

Firms are increasingly wading into social and political activities for strategic reasons (Semuels 2019). Firms often use such non-market strategies to gain influence from governmental bodies and activists, among other stakeholder groups (e.g., Bertrand et al. 2020, Dorobantu et al. 2017). One notable way in which firms enact non-market strategies is through powerful corporate actors taking public stances on political issues. In recent years, leaders at firms ranging from Nike to Chic-fil-A have taken stances on hot-button issues unrelated to the core of their business operations. Recent strategy research has suggested that these actors' political stances may impact firm profitability (Chatterji and Toffel 2019) and worker motivation (Burbano 2020) among other outcomes. Moreover, stance-taking may have a dynamic effect in competitive strategy; namely, firms that take political stances may encourage other firms to take counter-stances to appeal to underserved consumer bases (Crilly et al. 2020).

Despite rapid scholarly advancement on this topic, there has been little emphasis on the antecedents to why powerful corporate actors might take (or fail to take) political stances as part of a business strategy. Although classical economic theory and stakeholder engagement theory suggest that such actors may take a political stance to appeal to stakeholders when personal and firm monetary benefits exceed foreseeable costs, less is empirically known about how publicly vocal stakeholder groups, consumers, and governance structures might influence these decisions (Hambrick and Wowak 2021, Melloni et al. 2019, Troise 2018, Ugwumadu 2019). There is also little extant empirical work on how actors in such roles weigh benefits and costs between their own personal values and personal monetary benefits from taking a political stance.

In my research, I examine how various factors impact powerful corporate actors' willingness to take a political stance. Given that the impacts of behavioral and organizational factors on such actors' willingness to take political stances are both noisy and difficult to identify within administrative and retrospective data, I conduct online experiments to test and establish fundamental causal relationships. I couple this experimental evidence with text analyses of experimental participants' strategic rationales. To provide external links to real world stance-taking, I intersperse these findings with high-level text analysis of CEO and firm political stance-taking on Twitter around the May 2020 George Floyd incident, which featured individuals and firms taking stances on police reform policies and equitable treatment of racial minorities.

My experimental study asks American adult participants to make executive decisions in a business strategy game adapted from Ederer and Manso (2013). In this game, participants act as CEOs to choose values for three "non-political" production inputs and one assigned "political" input, each of which map to different outcomes in the personal profit space. The cause for the political input is randomly assigned to be either aligned, misaligned, or neutral to the participants' stated political orientation. Participants are given an initial production bundle and a (relatively low) reference profit. Halfway through the game, participants are given another product bundle with a higher reference profit which hints that taking a political stance could be highly profitable in certain niche markets. By exploring different options round by round, participants could realize different profit levels from different bundles of decisions.

I find that cause-individual value mismatch and sustained stakeholder pushback lead to significantly less political stance-taking, while higher incentives encourage more stance-taking. When profits from stance-taking strategies are uncertain, cause-individual value match can lead to *lower* performance due to a matched individual's higher propensity to explore (unprofitable) stance-taking strategies. Using text analysis of liberal and conservative strategic rationales, I find that liberals are more reactive to alignment between their personal political orientation and cause

orientation than conservatives, a finding partially attributable to differential attitudes towards salient controversial political organizations. Moreover, among mismatched participants, holding an outcome-based ethical outlook is associated with more stance-taking and higher earnings than holding a process-based ethical outlook.

Collectively, these findings provide causal foundations to the nascent literature on the strategic implications of corporate sociopolitical stances. This paper also contributes to the burgeoning literature on how firms use nonmarket strategy to engage with stakeholders, especially recent work examining powerful corporate actors' political stances (e.g. Burbano 2020, Chatterji and Toffel 2019). Methodologically, this paper answers the call for field experimentation in strategy research (Chatterji et al. 2016) that examines how individual actors make strategic decisions.

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