Gets Better Project, a non-profit organization with a mission to "uplift, empower, and connect lesbian, gay, bisexual, transgender, and queer youth around the globe".

1 2 3 4 5 6 7
- A company announces it will stop selling handgun and short-barrel rifle ammunition, reducing its market share of industry sales from 20% to 6%. The company also requests that its customers no longer openly carry firearms while in its stores.

1 2 3 4 5 6 7
- A firearms retailer supports "common-sense gun legislation", including strengthening background checks and restricting the sale and possession of firearms from dangerous individuals.

1 2 3 4 5 6 7
- Marsh and McLennan received a 100 percent rating in the Corporate Equality Index (CEI), an annual survey administered by the Human Rights Campaign (HRC) Foundation. Top-rated businesses are designated by the HRC as "Best Places to Work." This is the third year the Company has achieved this distinction.

1 2 3 4 5 6 7
- A company executive announces they will step from the U.S. President's American Manufacturing Council in the wake of the President's spoke at the "Unite the Right" rally in Charlottesville, Virginia. The company executive made the following statement: "America's leaders must honor our fundamental values by clearly rejecting expressions of hatred, bigotry and group supremacy, which run counter to the American ideal that all people are created equal."

1 2 3 4 5 6 7
- A platform company that hosts third-party applications banned an application made by *Human Coalition* that allowed users to join in prayers on behalf of "abortion-determined families". Human Coalition is a non-profit organization that describes itself as "a champion of life, committed to an audacious mission: to end abortion in America".

1 2 3 4 5 6 7
- A retailer announces it will no longer sell merchandise that contains the national flag of the Confederate States of America, commonly referred to as the "confederate flag".

1 2 3 4 5 6 7

***Condition 10 – Event List 10**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------|--------------------|------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Strongly liberal | Moderately liberal | Slightly liberal | Neither liberal nor conservative | Slightly conservative | Moderately conservative | Strongly conservative |

Please carefully read each of the following descriptions of corporate actions. For each item, please indicate how politically liberal or conservative you believe the action to be: (NOTE: randomize order of item appearance)

- A company voices its support for the Equality Act of 2015, a proposed bill that extends the rights offered by the Civil Rights Act of 1964 to members of the lesbian, gay, bisexual, transgender, etc. (LGBT+) community. The Civil Rights Act of 1964 outlawed discrimination on the basis of race, color, religion, and national origin. 1 2 3 4 5 6 7
- A company made the following statement: "This June, ABC commemorates national LGBTQ Pride Month with its celebratory campaign, Pride + Joy, featuring a wide array of in-store events, parades, commemorative advertising and sponsorships." 1 2 3 4 5 6 7
- A company voices concerns about an Executive Order signed by the U.S. President titled, "Protecting the Nation from Foreign Terrorist Entry into the United States". The Executive Order temporarily blocked entry of people from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen, and temporarily suspended the U.S. Refugee Admissions Program. This Executive Order has been colloquially referred to as the "travel ban" or the "Muslim ban" by its critics. A company executive made the following statement: "It is evident to myself and our leadership that these policies on immigration are morally questionable due to the impact they have on the lives that have been and will be affected. We see them as contrary to the long standing precedent that the United States is a country that welcomes, values and embraces the diversity cultivated through immigration." 1 2 3 4 5 6 7
- A retailer requests that its customers do not bring firearms into its stores. 1 2 3 4 5 6 7
- A company made the following statement: "We are notifying the NRA that we will no longer offer a discounted rate to their annual meeting and we are asking that the NRA remove our information from their website." 1 2 3 4 5 6 7
- A company announces an increase in its minimum hourly wage, from \$11.00 to \$15.00 over a three-year period. 1 2 3 4 5 6 7
- A company executive announces they will step from the U.S. President's American Manufacturing Council in the wake of the President's spoke at the "Unite the Right" rally in Charlottesville, Virginia. The company executive made the following statement: "I resigned because I want to make progress, while many in Washington seem more concerned with attacking anyone who disagrees with them." 1 2 3 4 5 6 7
- A company announced it will stop contributing to *Planned Parenthood*, a non-profit organization that provides reproductive healthcare resources, including abortions. 1 2 3 4 5 6 7
- A retailer announces it will no longer sell merchandise that contains the national flag of the Confederate States of America, commonly referred to as the "confederate flag". The company makes the following statement: "We never want to offend anyone with the products that we offer. We have taken steps to remove all items promoting the confederate flag from our assortment – whether in our stores or on our web site." 1 2 3 4 5 6 7

----- Page Break -----

Every respondent sees the remaining questions

Next, please answer the following questions about your attitudes and beliefs towards corporate involvement in social and political activism, as well as political issues more broadly, as truthfully as possible. While some of them might seem similar at face value, they have important differences.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------|---------------------|-------------------|----------------------------|----------------|------------------|----------------|
| Strongly Disagree | Moderately Disagree | Slightly Disagree | Neither Agree nor Disagree | Slightly Agree | Moderately Agree | Strongly Agree |

| | | | | | | |
|---|---|---|---|---|---|-----|
| Please indicate the extent to which you agree with each of the following: | | | | | | |
| ▪ For-profit corporations should engage in social and political activism. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ For-profit corporations should always be involved in social and political issues. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ It is important that for-profit corporations engage in social and political activism. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ When for-profit corporations engage in social and political issues, they do so only because it aligns with their financial interests. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ For-profit corporations only engage in society's social and political issues when it benefits them. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ For-profit corporations should not care about social or political issues. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ We should leave it to elected politicians to resolve our social and political issues. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ For-profit corporations should stay out of society's political issues. | 1 | 2 | 3 | 4 | 5 | 6 7 |
| ▪ For-profit corporations should stay out of society's social issues. | 1 | 2 | 3 | 4 | 5 | 6 7 |

Below is a list of issues. Please indicate the extent to which you feel positive or negative towards each issue. Scores of 0 indicate greater negativity, and scores of 100 indicate greater positivity. Scores of 50 indicate that you feel neutral about the issue. (NOTE: sliding scale.)

SECS (secs). Everett, J. A. (2013). The 12 item social and economic conservatism scale (SECS). *PloS one*, 8(12), e82131.

| 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
|---------------|----|----|----|----|---------|----|----|----|----|---------------|
| Very Negative | | | | | Neutral | | | | | Very Positive |

| | | | | | | | | | | | |
|-------------------------------------|---|----|----|----|----|----|----|----|----|----|-----|
| ▪ Abortion (reverse-coded). | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Welfare benefits (reverse-coded). | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Tax (reverse-coded). | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Immigration (reverse-coded). | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Limited government. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Military and national security. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Religion. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Gun ownership. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Traditional marriage. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Traditional values. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Fiscal responsibility. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |

| | | | | | | | | | | | |
|--------------------|---|----|----|----|----|----|----|----|----|----|-----|
| ▪ Business. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ The family unit. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| ▪ Patriotism. | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |

----- Page Break -----

Finally, we want to ask a few questions about you and your experience with the survey today.

Demographics

▪ How old are you? (age) _____ years old

▪ Gender? (Circle all that apply) (iffemale) Male Female Other _____

▪ Race? African American Asian White Hispanic Native American Other

▪ Please indicate your country of origin. _____

▪ Please indicate your country of citizenship. _____

▪ What is your family's estimated household income? \$0 - \$10,000 \$10,001 - \$40,000 \$40,001 - \$90,000 \$90,001 - \$170,000 \$170,001 - \$215,000 \$215,001+

Your responses to the questions below will assist us in ensuring the integrity of our results. Therefore, we appreciate you being as honest as possible when selecting your responses.

| 1 None great deal | 2 Little | 3 Some | 4 Much | 5 A |
|--|-------------|-----------|-----------|--------|
| Please rate your efforts so far today | | | | |
| ▪ How much effort did you put into this project? | | | | |
| | | | 1 4 | 2 5 |

| 1 Poor | 2 Fair | 3 Good | 4 Very Good | 5 Excellent |
|---|-----------|-----------|----------------|----------------|
| Please rate the quality of the data you have provided | | | | |
| ▪ How is the quality of the data you provided? | | | | |
| | | | 2 5 | 1 3 4 |

| 1 Not at all | 2 Slightly | 3 Somewhat | 4 Moderately | 5 Extremely |
|--|---------------|---------------|-----------------|----------------|
| Please rate the level of distraction you faced so far while completing this survey | | | | |
| ▪ How distracted were you while completing this survey? | | | | |
| | | | 2 4 | 1 3 5 |

Thank you again for your help and your honesty! Your Prolific code is: XXXXX.