

# **The Power of Shareholder Activism: Blacklisting the Corporation<sup>1</sup>**

## **Abstract**

Corporations have become frequent targets of shareholder activism that seeks to improve corporate political responsibility. Movement scholars have demonstrated that social activists can affect corporate behavior through the mechanisms of political and market disruption. Yet very few sociological studies have examined whether shareholder activists can politically and financially disrupt the targeted firms. This study uses shareholder political transparency activism (SPTA) as an illustrative case to test whether shareholder activism can increase the targeted firm's political risk and market uncertainty. Using a unique panel dataset on shareholder activism and the novel Longitudinal Corporate Political Outcomes Database for SP1500 firms from 2000 to 2018, I employed the difference-in-differences method with nearest matching to estimate the causal effects of shareholder activism on firms' quarterly PAC political donations, invited congressional hearings, PAC campaign donation returns, and awarded federal government contracts as well as security analysts' recommendation ratings and cumulative abnormal stock returns. The DID estimators show that SPTA can reduce the targeted firm's political donations and invited testimonies before Congress and increase the amount of campaign donation returns by politicians. But SPTA does not lead to a decline in awarded contracts, stock ratings, and cumulative abnormal stock returns. This study also suggests that three moderating mechanisms could affect the impacts of SPTA, including shareholder salience, the co-presence of shareholder environmental and social activism, and corporate receptivity to shareholder activism. This paper concludes by discussing its implications for shareholder activism and social movements studies.

## **Key Words:**

Shareholder activism, political transparency, political disruption, market disruption

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