The Liability of Conservative Business? Political Ideology and Shareholder Activism in Corporate America[1]

Abstract

Corporations have become frequent targets of shareholder activism on environmental and social issues. Scholars have used agency theory and corporate opportunity structure to explain how shareholder activists select corporate targets, but both accounts remain fragmented and incomplete. I argue that, in addition to the agency problem, the occurrence of shareholder activism is a function of both corporate opportunities and threats to social movements. I develop and test the "opportunity-threat" framework on the production of corporate targets in the case of shareholder activism that seeks to improve corporate political transparency and accountability in the United States from 2000 to 2018. Using a longitudinal, firm-level shareholder activism dataset and the novel Longitudinal Corporate Elites and Employees Contributor Database, I systematically examine the conditions under which firms are more likely than others to be targeted by shareholder activists. After controlling for both agency and opportunity theoretic explanations, corporate elites' political conservatism still significantly increases a firm's likelihood of becoming the target of shareholder activism. Contrary to the prediction from the opportunity perspective that political liberalism benefits a movement, political conservatism serves as a key component of corporate opportunity structure that signals corporate threats to social movements and motivates activists. This paper concludes by discussing its implications to social movement studies, political sociology, and corporate governance.

Keywords

shareholder activism, shareholder political transparency activism, political ideology, corporate political activity

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Direct correspondence to Yongjun Zhang, University of Arizona, Department of Sociology, Social Science Building, Room 436C, Tucson, Arizona 85721. Email: yongjunzhang@email.arizona.edu

Corporations have become frequent targets of shareholder activism that seeks to improve environmental, social, and political responsibility[2] (Baron and Diermeier 2007; Briscoe and Gupta 2016; Davis and Thompson 1994; Hansen, Mitchell, and Drope 2005; Hillman and Hitt 1999; Lux, Crook, and Woehr 2011; Walker and Rea 2014). Management scholars often use agency theory to explain the emergence of shareholder activism (Fama and Jensen 1983; Jensen and Meckling 1976). They argue that shareholder activists tend to target corporations when managers pursue their own interests at the expense of their owners' interests. Social movement and organizational theorists are not satisfied with this efficiency-oriented approach and thus have proposed a theory of social production of corporate targets to address how social activists select corporate targets (Bartley and Child 2014; Davis and Thompson 1994). Scholars have examined a variety of corporate structural and cultural characteristics that attract activism such as visibility, reputation, and status (Briscoe et al. 2014; King 2008b).

But both accounts are fragmented and incomplete. Scholars have attempted to integrate agency theory with corporate opportunity structure to explain how shareholder activists select targets (Benton and You 2018; Goranova and Ryan 2014; Renneboog and Szilagyi 2011). For instance, Benton and You (2018) show that powerful shareholders tend to target firms with severe agency problems, but weak shareholders are more likely to target firms with corporate opportunities that increase the success odds. Prior studies on corporate opportunity structure often focus overwhelmingly on the opportunity side and have long overlooked the role of corporate threats to social movements in the production of corporate targets. In social movements literature, scholars focusing on repression and threats show that the rise of social movements is not necessarily a response to opportunity, but a reaction to the situation that threatens the causes of social movements (Earl 2011; Einwohner 2003; Maher 2010; Owens, Cunningham, and Ward 2015).

To address this lacuna, I develop and test the "opportunity-threat" framework in the case of shareholder activism that seeks to improve corporate political transparency (hereinafter "shareholder political transparency activism" or "SPTA") in the United States from 2000 to 2018. Following Bartley and Child's (2014) approach, I see the production of shareholder activism targets as a substantive social and political process. I argue that, in addition to the agency problem, the occurrence of shareholder activism is both a function of corporate opportunities and threats to social movements. Then I use the case of shareholder political transparency activism to examine why some particular firms are more likely than others to become the major targets of shareholder activism. A number of politically active and highly visible and central firms such as ExxonMobil, AT&T, Bank of America, and Citi Group encountered intense shareholder threats after the 2010 Supreme Court's controversial decision in *Citizens United v. Federal Election Commission*; however, corporations faced disproportional shareholder threats. Target, Best Buy, Red Wing Shoes, and Polaris Industries all gave political donations to a conservative pro-business group *Minnesota Forward* in 2010, but only Target received massive shareholder pressure.

To examine whether corporate threats lead to shareholder activism, I bring a novel big dataset, the Longitudinal Corporate Elites and Employees Contributor Database, that documents all itemized political donation records made by corporate CEOs, boards of

[2] Shareholder political transparency activism refers to the phenomenon that stockholders submit shareholder resolutions in annual general meetings to request for disclosing political spending and lobbying activities. Under current Securities and Exchange Commission (SEC) Rule 14a-8 that governs proxy proposals, shareholders who own at least $2,000 in market value or 1 percent of the company's shares for at least one year can submit shareholder proposals.

directors, top management teams, senior managers, and employees for firms listed in S&P1500 in federal elections from 2000 to 2018. This allows me to construct a measure of political conservatism index to capture the threat level to social movements with liberal causes.

Relying on the longitudinal, firm-level data on all U.S.-based SP1500 firms from 2000 to 2018, I first use panel methods to test whether the agency problem and opportunity frameworks can explain how shareholders select targets. I find that both accounts are useful to explain the occurrence of shareholder political transparency activism. Firms with severe agency problems as well as some corporate opportunities that favor activists are more likely to become the SPTA targets. I then supplement the two accounts with the threat perspective using political conservatism as a proxy measure. I find that corporate elites' political conservatism induces more shareholder political transparency activism, but this is not the case for employee conservatism. This provides some evidence supporting that corporate conditions that threaten a social movement can lead to shareholder activism. I also find that the likelihood of a firm becoming the target is enhanced when some combinations of opportunities and threats co-exist.

This study contributes to social movement and organizational studies in several ways. First, it integrates prior fragmented insights from agency theory and corporate opportunity with threat to account for the social and political processes in the production of corporate targets. Second, this triple framework adds the missing threat piece into corporate opportunity structure used by organizational and social movement scholars to explain shareholder activism. This study revisits the conceptualization of political liberalism serving as a key component of corporate opportunity structure that favors a social movement and argues that political liberalism may signal organizational identity instead of corporate openness that attract activists in some contexts (Briscoe, Chin, and Hambrick 2014; Gupta and Briscoe 2019; Gupta, Briscoe, and Hambrick 2017). Finally, this study tests and complements insights from "boycott sociologists" on extra-institutional tactics (King 2008b; King and Soule 2007) in the field of shareholder activism. Although sociologists have studied shareholder environmental and social activism, prior sociological work focuses heavily on its consequences and lacks a systematic examination of its antecedents (Vasi and King 2012).

This research also makes several methodological contributions. First, the research design corrects prior work's sample selection bias by focusing on SP1500 U.S.-based firms instead of SP500 or Fortune 500 firms. Second, it uses shareholder political transparency activism as an illustrative case to unpack the political process of target selection. It speaks to the call for more case-specific studies that reconcile previous inconsistent results on the antecedents of shareholder activism due to the heterogeneity in shareholder activism (Gillan and Starks 2007; Goranova and Ryan 2014).

THE CASE OF SHAREHOLDER POLITICAL TRANSPARENCY ACTIVISM

This study focuses on shareholder political transparency activism in the United States. Since 2000, a growing number of working-class shareholder activists such as public pensions and unions use proxy proposals as the major tactic to urge publicly traded firms to disclose political spending and lobbying. These labor-affiliated or allied funds, including public pensions, labor unions, socially responsible investors, and religious groups have started to use the last best weapon—shareholder resolutions—to challenge power elites (Webber 2018).

The major sponsors are public pension funds (283 proposals in 2000-2018) such as New York State Common Retirement Fund (141) and New York City Employees' Retirement System (86). For instance, the Council of Institutional Investors (CII), a coalition of public pensions, organized several campaigns targeting corporate political transparency in recent years. Labor unions like AFI-CIO (47) and Teamster (45) are also highly involved in this movement. Another major force that contributes to the rise of SPTA is socially responsible investors (374). For instance, Trillium and Walden submitted 56 and 53 political transparency proposals respectively in 2000-2018. Some religious groups who support progressive social movements (Nepstad 2019), like Sisters of Mercy (46), Domini Social Equity Fund (33), and Unitarian Universalist Association (23), submitted a total number of 178 proposals requesting political disclosure.

Social movement organizations also play a critical role in this movement. Nonpartisan organizations, like the Center for Political Accountability (CPA) and Public Interest Research Groups (PIRG), work alongside these working-class shareholders closely to urge firms to disclose political spending lobbying and to establish independent board committees to oversight political behavior. CPA published the Zicklin Index to track the political transparency and accountability of those largest SP500 firms, and it also provides resolution templates for shareholder activists to target corporations.

Shareholder political transparency activism is a direct response to the deregulation of the U.S. campaign finance system and the controversy of dark money in politics. U.S. corporations can engage in federal elections through affiliated political action committees (PAC), direct lobbying, soft money, donations to 527 political groups, payments to trade associations and social welfare organizations as well as independent spending (Walker and Rea 2014). They can also use donations to charities and grassroots mobilization (astroturfing) to serve their political purposes (Walker 2009). Corporations previously were not allowed to spend corporate funds on political communications, but the Supreme Court decision in 2010 Citizens United v. FEC, 558 U.S. 310, opened the floodgate of business money in electioneering communications through super PACs.

The current legal framework only requires corporations to disclose part of their political contributions and spending, and corporations have no legal obligations to reveal their payments to trade associations and social welfare organizations as well as other non-profit organizations. The so-called dark money has drawn greater attention from the public, policymakers, and social movement organizations as well as many concerned shareholders.

Over the last two decades, over 300 American public firms have been targeted by shareholder activists. As shown in Figure 1, data from Institutional Shareholder Services show that political spending and lobbying disclosure has become one of the most popular shareholder resolution topics within environmental and social issues. Given that corporate political practices and policies may reflect both managers' and employees' political ideologies (Gupta et al. 2017), this movement affords scholars a unique opportunity to examine the *political process* of how shareholder activists select corporate targets.

<FIGURE 1 ABOUT HERE>

THEORY AND HYPOTHESES

Several fragmented but insightful theories, such as agency theory and corporate opportunity structure, in previous literature help explain how particular firms become salient targets of shareholder activism. Given that this movement is driven by working-class shareholder activists, I extend Bartley and Child (2014)'s approach by theorizing the production of corporate targets as a substantive political process. In this sense, shareholder activists use naming and shaming tactics not only to publicize but also to politicize the target firms. Political ideology is critical in the decision-making process when shareholder activists select corporate targets.

Agency Theory

The dominant approach in management literature that explains shareholder activism is agency theory (Gillan and Starks 2000; Goranova and Ryan 2014; Jensen and Meckling 1976). Agency theorists see managers as agents of corporate owners and shareholders target corporations when managers pursue their own interests at the expense of their owners' wealth. Prior studies consistently show that shareholder activists are more likely to target poorly governed and underperforming firms (Ertimur, Ferri, and Muslu 2011; Renneboog and Szilagyi 2011).

One of the central debates in previous research on corporate political behavior is whether political giving is an agency problem or a political investment (Baron and Diermeier 2007; Hansen et al. 2005; Hillman and Hitt 1999; Lux et al. 2011; Mitchell et al. 1997; Shaffer 1995; Useem 1980; Walker and Rea 2014). Strategy and resource dependency theorists often conceive business political behavior as a nonmarket strategy that benefits a firm's sustainability and competitive advantages (Baron 2003; Baron and Diermeier 2007; Baysinger 1984; Casciaro and Piskorski 2005; Hadani, Doh, and Schneider 2018; Pfeffer and Salancik 1978).

But recent empirical evidence suggests that political donations are reflective of agency problems that prioritize the top management team's political preference instead of the economic investment that maximizes shareholder values (Aggarwal, Meschke, and Wang 2012; Bonica 2016). For instance CEOs' political liberalism is found to be strongly associated with political action committees' democratic orientation in resource allocation (Chin, Hambrick, and Treviño 2013). Many scholars examining the influence of corporate political behavior on organizational outcomes also find that campaign donations do not lead to firms' excessive returns (Aggarwal et al. 2012; Ansolabehere, De Figueiredo, and Snyder Jr 2003). Thus, if political contributions and spending are seen as an agency problem, we should expect firms with larger political donations are more likely to be targeted by shareholder activists.

H1: Firms with larger political expenditures are more likely to be targeted by SPTA.

Corporate Opportunity Structure

Social movement scholars often reject this efficiency-oriented approach and have developed a theory of social production of corporate targets that explains why some firms become social movement targets (Bartley and Child 2014; Davis and Thompson 1994; King 2008b). The underlying logic is that activists tend to target firms with structural susceptibility and cultural vulnerability that favor a social movement. These individual firms' attributes that make them more or less attractive to activists are called "corporate opportunity structure," which is an important concept derived from political opportunity structure theory (Amenta, Caren, and Olasky 2005; Briscoe et al. 2014; King 2008a, 2008b).

Opportunities

Scholars have examined a variety of corporate opportunities, but have paid particular attention to corporate visibility, status, and reputation (Benton and You 2018; King 2008b). Prior work consistently shows that firms with high visibility, status and reputation are more likely to attract activists.

Highly visible firms are often widely followed by audiences like market analysts, journalists, social movement organizations, and shareholders. Targeting more visible firms allows activists to attract greater public attention, which increases the target firms' pressure to appease to activists demands (King 2011; King and Soule 2007).

Similarly, status and reputation can send signals to external audiences about the target firms' relative position and quality in the field (McDonnell and King 2013, 2018; McDonnell and Werner 2016). High-status firms are usually more central and influential in corporate networks, making themselves more appealing to activists. Targeting high-status firms can help activists build their own image and reputation as a shareholder advocate as well as increase the scope of a social movement. Reputation is often associated with firms' quality, but it also signals cultural vulnerability, making firms more "shamable" when corporate practices and policies are problematic. Targeting high-reputation firms also makes activists much easier to disrupt firms' public image and financial performance if the target firms are highly dependent on their brand reputation, thus increasing firms' willingness to conform to activists' demands.

H2. Firms with high visibility, status, and reputation are more likely to be targeted by SPTA.

Threats

Corporate opportunity structure is not static, but dynamic and complex (Meyer 2004; Meyer and Minkoff 2004). It is surprising that organizational scholars focus overwhelmingly on the opportunity side and have long overlooked the threat side of the opportunity-threat continuum. Movement scholars focusing on repression and threats point out that threats can also lead to activism (Cunningham 2013; Earl 2011; Einwohner 2003; Maher 2010; Owens et al. 2015). Prior sociological work on movement framing shows that the mobilization of a movement is a diagnostic, prognostic, and motivational framing process (Benford and Snow 2000). The emergence of social movements is not a necessary response to opportunity, but a result of a threat situation that helps activists construct the motivational frame fostering movement mobilization (Benford and Snow 2000; Einwohner 2003).

Recent scholarship shows that an organization's elites' and its members' political ideologies serve as a critical element of corporate opportunity structure that facilitates or constrains a social movement (Briscoe et al. 2014; Gupta and Briscoe 2019). Prior work shows that CEOs' political liberalism can signal corporate openness to activists and facilitates social activism and employee liberalism can also reduce corporate resistance to social activism (Briscoe et al. 2014; Gupta and Briscoe 2019; Gupta et al. 2017). But unlike liberals supporting civil rights and associated social injustice and political ethics, conservatives respect authority and stability (Briscoe et al. 2014; Jost et al. 2003). Previous research suggests that a red firm with a conservative-leaning ideology is more resistant to social activism than its blue counterparts with a liberal-leaning ideology.

Given that this shareholder political transparency activism is driven by liberal-leaning religious groups, public pensions, labor unions, and socially responsible investors that support progressive social movements, political conservatism of corporate elites or employees may send working-class shareholder activists a strong signal of corporate threat to democracy and progressive social movements, leading to the occurrence of shareholder activism.

H3. Firms with conservative elites or employees are more likely to be targeted by SPTA.

Integrating Opportunities with Threats

Most of previous sociological work highlights some opportunity components of the corporate opportunity structure framework, but these components may coexist with threats within the target firms, and the intersection between opportunities and threats may make some firms than others more appealing to shareholder activists. Prior studies show that how shareholder activists select corporate targets depends on their relative power and access to resources

(Benton and You 2018). Powerful shareholders may be more likely to target firms with threats to social movements, and weak activists may tend to target firms with opportunities that increase the success odds. Given that the majority of shareholder activists in SPTA is liberal leaning, the interaction between threats and opportunities may increase a firm's likelihood of becoming the SPTA target. For instance, labor unions may be more likely to target conservative firms with structural and cultural conditions that favor a movement.

H4. The likelihood of a firm becoming the target of SPTA will be enhanced when some combinations of corporate opportunities and threats to social movements coexist.

METHODOLOGY

Sample and Data

To test the hypotheses on agency problem, opportunity, and threat frameworks, I compiled a panel dataset of the largest publicly traded firms in the United States. Given that this study focuses on shareholder political transparency activism, I only include US-based firms, and the analytic sample contains 2941 unique S&P1500 firms spanning from 2000 to 2018. I obtain the baseline population from Compustat and then merge it with additional data from Institutional Shareholder Services (ISS), Center for Responsive Politics (CRP), Center for Political Accountability (CPA), Federal Election Commission (FEC), BoardEx, ExecuComp, and Thomson Reuters. Please see Table 1 for more details about data sources.

<TABLE 1 ABOUT HERE>

Dependent Variable

The key outcome of interest in this article, the occurrence of shareholder political transparency activism, is a dummy variable indicating whether a firm receives at least a resolution by some shareholder activists requesting for political spending and lobbying disclosure in a given year. I rely on two primary data sources to construct the dependent variable, including ISS S&P1500 shareholder proposal data and CPA shareholder engagement data. I also tested a continuous measure of the number of shareholder proposals and results are consistent.

Figure 2 reports the number of firms targeted each year from 2000-2018. Since 2000, there has been an increasing number of U.S.-based publicly traded firms targeted by shareholder activists. In 2004, the Center for Political Accountability started to coordinate this shareholder movement and bolstered the rise of SPTA. The 2010 Supreme Court's controversial decision in Citizens United v. FEC also led to a substantial growth of shareholder proposals submitted to SP1500 firms requiring political transparency.

<FIGURE 2 ABOUT HERE>

Agency-Theoretic Variable

I use political expenditures to capture a firm's agency problem regarding political activities. I collected the total amount of observable corporate political expenditures on PAC's political contributions and spending, donations to 527 groups, independent spending, and direct lobbying from the Federal Election Commission, the Center for Responsive Politics, and U.S. Senate Lobby Act Database.

Figure 3 reports the general trend of political expenditures for S&P1500 firms in 2000-2018. Over the last two decades, political contributions have grown steadily from 218 million in the 2000 election cycle to 462 million in the 2016 cycle. The total amount of money allocated to direct lobbying grew from 494 million in 2000 to the peak of 1056 million in 2010 and slightly declined thereafter. Figure 3 also shows that the U.S. publicly traded firms consistently donate more to republicans than democrats. The average 2-year cycle contribution to democrats was 67,064 and 96,888 to republicans in S&P 1500 firms. CRP data further show that the most politically active firms in this period were Anthem, AT&T, Comcast, Goldman Sachs, Microsoft, GE, and Northrop Grumman. For instance, Comcast Inc. and its affiliates contributed 13 million in the 2016 cycle, and 72% of the total contributions went to democrats. Comcast also hired 113 lobbyists in 2016 with total lobbying expenditures of 14 million and 87.3% of these lobbyists were formerly holding government positions.

In addition to political expenditures, I also test another widely used, direct measure of the agency problem—shareholder return. It is a measure of financial gains of shareholders from changes in the stock's price plus any dividends within certain periods (e.g., 1-year, 2-year return) divided by the initial stock purchase price (Benton and Cobb 2019).

Opportunity Variable

I use firms' visibility, status, and reputation to measure corporate opportunities that may attract shareholder activists (Bartley and Child 2014; Benton and You 2018). Given that a firm' visibility is related to firm size, I incorporate total asset to control for firm visibility. Firm status is measured as the interlock network eigenvector centrality based on board member data from BoardEx and ISS. It captures a firm's relative position in the interfirm relationships (Chandler et al. 2013), and a high score indicates that a firm is interlocked with other highly interlocked firms (Bonacich 1987). Firm reputation is measured as whether a firm is in the top 50 all-star list of Fortune's worldwide most admired companies.

In addition to visibility, status, and reputation, the models control for the number of environmental and social activism, media attention to corporate political activities, media attention to protests, and secondary stakeholder activism in previous year (King and Soule 2007). In the analyses, these variables are shown as controls.

Threat Variable

I adopt the dimension of liberalism versus conservatism as the main framework to characterize corporate political ideologies of elites and its members, given that the liberalism-conservatism spectrum is a potent way to classify our sociopolitical system as well as individuals' political beliefs (Briscoe et al. 2014; Gupta et al. 2017). Mainly following recent work by Briscoe et al. (2014) and Gupta et al. (2019), I measure political ideology on the conservatism-liberalism continuum using political donations made by organizational elites and its members from 2000-2018.

I construct political conservatism index based on four facets: 1) the dollar amount of political donation given to Republicans relative to Democrats, 2) the count of political donations given to Republicans relative to Democrats, 3) the count of unique Republican recipients relative to Democrats, and 4) the count of unique elite or member donors to Republicans relative to Democrats. I average all four items to obtain a composite index for political conservatism among elites and its members based on the following formula. I assume political neutrality for a firm that has no contributions and assign a value of .5 to the political liberalism variables. I further validate the results by dropping politically inactive firms and results are consistent.

$$Conservatism = \left(\frac{Dollar_R + .1}{Dollar_D + Dollar_R + .2} + \frac{Count_R + .1}{Count_D + Count_R + .2} + \frac{Donor_R + .1}{Donor + Donor_R + .2} + \frac{Recipient_R + .1}{Recipient_D + Recipient_R + .2}\right)/4$$

Elite conservatism. Built upon work by Hambrick et al. (2005), I operationalize corporate elites using the concept of *strategic leadership*, including CEOs, boards of directors, top management teams, and senior managers. I compiled this comprehensive list of corporate elites for SP1500 firms from BoardEx and ISS. To match corporate elites with FEC donation data, I first standardized firm names by searching Wikipedia and Google pages to account for alternative names and subsidiaries and then developed an algorithm to match elite names with FEC 57 million donation records based on key information such as first name, last name, and employer information. Note that BoardEx and ISS provide additional details for directors' primary and other employment activities, which allows scholars to match outsider directors with FEC records.

Employee conservatism. This variable is measured as employees' political conservatism. To retrieve employee donation records from FEC, I first extracted all donation records when their employer names match the firms in SP1500 companies. Then I excluded all donation records made by corporate elites to get SP1500 employee records.

Other Control Variables

Following recent work by management and social movement scholars, the models also control for several confounding variables. First, previous research suggests that firms with more slack resources can resist social movements (Dixon, Martin, and Nau 2016; King and Soule 2007; Martin 2008). I include two variables, free cash flow and Debt-to-equity ratio, to capture corporate ability to mobilize enough resources for a countermovement. Free cash flow is defined as the sum of investing and operating activities' net cash flow. The debt-to-equity ratio is calculated as a firms' long-term debt and debt in current liabilities divided by stockholders' equity. I also control for the number of employees as human resources that a firm can mobilize.

Second, recent scholarship suggests that shareholder activism is a function of both firms' and shareholders' traits (Benton and You 2018). Thus, the models also control for several characteristics of the firms' ownership structure. I incorporate institutional ownership concentration, measured as Hirschman-Herfindahl index (HHI), and the number of institutional blockowners, defined as institutional investors holding over 5% worth of shares, into the analyses. A high HHI score indicates that a firm's stocks are concentrated in several institutional owners, while a low HHI score means its stocks are dispersed among different institutional owners (Benton and You 2018). I also control for CEO ownership, calculated as the logged value of outstanding shares owned by CEOs, CEO duality, a proxy measure that captures CEO's power by assessing whether CEO is also the board chair, and CEO compensation, calculated as the sum of CEO salary, bonus, and values of stock options.

The models also control for firms' several conventional financial metrics, including return on assets, average return on equity, Tobin's Q, a financial growth measure calculated as the ratio of firm market value divided by the book value of its assets (Chung and Pruitt 1994; Lewellen and Badrinath 1997; Wernerfelt and Montgomery 1988) as well as governance metrics including entrenchment-index, measured as an index that accounts for corporate bylaw and chapter provisions related to golden parachutes, staggered boards, shareholder bylaw amendments limits, and mergers and charter amendments' supermajority vote requirements (Bebchuk, Cohen, and Ferrell 2009; Benton and You 2018; Renneboog and Szilagyi 2011).

Finally, to account for the influence of the relative labor power on shareholder activism, I control for industrial unionization. This industry-level unionization measure is calculated as the number of union workers divided by total employments within an industry (Hirsch and MacPherson 2003). Prior research also suggests that corporate political activity is highly prevalent in government-dependent and heavily-regulated industries (Coates 2012). Government-dependency is coded as 1 if an industry's revenues from government expenditures exceed over 25% (e.g., educational service and construction) and heavy regulation is coded as 1 if an industry relates to alcohol, tobacco, aircraft, drugs, utilities, telecom, transportation, banks, or insurance (Fama and French 1997).

Analytic Strategy

I test four sets of hypotheses at different stages. First, I use firm random-effects panel models with year fixed effects to estimate the net effect of agency problem, opportunity, and threat related measures on the occurrence of SPTA. Given that the majority of firms do not receive any shareholder attacks, the lack of within-firm variation leads this study to favor random-effects models over fixed-effects models. Second, to address the potential endogeneity issues that shareholder activists only target politically active firms, I use two-stage Heckman Probit models to balance the selection biases as well as using S&P500 firms as a subsample. Finally, to test the generalizability of the effect of political ideologies on shareholder activism, I conduct a series of additional analyses using the occurrence of shareholder environmental and social activism as well as secondary stakeholder activism as focal dependent variables.

In the models, all predictors are lagged one year if there is no additional explanation. All models also include year dummies in their specifications. I use listwise deletion to deal with missing data, but I also run alternative analyses using imputed data producing consistent results.

RESULTS

The baseline bivariate analyses show that the production of SPTA targets is positively associated with political expenditure, visibility, status, reputation, past environmental shareholder environmental and social activism, secondary stakeholder activism, media attention to political behavior and protest, CEO power, firm financial performance, and elite conservatism. Firms embedded in highly unionized and government-dependent industries are less likely to become the SPTA targets.

<TABLE 2 ABOUT HERE>

Agency Problem

I first present evidence testing whether shareholder activists view political expenditures as an agency problem. Model 1 in Table 2 reports the results of firm random-effects panel models regressing the occurrence of SPTA on the agency-theoretic variables. After controlling for firm and industrial characteristics, Model 1 shows that corporate political expenditure is positively associated with the occurrence of SPTA and it is statistically significant (Coef. =

0.217; $p < .001$). This confirms H1, indicating that firms with larger political expenditure are more likely to become the targets of shareholder political transparency activism. I also find that shareholder activists tend to target firms with poor shareholder return (Coef. = 0.004; $p < .05$).

To rule out the possibility that shareholders may target firms simply because of their heavy political involvement instead of seeing political expenditures as an agency problem, I ran additional analyses by examining whether managers actively engage in politics because of political risks a firm encounters as well as whether political expenditure is positively associated with government contracts and shareholder return. I use HHLT's political risk measure to directly test whether political expenditure reflects that corporate elites actively manage political risks by using political contributions and lobbying (Hassan et al. 2019). This political risk measure is constructed from a computational text analysis of quarterly earnings conference-call transcripts, capturing the share of the conversation that is concerned with risks associated with politics by managers and security analysts. Firm fixed-effects model (not shown) confirms that political expenditure is positively associated with political risk (Coef. = 0.060; $p < .001$). I also find that political expenditure is positively associated with more awarded government contracts (Coef. = 0.005; $p < .05$) and a greater shareholder return (Coef. = 0.217; $p < .1$). In other words, corporate political contributions and spending function not as an agency problem but as a political investment regarding corporate financial performance.

Taken together, many shareholder activists tend to target firms with severe performance-related agency problems as well as larger political expenditure. But we cannot use agency theory to explain the positive relationship between political expenditure and shareholder activism, because form the fiduciary duty perspective, political expenditure is not an agency problem but as a political investment.

Opportunity

Model 2 in Table 2 reports the results of firm random-effects models based on the key opportunity-theoretic variables: visibility, status, and reputation. Note that I use logged total assets, eigenvector centrality, and *Fortune* reputation ranking as proxy measures to capture visibility, status, and reputation respectively. Model 2 shows that after controlling for agency problem and other firm features, corporate visibility is positively associated with the SPTA occurrence, and this is also statistically significant (Coef. = 0.608; $p < .001$). The more central a firm is located in its board interlock network, the more likely the firm will become the SPTA target (Coef. = 1.180; $p < .01$). If a firm is ranked as the top 50 most admired companies, it will also increase the likelihood of being targeted by shareholder activists (Coef. = 0.356; $p > .05$), but this is not statistically significant. These results partly support H2 that firms with high visibility and status are more likely to become the SPTA targets.

Note that I also add two additional theoretically relevant corporate opportunities that favor a social movement: past shareholder environmental and social activism and past stakeholder activism (i.e., public protest). Results show that the SPTA is strongly associated with the prior stakeholder activism (Coef. = 0.339; $p < .05$) and shareholder environmental and social activism (Coef. = 0.137; $p < .001$). If a firm was targeted by social movement organizations or other stakeholders like consumers using public protests, demonstrations, or boycotts, it would be more likely to be targeted subsequently by shareholder activists. If a firm was targeted by shareholder activists regarding their environmental and social issues (e.g., climate change, labor rights, EEO, gender-equal pay), it would also be more likely to be targeted by shareholder activists regarding their political transparency in next year.

Threat

Model 3 in Table 2 tests H3 about the effect of elite and employee political conservatism as threats to social movements on the occurrence of SPTA. Note that a high value of elite/employee conservatism index means tendency of corporate elites/employees being conservative leaning. The effect of elite conservatism on shareholder political transparency activism is positive and statistically significant (Coef. = 0.318; p <. 01). This supports H3 indicating that elite conservatism contributes to increasing the likelihood of a firm becoming the SPTA target. But contrary to predictions from Briscoe and his colleagues (Briscoe et al. 2014; Gupta and Briscoe 2019), I find that firms with liberal leaning corporate elites are less likely to be targeted by shareholder activists for political disclosure. This suggests that elite liberalism does not signal corporate openness or weakness to shareholder activists that favors a social movement. The main effect of employee liberalism is negatively associated with shareholder political transparency activism, but it is not statistically significant (Coef. = -0.076; p > .05). This is consistent with Gupta et al. (2019)'s research on the null effect of employee liberalism on social activism.

Given that shareholder activists in the case of SPTA are mainly composed of socially responsible investors, unions, and public pensions. It is possible that these shareholder activists hold liberal ideologies and therefore are more likely to target conservative firms. Supplemental temporal exponential random graph model (not shown) confirms this suspicion that liberal shareholders are more likely to target firms with conservative elites. Thus, elite liberalism serves as a strong signal revealing organizational identity for the blue firms, which helps avoid attacks from activists on the same side, but elite conservatism sends strong threat signals to social movements that motivate shareholder activists. One alternative explanation is that firms with conservative ideologies are more likely to be involved in political activities, which further increases the likelihood of becoming the SPTA targets. Additional analyses do not find a positive relationship between elite conservatism and political expenditures, but elite conservatism does increase the pro-Republican orientation of corporate political contributions and spending.

The Opportunity-Threat Framework

Models 4, 5, and 6 test H4 about the interaction effects of some combinations between opportunity and threat on the SPTA occurrence. In Model 4, interacting firm visibility with elite conservatism shows that the influence of elite conservatism on SPTA is enhanced when firms are more visible (Coef. = 0.146; $p < .05$); Model 5 shows that status does not moderate the influence between elite conservatism and SPTA (Coef. = -0.262; $p > .05$); Model 6 shows that the interaction effect between elite conservatism and reputation is marginally significant. Figure 5 plots the interaction effect of elite conservatism with firm visibility and reputation. These graph results suggest that the intersection of opportunities (visibility and reputation) with threat can affect the likelihood of a firm being targeted by shareholder activists.

<FIGURE 5 ABOUT HERE>

Additional Analyses

Here I briefly present evidence supporting the robustness of the major findings across different subsamples, model specifications, and focal outcomes. Model 7 in Table 3 reports the results of the random-effects models using S&P 500 firms as the analytic subsample. SP500 firms also contain most politically active firms. I find similar results with the main

Model 3 in Table 2. This suggests that the main findings on the link between political ideologies and the production of the SPTA targets are robust in politically active firms.

Model 8 in Table 3 further shows the results of the two-stage Heckman Probit Model addressing the sample selection problem that SPTA occurs only for those politically active firms. The primary concern is that we can only observe SPTA only if firms were politically active in the observation window (2000-2018). After balancing sample selection issues, the effect of political ideologies on shareholder political transparency activism in model 10 still shows a consistent pattern with the main Model 3.

Model 9 in Table 3 reports an additional analysis of firm random effects panel model using the occurrence of shareholder environmental and social activism as the outcome of interest. Environmental and social issues have remained top concerns for socially responsible investors, public pension, and union funds since 1980. Model 9 shows that both elite and employee conservatism can increase the likelihood of the occurrence of shareholder environmental and social activism. This suggests that the threat framework can be extended to broad shareholder environmental and social activism.

But I do not find any evidence that this political ideology framework can be used to explain secondary stakeholder activism. Model 10 reports the results using secondary stakeholder activism as the focal dependent variable. Neither elite nor employee liberalism is statistically significant. Readers should be cautious about this insignificant relationship; it may be due to the rarity of secondary stakeholder activism. Briscoe, Gupta and their colleagues did find consistent results that CEO political liberalism attracts more attacks by social activists (Briscoe et al. 2014; Gupta and Briscoe 2019).

<TABLE 3 ABOUT HERE>

DISCUSSION AND CONCLUSION

Why are some firms more likely than others to become targets of shareholder activism? I complement the agency and opportunity theoretic explanations with a threat perspective focusing on organizational elites' and its members' political ideologies. This paper suggests that, in addition to agency problem, the occurrence of shareholder political transparence activism within a firm is a function of both corporate opportunities and threats that motivate shareholder activists.

Starting with the traditional but dominant assumption of political expenditure as an agency problem in management literature, I contribute to the scholarly debate by providing some evidence supporting that political contributions and spending serve not as an agency problem but actually as a political investment. I do find that shareholder activists tend to target firms with larger political expenditure, but we cannot simply use agency theory to explain the positive relationship between political expenditure and the occurrence of SPTA, because political expenditure can secure political resources and booster shareholder returns. Nonetheless, firms with severe performance-related agency problems are indeed more likely to be targeted by shareholder activists for political transparency.

Unlike management scholars, social movement theorists focus on the influence of corporate opportunity structure that facilitates or constrains the mobilization of movements. I find some evidence suggesting that corporate elite political ideology affects a firm's likelihood of becoming the SPTA target. Contrary to predictions from recent studies by Briscoe et al. (2014) and Gupta et al. (2019) on political liberalism serving as a corporate opportunity, in this case, elite liberalism reduces the likelihood of a firm being targeted. Elite conservatism is positively associated with the occurrence of shareholder political transparency activism. This suggests that political threats can also lead to shareholder activism. Similar to Briscoe, Gupta and their colleagues' work, I did not find a statistically significant relationship between employee conservatism and the occurrence of SPTA. This is perhaps because of corporate elites, rather than employees, playing a more critical role in corporate decision-making processes.

I also find that some combinations of opportunities and threats can help explain shareholder political transparency activism. The likelihood of a firm being targeted can be enhanced when the target firm exhibits high visibility or reputation with elite conservatism. This suggests that shareholders take both opportunities and threats into consideration when they select corporate targets.

These results also hold across different model specifications and different subsamples as well as for shareholder environmental and social activism. Supplemental analyses further suggest that the influence of political conservatism on shareholder activism varies across different broad political environments. The relationship between elite conservatism and shareholder activism is enhanced when the political environment is pro-liberal.

This study supplements existing social movement literature on how activists select corporate targets. Prior research shows that social activists target corporations with an opportunity structure that favors the mobilization and outcomes of social movements (Briscoe et al. 2014; King 2008b; Soule and Olzak 2004). These corporate opportunities entail firms' structural and cultural conditions such as visibility, status, and reputation (Bartley and Child 2014; Benton and You 2018). Firms with greater structural susceptibility and cultural vulnerability are more likely to be targeted by social activists because these corporate contextual factors signify social acceptance of movement agendas or lack of the capability of resisting reputational costs. But previous scholarship focuses heavily on contentious tactics such as boycotts, demonstrations, protests, and strikes. Whether these boycott scholars' theoretical and empirical findings can apply to less contentious institutionalized tactics remain understudied.

Even though many social movements are politically contested, very few studies have examined how political ideologies shape the production of social movements. One exception is Briscoe and his colleagues' study on corporate CEO political liberalism serving as a critical component of corporate opportunity structure that bolsters the formation of LGBT groups within the firm. Gupta, Briscoe, and colleagues further find that corporate CEO liberalism induces social activism for SP500 firms, but not employee liberalism.
This study takes one step further to examine how political ideologies shape the production of shareholder activism. I do find that the variation of political ideologies between elites and its members affects the firm's likelihood of becoming the shareholder activism target.

But unlike the presumption that elite liberalism serves as a key component of corporate opportunity structure, I find that elite conservatism, instead of elite liberalism, contributes to the production of shareholder activism targets. This evidence provides some caveat for social movement scholars on how to conceptualize political liberalism, given that its influence and meanings may vary across different contexts. This study therefore complements the existing literature by adding political conservatism as a threat into corporate opportunity structure. Given that political conservatism is just one type of threats

This study also provides some evidence supporting the dominant theoretical approach to shareholder activism in management literature. Economists and political scientists have jointed the decade-long debate with management scholars on whether political spending is an agency problem that reduces shareholder values or a political investment that benefits firms' sustainability and competitive advantage. These scholars approach this debate by focusing on the financial returns of political expenditures and find inconsistent results. Some scholars find that political giving does not contribute to stock returns or firms' excessive returns. Other scholars find that firms benefit from political expenditures because they buy access to politicians and obtain favors from political incumbents.

This research contributes to this debate by focusing on the antecedents and consequences of corporate political behavior. I find evidence supporting political expenditure as a political investment. Managers actively engage in politics because they use political donations and lobbying to manage political risks. Political expenditure also leads to more government contracts and greater shareholder returns. This implies that political expenditure actually serves as a political investment instead of agency problems.

This study also speaks to corporate governance studies. Corporate governance scholars often find equivocal results on the antecedents of shareholder activism. This is perhaps due to the heterogeneity in the nature of shareholder activism (Goranova and Ryan 2014). Theoretically speaking, shareholders can submit any kind of resolutions requesting corporate changes as long as it is not an ordinary business and has significant political and social influence. Prior scholars have examined shareholder environment activism related to sustainability, emission, and climate change, social activism including human rights, labor rights, equal employment, gender pay, and consumer rights as well as financial activism related to corporate takeovers and CEO pay (Ertimur et al. 2011; Gillan and Starks 2007, 2007; Renneboog and Szilagyi 2011). Given that corporate governance scholars focus heavily on financial activism instead of environmental and social activism, this study is one of the first studies that systematically examine the antecedents of one type of shareholder activism that seeks to improve corporate political transparency and accountability. Although this study emphasizes how political ideologies shape shareholder political transparency activism, the additional analyses focusing on environmental and social activism show consistent results, which demonstrates that organizational elites' and its members' ideologies could serve as a key factor that drives the occurrence of shareholder activism.

A natural extension of this study is to analyze how the variation in political ideologies between an organization and its broad political environment shapes the production of social movement targets. The preliminary findings show that liberal shareholder activists tend to target conservative firms when there is a sitting Democratic president. But this needs further systematic evidence. Another possibility is to focus on how political ideologies across other different stakeholders influence both insider and outsider activism. For instance, how does the ideological conflict between CEOs and boards of directors affect social activism? Organizational elite ideological conflict may serve as a strong signal of corporate weakness or the existence of potential allies within the firm. Finally, this study focuses solely on the antecedents of shareholder political transparency activism. Thus, a fruitful avenue for future research is to study how corporate political ideologies shape corporate response to shareholder activism.

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Tables and Figures

Table 1. Data Sources and Descriptive Statistics

VARIABLE	Data Source	Obs	Mean	SD
SPTA	ISS shareholder, CPA	29473	0.036	0.187
Political expenditure	FEC, CRP, U.S. Senate	29473	7.801	6.058
E-index	ISS governance	26564	3.045	1.559
Tobin's Q	Compustat	26672	0.538	0.251
Assets ln	Compustat	28196	7.987	1.71
Employees ln	Compustat	27966	2.035	1.292
Reputation	Fortune Magazine	29473	0.024	0.152
Status	BoardEx	29473	0.06	0.103
Shareholder ES activism	ISS shareholder	29473	0.166	0.626
Protest media attention	Nexis Uni	29473	0.257	4.312
Free cash flow	Compustat	26488	66.075	5961.385
Debt-to-Equity ratio	Compustat	26766	0.917	26.89
Institutional blockowners	Thomson Reuters	25658	2.697	1.635
Hirschman-Herfindahl index	Thomson Reuters	25658	0.055	0.071
CEO total compensation	ExecuComp	27710	8.178	1.127
CEO ownership ln	ExecuComp	27605	12.594	2.736
CEO duality	ISS Director	27616	0.552	0.497
Return on assets	Compustat	28167	3.638	12.754
Return on equity	Compustat	27727	8.75	296.005
Shareholder 1-year return	Compustat	28276	12.128	46.358
Industrial unionization	UnionStats	29473	9.477	7.3
Government dependency	Census Bureau	29473	0.038	0.191
Heavy regulation	Fama/French Forum	29473	0.333	0.471
Elite liberalism	LCEECD	29473	0.433	0.315
Employee liberalism	LCEECD	29473	0.496	0.267
Stakeholder activism	Nexis Uni	29473	0.039	0.194
CPA media attention	Nexis Uni	29473	0.155	2.247

Notes: ISS=Institutional Shareholder Services; CPA=Center for Political Accountability; FEC=Federal Election Commission; LCEECD=Longitudinal Corporate Elites and Employees Contributor Database.

Table 2. Firm Random-Effects Models Predicting the Occurrence of SPTA, 2000-2018

	M1	M2	M3	M4	M5	M6
Shareholder ES activism	0.158***	0.137***	0.137***	0.137***	0.136***	0.136***
	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
Stakeholder activism	0.377*	0.339*	0.335*	0.334*	0.334*	0.332*
	(0.161)	(0.161)	(0.161)	(0.161)	(0.161)	(0.161)
Protest media attention	0.003	-0.023	-0.021	-0.021	-0.021	-0.014
	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)
CPA media attention	-0.000	0.008	0.007	0.007	0.007	0.000
	(0.080)	(0.078)	(0.078)	(0.078)	(0.078)	(0.078)
Employees ln	0.803***	0.385***	0.383***	0.387***	0.385***	0.382***
	(0.076)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)
Free cash flow	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Debt-to-Equity ratio	0.002	0.001	0.001	0.001	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Institutional blockowners	-0.196***	-0.119*	-0.113*	-0.114*	-0.113*	-0.115*
	(0.045)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
Hirschman-Herfindahl index	-1.864*	-1.515+	-1.492+	-1.484+	-1.498+	-1.527+
	(0.863)	(0.829)	(0.829)	(0.829)	(0.829)	(0.831)
CEO compensation	0.142*	0.048	0.046	0.039	0.047	0.037
	(0.069)	(0.068)	(0.068)	(0.067)	(0.068)	(0.068)
CEO ownership ln	0.042*	0.040*	0.042*	0.041*	0.042*	0.042*
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
CEO duality	0.183	0.125	0.112	0.118	0.112	0.113
	(0.112)	(0.113)	(0.113)	(0.113)	(0.113)	(0.113)
Entrenchment index	-0.167*	-0.117+	-0.123+	-0.125+	-0.123+	-0.122+
	(0.065)	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)
Tobin's Q	-0.536	-1.331**	-1.310**	-1.299**	-1.310**	-1.326**

	(0.394)	(0.413)	(0.414)	(0.414)	(0.414)	(0.414)
Return on assets	-0.022**	-0.020*	-0.019*	-0.019*	-0.019*	-0.019*
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Return on equity	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Shareholder 1-year return	-0.004*	-0.004+	-0.004*	-0.004*	-0.004*	-0.003+
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Industrial unionization	0.003	0.015	0.015	0.015	0.015	0.015
	(0.010)	(0.011)	(0.010)	(0.011)	(0.010)	(0.011)
Government dependency	-1.029*	-0.537	-0.542	-0.544	-0.545	-0.540
	(0.525)	(0.521)	(0.521)	(0.520)	(0.521)	(0.520)
Heavy Regulation	1.403***	0.559**	0.534*	0.533*	0.534*	0.528*
	(0.182)	(0.208)	(0.208)	(0.209)	(0.208)	(0.209)
Political expenditure ln	0.217***	0.168***	0.169***	0.169***	0.169***	0.169***
	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)
Visibility		0.608***	0.614***	0.532***	0.613***	0.619***
		(0.084)	(0.084)	(0.093)	(0.084)	(0.084)
Status		1.180**	1.140*	1.128*	1.306*	1.142*
		(0.455)	(0.455)	(0.456)	(0.580)	(0.456)
Reputation		0.353	0.356	0.352	0.357	0.066
		(0.219)	(0.220)	(0.220)	(0.220)	(0.278)
Elite conservatism			0.318**	-1.180	0.366*	0.239*
			(0.113)	(0.756)	(0.153)	(0.121)
Employee Conservatism			-0.076	-0.081	-0.077	-0.077
			(0.112)	(0.113)	(0.112)	(0.113)
Elite conservatism # Visibility				0.146*		
				(0.073)		
Elite conservatism # Status					-0.262	
					(0.569)	

Elite conservatism # Reputation						0.492+
						(0.288)
Constant	-12.495***	-14.929***	-15.182***	-14.312***	-15.210***	-15.115***
	(0.874)	(0.985)	(0.994)	(1.071)	(0.996)	(0.995)
lnsig2u	0.604***	0.580***	0.574***	0.579***	0.573***	0.575***
	(0.140)	(0.139)	(0.140)	(0.140)	(0.140)	(0.140)
Year Dummies	YES	YES	YES	YES	YES	YES
Observations	19907	19907	19907	19907	19907	19907

Notes: All predictors are lagged on year. ES activism=Environmental and social activism; CPA=Center for Political Accountability; Robust SE in parentheses.

+ p<0.10 * p<0.05 ** p<.01 *** p<.001

Table 3. Robustness Check using Firm Random-Effects Models Predicting the Occurrence of SPTA, 2000-2018

	M7 LGCAP	M8 Heckman	M9 Shareholder ES Activism	M10 Stakeholder Activism
Political expenditure ln	0.145***	0.082***	0.030***	0.058***
	0.022	0.010	0.007	0.015
Visibility	0.419***	0.146***	0.344***	0.398***
	0.088	0.029	0.042	0.086
Reputation	0.454*	0.144+	0.791***	0.378
	0.213	0.082	0.176	0.231
Status	1.223**	0.323+	0.698*	0.722
	0.447	0.166	0.327	0.516
Elite conservatism	0.566*	0.252**	0.263*	-0.341+
	0.227	0.087	0.106	0.191
Employee Conservatism	0.048	0.024	0.232+	-0.212
	0.265	0.101	0.119	0.240
Shareholder activism	0.145***	0.087***	0.631***	0.049
	0.032	0.015	0.034	0.036
Secondary stakeholder activism	0.366*	0.210**	-0.003	0.324*
	0.160	0.075	0.146	0.149
Protest media attention	-0.016	0.018	0.035	0.263***
	0.066	0.030	0.063	0.067
CPA media attention	0.007	-0.019	0.006	-0.197*
	0.077	0.036	0.081	0.084
Employees ln	0.328***	0.129***	0.377***	0.431***
	0.086	0.030	0.045	0.092
Free cash flow	-0.000	-0.000	-0.000	0.000**
	0.000	0.000	0.000	0.000
Debt-to-Equity ratio	0.007	0.000	-0.010*	0.000
	0.007	0.001	0.004	0.001
Institutional Blockowners	-0.111*	-0.025	-0.065**	-0.042
	0.048	0.018	0.023	0.043
Hirschman-Herfindahl index	-1.567+	-0.588+	0.993*	1.026
	0.812	0.318	0.475	0.782
CEO total compensation	-0.005	0.042	-0.016	-0.029
	0.065	0.026	0.034	0.060
CEO ownership ln	0.034+	0.016*	-0.004	0.022
	0.019	0.008	0.011	0.019
CEO duality	0.080	0.024	0.118+	0.212+
	0.114	0.045	0.065	0.116
Entrenchment index	-0.105	-0.058*	0.002	-0.097
	0.068	0.025	0.034	0.061
Tobin's Q	-1.088**	-0.599***	-1.198***	-0.181
	0.417	0.136	0.205	0.397
Return on assets	-0.021*	-0.011**	-0.025***	0.004
	0.008	0.003	0.003	0.008

Return on equity	0.000	0.000	-0.000	0.000
	0.000	0.000	0.000	0.000
Shareholder 1-year return	-0.005*	-0.001	-0.002*	0.001
	0.002	0.001	0.001	0.001
Industrial unionization	0.010	0.001	0.013*	0.013
	0.011	0.003	0.005	0.012
Government Dependency	-0.233	-0.364*	0.183	-1.294*
	0.550	0.156	0.198	0.581
Heavy Regulation	0.710***	0.313***	0.073	-0.185
	0.211	0.058	0.108	0.231
Constant	-12.417***	-5.696***	-5.775***	-10.190***
	1.068	0.550	0.402	0.851
lnsig2u	0.399**		-0.184	1.287***
	0.152		0.114	0.119
Year FE	YES	YES	YES	YES
Selection Variables		YES		
Observations	8639	20017	20059	19906

Notes: All predictors are lagged on year. ES activism=Environmental and social activism; Robust SE in parentheses.

+ p<0.10 * p<0.05 ** p<.01 *** p<.001

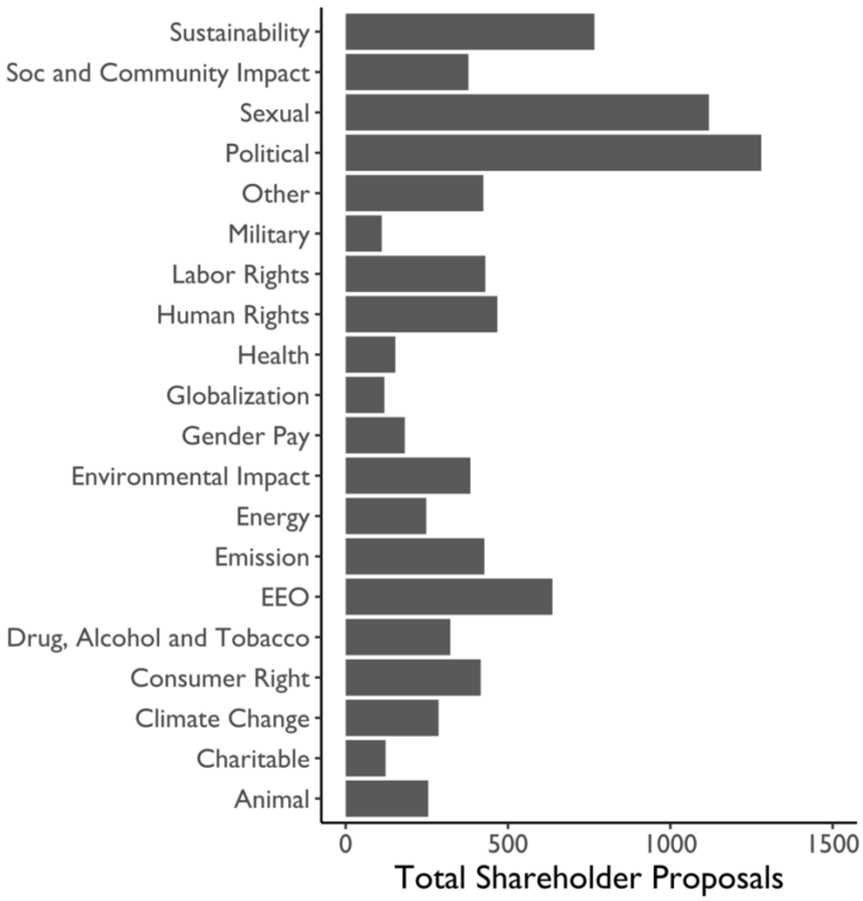


Figure 1. Number of Shareholder Proposals by Different Types. *EEO refers to Equal Employment Opportunity.*

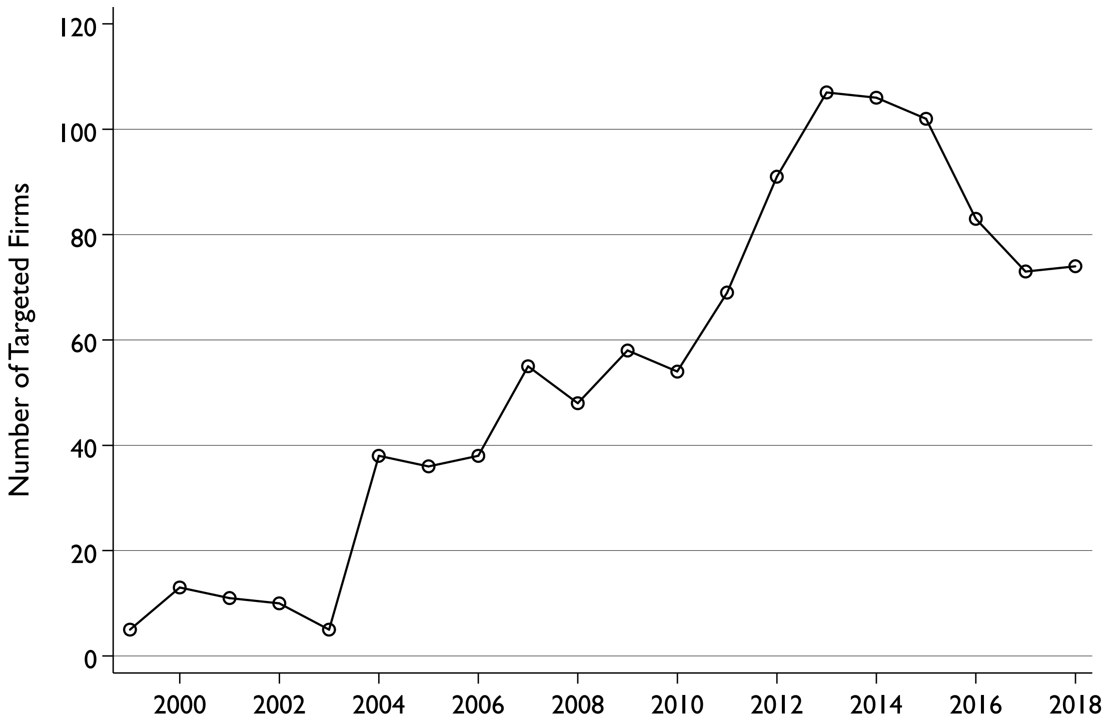


Figure 2. The Number of Targeted Firms, 2000-2018.

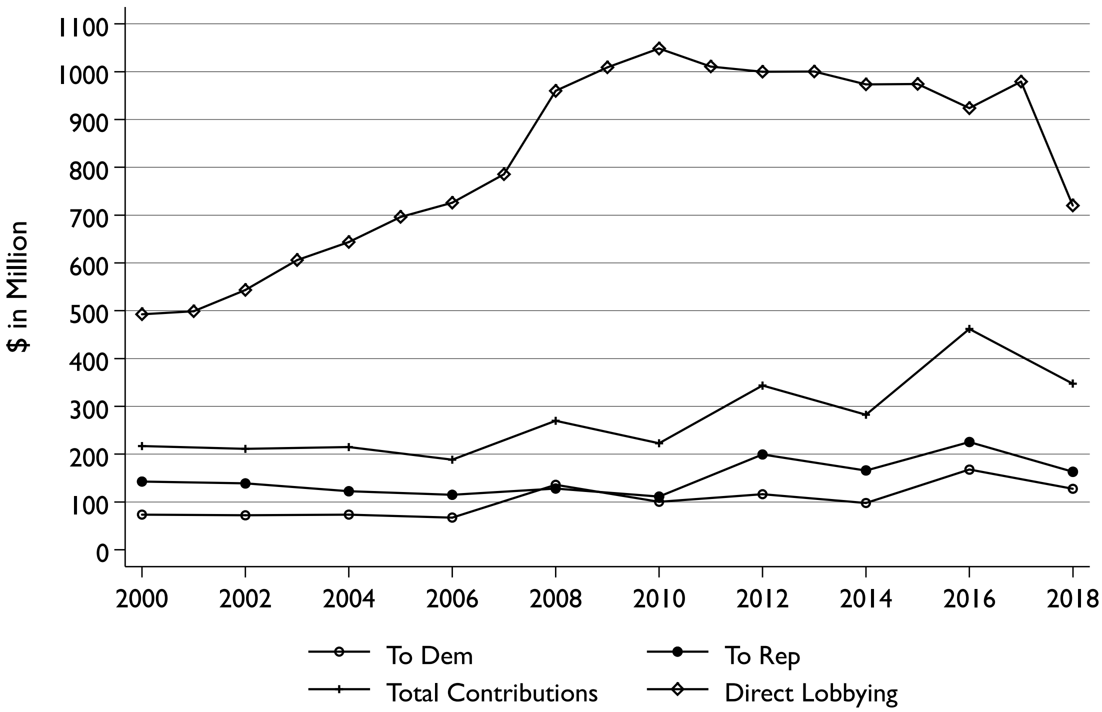


Figure 3. S&P1500 Corporate Money in Politics, 2000-2018. *Open circles are the total dollar amount of political contributions given to democrats. Filled circles are the total dollar amount of political donations to republicans. The crosses are the total dollar amount of political donations to all political candidates and committees. The diamonds are the total dollar amount of direct lobbying. Contribution data are aggregated every 2-election cycle, and direct lobbying data are yearly. Both are from the Center for Responsive Politics.*

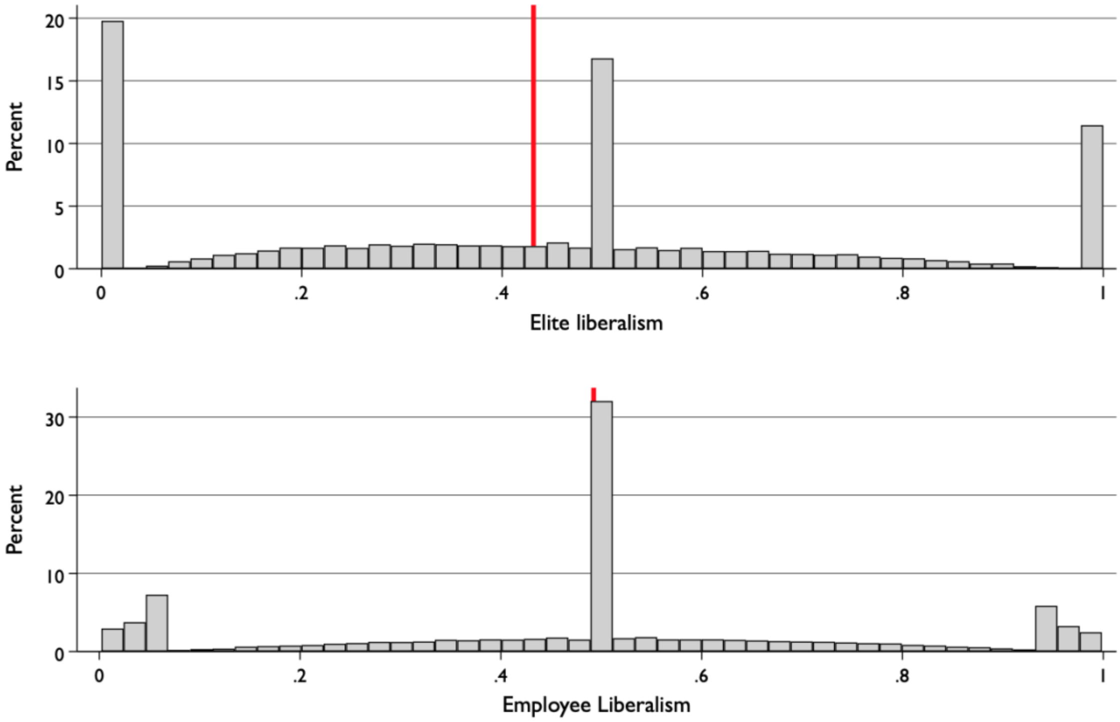
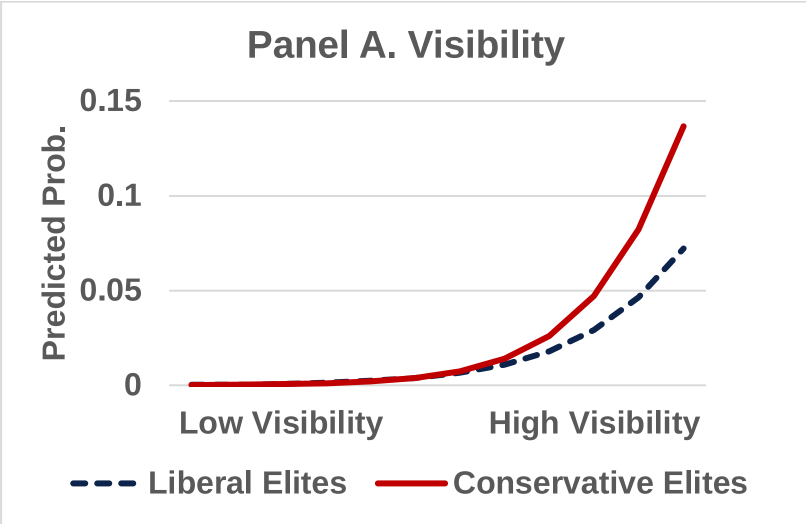


Figure 4. Histograms of Elite and Employee Political Liberalism. *The red vertical line indicates the mean value. Industrial and community liberalism are used as control variables*.



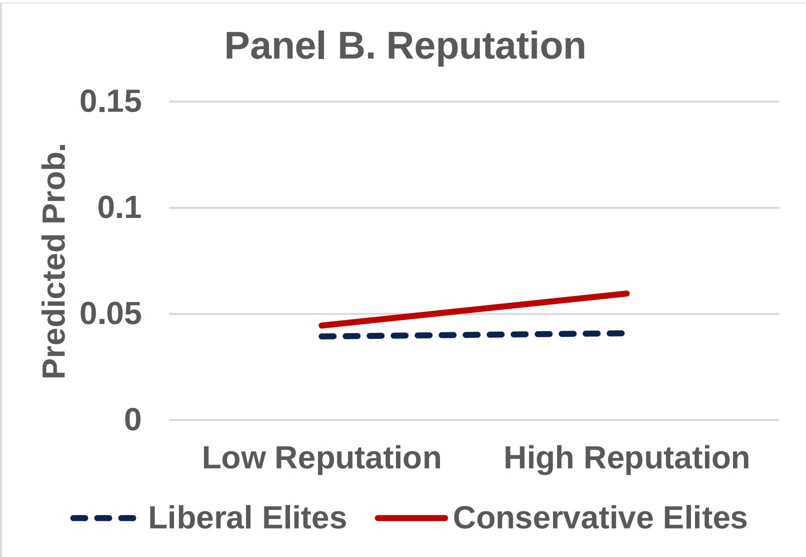


Figure 5. The Interaction Plots for the Opportunity-Threat Framework.