# Corporate Sociopolitical Activism and Firm Value

# Corporate Sociopolitical Activism and Firm Value

Yashoda Bhagwat*
Assistant Professor of Marketing
Texas Christian University
2900 Lubbock Ave., TOCB 104
Fort Worth, Texas 76109
y.bhagwat@tcu.edu
817-257-7215

Nooshin L. Warren
Assistant Professor of Marketing
University of Arizona
1130 E. Helen St., McClelland Hall 320V
Tucson, Arizona 85721
nwarren@email.arizona.edu
520-626-2295

Joshua T. Beck
Assistant Professor of Marketing
University of Oregon
109 N.W. Naito Parkway, Lillis Hall 474
Portland, OR 97209
jbeck2@uoregon.edu
541-346-4850

George F. Watson IV
Assistant Professor of Marketing
Portland State University
615 S.W. Harrison Street, Karl Miller Center 550C
Portland, OR 97201
gfw@pdx.edu

*THIS MANUSCRIPT HAS BEEN ACCEPTED FOR PUBLICATION IN THE JOURNAL OF MARKETING. PLEASE DO NOT CIRCUALTE WITHOUT PERMISSION.*

The authors thank the participants of the 2019 Winter AMA Conference in Austin, the 2018 Theory + Practice in Marketing Conference in Los Angeles, and the 2018 ISBM conference in Boston. They also gratefully acknowledge Mark Houston, Alina Sorescu, Robert Leone, and Rajan Varadarajan for their instructive feedback.

* The first two authors contributed equally.

**Corporate Sociopolitical Activism and Firm Value**


## Abstract

Stakeholders have long pressured firms to provide societal benefits in addition to generating shareholder wealth. Such benefits have traditionally come in the form of corporate social responsibility (CSR). However, many stakeholders now expect firms to demonstrate their values by expressing public support for or opposition to one side of a partisan sociopolitical issue, a phenomenon the authors call *corporate sociopolitical activism* (CSA). Such activities differ from commonly favored CSR and have the potential to both strengthen and sever stakeholder relationships, thus making their impact on firm value uncertain. Using signaling and screening theories, the authors analyze 293 CSA events initiated by 149 firms across 39 industries, and find that, on average, CSA elicits an adverse reaction from investors. Investors evaluate CSA as a signal of a firm's allocation of resources away from profit-oriented objectives and toward a risky activity with uncertain outcomes. The authors further identify two sets of moderators: (1) CSA's deviation from key stakeholders' values and brand image; and (2) characteristics of CSA's resource implementation, which affect investor and customer responses. The findings provide new and important implications for marketing theory and practice.



*Keywords:* corporate sociopolitical activism, political activism, signaling theory, screening theory, event study, political ideology, sociopolitical, stock market reaction

Investors expect firms to prioritize maximization of shareholder wealth (Jensen 2001; OECD 1999), while customers and other stakeholders are increasingly concerned about firms' contributions to society as a whole and are placing mounting pressure on firms to take sides on hot button sociopolitical issues such as immigration, gun control, LGBTQ rights, and climate change (Hambrick and Wowak 2019; Kotler and Lee 2005; Kotler and Sarkar 2017). Richard Edelman, CEO of Edelman, explains, "Brands are now being pushed to go beyond their classic business interests to become advocates. It is a new relationship between a company and consumer, where a purchase is premised on the brand's willingness to live its values, act with purpose, and, if necessary, make the leap into activism." A recent study found that 64% of global consumers buy or boycott a brand based on its stand on societal issues—an increase of 13% year over year (Edelman 2018, p. 1).

In line with these expectations, firms are increasingly taking activist stances on sociopolitical issues (Gaines-Ross 2017). For example, Delta cut ties with the National Rifle Association (NRA) after a deadly school shooting (Dantes 2018) and Starbucks committed to hiring refugees in opposition to an immigration ban (Disis 2017). Nike supported National Football League players who knelt during the national anthem in protest of police brutality (Wiener-Bronner 2017), while Papa John's Pizza took the opposite stance on player protests (Taylor and Green 2017). We refer to such activities as *corporate sociopolitical activism* (hereafter CSA) and define CSA as a firm's public demonstration (statements and/or actions) of support for or opposition to one side of a partisan sociopolitical issue.

CSA may strengthen relationships with some stakeholders who agree with the firm, while it will likely damage relationships with those who disagree. For example, speaking out against the NRA was costly to Delta: home-state government legislators in Georgia rescinded an

estimated $40 million tax break and NRA supporters threatened boycotts. Ed Bastian, the chief executive officer (CEO) of Delta, explained, "I knew there would be a backlash, but I didn't anticipate the strength of the backlash from the NRA movement. But on the other side, it created an outpouring of support and appreciation for a company to stand by its values" (Dantes 2018, p. 1).

The tension between shareholder value maximization and social responsibility is not new, as investors often question investments in corporate social responsibility (Mishra and Modi 2016). Given its partisan quality, however, activism raises the level of risk and uncertainty beyond that of traditional CSR activities. Unfortunately, a theoretically-grounded understanding of how CSA affects stakeholders is missing in the academic literature. We aim to examine the effect of CSA on firm value by investigating investor and customer responses. Furthermore, we argue that the polarized stakeholder responses to CSA differentiate it from traditional CSR and deem it worthy of a separate investigation.

Since CSA is a relatively new phenomenon (Hambrick and Wowak 2019), we first explore it as a construct that is from other major corporate social and political activities, namely corporate social responsibility (CSR) and corporate political activity (CPA). We then use signaling and screening theories (Bergh et al. 2014; Connelly et al. 2011; Sanders and Boivie 2004) to explain investor responses to CSA. We organize our framework around two sets of moderators that together provide a holistic view of the stock market reaction to CSA. The first set relates to sources of CSA deviation. Because CSA may deviate from the personal values of key stakeholders—customers, employees, and state legislators—as well as a firm's brand image, and investors interpret such deviations as problematic for the firm. The second set relates to the implementation of CSA resources, which signals a firm's commitment of time, capital, and

attention to activism rather than more immediate profit-oriented objectives. Such diversions of resources introduce uncertainty, eliciting negative investor responses. Finally, while we do not formally hypothesize how customers respond to CSA, we investigate their reactions by examining changes in sales growth. Our research gives managers insights into the financial consequences of engaging in CSA in terms of its impact on both investors and customers.

Four essential questions guide our research: (1) How do investors react to CSA events? (2) How does the degree of deviation of CSA from the values held by customers, employees, state legislators, and the firm's brand image modify investors' reactions to CSA? (3) How do characteristics of CSA resource implementation modify investors' reactions? (4) How do customers respond to CSA? Using event study methodology, we examine the effect of CSA on firm value by studying the stock market reaction to 293 CSA events, initiated by 149 firms across 39 industries.

In answering these questions, we provide several significant contributions. First, we advance the marketing strategy literature by introducing CSA as a strategic option with marketing implications for stakeholder relationships. We also offer a comprehensive framework that bridges those offered across disciplines examining CEO activism (Chatterji and Toffel 2019), CEO sociopolitical activism (Hambrick and Wowak 2019), and corporate sociopolitical involvement (Nalick et al. 2016).

Second, our research is the first to examine CSA's financial consequences. We use signaling and screening theories to explain investors' responses to CSA. We show that, on average, investors react negatively to CSA, especially when CSA stances deviate from the dominant political values of a firm's key stakeholders. We also identify key characteristics of CSA implementation that investors use as cues when inferring a firm's commitment to exerting

time, attention, and resources on CSA. Our results reveal that investors' reactions are worse when CSA: (1) deviates from stakeholders' political values; (2) takes the form of actions (vs. statements); (3) is announced by the CEO (vs. another person or entity within the firm); (4) does not explicitly communicate any business interests; and (5) is a solitary firm activity (vs. in coalition with other firms). Thus, we provide critical insights to managers in terms of what to expect from investors if they engage in CSA and how they should implement CSA based on their objectives.

The third contribution of our research is a clear delineation of CSA from CSR and CPA, not only from a conceptual standpoint, but also in terms of its effects on various stakeholders. While prior research has demonstrated a positive effect of CSR on customer metrics (e.g., firm reputation, product evaluations, customer trust, long-term loyalty; Brown and Dacin 1997; Chernev and Blair 2015; Homburg, Stierl, and Bornemann 2013) and a positive effect of CSR and CPA on firm value (Luo and Bhattacharya 2006; Lux, Crook and Woehr 2011), we document the overall negative effect of CSA as a polarizing strategy with uncertain outcomes on firm value as well as contingencies that could make it a fruitful strategy.

## The Nature of Corporate Sociopolitical Activism

As defined earlier, CSA refers to the firm's public demonstration (statements and/or actions) of support for or opposition to one side of a partisan sociopolitical issue. Nalick et al. (2016, p. 386) describe sociopolitical issues as, "salient unresolved social matters on which societal and institutional opinion is split, thus potentially engendering acrimonious debate among groups." Importantly, such issues are partisan and yield polarized stakeholder responses (Kotler and Sarkar 2017), which may increase the dispersion of brand evaluations (Luo, Raithel, and Wiles 2013). Sociopolitical issues exist at the intersections of time, politics, and culture and the

controversy surrounding them can evolve or resolve through time. For example, universal women's suffrage was controversial a century ago, but is now accepted in the United States.

CSA is comparable to two other firm activities: CSR and CPA (Nalick et al. 2016). CSR refers to "company actions that advance social good beyond that which is required by law" (Kang, Germann, and Grewal 2016, p. 59). CSR constitutes the gradual formalization of cause-related marketing and corporate philanthropy aimed to "do well by doing good" through a strategic focus (Varadarajan and Menon 1988, p. 60). CSR is tied to various positive performance outcomes, including firm reputation, product evaluations, customer trust, and long-term loyalty (Chernev and Blair 2015; Homburg, Stierl, and Bornemann 2013), which subsequently exert positive effects on firm value (Luo and Bhattacharya 2006).

A chief difference between traditional CSR and CSA is the extent to which the focal issue is widely favored (e.g., community resources, education, donations to research for curing disease) rather than partisan (e.g., gun control, transgender rights, gender equality, racial equality). CSR and CSA lie on a continuum in terms of their degree of partisanship: CSR is low in partisanship, because it involves high societal consensus, whereas CSA is polarizing. CSR is intended to improve relationships with most stakeholders (Mishra and Modi 2016), but stakeholder responses to CSA are highly variable and depend on the stakeholders' sociopolitical values (Bhattacharya and Elsbach 2002). The risks differ as well. Some investors may view CSR as a non-optimal use of financial or human resources (i.e., without a clear link to firms' financial value), but CSR has been found to reduce firm-idiosyncratic risk (Lou and Battacharya 2009). Alternatively, CSA can involve a much lower level of initial monetary investment (e.g., a press release, an open letter), but it can potentially increase firm risk due to an increase in uncertainty

stemming from punitive actions (e.g., customer boycotts, employee walkouts, legislative backlash).

In addition to CSR, firms also regularly engage in CPA, which involves efforts by the firm to sway political processes so that it is well-positioned to gain policy-based competitive market advantages (Lux, Crook, and Wehr 2011). Firms have a long history of engaging in political activities, including campaign contributions, lobbying, and donations to political action committees. CPA is intended to further a specific goal with direct financial payoffs rather than support a social cause (Hillman, Keim, and Schuler 2004).

CPA and CSA also differ in the extent to which each activity is publicized. While the underlying motivations to engage in CSA may vary, it is publicly promoted as a communication of the firm's values (Kotler and Sarkar 2017; Nalick et al. 2016). By contrast, firms execute CPA quietly (Lux, Crook, and Wehr 2011). For example, Lawton, McGuire, and Rajwani (2013, p. 100) describe lobbying as "a sensitive and often discreet activity" that, though publicly available, is often obfuscated. If CPA is made public, it is usually by "accidental disclosure" (Werner 2017). Further, CPA is generally aligned with firm interests and has a positive effect on firm value (Lux, Crook, and Woehr 2011; Werner 2017). By contrast, CSA can be diametrically misaligned with regulators or policymakers, and its effect on firm value is unknown.

In summary, CSA is related to CSR and CPA, but is a distinct construct that has yet to be clearly elucidated. We propose a $2 \times 2$ delineating model based on levels of publicity and partisanship, which we depict in Figure 1. CSR is low in partisanship and can be low or high in publicity, depending on whether it is routine or notable. CSA and CPA are highly partisan, yet CPA is not meant to be publicized, whereas CSA is highly publicized. Given CSA's novel

characteristics, we contend and empirically confirm that CSA exerts unique effects on firm value. In what follows, we develop predictions about these effects.

-insert Figure 1 here-

## Theory Development and Research Hypotheses

### *Signaling and Screening Processes*

According to signaling theory, firms (senders of signals) communicate relevant information to their recipients through signals to help reduce information asymmetry and better inform recipients' behavior (Spence 1974). Screening theory builds upon signaling theory and focuses on what recipients do once they receive a signal, including how they search for and evaluate cues to interpret it more accurately (Connelly et al. 2011). In the context of CSA, information asymmetry arises because society has become increasingly interested in firms' sociopolitical values (Edelman 2018), yet firms have traditionally concealed these values (Gaines-Ross 2017). Firms may engage in CSA for a variety of reasons: they may be motivated by morality, business interests, or a combination of morality and economic self-interest (e.g., talent recruitment). We argue that even if a firm expresses a partisan sociopolitical stance to help meet business objectives, it qualifies as CSA because it still risks backlash from stakeholders with opposing views.

Regardless of a firm's underlying motivation, engagement in CSA signals its sociopolitical values. This signal reduces information asymmetry between the firm and its stakeholders by informing stakeholders of the sociopolitical values held by the firm. Stakeholders will then further evaluate the firm's engagement in CSA to help close the gap between their known and desired information about the firm (Miller and Triana 2009). While customers, employees, and government legislators want to know how the firm's sociopolitical

values resonate with those of their own, investors will screen the signal to predict its anticipated effect on shareholder value and future cash flows (Sanders and Boivie 2014; Saboo and Grewal 2013). We focus on investor responses to CSA.

When screening a signal, investors seek observable factors that inform them about (1) its likely outcomes and (2) unobservable attributes of the firm (Bergh et al. 2014). We organize our conceptual framework accordingly. First, we explicate the overall effect of CSA. We then offer predictions based on the two key sets of moderators: (1) sources of CSA deviation from the values of key stakeholders and the firm's brand image, which shape the outcomes of CSA, and (2) characteristics of CSA implementation that divert firm resources, which signal the unobservable commitment of a firm to activism. This process is illustrated in Figure 2.

-insert Figure 2 here-

***Investor Responses to CSA***

Investors believe that managers have a fiduciary responsibility to engage in behaviors that protect shareholder interests and lead to enhanced profits (Mishra and Modi 2016). From their perspective, 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 (Kotler and Sarkar 2017). Hence, CSA's polarizing nature will likely increase the dispersion of the evaluations of a company's brands, and past work links dispersion to lower abnormal stock returns (Luo, Raithel, and Wiles 2013). Furthermore, it is difficult to predict the magnitude of the adverse reactions to CSA, and whether the positive reactions will lead to tangible benefits, such as increased sales.

Investors may also deem that the more time, resources, and attention managers allocate to CSA, the less they will be able to dedicate to operations, innovation, and other critical profit-generating activities (Nalick et al. 2016). This concern persists even when CSA conveys a business interest or is aligned with some stakeholder groups (i.e., customers and employees), because it can still offend a large portion of the population, which creates more uncertainty and requires firms to devote more of their time and resources to managing any backlash. Furthermore, engagement in CSA may signal a fundamental shift in the firm's strategic priorities, foreshadowing uncertain and lasting changes in strategic commitments (Ghemawat 1991). Therefore, we hypothesize:

$H_1$: Investors react negatively to firms' engagement in CSA.

***How Sources of CSA Deviation Shape Investor Response***

Stakeholder relationships are a vital component of a firm's competitive advantage and hence investors are particularly attuned to how firm actions affect stakeholder relationships (Groening, Mittal, and Zhang 2016). According to the stakeholder alignment theory, CSA can reinforce values and strengthen relationships with stakeholders or, alternatively, jeopardize those relationships (Hambrick and Wowak 2019). The more the values signaled by the firm through CSA deviate from stakeholders' political values, the more CSA should cause stakeholders to disidentify with the firm (Reed, Aquino, and Levy 2007). This can lead to a wide variety of negative consequences, including customers switching to a competitor, higher employee turnover, and legislators rescinding tax breaks. We predict that investors are likely to react more negatively to CSA that deviates from the dominant political values of the firm's stakeholders because it poses more risk and potential for backlash, which jeopardizes future cash flows. We explore three critical classes of stakeholders: customers, employees, and state legislators.

*CSA deviation from customers' values.* Investors monitor and evaluate a firm's customers to forecast its revenue (Anderson, Fornell, and Lehmann 1994). The effect of CSA on customer spending and engagement will depend on whether customers feel a sense of congruity between their values and a firm's CSA. Indeed, past work shows that customers favor brands that reflect their own lifestyles and identities (Escalas and Bettman 2005) and customers use their sociopolitical values as an evaluative lens when making brand purchase decisions (Kim, Park, and DuBois 2018; Swaminathan et al 2020). This can result in clustering along political orientation. For example, Starbucks tends to attract more liberal customers, whereas Chick-fil-A has a more conservative customer base (Kelley 2015; Taylor 2017). Customer values can also lead to backlash. For example, when Target announced an inclusive bathroom policy in support of transgender individuals, some customers boycotted the firm (Mclean 2016). Thus, when CSA deviates from the political values of a firms' customers, investors will anticipate that the CSA event will more negatively impact customer-firm relationships and undermine financial performance. Therefore, we hypothesize:

> $H_{2a}$: The deviation between CSA and customer values moderates investors' reactions to CSA such that investor reactions are more unfavorable when the CSA stance deviates more from the values of a firm's customers.

*CSA deviation from employees' values.* Employees are also critical stakeholders for investors to consider because they can help firms build a sustainable competitive advantage (Edmans 2012). Importantly, employee sentiment has a significant economic impact. For example, research indicates that employee satisfaction has positive consequences for firms in terms of stock returns (Edmans 2012), innovation (Chen et al. 2016), talent recruitment (Slavković, Pavlović, and Simić 2018), and lower turnover (Lee et al. 1999). Prior work has also shown that noncontroversial firm actions, such as CSR, can engender employee satisfaction and

personal fulfillment (Greguras et al. 2014), which have a positive impact on employee recruitment (Jones, Willness, and Madey 2014), retention (Bode, Singh, and Rogan 2015), and firm identification (Glavas and Godwin 2013).

Past work has found that employees interpret a firm's activities through the lens of their personal values (Gupta, Briscoe, and Hambrick 2017). The greater the deviation between the CSA stance and the political values of a firm's employees, the more likely it will generate negative employee sentiment or backlash (e.g., strike, low morale), which may result in higher turnover and loss of productivity. For example, the company Wayfair's decision to engage in immigration-based CSA resulted in a labor walkout as employees protested the firm's actions, which disrupted sales (Bhattarai 2019). We hypothesize:

> $H_{2b}$: The deviation between CSA and employee values moderates investors' reactions to CSA such that investor reactions are more unfavorable when the CSA stance deviates more from the values of a firm's employees.

*CSA deviation from legislators' values.* Governments can influence firm performance in several ways, including through policies that aid innovation performance (Li, Xia, and Zajac 2018) or tax structures and financial incentives (Spahr, Huseynov, and Jain 2012). Spahr, Huseynov, and Jain (2012) show that by modifying tax rates and tax structures, legislators have the power to both increase and decrease firm value obtained by all stakeholders as well as its distribution across them. Thus, firms' relationships with governments have direct consequences on cash flow and play a significant role in investors' responses to firms' strategies. Firms usually try to maintain mutually beneficial relationships with legislators, typically through political donations (Lux, Crook, and Woehr 2011). But when a firm engages in CSA, its stance may conflict with the views of the governing party. For example, several firms spoke out against bills in Georgia and Indiana that had the potential to discriminate against LGBTQ individuals (Bae,

Rooney, and Smith 2015; Wattles 2016). Although federal and other state governments are influential stakeholders, home state governments are especially sensitive to a firm's actions and more likely to punish firms whose CSA they disfavor, as Georgia legislators did in response to Delta's CSA (Dantes 2018). Thus, investors are likely to react to CSA depending on how they anticipate it will affect the firm's relationship with state government legislators. Therefore, we hypothesize:

> $H_{2c}$: The deviation between CSA and state government legislator values moderates investors' reactions to CSA such that investor reactions are more unfavorable when the CSA stance deviates more from the values of a firm's state government legislators.

While deviation from stakeholders' values can affect investor responses to CSA, so should deviation from the firm's brand image. To maintain and strengthen their brand equity, firms must purposefully create strong brand associations in the minds of customers (e.g., Buchanan, Simmons, and Bickart 1999; Keller 2010). Consistent communication of a brand's identity positively affects brand recall and abnormal stock returns (Henderson, Mazodier, and Sundar 2019) while inconsistencies can lead to a reevaluation of the brand and ultimately dilute brand equity (Buchanan, Simmons, and Bickart 1999).

Investors screen firms' communication with their stakeholders to predict its effect on the brand image (Lane and Jacobson 1995). We argue that if the CSA's message is consistent with the brand image, it can help reinforce the brand identity and its associations in the minds of its stakeholders and decrease the risk of brand dilution due to CSA. Conversely, investors will perceive CSA that deviates highly from the established brand image as particularly risky because of its potential to dilute the brand image and stakeholders' identification with the brand and, in turn, decrease brand equity and firm value. Hence, we hypothesize:

$H_3$: The deviation between CSA and brand image moderates investors' reactions to CSA such that investor reactions are more unfavorable when the CSA stance deviates more from the firm's brand image.

***How Implementation of CSA Resources Shapes Investor Responses***

Investors will screen not only for cues to help predict the financial outcomes of CSA, but will also look for cues to help inform them about the unobservable characteristics of the firm (Bergh et al. 2014; Spence 1974). Specifically, they will be interested in how willing the firm is to divert its time, resources, and attention away from profit maximization activities and commit to a given sociopolitical issue. We propose four cues that indicate CSA engagement as resource-intensive and hence signal the firm's commitment to divert resources to sociopolitical activism.

*Form of support*. The first characteristic is whether activism takes the form of actions or statements. We argue that, ceteris paribus, CSA in the form of actions is more resource-intensive compared to CSA in the form of statements. Statements involve verbal or written declarations that support or oppose one side of a divisive issue without committing financial or other types of resources to it. By contrast, an action goes beyond a declaration and consists of a change in the firm's conduct or policies, such as publishing or retracting an advertisement, offering or discontinuing products or services, offering or withdrawing promotions, hiring or firing workers, and making or breaking contracts. For example, rather than merely voicing support for immigrants (a statement), Starbucks opposed restrictive immigration policies by announcing a plan to hire refugees (an action) (Disis 2017). Because actions require higher levels of resources and accountability (Kim and McAlister 2011) and are more difficult to reverse, they also signal more elevated levels of strategic commitment (Klein, Smith, and John 2004). Furthermore, since strategic actions by firms have a lasting effect by influencing future decisions (Ghemawat 1991), CSA in the form of an action (vs. a statement) more strongly signal the firm's future allocation of

resources. Investors in search of cues will interpret actions as a sign of the firm's increased commitment to CSA. They will likely perceive this increased diversion from the firm's fiduciary responsibilities as particularly risky and respond accordingly. Therefore, we hypothesize:

> $H_{4:}$ The form of support (actions vs. statements) moderates investors' reactions to CSA such that investor reactions are more unfavorable when CSA takes the form of an action (vs. a statement).

*Announcement source stature.* The second characteristic is the announcement source—whether the CEO or another representative of the firm (e.g., media relations personnel or another C-suite executive or manager) informs stakeholders of the firms' CSA stance. Investors pay attention to who makes firm announcements and view the prominence of that individual as a signal of the importance of the announcement (Barber and Odean 2008; Warren and Sorescu 2017). The CEO's communication with stakeholders greatly matters and investors carefully analyze these communications (Craig and Amerrnic 2010). Since the CEO leads the implementation of firm strategies, investors will be particularly concerned when the CEO announces engagement in CSA (Barber and Odean 2008). Investors will perceive this as a signal of the CEO's willingness to dedicate his or her time, resources, and attention to focus on a risky firm action that may generate backlash from various stakeholders. Therefore, we hypothesize:

> $H_{5:}$ The announcement source stature (CEO vs. another team member) moderates investors' reactions to CSA such that investor reactions are more unfavorable when the CSA is announced by the CEO compared to when it is announced by another team member.

*Business interest communication.* Firms engage in CSA for various reasons. Regardless of their true intentions, some firms communicate CSA as benefitting themselves as well as society. We define business interest communication as whether a firm motivates its CSA using economic self-interest. For example, some firms taking stances on LGBTQ issues explained that they opposed discriminatory bills because of the direct impact of these bills on their employees

(Russo 2019). Other firms note that their opposition to a discriminatory bill is motivated solely by the bill's negative impact on society (Wattles 2016). Whatever the stated motivation, CSA reveals a sociopolitical stance that generates an uncertain impact on future cash flows. However, higher levels of business interest communication should reduce investors' concerns and the overall negative impact of CSA. Notably, we do not argue that CSA motivated by business interests will have a positive effect on investor response. This is because CSA remains controversial in nature and investors may still consider the positive links between CSA and firm outcomes to be uncertain. Therefore, we hypothesize:

> $H_{6:}$ Business interest communication moderates investors' reactions to CSA such that investor reactions are less unfavorable when a firm communicates economic self-interest in the announcement of CSA.

*Coalition size*. The fourth critical execution factor is how many other firms are jointly engaged in the CSA event. Firms may engage in CSA alone or form an activist coalition with other firms. For example, Amazon unilaterally removed Confederate flag merchandise from its website after a church shooting in 2015, while in 2014, Amazon and 29 other companies filed an "Employers' Amicus Brief" in support of same-sex marriage. There is "safety in numbers" when firms act together because resources are shared and any backlash will likely be dispersed among all the firms, making CSA less risky (Chatterji and Toffel 2018). Hence, investors will likely interpret that a firm acting alone is more committed to its CSA initiative because the firm is risking bearing the brunt of the backlash. Investors will respond more negatively to solo activism due to anticipating a more concentrated backlash and because it signals a stronger commitment to CSA versus the firm's fiduciary duties. Hence, we hypothesize:

> $H_{7:}$ Coalition size moderates investors' reactions to CSA such that investor reactions are less unfavorable when more firms are involved in the announcement of CSA.

## Method

We test our hypotheses with a data set of 293 CSA events conducted by 149 firms across 39 two-digit standard industrial classification (SIC) codes. The following section details our data collection procedures, measurements, and variables of interest.

***Data Collection***

The focal events are publicly available announcements of statements or actions by firms regarding partisan sociopolitical issues. We collected these events using a dictionary of time-relevant search terms of partisan sociopolitical topics extracted from Pew Research Center's (2014) report "Political Polarization in the American Public" and "Political Polarization and Typology Survey."[1] For example, we collected the first mention of Amazon's announcement of the removal of Confederate flag products from its website and JPMorgan Chase's first identifiable statement of support for marriage equality. Table 1 provides examples of activism from our sample. We assembled this sample of events from press releases and news articles available from three syndicated sources: ProQuest Newsstand, LexisNexis Academic, and Factiva (Borah and Tellis 2014). Keyword search terms gathered from the Pew Research Center reports included generic terms such as "abortion" or "LGBTQ" and specific issues such as "North Carolina HB2." A dictionary of generic words used in the archival search and examples of CSA are available in Table W1 in the Web Appendix.

-insert Table 1 here-

Three trained research assistants blind to our research questions applied a two-stage process to ensure that the prospective events for inclusion in the sample fit the definition of sociopolitical activism and were not subject to potential confounds, which would invalidate the resulting abnormal stock returns. First, if an event was mentioned several times on different

[1] For the full survey, see http://www.pewresearch.org/wp-content/uploads/sites/4/2014/06/2014-Polarization-Topline-for-Release.pdf.

dates, coders searched for the first mention of the event to determine the influence of firm communication on abnormal stock returns. Second, coders noted any announcements for which another possible confounding event occurred within a week to eliminate the possible influence of other events on abnormal stock returns (Borah and Tellis 2014).[2]

Next, we ran a Q-sort survey (Survey 1) (Nahm et al. 2002) to further validate that our events qualify as CSA and are separate from CSR and CPA. In this survey, we provided two trained research assistants blind to our research questions with our definitions of CSA, CSR, and CPA. We then asked the assistants to classify events into one of the three definitions, labeled as A, B, and C to avoid bias, but corresponding to the three types of events. The events consisted of a combination of all the events from our sample plus an additional 12 CPA events and 25 CSR events found in the literature. The overall agreement between the two assistants was 79.5%, the overall hit ratio was 85%, and Cohen's kappa for the two assistants was .80, which is in the "excellent range of agreement" according to previous research (Nahm et al. 2002).[3] Details of the Q-sort survey are available in the Web Appendix W2.

We collected additional data for the explanatory and control variables for each firm-event from COMPUSTAT, other publicly available data sources (e.g., headquarters locations, election results, political donations), and by doing content analysis of the announcements. We ultimately obtained 293 events from January 1, 2011 to October 31, 2016, involving 149 U.S. publicly held firms from 39 two-digit SIC codes.

***Dependent Variables***

[2] These confounding events included: (1) releases of earnings reports, (2) dividend announcements, (3) executive adjustments, (4) stock splits or structural stock adjustments, (5) damage suits, (6) product recalls, (7) new product announcements, and (8) merger and acquisition activities (Borah and Tellis 2014).

[3] Overall agreement: the proportion of the events sorted similarly by the two assistants; overall hit ratio: the total percentage of events correctly placed according to the construct definitions; Cohen's kappa: the proportion of joint judgment in which there is agreement after exclusion of chance agreement (Nahm et al. 2002).

The stock market reaction to CSA announcements serves as our primary measure of investors' reactions and changes in firm value. We estimate the stock market reaction to CSA at the time investors first receive the relevant information (Brown and Warner 1985; Sorescu, Warren, and Ertekin 2017). Data on the firm and stock market returns come from the Center for Research in Security Prices, which we used to estimate the abnormal stock returns of the firm on the first day the firm's CSA was publicized:

$$(1) \qquad AR_{it} = R_{it} - E(R_{it}),$$

where $R_{it}$ is the daily return, $E(R_{it})$ is the expected return of the stock for firm *i* on day *t*, and $AR_{it}$ is the abnormal return. To calculate $E(R_{it})$, we use a market model for the main analysis and provide additional estimations using the market-adjusted model and the Fama–French–Carhart model (Carhart 1997; Fama and French 1993) as robustness tests.

Following previous research, to address the possibility of information leakage and spillover in the stock market, we compute cumulative abnormal returns (CAR) for several windows around the day of the event (Geyskens, Gielens, and Dekimpe 2002):

$$(2) \qquad CAR_{i(t', t)} = \sum_{t'}^{t} AR_{it}.$$

To choose an event window of appropriate length, we compute the CAR for alternative $t'$ and $t \in \{-2, -1, 0, 1, 2\}$ and then test their significance in each window. In line with previous studies, we choose the most significant CAR in the 5-day window (–2, 2) as our dependent variable (Geyskens, Gielens, and Dekimpe 2002; Swaminathan and Moorman 2009).

***Independent Variables***

*Degree of deviation from stakeholders' values:* To operationalize the degree of deviation between a firm's CSA and its stakeholders' political values, we first measure the political stance of the events. We conducted a survey (Survey 2) on Amazon Mechanical Turk that asked 1,406

U.S. adults to measure the stance of a sample of events. The pool of respondents was heterogeneous.[4] Each respondent received five randomly selected events from our sample, along with the date of the event (but not the identity of the firm involved in the CSA event). We asked respondents to rate each event on a seven-point scale (1 = "very liberal," 7 = "very conservative"). This produced approximately 7,000 ratings. We then used the average score for each event as the event's stance and transformed it into a zero-centered measure, where –1 reflects extremely liberal and +1 extremely conservative stances. We use this measure as the event's stance (*Event_Stance*) in our model.

The average *Event_Stance* in our sample is –.40, which leans liberal. The maximum *Event_Stance* is .75 and the minimum is –.88. Two reasons may explain the more liberal-leaning average score: (1) conservativism usually calls for preservation of the status quo while activism often calls for change and therefore leans liberal (Ferndandes and Mendel 2014) (2) most conservative activism observed in our data collection effort was conducted by privately held firms (e.g., Chick-fil-A, Hobby Lobby, Koch Industries), which are not part of our sample since they do not have publicly traded stock.

Next, we created three variables to measure the prevailing political values of the firms' customers, employees, and government legislators, respectively. First, we calculated the prevailing political values of a firm's customers by running an independent survey (Survey 3) on Amazon Mechanical Turk that asked 375 U.S. adults[5] to evaluate a randomly drawn set of 20 firms from our database of 149 firms (approximately 7,500 ratings in total). Respondents

[4] Median age is 34 years, 50% female, and represents 49 U.S. states and Washington, DC; political ideology is measured on a seven-point scale (1 = "extremely liberal," 7 = "extremely conservative") using three items ($\alpha = .94$) to reflect social, economic, and overall political attitudes (mean = 3.59, s.d. = 1.68).

[5] Median age is 32 years, 48% female, and represents 44 U.S. states; political ideology measured as in Survey 2 ($\alpha = .94$, mean = 3.44, s.d. = 1.71).

indicated whether a given firm's typical customers lean toward having more liberal or conservative political views (–1 = "more liberal," 0 = "neither liberal nor conservative," and +1 = "more conservative"). Overall, each firm received approximately 50 ratings, which we averaged to create *Customer_Stance*. In contrast with the continuous measure used in Survey 2, the categorical measure used in Survey 3 reflects a more discrete categorization of customers based on political affiliation. The results have face validity. For example, respondents rated Whole Foods as typically having more liberal customers (*Customer_Stance* = –.50) and Cracker Barrel as usually having more conservative customers (*Customer_Stance* = .43). This retrospective measure captures the prevailing stereotypical perception of investors about the political values of a given firm's customers.

Second, we collected each firm's employee's political donations using individual contribution data provided in the U.S. Federal Election Commission's database. We identified the individual employee donations to the Republican versus Democratic party and calculated a measure of average employees' political donations for firm *i* at day *t* in year *T* as:

(3) Employee_Stance$_{it}$ =

$$\frac{(Total\ donation\ to\ Republican\ party_{iT-1}) - (Total\ donation\ to\ Democratic\ party_{iT-1})}{Total\ donation\ to\ Republican\ and\ Democratic\ party_{iT-1}}$$

This ratio equals –1 if all employee donations were liberal (Democratic) and +1 if all donations were conservative (Republican). If no employees donated to any parties, we set the firm's score to zero.

Third, to compute legislatures' political values, we collected the political composition of the state legislature (general assembly) from the state in which the firm is headquartered. We focus on state rather than federal legislatures because state legislatures are likely to respond sooner and more swiftly to CSA through regulations and tax restructuring than federal

legislators, with the added benefit of greater numbers of seats (7,000+ state vs. 535 federal) for more nuanced and localized measures across states of disparate sizes. We collected the number of Republican and Democrat legislators in the upper house (State Senate) and lower house (State House Representatives) from https://ballotpedia.org. State legislature tenure varies by state, but most often is biennial. Therefore, we use the most recent year before the event to collect the data for firm *i* at time *t* in year *T*.

(4) $\text{Government\_Stance}_{it} = \frac{(Total\ number\ of\ Republican\ members_{iT-1}) - (Total\ number\ of\ Democrat\ members_{iT-1})}{Total\ number\ of\ Republican\ and\ Democrat\ members_{iT-1}}$

We use the calculated stance measures as the average stakeholder ideology and create three variables for the level of deviation between the stakeholders' political ideologies and the CSA event stance. For each event, we assume the absolute value of distance between the *Event_Stance* and the *Stakeholder_Stance* as the degree of deviation between the CSA event and stakeholder ideology:

(5) CSA_Customer_Deviation = |Event_Stance - Customer_Stance|.
(6) CSA_Employee_Deviation = |Event_Stance - Employee_Stance|.
(7) CSA_Government_Deviation = |Event_Stance - Government_Stance|.

The degree of deviation falls between 0 and 2, where a value closer to 2 shows a stronger deviation between the values conveyed and supported by the CSA and the ideology of the stakeholders. Table 1 provides examples of deviation measures.

*Degree of deviation from the firm's brand image.* To measure the degree of deviation between the focal sociopolitical issue and the firm's brand image, we constructed a fit variable using *ex post* customer evaluations of the events obtained from a survey (Survey 4). From MTurk, 552 U.S. adults (48% female; median age = 32) participated in a survey for a nominal fee. Participants rated a randomly drawn subset of 30 CSA on the extent to which the event

seemed “like something that suits or is congruent with the brand's image (high fit) or seems very incongruent (low fit)” using a 7-point scale (1 = “low fit,” 7 = “high fit”). This produced approximately 50 ratings per firm, which we mean-averaged to create a brand fit index that we reverse coded to create *CSA_Brand_Deviation*.

*Form of support.* We text analyzed all the events in our sample and categorized them into two groups: whether the activism took the form of an action or a statement. We code a dummy variable (*Action*) indicating whether the CSA event made specific mention of a concrete action (or actions). We classify the event as an action even if there are also statements issued.

*Announcement source stature.* We determine whether the CEO delivered the CSA announcement of a firm as a dummy variable (*CEO_Announcement*). For all events for which *CEO_Announcement* is equal to 1, we thoroughly reviewed the event to confirm that the CSA was announced by the CEO “as the representative of the firm” and not as an individual conveying his or her political views. We exclude the latter from our definition of CSA.[6]

*Business interest communication.* Two research assistants blind to our research question manually text analyzed all of the events in our sample and independently categorized the events into two groups based on whether the firm communicated its business interest or potential positive business outcomes from their CSA. *Business_Communication* is equal to 1 if the firm communicates its business interests along with the social motive. For example, in September 2014, Ben & Jerry signed an "Employers' Amicus Brief" in support of same-sex marriage. Chris Miller, Mission Activism Manager of Ben & Jerry explained “[…] it’s not enough to change the way you do business, or change the practice within your business […] Unless you’re willing to

[6] We do this because, aside from a handful of famous CEOs whose roles and titles are widely known (e.g., Mark Zuckerberg, CEO of Facebook; Tim Cook, CEO of Apple), most executives of firms will not be recognized unless the event specifies their title and corporation. Therefore, we only include CEO activism in the sample if the title and role of the CEO is clearly identified.

stand up and advocate for the rights of others, not just here in our backyard but around the world, it's often just not good enough." Miller further explained that in addition to being an issue of civil rights, "LGBT discrimination law complicates the running of our businesses, creates confusing administrative nightmares for companies and introduces difficulties in recruiting folks from other states."[7] General Electric (GE) signed the same Amicus Brief. However, GE did not communicate the business aspects of this Amicus Brief with its stakeholders. This former event was coded as 1 for *Business_Communication* while the latter is coded as 0. The coders agreed on 85.6% of the events and resolved disagreements via discussion.

*Coalition size.* Finally, we calculate the variable *Coalition_Size* as the number of firms explicitly joining forces to announce the CSA event at the same time and in the same statement, such as multiple firms' Amicus Briefs or open letters to support or oppose a sociopolitical issue. We read each event announcement carefully and set the variable (*Coalition_Size*) as zero if the firm conducted the CSA on its own. The variable otherwise takes the value of the count of firms involved in the activism.

***Control Variables***

In addition to the independent variables, multiple explanatory firm-, event-, industry-, and time-specific variables can affect investors' reactions to CSA. We attempt to address such factors in a control-rich model using several variables. (For a detailed explanation of the coding and collection of these control variables, see Table W3 in the Web Appendix).

*Firm-specific factors.* To disentangle the effect of CSA from CSR and CPA, we control for variables pertaining to firms' CSR and CPA involvement. Following Mishra and Modi's

[7] https://www.benjerry.com/whats-new/2014/same-sex-marriage-amicus-brief

(2016) procedures, we collected firms' CSR indices from Kinder, Lydenberg, and Domini Research and Analytics and use the average total score of firms' CSR indices in the past three years as the proxy for their CSR activities. To account for firms' CPA, we collected firms' average political donations to Republican and Democratic campaigns in the past three years from the Center for Responsive Politics. Table W3 in the Web Appendix lists these variables in detail.

Other variables control for the firms' financial status at the time of the event. Variables collected from COMPUSTAT include firms' primary operating market (*B2B_B2C*), return on assets (*ROA*), firm size (*Firm_Size*), firm leverage (*Leverage*), and advertising expenditure (*Advertising_Expenditure*). We also control for marketing capability (*Marketing_Capability*) and the presence of a chief marketing officer (*CMO*) to account for their potential effects on CSA performance and the response efficiency after CSA.

Furthermore, CSA is a corporate strategy executed through firms' brands. Therefore, we account for differences when a multi-brand versus a single-brand firm engages in activism. We control for the total number of brands owned by the firm and use the natural logarithm of this number in the model (*Log_Brand_Number*). We also control for the percentage of institutional stock holdings (*Institutional_Holdings*) for each firm to account for the possibility that individual and institutional investors react differently to CSA. Finally, we create a variable to account for firms' reputations for engaging in CSA, which may shape investor expectations (Warren and Sorescu 2017). For each firm, we record the number of past events in a rolling window of three years before the event (*Past_CSA*).

*CEO-specific factors*. We include a series of variables specific to the CEO of the firm. We control for the CEO's political ideology, which can influence a firm's culture and indirectly

affect *Employee_Stance*.[8] We calculate *CEO_Political_Ideology* with a similar approach as Equation 3. Additionally, we collect CEOs' gender (*CEO_Gender*) and age (*CEO_Age*) at the time of the event to address differences in their inclination to take risks and engage in or encourage activism (Faccio, Marchica, and Mura 2016).

*Event-, industry-, and time-specific factors.* We use a categorical variable (*Event_Category*) to account for the topic of the polarizing issue (e.g., immigration). Next, we address the popular belief that high-tech industries are more inclined toward liberal ideologies (Manjoo 2017) by incorporating a dummy variable (*High-Tech*) for the high-tech (vs. low-tech) industry. To control for the potentially greater sensitivity to politically polarizing statements during presidential election years, we also include a dummy variable (*Election_Year).* Finally, we control for other unobserved industry- and time-specific factors by including the industry (*Industry_Dummy*) and year (*Year_Dummy*) dummy variables.

***Model Specification***

To test our first hypothesis ($H_1$), we conduct a t-test on the 5-day window CAR for firms conducting CSA. We follow this test with a regression model with two-way clustered errors to test $H_2$-$H_6$. All firms in the primary sample engaged in at least one instance of CSA during 2011–2016, which gives the potential for selection bias. To investigate the extent to which selection bias might explain our results, we employ Heckman's (1979) two-stage correction approach. In the first stage, we run a panel data probit model in which the dependent variable is the decision to engage in activism (a dummy equal to 1 if the firm had an activism event in year *T* and 0

[8] Although we control for the CEO's political ideology, we propose that the indirect effect of CEO's political ideology on employees' personal donations should not be considerably large because: (1) Individual political donations are not publicized and are not required to be reported to the firms by the employees; and (2) 42 states of the US have some form of a political activity retaliation law that prohibits employers from retaliation based on individuals' lawful political conduct outside of work. (www.workplacefairness.org)

otherwise) in each year. In the second step, we include the inverse Mills ratio (IMR) (derived from the first stage) alongside the control variables.

To facilitate identification, in the first stage, we use two exogenous determinants of the decision to engage in activism. First, following standard practice in the literature, we use the average number of industry-year instances of activism (*Average_Industry_CSA*) for each year (e.g., Germann, Ebbes, and Grewal 2015; Srinivasan, Wuyts, and Mallapragada 2018). For each observation in the primary sample, we calculate *Average_Industry_CSA* by extracting from COMPUSTAT all firms that have not engaged in activism from all the four-digit SIC codes whose focal firm is a primary member. We divide the number of activist firms in all the SIC code-years by the total number of primary firms in the SIC code. Second, we include the average number of instances of activism that occurred in the same geographic region (firms' headquarters state) in the same year (*Average_State_CSA*) across all industries excluding the focal firm. These variables must meet relevance and exclusion restrictions, which we explain in section W5 of the Web Appendix.

We control for the percentage of institutional holdings, financial status of the firms (ROA, size, leverage, and advertising expenditure), and time- and industry-specific variables. We run the first-stage probit model for firm *i* in year *T*:

$$(8) \quad \Pr_{iT}(\text{Corporate\_Activism} = 1|\text{Covariates}, \varsigma_{iT}) = \Phi(X\beta),$$

where X is a vector of covariates as follows:

$$\begin{aligned} X\beta = {} & \beta_0 + \beta_1 \text{Average\_Industry\_CSA}_{iT} + \beta_2 \text{Average\_State\_CSA}_{iT} \\ & + \beta_3 \text{Institutional\_Holdings}_{iT} + \beta_4 \text{Election\_Year}_{iT} + \beta_5 \text{ROA}_{iT} + \beta_6 \text{Firm\_Size}_{iT} \\ & + \beta_7 \text{Leverage}_{iT} + \beta_8 \text{Advertising\_Expenditure}_{iT} + \beta_9 \text{High-Tech}_{iT} + \sum \beta_{kit} \text{Industry}_{kiT} \\ & + \sum \beta_{mit} \text{Year\_Dummy}_{miT} + \sigma_{iT}. \end{aligned}$$

We estimate the inverse Mills ratio from Equation 8 at the annual level and include IMR associated with each event of firm *i* that occurred in time *t* during year *T* in Equation 9 to provide

tests for $H_2$–$H_6$:

$$(9)\quad CAR_{it} = \alpha_0 + \alpha_1 CSA\_Customer\_Deviation_{it} + \alpha_2 CSA\_Employee\_Deviation_{it} + \alpha_3 CSA\_Government\_Deviation_{it} + \alpha_4 CSA\_Brand\_Deviation_{it} + \alpha_5 Action_{it} + \alpha_6 CEO\_Announcement_{it} + \alpha_7 Business\_Communication_{it} + \alpha_8 Coalition\_Size_{it} + \alpha W + \alpha' IMR_{it} + \varepsilon_{it},$$

where *i* and *t* indicate the firm and the time of the event, respectively; *W* is a vector of control variables in Table W3 of the Web Appendix, $IMR_{it}$ is the inverse Mills ratio from the first-stage selection model, and $\varepsilon_{it}$ represents the two-dimensional clustered standard errors that account for the clustering across firms and events (Cameron, Gelbach and Miller 2011; Thompson 2011). All continuous variables are winsorized at the 1% and 99% levels to reduce the effect of outliers (e.g., Wies et al. 2019).

## Results

### *Descriptive Statistics*

Table 2 contains descriptive statistics and correlations. The range for stakeholder deviation variables indicates that our sample covers activism ranging from very low degrees of deviation (.0029) to very high degrees of deviation (1.86). The averages for stakeholder deviation variables are: *CSA_Customer_Deviation* = .48, *CSA_Employee_Deviation* = .56, and *CSA_Government_Deviation* = .45. The averages show that in general, while CSA events have some level of deviation from stakeholders' values, firms avoid engaging in CSA events that deviate a great deal from stakeholders' values. *CSA_Brand_Deviation* reflects the level of deviation between the brand image and CSA event; on average, the respondents rated the level of deviation as 3.53 out of 7. The respondents rated the deviation between Starbucks and supporting marriage equality as the lowest (*CSA_Brand_Deviation* = 2.27), while they rated Walmart's CSA to be the first store to remove all Confederate flag merchandises as the highest

(*CSA_Brand_Deviation* = 4.62).

Our descriptive findings further indicate that despite the popular definition for sociopolitical activism in recent literature, which limits CSA to "sociopolitical statements" (e.g., Hambrick and Wowak 2019), 40% of the CSA events in our sample are accompanied by a form of action from the firm. These actions include but are not limited to changing the color of product packaging to support LGBTQ rights, taking down products with Confederate flag logos, retracting or issuing an advertising campaign, and changing firm policies or strategies.

The CEO of the firm directly announces only 28% of the CSA events. In most cases, CSA is announced in the news by mentioning the "firm" as the acting agency or one of the firm's more recognizable brands. In some other instances, the event is announced by firms' diversity officers, marketing managers, or public relations departments. On average, firms communicate their business interests or potential financial benefits of CSA in 50% of the events. Finally, while 65% of CSAs are conducted alone, 35% of the firms form coalitions with, on average, eight other companies to conduct CSA.

-insert Table 2 here-

***Hypotheses Tests***

The first three rows of Table 2 show that on average, the abnormal returns to CSA are negative and statistically significant, with a mean of –.43% for the market model, –.40% for the market-adjusted model, and –.44% for the Fama–French–Carhart model ($p < .001$). This negative and significant average supports $H_1$ and indicates that, on average, investors react unfavorably to firms engaging in CSA.

To examine support for $H_2$–$H_6$, we estimated a two-step Heckman correction model in Equations 8 and 9. We first calculated the variance inflation factors (VIF); the average is 1.44,

and the maximum is 1.88, well below the threshold of 10, to ensure the model does not suffer from multicollinearity. We report the results for the first-stage model in Table W4-1, Section W4 of the Web Appendix. We calculate the inverse Mills ratio (*IMR*) from the first-stage model Before inserting the *IMR* in the second stage, we examine the strength of the exclusion restriction assumption in the first stage. In section W4 in the Web Appendix we conceptually explain and provide statistical evidence that our instruments satisfy exclusion restriction; the instruments are neither correlated with nor will they systematically affect firm-specific omitted variables that influence investors' reactions to the focal firm's activism. We include the estimated $IMR_{iT}$ to each event of firm *i* that occurred in time *t* during year *T*, in the regression for Equations 9. Table 3 provides the results for the second stage model. We first run the model for Equation 9 without control variables, to confirm that the results are not a product of overparameterization caused by the long list of control variables. Model 1 in Table 3 shows the results without control variables.

Model 2 provides the control-rich model results for Equation 9. The coefficient for *CSA_Customer_Deviation* is negative and significant ($\alpha_1 = -.023$, $p < .05$) in support of $H_{2a}$. Similarly, the coefficients for *CSA_Employee_Deviation* and *CSA_Government_Deviation* are negative and significant ($\alpha_2 = -.017$ and $\alpha_3 = -.022$, respectively, $p < .01$), in support of $H_{2b}$ and $H_{2c}$. These results indicate that greater sociopolitical deviation between the stance of the CSA event and the stakeholders' dominant sociopolitical ideology reduces short-term abnormal stock returns.

The coefficient for *CSA_Brand_Deviation*, although negative, is not statistically significant and does not support $H_3$. Perhaps a high degree of brand image fit is difficult to achieve among CSA issues. Or, it is possible that the controversial nature of CSA overrides any fit effects. This surprising null effect is fertile ground for future research.

The coefficients for *Action* and *CEO_Announcement* are negative and significant ($\alpha_5$ = –.0089 and $\alpha_6$= –.015, respectively, $p < .05$), in support of $H_4$ and $H_5$. CSA events in the form of actions or announced by the CEO likely signal a stronger commitment of time, attention and resources to the CSA issue. Investors perceive this stronger commitment to a partisan sociopolitical issue as particularly risky and an unnecessary deviation from the firm's primary profit-oriented objectives. The coefficient for *Business_Communication* is positive and significant ($\alpha_7$ = .0099, $p < .05$) which supports $H_6$ and indicates that communicating business interests can alleviate investors' concerns about firms' resource allocation, decrease uncertainty and improve investors' reaction to CSA. Finally, the coefficient for *Coalition_Size* is positive and significant ($\alpha_6$ = .00024, $p < .05$), which supports $H_7$ and indicates that the announcement of CSA with other firms is less concerning as it reduces the riskiness of the event and provides investors with more assurance that engagement in CSA may be necessary.

Additionally, consistent with previous research, we observe that larger firms receive a weaker investor response *(*$\alpha$ = –.0020, $p < .05$) (e.g., Boyd, Chandy, and Cunha 2010). Investor reactions to female CEOs who conduct activism are also more favorable ($\alpha$ = .030, $p$ <.05). Female CEOs are expected to be more caring and concerned about others than male CEOs (Ryan 2017). Therefore, promoting societal change might be perceived as more expected and more acceptable from a female than male CEO. The coefficient for *CMO* is positive and significant ($\alpha$ = .019, $p < .05$), which indicates that investors may perceive firms with a CMO in their C-suite as more capable of managing their CSA effectively. Finally, we observe a positive and significant effect for *High-Tech* ($\alpha$ = .011, $p$ <.05), which provides evidence that activism and seeking societal progress is more expected and accepted from firms in high-tech industries (Manjoo 2017).

-insert Table 3 here-

***Robustness Tests***

Where possible, we tested alternative operationalizations of key variables. Several important variables in our model are derived from the *Event_Stance* measure, which is collected retrospectively through a survey. We check the validity of this measure and check the robustness of the results using an alternative dichotomized variable (Conservative =1 and Liberal = 0). Additionally, we alternatively operationalize for *CSA_Customer_Deviation* using secondary data from EquiTrend, for *CSA_Employee_Deviation* using employees' number of donation transactions weighted by firms' total number of employees, and for *Business_Communication* using the count number of keywords related to business interest of the firm. Finally, we use alternative estimations of CARs (Market Adjusted Model and Fama-French-Carhart Model) and an alternative 3-day window of analysis for the event study. The robustness tests are explained in detail along with the tables of results in Section W5 of the Web Appendix.

## Additional Insights

Although the results of the main model are insightful, they do not fully answer an important question; how should managers proceed when the CSA deviation varies across stakeholders? For example, a manager of a firm like Whole Foods might feel pressured to engage in liberal-oriented CSA to appease its liberal-leaning customer base but fear retaliation from its conservative state legislature in Texas. To provide actionable managerial insights for such situations, we further explore responses to various combinations of CSA-stakeholder deviations.

***Response to CSA When Stakeholders Have Conflicting Political Values***

*Investor responses.* To explore investors' reactions to different levels of deviations between CSA and conflicting stakeholder ideologies, we create a dichotomous measure of deviation. The

dichotomous measure helps clearly identify various scenarios to better understand investor and customer responses. We use the mean for each *CSA_Stakeholder_Deviation* variable as the cutoff to divide the CSA events into two groups of low- and high-level deviation from each stakeholder's ideology. Next, we classify all the events into eight groups, which reflect all combinations of CSA-stakeholder deviation (e.g., customer low, employee high, legislator low). The sixth row of Table 4 reports the results of the t-tests for short-term abnormal stock returns ($CAR_{Market\_Model}$) for low and high CSA-stakeholder deviation across the eight groups.

-insert Table 4 here-

Several valuable insights emerge from these results. First, investors' reactions are surprisingly positive (.71%, $p < .05$) when CSA-stakeholder deviation is low across all key stakeholders (Group 1). Investors may expect that CSA with minimal deviation from stakeholders can strengthen relationships and thereby enhance performance. Second, investors' reactions to CSA are not negative and significant when its degree of deviation is low for at least two key stakeholders (Groups 2 and 3). The exception is Group 4, where CSA-stakeholder deviation is low for employees and the government but high for customers. This underscores the notable risk of alienating customers, even if CSA aligns with the ideological values of local governments and employees.

Third, investor reactions are generally adverse when there is high CSA-stakeholder deviation among at least two key stakeholders (Groups 5 and 7). Investor reactions are most severe (–2.45%, $p < .001$) when CSA-stakeholder deviation is high across all three key stakeholders (Group 8). This prompts the question of why a firm would engage in such misaligned CSA. Based on a comprehensive archival search for each of the events in Group 8, it appears that such CSA is often related to strategic miscalculations. For example, J.C. Penny

hired CEO Ron Johnson in 2011 from Apple, a firm with a highly progressive corporate culture. Johnson's approach clashed with the conservative values of J.C. Penny's stakeholders. Under Johnson, J.C. Penney invested in same-sex partner advertisements for Mother's and Father's Day in 2012. In April 2013, J.C. Penny finally accepted its "strategic mistakes" after the free fall of its stock value and fired Ron Johnson (Lublin and Mattioli 2013). In summary, CSA can have a positive effect on investor reactions, but only when it aligns with key stakeholders.

*Customer responses.* Existing theory suggests that customers should be more loyal to and increase purchases from firms whose CSA aligns with their ideological values (Choi and Winterich 2013; Reed, Aquino, and Levy 2007). Conversely, customers should boycott or disidentify with firms whose CSA deviates from their values. Indeed, third-party websites are dedicated to monitoring firm activities to guide customers on which to boycott (e.g., www.2ndvote.com). To examine the changes in customers' responses to CSA based on the level of CSA-customer deviation, we focus on a focal indicator of customers' reactions, namely, growth in sales realized in the quarter and in the year following a CSA event.

For each firm in our sample, we collect growth in sales reported by COMPUSTAT for two periods; first, to address the immediate changes in sales and consumer response, we compute *Quarterly_Sales_Growth* for the quarter immediately before and immediately after the activism event. Second, to address seasonality effects and long-term effects of CSA, we compute *Annual_ Sales_Growth* for the average of quarterly sales report for four quarters before to four quarters after the CSA event:

$$(10) \quad Quarterly\_Sales\_Growth_{it} = \frac{(\mathrm{Sales_t} - \mathrm{Sales_{t-1}})}{\mathrm{Sales_{t-1}}}$$

$$(11) \quad Annual\_Sales\_Growth_{it} = \frac{(\sum_{t}^{t+3} \mathrm{Sales_q} - \sum_{t-5}^{t-1} \mathrm{Sales_t})}{\sum_{t-5}^{t-1} \mathrm{Sales_t}}$$

The last two rows of Table 4 report the sales growth for each group. As shown for Groups 1-3, quarterly and annual sales growth are positive and significant (above 4 to 10%, $p < .01$) for CSA events that have a low level of deviation from customers' ideology. Additionally, for the 55% of events where CSA-customer deviation is low (Groups 1-3 and 5), there was an increase in sales growth. When CSA is highly deviated from customers and the government, sales growth suffered. This is especially true when CSA highly deviated from all three key stakeholders (Group 8), which saw a sales decline of 4% ($p < .05$). Compared to investor reactions (see above), the findings here suggest that there are many cases where firms can engage in CSA and reap financial rewards even when it is not aligned with all their stakeholders. These benefits can accrue as stock performance, sales growth, or both.

## General Discussion

As firms increasingly engage in CSA, existing approaches for understanding activism in the realm of either CSR or CPA cannot adequately address the unique features of CSA and its financial consequences. We contend that while CSA is a risky marketing strategy that investors are generally wary of, it may also be advantageous. Investors on average react negatively to CSA, especially when it deviates from the values of key stakeholders and signals the firm's resource-intensive commitment to activism. However, they also reward activism when it closely aligns with stakeholders. Additionally, we show customers reward CSA when it resonates with their personal values and attest that it can be an effective means for firms to appeal to their target markets. Our findings generate several theoretical and managerial implications, as well as avenues for future research.

### *Theoretical Implications*

In "being close to the real world of marketing" (Moorman et al. 2019, p. 2), our research

advances the marketing strategy literature and the nascent work on activism. We build upon existing conceptualizations of activism to provide a comprehensive definition of CSA and introduce it as a new potential firm strategy worthy of investigation. CSA has been partially defined in management and public relations literature as a form of social advocacy (e.g., Dodd and Supa 2014) or a sociopolitical initiative exclusive to the firm's CEO (e.g., Chatterji and Toffel 2018; Hambrick and Wowak 2019). We include "corporate actions" in the definition of CSA in addition to sociopolitical advocacy in the form of statements and comprehensively define CSA as a corporate activity which pertains to partisan sociopolitical issues that can be executed by any representative of the firm or via firms' brands. Indeed, 40% of our sample consists of CSA in the form of actions (vs. statements), many of which pertain to the marketing mix such as introducting new products, redesigning of packaging, and creating or terminating advertising campaigns. The inclusion of such marketing actions in the definition of CSA importantly highlights that CSA can be a firm strategy that aligns with firms' stakeholder and brand orientations.

We delineate CSA from CSR and CPA and argue that despite conceptual similarities, activism indeed represents a novel phenomenon worthy of unique investigation. Prior research has demonstrated a positive effect of CSR and CPA on firm value (e.g., Luo and Bhattacharya 2006; Lux, Crook, and Woehr 2011). By contrast, we demonstrate the complexity of CSA and document the overall negative effect of CSA on stock market returns as well as identify scenarios where it can have positive financial consequences. Decades of research have delivered an elaborate understanding of CSR, yet the logic of CSR is insufficient for understanding the effects we observe and explain in our CSA framework.

We ground our theoretical arguments in signaling and screening theories to provide a

conceptual framework for the effect of CSA on firm value. In addition to introducing CSA as a new construct, we also introduce two sets of moderators that explain investor response to CSA. These moderators help locate CSA as a marketing strategy. Investor responses to CSA are shaped by the implementation of CSA (e.g., whether it is an action or statement) and its alignment with the personal values of key stakeholders, namely, customers. And, indeed, the effects of CSA and its moderators on sales growth indicate that customers pay attention to and make long-lasting purchase decisions based on CSA. CSA can be a risky strategy, but it can also provide real performance benefits. More broadly, our work demonstrates both theoretically and empirically how marketing actions must align across stakeholders. Stakeholder alignment theory is not new (e.g., Hambrick and Wowak 2019), but it is less frequently examined in the context of marketing decisions. We, therefore, advance marketing strategy theory by bridging signaling and screening theories and stakeholder alignment theory.

***Managerial Implications***

A critical question for managers is whether they should engage in CSA. Our findings can help managers make this decision by informing them about how investors will react in the short run (abnormal stock returns) and how customers will react in the long run (sales growth). First, we demonstrate the importance of stakeholders' political values. Investor responses depend on how much the CSA deviates from the values of customers, employees, and state legislators; higher deviation elicits stronger negative reactions. Notably, if a CSA stance closely aligns with all three stakeholder groups, managers can expect a positive investor response. Hence, managers who are concerned about CSA's impact on shareholder value should first consider how much their stance deviates from other stakeholders' values. Critically, CSA never elicits a positive investor response when it deviates from customers' values. Managers should pay close attention

to how greatly their CSA deviates from customers because it not only has ramifications for investor responses, but long-term customer responses as well.

Investors are inclined to punish CSA that highly deviates from customers and customers are inclined to reward CSA that closely aligns with their values. Our findings show that regardless of deviation from employees and state legislators, when CSA is aligned with customers, managers can expect positive sales growth over the next quarter and year. Furthermore, when CSA is aligned with customers and at least one other stakeholder group, managers can expect positive sales growth without an adverse stock market reaction. Hence, managers should weigh their customers' values more heavily in their decision to engage in CSA. Importantly our analysis of sales growth shows that CSA can have a lasting impact on firms; customers continue to reward or punish firms long after CSA is implemented. In sum, CSA that is aligned with customers can help managers avoid an adverse stock market reaction and elicit positive future sales growth.

Managers who choose to engage in CSA should be cognizant that it reveals important information to investors and the public about their strategic priorities and values. It signals the firm is willing to engage in a risky activity, divert resources from profit generating activities, and may make similar decisions in the future. It also reveals sensitive information pertaining to the firm's perspective on its role in society and the political engagement of its senior management. Importantly, because CSA reveals the firm's values to the public, it may have an enduring impact on the firm's future decisions related to its overall purpose, reputation, and management of stakeholder relationships. Given CSA is difficult to retract and has lasting financial implications, managers should be confident in their stance and their decision to publicize it.

A second critical question for managers is how to conduct activism. Our findings suggest

that managers should carefully consider how to implement CSA because it influences investors' inferences about the firm's commitment to activism versus its fiduciary duties. We identify four characteristics of CSA implementation to which investors are particularly discerning. Managers should be aware that they will receive a heightened response from investors when their activism takes the form of actions, is announced by the CEO, is not justified by a business objective, and is announced alone (vs. in a coalition with other firms). If managers are deeply committed to activism and it aligns with their strategic objectives (i.e. acquiring a more liberal or conservative customer base), activism's potential benefits may be worth an intensified negative response from investors. However, if managers are uncertain about activism's role in their firm's future strategic priorities or they are sensitive to investor responses, they should choose a more moderate approach to engaging in CSA. In sum, CSA is a risky firm activity that managers must carefully consider before implementing.

***Limitations and Further Research***

In its contribution to an emerging area of research, our study may provide several new avenues of research. First, our study informs managers about how investors respond to CSA based on the deviation from three major stakeholders' values (customers, employees, and state legislatures). However, there are other stakeholders yet to be studied. These stakeholders include but are not limited to (1) the firm's top management team, especially the CMO, (2) boards of advisors, and (3) federal government legislators. Moreover, our deviation measures do not capture the direction of the deviation from stakeholders' values which can be a fertile ground for future research.

Second, we investigate CSA resource implementation characteristics (form of support, announcement source stature, business interest communication, and coalition size). However,

from a marketing perspective, we believe understanding how CSA affects customers' attitudes, relationships with the brand, and purchase decisions are other worthy areas of study. The non-significant effect of the deviation measure for brand image in our study suggests other influential and explanatory brand- or product-specific factors should be studied. For example, perhaps product type (hedonic vs. utilitarian) or consumption context (private vs. public) influences customers' boycott or buycott responses to CSA. Additionally, CSA may serve as a customer acquisition strategy and help firms better appeal to their target markets.

Third, while we control for firms' previous CSA actions, we do not examine the authenticity, consistency, or style of their CSA strategies. Future research may explore (1) whether CSA is a reaction to corporate wrongdoing (e.g., sexual or racial discrimination), (2) whether the firm conducts activism by supporting a vulnerable minority or attacking the majority, (3) the level of financial resources committed to CSA, and (4) an integrated CSA communication with simultaneous or continuous multiple activities in different contexts (e.g., a new product launch).

Fourth, while our study includes CSA delivered by the CEO as a representative of the firm and controls for their political donations, we do not study how personal activism that someone conducts outside of his/her role as CEO might spill over to affect a firm. Fifth, our study informs managers about the short-term financial consequences of unique CSA events, but it does not examine the potential long-term effects of a CSA strategy. As sociopolitical activism has now entered the realm of strategic marketing, the long-term strategy of the firm can have broader consequences, such as changes in brand equity, firm reputation, customer base composition, market share, performance relative to competitors, and long-term performance of firms. More specifically, future research should account for investors' projections of how

stakeholders' values may change in the future and how these changes will affect their responses to CSA. For example, investors may project a firm's customer base to become more liberal over time or a firm's stance to become widely accepted in the future. Finally, CSA has the potential to shape culture. We advocate for research to address the broader impact of CSA on societal outcomes.

## References


Anderson, Eugene W., Claes Fornell, and Donald R. Lehmann (1994), "Customer Satisfaction, Market Share, and Profitability: Findings from Sweden," *Journal of Marketing*, 58 (3), 53-66.

Andrei, Daniel, and Michael Hasler (2015), "Investor Attention and Stock Market Volatility," *The Review of Financial Studies*, 28 (1), 33-72.

Bae, Hannah, Ben Rooney, and Aaron Smith (2015), "Indiana Backlash: Opposition to Anti-Gay Law Grows," *CNN Money*, 29 (March), https://money.cnn.com/2015/03/28/news/companies/angies-list-indiana-gay-discrimination/index.html.

Barber, Brad M., and Terrance Odean (2008), "All That Glitters: The Effect of Attention and News on the Buying Behavior of Individual and Institutional Investors," *The Review of Financial Studies*, 21 (2), 785-818.

Barth, Chris (2011), "29 Companies That Paid Millions For Lobbying (And Didn't Pay Taxes)," *Forbes*, 14 (December), https://www.forbes.com/sites/chrisbarth/2011/12/14/29-companies-that-paid-millions-for-lobbying-and-didnt-pay-taxes/#2e7c35d65e15.

Bergh, Donald D., Brian L. Connelly, David J. Ketchen Jr, and Lu M. Shannon (2014), "Signalling Theory and Equilibrium in Strategic Management Research: An Assessment and a Research Agenda," *Journal of Management Studies*, 51 (8), 1334-60.

Bhattacharya, C.B. and Kimberly D. Elsbach (2002), "Us Versus Them: The Roles of Organizational Identification and Disidentification in Social Marketing Initiatives," *Journal of Public Policy & Marketing*, 21 (1), 26-36.

Bhattarai, Abha (2019), "Wayfair Employees Walk Out to Protest Sales to Migrant Detention Centers," *The Washington Post*, 26 (June), https://www.washingtonpost.com/business/2019/06/26/cage-is-not-home-hundreds-wayfair-employees-walk-out-protest-sales-migrant-detention-center.

Borah, Abhishek, and Gerard J. Tellis (2014), "Make, Buy, or Ally? Choice of and Payoff from Announcements of Alternate Strategies for Innovations," *Marketing Science*, 33 (1), 114-33.

Bode, Christiane, Jasjit Singh, and Michelle Rogan (2015), "Corporate Social Initiatives and Employee Retention," *Organization Science*, 26 (6), 1702-20.

Boyd, D. Eric, Rajesh K. Chandy, and Marcus Cunha Jr. (2010), "When Do Chief Marketing Officers Affect Firm Value? A Customer Power Explanation," *Journal of Marketing Research*, 47 (6), 1162-76.

Brown, Tom J., and Peter A. Dacin (1997), "The Company and The Product: Corporate Associations and Consumer Product Responses," *Journal of Marketing*, 61 (1), 68-84.

Brown, Stephen J., and Jerold B. Warner (1985), "Using Daily Stock Returns: The Case of Event Studies," *Journal of Financial Economics*, 14 (1), 3-31.

Buchanan, Lauranne, Carolyn J. Simmons, and Barbara A. Bickart (1999), "Brand Equity Dilution: Retailer Display and Context Brand Effects," *Journal of Marketing Research*, 36 (3), 345-55.

Carhart, Mark M. (1997), "On Persistence in Mutual Fund Performance," *The Journal of Finance*, 52 (1), 57-82.

Cameron, A. Colin, Jonah B. Gelbach, and Douglas L. Miller (2011), "Robust Inference with Multiway Clustering," *Journal of Business & Economic Statistics*, 29 (2), 238-49.

Carroll, Archie B. (1979), "A Three-Dimensional Conceptual Model of Corporate Performance," *Academy of Management Review*, 4 (4), 497-505.

Chatterji, Aaron K. and Michael W. Toffel (2018), "The New CEO Activists," *Harvard Business Review*, 96 (1), 78-89.
Chen, Chen, Yangyang Chen, Po-Hsuan Hsu, and Edward J. Podolski (2016), "Be Nice to Your Innovators: Employee Treatment and Corporate Innovation Performance," *Journal of Corporate Finance*, 39 (August), 78-98.
Chernev, Alexander, and Sean Blair (2015), "Doing Well by Doing Good: The Benevolent Halo of Corporate Social Responsibility," *Journal of Consumer Research*, 41 (6), 1412-25.
Choi, Woo Jin, and Karen Page Winterich (2013), "Can Brands Move in from the Outside? How Moral Identity Enhances Out-Group Brand Attitudes," *Journal of Marketing*, 77 (2), 96-111.
Connelly, Brian L., S. Trevis Certo, R. Duane Ireland, and Christopher R. Reutzel (2011), "Signaling Theory: A Review and Assessment," *Journal of Management*, 37 (1), 39-67.
Craig, Russell, and Joel Amernic (2010), "Exploring the Public Accountability Communications of A CEO Through 'Close Reading' Analysis: A Teaching Primer," *International Journal of Management Education,* 8 (2), 75-82.
Dantes, Damanick (2018), "Delta CEO: 'I Knew There Would be Backlash' When We Cut Ties with NRA," *Fortune,* 23 (August), https://fortune.com/2018/08/23/delta-ceo-ed-bastian-nra-backlash/.
Disis, Jill (2017), "Starbucks Pledges to Hire 10,000 Refugees," *CNN Money*, 29 (January), http://money.cnn.com/2017/01/29/news/companies/starbucks-hiring-refugees/index.html.
Dodd, Melissa D., and Dustin W. Supa (2014), "Conceptualizing and Measuring "Corporate Social Advocacy" Communication: Examining the Impact on Corporate Financial Performance," *Public Relations Journal*, 8 (3), 2-23.
Edelman (2018), "Brands Take a Stand," *Edelman Earned Brand Report*, (October), https://www.edelman.com/news-awards/two-thirds-consumers-worldwide-now-buy-beliefs
Edmans, Alex (2012), "The Link Between Job Satisfaction and Firm Value, with Implications for Corporate Social Responsibility," *Academy of Management Perspectives*, 26 (4), 1-19.
Escalas, Jennifer E. and James R. Bettman (2005), "Self-Construal, Reference Groups, and Brand Meaning," *Journal of Consumer Research,* 32 (3), 378-89.
Faccio, Mara, Maria-Teresa Marchica, and Roberto Mura (2016), "CEO Gender, Corporate Risk-Taking, and the Efficiency of Capital Allocation," *Journal of Corporate Finance,* 39 (August), 193-209.
Fama, Eugene F. and Kenneth R. French (1993), "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics*, 33 (1), 3-56.
Gaines-Ross, Leslie (2017), "What CEOs Should Know About Speaking Up on Political Issues," *Harvard Business Review*, 17 (February), https://hbr.org/2017/02/what-ceos-should-know-about-speaking-up-on-political-issues.
Germann, Frank, Peter Ebbes, and Rajdeep Grewal (2015), "The Chief Marketing Officer Matters!" *Journal of Marketing,* 79 (3), 1-22.
Geyskens, Inge, Katrijn Gielens, and Marnik G. Dekimpe (2002), "The Market Valuation of Internet Channel Additions," *Journal of Marketing,* 66 (2), 102-19.
Ghemawat, Pankaj (1991), *Commitment*. New York: Simon and Schuster.
Glavas, Ante, and Lindsey N. Godwin (2013), "Is The Perception of 'Goodness' Good Enough? Exploring the Relationship Between Perceived Corporate Social Responsibility and Employee Organizational Identification," *Journal of Business Ethics*, 114 (1), 15-27.
Greguras, Gary J., James M. Diefendorff, Jacqueline Carpenter, and Christian Tröster (2014), "Person-Environment Fit and Self-Determination Theory," in *The Oxford Handbook of Work*

*Engagement, Motivation, and Self-Determination Theory*, Marylène Gagné, ed. New York: Oxford University Press, 143-61.
Groening, Christopher, Vikas Mittal, and Yan "Anthea" Zhang (2016), "Cross-Validation of Customer and Employee Signals and Firm Valuation," *Journal of Marketing Research,* 53 (1), 61-76.
Guo, Shenyang and Mark W. Fraser (2010), *Propensity Score Analysis: Statistical Methods and Applications*. Thousand Oaks, CA: Sage Publications.
Gupta, Abhinav, Forrest Briscoe, and Donald C. Hambrick (2017), "Red, Blue, and Purple Firms: Organizational Political Ideology and Corporate Social Responsibility," *Strategic Management Journal*, 38 (5), 1018-40.
Hambrick, Donald C., and Adam J. Wowak (2019), "CEO Sociopolitical Activism: A Stakeholder Alignment Model," *Academy of Management Review, in press*, DOI: https://doi.org/10.5465/amr.2011.0466
Heckman, James J. (1979), "Sample Selection Bias as a Specification Error," *Econometrica,* 47 (1), 153-62.
Henderson, Conor M., Marc Mazodier, and Aparna Sundar (2019), "The Color of Support: The Effect of Sponsor–Team Visual Congruence on Sponsorship Performance," *Journal of Marketing,* 83 (1), 50-71.
Hillman, Amy J., Gerald D. Keim, and Douglas Schuler (2004), "Corporate Political Activity: A Review and Research Agenda," *Journal of Management,* 30 (6) 837-57.
Homburg, Christian, Marcel Stierl, and Torsten Bornemann (2013), "Corporate Social Responsibility in Business-to-Business Markets: How Organizational Customers Account for Supplier Corporate Social Responsibility Engagement," *Journal of Marketing,* 77 (6), 54-72.
Jensen, Michael C. (2001), "Value Maximization, Stakeholder Theory, and the Corporate Objective Function," *Journal of Applied Corporate Finance,* 14 (3), 8-21.
Jones, David A., Chelsea R. Willness, and Sarah Madey (2014), "Why Are Job Seekers Attracted by Corporate Social Performance? Experimental and Field Tests of Three Signal-Based Mechanisms," *Academy of Management Journal*, 57 (2), 383-404.
Kang, Charles, Frank Germann, and Rajdeep Grewal (2016), "Washing Away Your Sins? Corporate Social Responsibility, Corporate Social Irresponsibility, and Firm Performance," *Journal of Marketing*, 80 (2), 59-79.
Keller, Kevin Lane (2010), "Brand Equity Management in a Multichannel, Multimedia Retail Environment," *Journal of Interactive Marketing*, 24 (2), 58-70.
Kelley, Lauren (2015), "5 Radically Conservative Fast Food Companies," *Salon*, (accessed August 7, 2019), https://www.salon.com/2015/06/22/5_radically_conservative_fast_food_companies.
Kim, Jeehye Christine, Brian Park, and David Dubois (2018), "How Consumers' Political Ideology and Status-Maintenance Goals Interact to Shape Their Desire for Luxury Goods," *Journal of Marketing*, 82 (6), 132-49.
Kim, MinChung, and Leigh M. McAlister (2011), "Stock Market Reaction to Unexpected Growth in Marketing Expenditure: Negative for Sales Force, Contingent on Spending Level for Advertising," *Journal of Marketing*, 75 (4), 68-85.
Klein, Jill Gabrielle, N. Craig Smith, and Andrew John (2004), "Why We Boycott: Consumer Motivations for Boycott Participation," *Journal of Marketing*, 68 (3), 92-109.

Korschun, Daniel, and N. Craig Smith (2018), "Companies Can't Avoid Politics and Shouldn't Try To," *Harvard Business Review*, 7 (March), https://hbr.org/2018/03/companies-cant-avoid-politics-and-shouldnt-try-to.

Kotler, Philip, and Nancy Lee (2005), "Best of Breed: When It Comes to Gaining a Market Edge While Supporting A Social Cause, Corporate Social Marketing, Leads the Pack," *Social Marketing Quarterly*, 11 (3), 91-103.

Kotler, Philip, and Christian Sarkar (2017), "Finally, Brand Activism!" *Marketing Journal*, 9 (January), http://www.marketingjournal.org/finally-brand-activism-philip-kotler-and-christian-sarkar.

Kumar, V., Eli Jones, Rajkumar Venkatesan, and Robert P. Leone (2011), "Is Market Orientation a Source of Sustainable Competitive Advantage or Simply the Cost of Competing?" *Journal of Marketing*, 75 (1), 16-30.

Lane, Vicki, and Robert Jacobson (1995), "Stock Market Reactions to Brand Extension Announcements: The Effects of Brand Attitude and Familiarity," *Journal of Marketing*, 59 (1), 63-77.

Lawton, Thomas, Steven McGuire, and Tazeeb Rajwani (2013), "Corporate Political Activity: A Literature Review and Research Agenda," *International Journal of Management Reviews*, 15 (1), 86-105.

Lee, Thomas W., Terence R. Mitchell, Brooks C. Holtom, Linda S. McDaneil, and John W. Hill. (1999), "The Unfolding Model of Voluntary Turnover: A Replication and Extension," *Academy of Management Journal*, 42 (4), 450-462.

Li, Jing, Jun Xia, and Edward J. Zajac (2018), "On the Duality of Political and Economic Stakeholder Influence on Firm Innovation Performance: Theory and Evidence from Chinese Firms," *Strategic Management Journal*, 39 (1), 193-216.

Lichtenstein, Donald R., Minette E. Drumwright, and Bridgette M. Braig (2004), "The Effect of Corporate Social Responsibility on Customer Donations to Corporate-Supported Nonprofits," *Journal of Marketing*, 68 (4), 16-32.

Lublin, Joann S., and Dana Mattioli (2013), "Penney CEO Out, Old Boss Back In," *The Wall Street Journal*, 8 (April), https://www.wsj.com/articles/SB10001424127887324504704578411031708241800

Luo, Xueming, and Chitra Bhanu Bhattacharya (2006), "Corporate Social Responsibility, Customer Satisfaction, and Market Value," *Journal of Marketing*, 70 (4), 1-18.

Luo, Xueming, Sascha Raithel, and Michael A. Wiles (2013) "The Impact of Brand Rating Dispersion on Firm Value," *Journal of Marketing Research*, 50 (3), 399-415.

Lux, Sean, T. Russell Crook, and David J. Woehr (2011), "Mixing Business with Politics: A Meta-Analysis of the Antecedents and Outcomes of Corporate Political Activity," *Journal of Management*, 37 (1), 223-47.

Manjoo, Farhad (2017), "Silicon Valley's Politics: Liberal, with One Big Exception," *The New York Times*, 6 (September), www.nytimes.com/2017/09/06/technology/silicon-valley-politics.html.

Mclean, Robert (2016), "Target Takes Stand on Transgender Bathroom Controversy," *CNN Money*, 20 (April), https://money.cnn.com/2016/04/20/news/companies/target-transgender-bathroom-lgbt.

Miller, Toyah, and María del Carmen Triana (2009), "Demographic Diversity in The Boardroom: Mediators of The Board Diversity–Firm Performance Relationship," *Journal of Management Studies*, 46 (5), 755-86.

Mishra, Saurabh, and Sachin B. Modi (2016), "Corporate Social Responsibility and Shareholder Wealth: The Role of Marketing Capability," *Journal of Marketing*, 80 (1), 26-46.
Moorman, Christine, Harald J. van Heerde, C. Page Moreau, and Robert W. Palmatier (2019), "JM as a Marketplace of Ideas," *Journal of Marketing*, 83 (1), 1-7.
Nahm, Abraham Y., S. Subba Rao, Luis E. Solis-Galvan, and T.S. Ragu-Nathan (2002), "The Q-sort Method: Assessing Reliability and Construct Validity of Questionnaire Items at a Pre-Testing Stage," *Journal of Modern Applied Statistical Methods*, 1 (1), 114-25.
Nalick, Michael, Matthew Josefy, Asghar Zardkoohi, and Leonard Bierman (2016), "Corporate Sociopolitical Involvement: A Reflection of Whose Preferences?" *Academy of Management Perspectives*, 30 (4), 384-403.
Organization For Economic Co-Operation and Development (1999), "Principles of Corporate Governance," (accessed February 4, 2020), https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=C/MIN(99)6&docLanguage=En.
Pew Research Center (2014), "Political Polarization in the American Public: How Increasing Ideological Uniformity and Partisan Antipathy Affect Politics, Compromise and Everyday Life," (June 12), http://www.people-press.org/2014/06/12/political-polarization-in-the-american-public/.
Reed, Americus, Karl Aquino, and Eric Levy (2007), "Moral Identity and Judgments of Charitable Behaviors," *Journal of Marketing*, 71 (1), 178-93.
Ryan, Michelle K. (2017), "My Shelfie… Michelle K. Ryan," *Psychologist*, 30 (1), 82-82.
Saboo, Alok R., and Rajdeep Grewal (2013), "Stock Market Reactions to Customer and Competitor Orientations: The Case of Initial Public Offerings," *Marketing Science*, 32 (1), 70-88.
Sanders, W.M. Gerard, and Steven Boivie (2004), "Sorting Things Out: Valuation of New Firms in Uncertain Markets," *Strategic Management Journal*, 25 (2), 167-86.
Slavković, Marko, Goran Pavlović, and Marijana Simić (2018), "Employee Recruitment and Its Relationship with Employee Satisfaction: Verifying the Mediating Role of the Employer Brand," *Ekonomski Horizonti*, 20 (2), 127-39.
Sorescu, Alina, Nooshin L. Warren, and Larisa Ertekin (2017), "Event Study Methodology in the Marketing Literature: An Overview," *Journal of the Academy of Marketing Science*, 45 (2), 186-207.
Spahr, Ronald W., Fariz Huseynov, and Pankaj Jain (2012), "Government as the Firm's Third Financial Stakeholder: Impact on Capital Investment Decisions, Capital Structure, Discount Rates, and Valuation," *The Engineering Economist*, 57 (3), 157-77.
Spence, Andrew Michael (1974), "*Market Signaling: Informational Transfer in Hiring and Related Screening Processes*," Harvard Economic Studies Series, Vol. 143, Cambridge, MA: Harvard University Press.
Srinivasan, Raji, Stefan Wuyts, and Girish Mallapragada (2018), "Corporate Board Interlocks and New Product Introductions," *Journal of Marketing*, 82 (1), 132-48.
Swaminathan, Vanitha and Christine Moorman (2009), "Marketing Alliances, Firm Networks, and Firm Value Creation," *Journal of Marketing*, 73 (5), 52-69.
Swaminathan, Vanitha, Alina Sorescu, Jan-Benedict EM Steenkamp, Thomas Clayton Gibson O'Guinn, and Bernd Schmitt (2020), "Branding in a Hyperconnected World: Refocusing Theories and Rethinking Boundaries," *Journal of Marketing*, 84 (2), 24-46.

Taylor, Kate (2017), "Why Trump Supporters Boycott Starbucks," *Business Insider*, 6 (February), https://www.businessinsider.com/why-trump-supporters-boycott-starbucks-2017-2
Taylor, Kate, and Dennis Green (2017), "Here's How All of the NFL's Sponsors Have Responded to Backlash over Players' National Anthem Protests," *Business Insider*, 7 (November), https://www.businessinsider.com/nfl-protests-how-brands-have-responded-2017-11.
Thompson, Samuel B. (2011), "Simple Formulas for Standard Errors that Cluster by both Firm and Time," *Journal of Financial Economics*, 99 (1), 1-10.
Varadarajan, P. Rajan and Anil Menon (1988), "Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy," *Journal of Marketing*, 52 (3), 58-74.
Warren, Nooshin L., and Alina Sorescu (2017), "Interpreting the Stock Returns to New Product Announcements: How the Past Shapes Investors' Expectations of the Future," *Journal of Marketing Research*, 54 (5), 799-815.
Warren, Nooshin L., and Alina Sorescu (2017), "When 1+ 1> 2: How Investors React to New Product Releases Announced Concurrently with Other Corporate News," *Journal of Marketing*, 81 (2), 64-82.
Wattles, Jackie (2016), "Georgia's 'anti-LGBT' Bill: These Companies are Speaking Out the Loudest," *CNN Money*, 25 (March), https://money.cnn.com/2016/03/25/news/companies/georgia-religious-freedom-bill/index.html
Werner, Timothy (2017), "Investor Reaction to Covert Corporate Political Activity," *Strategic Management Journal*, 38 (12), 2424-43.
Wiener-Bronner, Danielle (2017), "Nike Sides with NFL Players in Trump Showdown," *CNN Money*, 25 (September), http://money.cnn.com/2017/09/25/news/nike-trump-anthem/index.html.
Wies, Simone, Arvid Oskar Ivar Hoffmann, Jaakko Aspara, and Joost M.E. Pennings (2019), "Can Advertising Investments Counter the Negative Impact of Shareholder Complaints on Firm Value?" *Journal of Marketing*, 83 (4), 58-80.
Zail, Cole P. (2017), "You May Not Support Planned Parenthood…But Your Favorite Companies Do," *AMAC*, 12 (October), https://amac.us/may-not-support-planned-parenthoodbut-favorite-companies/

**FIGURE 1**
**Conceptual Distinctions Among CSR, CPA, and CSA**

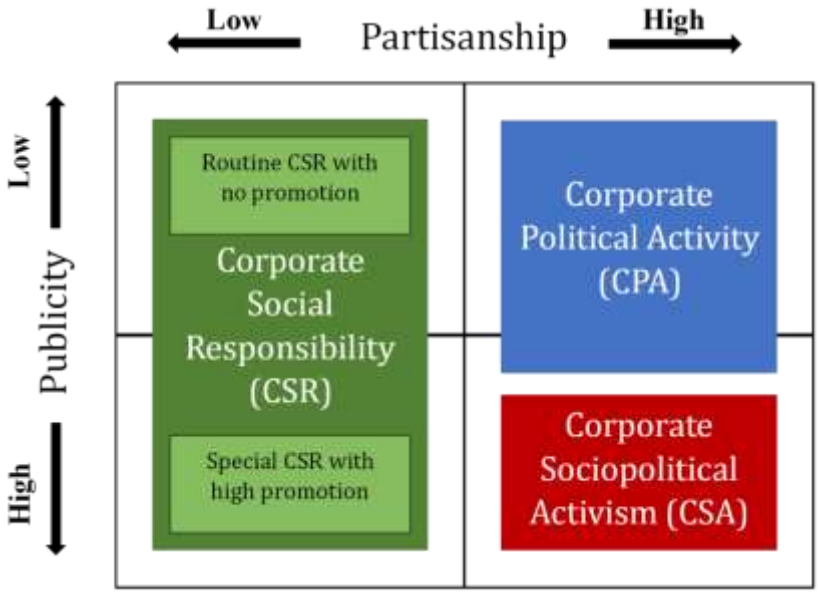


**FIGURE 2**
**Conceptual Model**

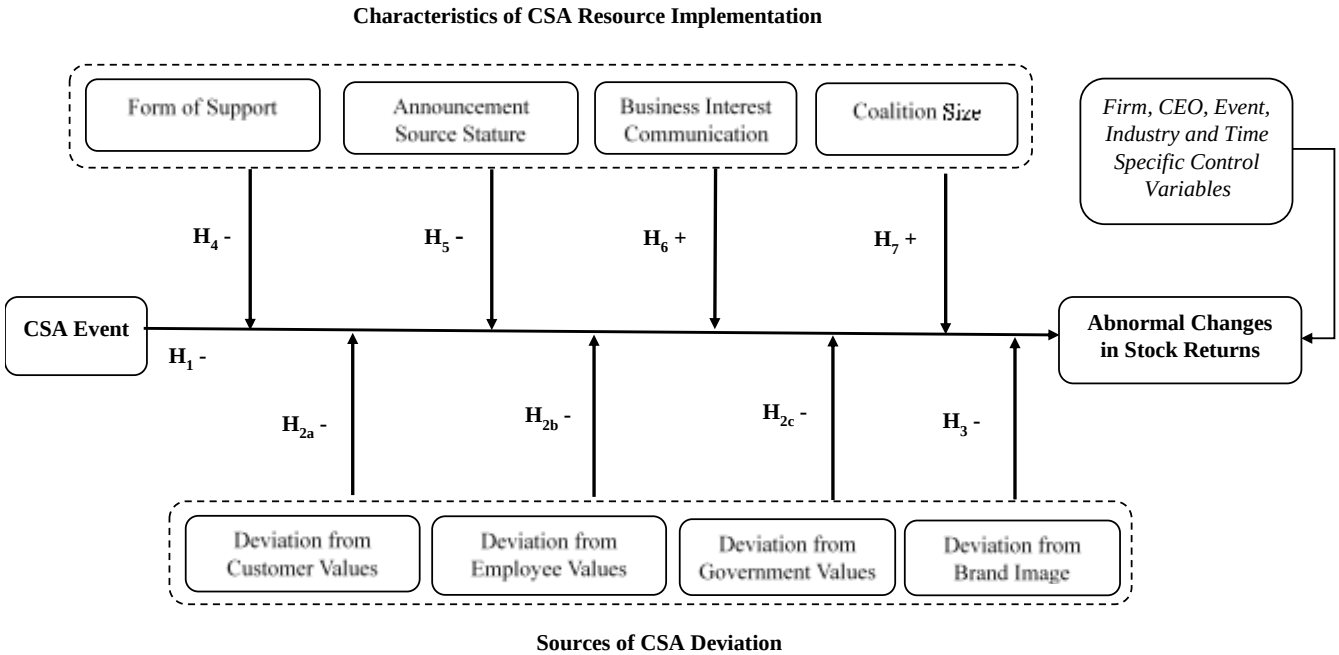

**TABLE 1**
**Examples of CSA in our Sample**

| | | Political Stance of Event and Stakeholders –1 Extremely Liberal & 1 Extremely Conservative | | | | |
|---|---|---|---|---|---|---|
| **Firm** | **CSA Example** | **Event Political Stance** | **CSA-Customer-Deviation** | **CSA-Employee-Deviation** | **CSA-Government-Deviation** | **CAR** |
| Amazon | Amazon removes Confederate flag merchandise from its website. | -.43 | .04 | .13 | .41 | .91% |
| Target | Target supports national LGBTQ pride month #takepride. | -.58 | .13 | 1.28 | .42 | -1.85% |
| Chipotle | Chipotle prohibits guns in stores. | -.62 | .14 | .20 | .60 | 2.67% |
| Lowe's | Lowe's pulls its advertising during the TLC network's *All-American Muslim* reality TV show. | .44 | .28 | .02 | .28 | .61% |
| Twitter | Twitter marks Black Lives Matter movement with special emoji. | -.40 | .04 | .12 | .03 | 1.12 % |
| Starbucks | Starbucks launches a marketing campaign to promote conversations about race between customers and employees and calls for baristas to write the hashtag #RaceTogether on customers' cups. | -.45 | .11 | .16 | .43 | 3.79% |
| JC Penney | JC Penney's features two lesbian mothers in 2012 Mother's Day advertisement. | -.76 | 1.19 | 1.56 | 1.02 | -8.15% |
| Kroger | Kroger issues a statement in support of its policy for carrying firearm in the store. | .52 | .53 | .80 | .25 | .90% |
| PepsiCo | The Dorito brand introduces Doritos Rainbows chips, the first Doritos product in history made up of multiple, rainbow-colored Doritos chips inspired by the Pride flag. | -.44 | .33 | .10 | .15 | 2.35% |

**TABLE 2**
**Descriptive Statistics and Correlations**

| | Variables N=293 | Mean | SD | Min | Max | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. | 19. | 20. | 21. | 22. | 23. | 24. | 25. | 26. | 27. | 28. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $CAR_{Market\ Model}$ | -.43%*** | 3.98% | -36.49% | 17.46% | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | $CAR_{Market\text{-}Adjusted\ Model}$ | -.40%*** | 3.94% | -36.46% | 16.20% | **.95** | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | $CAR_{Fama\text{–}French\text{–}Carhart}$ | -.44%*** | 4.01% | -32.84% | 21.61% | **.90** | **.90** | 1 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | CSA-Customer-Deviation | .48 | .32 | .0029 | 1.44 | **-.36** | **-.38** | **-.34** | 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | CSA-Employee-Deviation | .56 | .40 | .0030 | 1.86 | **-.29** | **-.28** | **-.27** | **.35** | 1 | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | CSA-Government-Deviation | .45 | .32 | .0038 | 1.27 | **-35** | **-33** | **-31** | **.35** | **.25** | 1 | | | | | | | | | | | | | | | | | | | | | | |
| 7 | CSA-Brand-Deviation | 3.52 | .53 | 2.27 | 4.62 | .03 | .03 | .02 | **.29** | -.01 | **.16** | 1 | | | | | | | | | | | | | | | | | | | | | |
| 8 | Action | .40 | .49 | 0 | 1 | **-.17** | **-.16** | **-.15** | **.08** | **.07** | **.09** | -.01 | 1 | | | | | | | | | | | | | | | | | | | | |
| 9 | CEO | .28 | .45 | 0 | 1 | **.17** | **.12** | **.12** | -.02 | -.03 | .02 | -.01 | **.08** | 1 | | | | | | | | | | | | | | | | | | | |
| 10 | Business Communication | .50 | .50 | 0 | 1 | **.17** | **.18** | **.16** | **-.11** | -.06 | **-.09** | .00 | **.10** | -.07 | 1 | | | | | | | | | | | | | | | | | | |
| 11 | Coalition Size | 8.43 | 24.55 | 0 | 200 | **.07** | **.07** | **.07** | .01 | .001 | -.04 | -.03 | .07 | .009 | -.04 | 1 | | | | | | | | | | | | | | | | | |
| 12 | Firm CSR Score | 4.52 | 4.42 | -6 | 17 | .05 | .06 | .10 | .008 | .02 | -.02 | .00 | .00 | -.01 | .06 | .008 | 1 | | | | | | | | | | | | | | | | |
| 13 | Firm Political Activity | .0021 | .39 | -1 | 1 | .008 | .003 | .02 | **.22** | .08 | .19 | **.17** | .02 | -.07 | -.00 | .09 | .01 | 1 | | | | | | | | | | | | | | | |
| 14 | CEO Political Ideology | .024 | .57 | -1 | 1 | .01 | .02 | -.01 | .05 | **.08** | **.12** | **.14** | .04 | -.03 | .01 | .03 | **.10** | **.29** | 1 | | | | | | | | | | | | | | |
| 15 | CEO Gender | .020 | .15 | 0 | 1 | **.18** | **.17** | **.19** | -.06 | **-.07** | **-.10** | -.01 | .01 | **.10** | .06 | .03 | **.11** | **.09** | **-.12** | 1 | | | | | | | | | | | | | |
| 16 | CEO Age | 54.9 | 7.5 | 29 | 74 | .05 | .05 | .03 | **.21** | **.12** | **.17** | **.17** | .02 | **-.20** | -.08 | .02 | **.10** | .008 | .04 | -.03 | 1 | | | | | | | | | | | | |
| 17 | CMO | .18 | .38 | 0 | 1 | **.18** | **.18** | **.11** | **-.20** | -.003 | -.008 | **-.27** | -.06 | -.05 | .02 | -.05 | **-.17** | **-.22** | **-.21** | -.02 | .04 | 1 | | | | | | | | | | | |
| 18 | Past CSA | 1.79 | 2.18 | 0 | 8 | .04 | .10 | .07 | **-.17** | -.04 | **-.08** | **-.41** | -.05 | .08 | **.11** | **-.09** | .01 | **-.31** | **-.16** | .00 | **-.15** | .34 | 1 | | | | | | | | | | |
| 19 | B2B_B2C | .30 | .46 | 0 | 1 | **-.12** | **-.13** | -.09 | **.20** | **.08** | **.09** | **.31** | .03 | .01 | -.07 | -.01 | **.10** | .17 | **.16** | -.01 | **.13** | **-.28** | -.24 | 1 | | | | | | | | |
| 20 | ROA | .07 | .08 | -.46 | .23 | .01 | .05 | .05 | -.03 | -.06 | -.07 | **-.17** | .03 | **-.16** | **.15** | .01 | **.13** | **-.21** | **-.09** | -.02 | **.19** | **.18** | **.23** | -.08 | 1 | | | | | | | |
| 21 | Firm Size | 130137.3 | 318293.1 | 106.9 | 2359141 | **-.06** | -.02 | -.04 | **.10** | -.01 | .004 | **.12** | **.10** | **-.14** | .04 | .08 | .22 | **.11** | **.18** | **-.11** | **.17** | **-.17** | **.14** | .20 | .15 | 1 | | | | | | |
| 22 | Leverage | 82.15 | 727.42 | -50.83 | 10368.33 | .04 | .04 | .06 | -.07 | -.02 | -.06 | -.06 | -.05 | .03 | -.06 | -.01 | -.08 | **.11** | **-.11** | -.01 | **-.16** | .04 | -.04 | -.05 | -.21 | -.21 | 1 | | | | | | |
| 23 | Advertising Expenditure | 953.86 | 1280.72 | 0 | 9729.00 | .04 | .04 | -.10 | -.02 | .02 | -.003 | **-.22** | .06 | -.05 | -.01 | .07 | .05 | **.10** | .08 | .01 | **.11** | **.28** | **-.18** | **-.27** | **.14** | **.35** | -.07 | 1 | | | | |
| 24 | Marketing Capability | 25.27 | 9.33 | 15.88 | 75.29 | .08 | .04 | .09 | -.04 | .05 | -.05 | .08 | .03 | .01 | -.07 | **.11** | -.07 | -.02 | .01 | -.02 | .02 | .03 | .21 | .07 | -.24 | -.05 | .07 | -.14 | 1 | | | | |
| 25 | Brand Number | 37.59 | 178.24 | 1 | 214 | .01 | .00 | -.04 | .06 | -.07 | -.03 | **.10** | -.05 | -.06 | -.04 | **-.08** | .01 | .07 | -.07 | -.01 | .04 | .08 | -.04 | **.10** | .01 | .04 | -.02 | -.06 | .01 | 1 | | |
| 26 | Institutional Holdings | .52 | .34 | 0 | 1 | .01 | .02 | .00 | .06 | **.12** | **.13** | .02 | -.03 | **-.09** | .06 | .07 | **.18** | .02 | **.20** | -.00 | **.27** | **.20** | -.06 | .07 | .15 | .06 | **-.13** | .04 | .05 | -.12 | 1 | |
| 27 | High-Tech | .30 | .45 | 0 | 1 | **.13** | **.13** | **.18** | **-.18** | -.04 | **-.27** | **-.20** | **.08** | **.24** | -.07 | .05 | **.19** | **-.18** | .03 | .04 | **-.34** | **.14** | **.12** | -.03 | -.01 | -.04 | .16 | -.02 | .11 | -.03 | -.22 | 1 | |
| 28 | Election year | .36 | .47 | 0 | 1 | .04 | .02 | .02 | .08 | -.02 | .05 | -.06 | **-.15** | **.14** | -.08 | .08 | -.03 | -.05 | -.03 | .11 | -.06 | -.07 | .09 | **-.21** | **-.13** | **-.19** | .10 | .02 | .00 | -.06 | .00 | **.08** | 1 |

***$p < .01$, **$p < .05$, *$p < .10$ Bold values for correlations indicate significance at 95% level.

**TABLE 3**
**Effect of CSA on Stock Market Abnormal Returns**

**Second-Stage Selection Model**

| Variables | Hypotheses | | Dependent Variable: Short-Term Stock Market Reaction to CSA<br>Model 1: Without Controls | | Model 2: Control Rich | |
|---|---|---|---|---|---|---|
| N = 293 | | | A | (SE) | α | (SE) |
| CSA - Customer Deviation | $H_{2a}$ | - | -.029 *** | (.010) | -.023 ** | (.012) |
| CSA - Employee Deviation | $H_{2b}$ | - | -.013 ** | (.006) | -.017 *** | (.005) |
| CSA - Government Deviation | $H_{2c}$ | - | -.020 *** | (.007) | -.022 *** | (.007) |
| CSA - Brand Deviation | $H_3$ | | -.0040 | (.004) | -.0040 | (.005) |
| Action | $H_4$ | - | -.0093 ** | (.004) | -.0089 ** | (.004) |
| CEO Announcement | $H_5$ | - | -.014 ** | (.007) | -.015 ** | (.007) |
| Business Communication | $H_6$ | + | .0098 *** | (.005) | .0099 ** | (.005) |
| Coalition Size | $H_7$ | + | .00027 *** | (.000) | .00024 ** | (.000) |
| Firm CSR Score | | | - | | .00062 | (.000) |
| Firm Political Activity | | | - | | .0087 | (.007) |
| CEO Political Ideology | | | - | | .0068 * | (.004) |
| CEO Gender | | | - | | .030 ** | (.015) |
| CEO Age | | | - | | .00026 | (.000) |
| CMO | | | - | | .019 ** | (.008) |
| Past CSA | | | - | | .0019 | (.001) |
| B2B_B2C | | | - | | -.0065 | (.006) |
| ROA | | | - | | -.053 | (.004) |
| Firm Size | | | - | | -.0020 ** | (.020) |
| Leverage | | | - | | -1.08e-06 | (.000) |
| Advertising Expenditure | | | - | | -8.35e-07 | (.000) |
| Marketing Capability | | | - | | .00023 | (.000) |
| Log Brand Number | | | - | | .0015 | (.001) |
| Institutional Holdings | | | - | | .00020 | (.006) |
| High-Tech | | | - | | .011 ** | (.006) |
| Election year | | | - | | .0066 | (.007) |
| Inverse Mills Ratio | | | .00095 | (.003) | .0012 | (.003) |
| Prob > F | | | .002 | | .000 | |
| $R^2$ | | | .33 | | .41 | |

Notes: Event, year, and industry dummies are omitted from the table because of limited space.
***$p < .01$, **$p < .05$, *$p < .10$

**TABLE 4**

**Stock Market and Customers' Reactions to CSA Based on Level of Deviation from Stakeholders' Sociopolitical Values**

| **Level of Deviation** | Group 1 N=85 | Group 2 N=27 | Group 3 N=30 | Group 4 N=32 | Group 5 N=20 | Group 6 N=33 | Group 7 N=30 | Group 8 N=36 |
|---|---|---|---|---|---|---|---|---|
| Percentage of the events | 29% | 9.2% | 10.2% | 11% | 6.8% | 11.3 % | 10.2% | 12.3% |
| from Customers | Low | Low | Low | High | Low | High | High | High |
| from Employees | Low | Low | High | Low | High | High | Low | High |
| from Government | Low | High | Low | Low | High | Low | High | High |
| **$CAR_{Market\_Model}$** | .71%** | .39% | .01% | -.62%* | -1.79%** | -.26% | -.94%** | -2.45%*** |
| **Quarterly_Sales_Growth** | .084*** | .085** | .042*** | .0095 | .034** | .017 | -.051* | -.040** |
| **Annual_Sales_Growth** | .12*** | .081** | .10*** | .0044 | .045** | .0097 | -.053* | -.043** |

***$p < .01$, **$p < .05$, *$p < .10$

# Corporate Sociopolitical Activism and Firm Value

# Web Appendix

## *WEB APPENDIX W1 – ARCHIVAL SEARCH GENERIC TERM DICTIONARY*

**TABLE W1**
**Time Specific Archival Search Items for Corporate Sociopolitical Activism Events**

| | |
|---|---|
| Abortion | LGBT |
| Bathroom Bill | LGBTQ |
| Black Lives Matter | Mass shooting |
| BLM | Marriage Equality |
| Border Security | Minimum Wage |
| Censorship | North Carolina HB2 |
| Climate Change | NSA data collection |
| Confederate Flag | NSA Tracking |
| Confederate Statue | Planned Parenthood |
| Environmental Regulations | Police Brutality |
| Equal Pay | Pride Month |
| Equality Act | Pride Week |
| Gender Equality | Racial Discrimination |
| Georgia House Bill 757 | Refugees Employment |
| Gun Control | Religious Freedom Act |
| Illegal Immigrants | Second Amendment |
| Immigration Enforcement | Sexual Discrimination Bill |
| Immigration Reform | Women Equality |

## *WEB APPENDIX W2 – Q-SORT SURVEY DETAILS AND STATISTICS*

We ran a Q-sort survey to validate further that our events objectively qualify as CSA and are separate from CSR and CPA. We have reviewed 119 articles on CSR and 25 articles on CPA from the top tier journals of marketing, management, and political science literature from 1985 to 2019[1]: *Journal of Marketing, Journal of Marketing Research, Journal of the Academy of Marketing Science, Academy of Management Review, Journal of Management, Management Science, Strategic Management Journal, Journal of Public Relations Research, American Political Science Review*

We gathered the most comprehensive and recent definition for the two constructs and provided the definitions along with the definition of CSA according to our paper to two research assistants blind to our research question and the categories. We then provided the research assistants with 318 examples of CSA, CSR, and CPA. We asked each research assistant to classify the 318 events A, B and C. Section below provides the definitions and the sources for the examples provided for Q-sort survey:

### *Definitions and References*

Research assistants received the definitions for three groups (A, B, C), which correspond to CSA, CSR, and CPA respectively:

**TABLE W2**
**Panel A: Definitions for the three constructs**

| | **Definition** | **Common Characteristics** |
|---|---|---|
| **Group A** | Company activities related to support of or opposition to one side of a controversial sociopolitical issue | - motivated by an ideological perspective on how society "should be"<br>- always publicized<br>- makes some people in society feel supported, but might anger others (i.e., divisive in nature) |
| **Group B** | Company activities related to its obligations to society and its stakeholders to advance societal good | - motivated by a general consensus on what's morally appropriate and desirable<br>- generates positive outcome for a wide range of people<br>- typically, publicized<br>- makes most people in society "feel good" about a company |

[1] The complete list of the journals is available upon request.

| | | |
|---|---|---|
| **Group C** | Company activities related to influencing politicians and political processes in order to increase business performance. | - motivated by profit<br>- generates positive outcomes for the company that might not be beneficial to society<br>- rarely publicized<br>- makes politicians more likely to enact laws and policies that help a company |

***Events***

We provided 318 events to the research assistants, 281 events from our sample, 25 CSR examples, and 12 CPA examples. The CPA and CSR examples are collected from the papers in our comprehensive literature review[2] (Aguilera et al. 2007; Barnett 2007; Biehal and Sheinin 2007; Brown and Dacin 1997; Brown, Waltzer, Waltzer[3] 2001; Chatterji et al. 2016; Chen 2007; David, Kline, and Dai 2005; Du, Bhattacharya, and Sen 2011; Flammer 2015; Flammer and Luo 2017; Grier, Munger, and Roberts 1994; Hansen and Mitchell. 2000; Hawn and Ioannou 2016; Hillman, Keim and Schuler 2004; Homburg, Stierl, and Bornemann 2013; Kim and Choi 2012; Koschate-Fischer, Huber, and Hoyer 2016; Lenz, Wetzel, and Hammerschmidt 2017; Lichtenstein, Drumwright, and Braig 2004; Luo and Bhattacharya 2006; Lux, Crook, and Woehr 2011; Maignan and Ferrell 2004; McWilliams and Siegel 2001; 2011; Peloza and Shang 2011; Sawant 2012; Schuler, Rehbein, and Cramer 2002; Schuler et al. 2017; Tonin and Vlassopoulos 2014; Vlachos et al. 2009; Wagner, Lutz, and Weitz 2009; Werner 2017)

The CSA examples are directly extracted from our sample. We have provided only 281 out of 293 events because the events are provided eliminating the name of the company, therefore, some similar events conducted by firms from similar industries which were worded similarly, transformed into completely similar examples. Consider the two events below:

1. Alphabet urges the Supreme Court to rule for marriage equality.
2. Apple urges the Supreme Court to rule for marriage equality.

We provided the research assistant with one example for the two events:

A company in the computer and software industry urges the Supreme Court to rule for marriage equality.

[2] We only have used 12 examples of CPA because numerous examples of CPA are fundamentally similar: A company donating money to a political party. We have tried to collect CPA examples that are different and can address each similarity and distinction between CPA and CSA (e.g., advertorial, donations, lobbying, government affairs, etc.)

[3] Although this paper is not part of the top 50 business journals in Financial Times or top 50 political science journals in Scimago Rankings, it has been included due to its unique examples for advertorial which we could not find in any of the other journals.

***Q-Sort Survey Results***

We follow previous Research (Landis and Koch 1977; Nahm et al. 2002) to calculate the level of agreement between the two research assistants and the validity of the sample classification. Table W2 Panel B shows the inter-judge raw scores. The diagonal line indicates the events where the two research assistants have agreements, and the off-diagonal figures are results of which they have classified events in different groups. For example, the table shows that the two participants had an agreement on 253 of the events and have classified similarly 220 of the events as CSA, ten as CPA, and 23 as CSR. However, they had disagreements on the remaining 60 events. The overall agreement between the two assistants is 79.5%.

**TABLE W2**
**Panel B: Q-Sort Survey Inter-Judge Raw Agreement Scores**

| | | Judge 1 | | |
|---|---|---|---|---|
| | | CSA | CPA | CSR |
| Judge 2 | CSA | 220 | 8 | 24 |
| | CPA | 3 | 10 | 6 |
| | CSR | 17 | 7 | 23 |

Total Placements: 318; Number of Agreements: 253; **Agreement Ratio: .795**

We then calculate the Cohen's Kappa which calculates the proportion of agreement after eliminating the chance agreement:

$$\textbf{Cohen's Kappa} = \frac{\sum_i Pii - \sum_i Pi{+}P{+}i}{1 - \sum_i Pi{+}P{+}i}$$

$$= \frac{\left[\frac{220+10+23}{318} - \left[\left(\frac{3+6}{318}\times\frac{8+7}{318}\right) + \left(\frac{8+24}{318}\times\frac{3+17}{318}\right) + \left(\frac{24+6}{318}\times\frac{17+7}{318}\right)\right]\right]}{\left[1 - \left(\frac{3+6}{318}\times\frac{8+7}{318}\right) + \left(\frac{8+24}{318}\times\frac{3+17}{318}\right) + \left(\frac{24+6}{318}\times\frac{17+7}{318}\right)\right]} = \frac{.78}{.98} = 79.6\%$$

According to the guideline provided for Cohen's Kappa:

1. Excellent Agreement: Kappa = .76 - 1.00
2. Fair to Moderate Agreement: Kappa = .40 - .75
3. Poor Agreement: Kappa = .39 or less

The agreement level for the two research assistants is in the excellent range and is not due to chance.

In the next step, we use the overall Hit Ratio to estimate the validity of the definitions and classification (Moore and Benbasat 1991; Nahm et al. 2002). The item placement ratio or the "Hit Ratio" is an indicator of how many events overall have been placed in the category intended by our research and definition.

Table W2-Panel C provides the details for overall placement. The research assistants have classified 86% of the CSA events from our sample as Group A (CSA). Also, they have correctly placed 88% of the CSR examples in Group B (CSR) and 75% of the CPA examples in group C (CPA). The overall Hit Ratio is 85%, which confirms that our sample of events indeed is consistent with the definition we have provided for CSA.

**TABLE W2**
**Panel C: Q-Sort Survey- Items Placement Ratios**

| | | **Actual** | | | | |
|---|---|---|---|---|---|---|
| | Definitions | CSA | CPA | CSR | **Total** | **% Hit** |
| **Theoretical** | CSA | 481 | 25 | 56 | 562 | 0.86 |
| | CSR | 5 | 1 | 44 | 50 | 0.88 |
| | CPA | 4 | 20 | 0 | 24 | 0.83 |
| Total number of placements: 636; Number of hits: 545 | | | | | **Overall % Hit** | **0.86** |

## *WEB APPENDIX W3-CONTROL VARIABLE DETAILS AND OPERATIONALIZATION*

**TABLE W3**
**Operationalization of the Control Variables**

| | *Variable Name* | *Variable Description* | *Variable Operationalization* | *Source* |
|---|---|---|---|---|
| Firm specific control variables | Corporate Social Responsibility<br>- Firm_CSR (continuous) | To disentangle the effect of corporate activism from corporate social responsibility | We followed Mishra and Modi's (2016) procedure and used Kinder, Lydenberg, and Domini Research and Analytics Inc.'s publicly available firm ratings to create six indexes that reflect various types of responsibility:<br>- corporate governance<br>- employee relations<br>- environment<br>- community<br>- product quality<br>- diversity<br>We use the total summation of the indices as the *Firm_CSR* Index for the firm | Kinder, Lydenberg, and Domini Research and Analytics Inc. |
| | Corporate Political Activities<br>- Firm_CPA (continuous) | To account for the firm's political activities to advance the business of the firm | For a given firm, we collected *Firm_CPA* as:<br>(Total donations to the Republican party- Total donations to the Democratic party) / Total firm donation | The Center for Responsive Politics' public database (searchable via www.opensecrets.org) |
| | B2B_B2C (dummy) | Firms' primary operating markets | Dummy coded according to their four-digit SIC codes (Srinivasan, Lilien, and Sridhar 2011); equal to 1 for the B2B firms and 0 for B2C firms | COMPUSTAT |
| | CMO (dummy) | To control for the potential effect of a marketing leader on CSA's effectiveness | Dummy coded according to the composition of the firm's C-suite. (CMO) is equal to 1 if the firm has a CMO in its top management team in the year of the CSA and 0 otherwise. | BoardEx |

**TABLE W3-Continued**
**Operationalization of the Control Variables**

| | *Variable Name* | *Variable Description* | *Variable Operationalization* | *Source* |
|---|---|---|---|---|
| Firm specific control variables | ROA (continuous) | Financial performance of the firm | Return on assets as the firm's earnings before extraordinary items in relation to its total assets (Rego, Billett, and Morgan 2009) | COMPUSTAT |
| | Firm_Size (continuous) | Financial performance of the firm | Natural logarithm of total assets (Lin and Chang 2012) | COMPUSTAT |
| | Leverage (continuous) | Financial performance of the firm | Firm's long-term debt relative to total assets (Luo, Homburg, and Wieseke 2010) | COMPUSTAT |
| | Advertising_Expenditure (continuous) | To account for the brand's communication with the market, measured as the dollar amount spent on advertising in the previous year. | Firm's advertising expenditure in total million USD. | COMPUSTAT |
| | Marketing_Capability (continuous) | To control for the efficiency of the firm to operate in the turmoil period after the activism | We collect the firm's patents, sales, general, and administrative expenses, and account receivables for $year_{t-1}$ as input resources and $revenue_{t-1}$ as output. We collect firm's receivables, sale, and industry identifier form COMPUSTAT and firm's patent stock from AcclaimIP.com to run the input-output frontier model and construct the marketing capability. | COMPUSTAT Www. AcclaimIp.com |

**TABLE W3-Continued**
**Operationalization of the Control Variables**

| | *Variable Name* | *Variable Description* | *Variable Operationalization* | *Source* |
|---|---|---|---|---|
| Firm specific control variables | Brand_Number (continuous) | To account for the differences in the consequences when corporate activism is conducted via a multi-brand firm versus a single-brand firm | We collect the number of corporate brands for each firm-event by examining the company's 10-K report published most recently after the event date. We accessed each 10-K through the firm's investor relations website and searched the text for management specified mentions or lists of the firm's unique brands, trademarks, operating divisions, subsidiaries, etc. We use the natural logarithm of this number in the model. | Archival search |
| | Institutional_Holdings (continuous) | To differentiate between the reactions of individual investors and institutions. | The relative number of shares held by the institutions divided by the total number of shares | Thomson Reuters |
| | Firm's previous corporate activism: - Past_CSA (continuous) | To account for the firm's reputation for conducting activism which forms investors' expectations | We record the number of past events (Past_CSA) for each company three years prior to the time of the current event | Archival search |
| CEO specific control variables | CEO Political Ideology - CEO_Political_Ideology (continuous) | To account for the CEO's political activities to advance the business of the firm. | For a given firm, we collected the CEO's political ideology according to their political donations: Total donations to the Republican party- Total donations to the Democrat party) / Total CEO donation (Schuler, Rehbein, and Cramer 2002) | The Center for Responsive Politics' public database (searchable via www.opensecrets.org) |

**TABLE W3-Continued**
**Operationalization of the Control Variables**

| | *Variable Name* | *Variable Description* | *Variable Operationalization* | *Source* |
|---|---|---|---|---|
| CEO specific control | CEO demographics:<br>- CEO_Age (continuous)<br>- CEO_Gender (dummy) | To address the differences in the CEO's inclination to take risks and conduct or encourage corporate activism | We collect these two variables through the archival search on the Firm's page, Bloomberg's People, LinkedIn, etc. | BoardEx, Archival search |
| Event Specific Factor | Event_Category (categorical) | The general theme of the polarizing issue | These categorical variables include<br>- government scope,<br>- racial discrimination,<br>- gender equality and women rights,<br>- sexual orientation equality, and<br>- others | Archival search |
| Industry Specific Factors | High_Tech (dummy) | To address the possibility of prevalence of corporate activism in high-tech industries | Equal to 1 if the firm is from a high-tech industry:<br>We coded firms in the following 4 digit SIC codes as high-tech: 2834–2836, 3570–3572, 3575–3579, 3600, 3612–3613, 3620–3621, 3630, 3634, 3640, 3651–3652, 3661, 3663, 3669–3670, 3672, 3674, 3677–3679, 3821–3829, and 3841–3845 (Sridhar, Narayanan and Srinivasan 2013) | COMPUSTAT |
| | Industry_dummies (dummy) | To control for industry-specific factors | 1 digit SIC codes | COMPUSTAT |
| Time Specific Factors | Election_Year (dummy) | To control for possible higher sensitivity to politically polarizing statements during election years | Dummy equal to 1 if the event occurred in a U.S. presidential election year for years 2012 and 2016. | Archival search |
| | Year dummies (dummy) | To control for time-specific factors | Year dummies | Archival search |

## *SECTION W4 - HECKMAN SELECTION CORRECTION MODEL*

**TABLE W4-1**

**Results of the First-Stage Heckman Correction Model**

| **Panel Data Probit Model** | |
|---|---|
| Variables (2,231 Firms) | Dependent Variable: Choice to Conduct Corporate Sociopolitical Activism |
| Average Industry Activism | 3.69 *** |
| | (.40) |
| Average State Activism | 9.24 *** |
| | (2.15) |
| Institutional Holdings | -.21 |
| | (.16) |
| ROA | .020 ** |
| | (.15) |
| Firm Size | .78 *** |
| | (.07) |
| Leverage | .12 *** |
| | (.04) |
| Advertising Expenditure | .00021 *** |
| | (.00) |
| Election Year | 6.73 *** |
| | (.33) |
| High-Tech | -.048 |
| | (.23) |
| Wald $\chi^2$ | 4381.19 |
| Log-Likelihood | -462.57 |
| Pseudo-$R^2$ | .72 |

*$p < .10$, **$p < .05$, ***$p < .01$.

Notes: Year and industry dummies are omitted from the table because of limited space.

### Relevance and Exclusion Restriction for the First-Stage Heckman Correction Model

We propose two variables to satisfy the first-stage assumptions for the Heckman correction model: the average of CSA incidents in the same industry and the same state; *Average_Industry_CSA* and *Average_State_CSA.* In terms of relevance, it is reasonable to assume that firms in the same industry or the same geographic region face similar conditions related to activism. If a large number of competitors engage in activism, managers of the focal firm may feel pressured to engage in activism as well, to avoid a "silence penalty" (Edelman

2018). Similarly, if a state regulation (e.g., Georgia's religious freedom bill) or other regional sociopolitical incidents induce CSA in the state, managers of the firm are likely to face the pressure or need to engage.

To check whether the variables meet the exclusion restriction, the selected variables should not be correlated with the omitted variables that influence investors' reactions to the focal firm's activism.

We argue that these variables are not related to or will systematically affect firm-specific omitted variables for three reasons. First, we exclude the focal firm from the calculation of the instrument. Second, most endogenous firm-specific factors that can guide investors' reactions to the firm's activism can be unique to the relationship between the firm and its shareholders and other stakeholders and therefore, may not be included in the competitors' decision-making process for CSA and subsequently in the first-stage selection variables. However, there might be unobservable exogenous shocks that affect the likelihood to engage in activism and investors' reactions in the stock market. For example, all high-tech firms in Silicon Valley, CA, have been more vocal about equality issues. Therefore, these firms are more expected to conduct a liberal CSA, and investors (1) have a higher expectation of these firms to do so, and (2) expect the state of California to be more accepting of such liberal CSA. Both of these possibilities can influence investors' reactions to all CSAs conducted by firms in this industry, which will violate the exclusion restriction. We account for such systematic exogenous factors, by following Germann, Ebbes, and Grewal's (2015) recommendation in calculating *Average_Industry_CSA*.

If each firm in our sample belongs solely to a single industry, then the *Average_Industry_Activism* only contains firms from that one particular industry, which could lead to a problematic correlation between IMR and the second stage error term. Following Germann, Ebbes, and Grewal (2015), we first identify all the industries that the firm is a member of in each year (each firm has a broad spectrum of activities and is a member of multiple industries. We list from COMPUSTAT all the 4-digit SIC codes that the focal firm "primarily" belongs to, and we collect all the firms in these multiple industries to calculate the average of activism occurrence for all these firms. As Germann, Ebbes, and Grewal (2015) argue, it is highly unlikely that all the industries that the firm is a member of, systematically go through the same exogenous shocks or follow similar patterns which can affect the investors' reaction to all firms across industries.

*Average_State_CSA* is a cross-industry variable, which makes it even less likely that firm decisions relate to those of nonpeer same-state firms. For the exclusion restriction to be violated, all firms in one state should not only be treated in the same way by the same legislature but should also have the same employee base and the same customer base, which is highly unlikely. Additionally, due to the heterogeneity in a legislature's reach and control over the different industries in the state, the aftermath of a CSA highly deviated from the legislature, conducted by

a firm in one industry can be different from another.

Furthermore, to confirm that the exclusion restriction proposal above is statistically sound, we follow Certo et al. (2016) to provide statistical evidence for the exclusion restriction: In Table W4-2, we provide the correlation table between the inverse Mills ratio and the independent variables. High correlations between *IMR* and the independent variables indicate a poor exclusion restriction (Bushway, Johnson, and Slocum 2007; Certo et al. 2016). The correlations between IMR and variables in our model are lower than ±.1 and non-significant. Although previous research does not provide a benchmark for the correlation, it suggests diagnosing the strength of the exclusion restriction using the IMR correlation in conjunction with other statistics such as pseudo-R-square of the first stage (Certo et al. 2016). The first-stage Heckman correction model for our sample has a pseudo-R-square of .72. The "a combination of institutional knowledge and ideas about processes" determining the investors' reactions to CSA (Angrist and Pischke (2009, p.117), along with the low correlation between *IMR* and main variables and the high pseudo-R-square confirms that our first-stage model does not suffer from a weak exclusion restriction.

**TABLE W4-2**
**Correlation Between IMR and Main Independent Variable**

| | Variables | 1. | 2. | 3. | 4. |
|---|---|---|---|---|---|
| 1. | IMR | 1 | | | |
| 2. | CSA Customer Deviation | .10 | 1 | | |
| 3. | CSA Employee Deviation | .09 | .43 *** | 1 | |
| 4. | CSA Government Deviation | .05 | .44 *** | .33 *** | 1 |

***$p < .01$, **$p < .05$, *$p < .10$

**Results for the First Stage Model:**

The coefficient for *Average_Industry_CSA* is positive and significant (β = 3.69, $p < .01$), indicating that firms indeed are more likely to engage in activism if activism is more common in their industry. The coefficient for *Average_State_CSA* is positive and significant (β = 9.24, $p < .01$), which confirms that firms are more likely to engage in activism if their headquarters are located in a state where activism is more prevalent. Furthermore, the results show that firms are more likely to engage in activism if they have higher ROA (β = .20, $p < .01$), are larger (β = .78, $p < .01$), have higher leverage (β = .12, $p < .01$), and spend more on advertising (β = .00021, $p < .01$). Finally, firms are more likely to engage in activism in election years (β = 6.79, $p < .01$), when political topics and controversial issues are spotlighted more.

## *SECTION W5 - ROBUSTNESS TESTS*

### W5-1: Alternative sociopolitical stance variables:

We did not have access to the respondents at the time when activism occurred. Therefore, the *Event_Stance* and *Customer_Stance* variables are based on respondents' perceptions of what the stances would have been at the time of the event. Although most sociopolitical issues and most of the firms in our sample have not had a considerable change in their customer base during the sample period, two concerns may arise: (1) Does the *Event_Stance* measure vary with time during our sample (i.e., the same event might have been perceived as more liberal in 2011 than in 2013), (2) Does the "perceived" *Event_Stance* and *Customer_Stance* measures yield biased results?

To address the first concern, we regress the Stance measure over the year period in our sample to test whether there is a systematic change in the *Event_Stance* measure through time. None of the year dummies are significant, which shows that most sociopolitical issues did not considerably change partisanship controversy between 2011 to 2016. Although we believe that CSA's stance and level of partisanship are inextricably time-dependent, it is reasonable to observe no systematic changes in sociopolitical partisanship of the events over a short period such as the five years in our sample.

To answer the second question, we use alternative operationalization for *Event_Stance* and *Customer_Stance.* First, we use Pew Research Center's guidance (2014) to create a dichotomized variable (*D_CSA_Stance*) which is 1 if the issue has a conservative sociopolitical stance (i.e., pro-life, anti-gun control, anti-LGBT, etc.) and 0 if the issue has a liberal sociopolitical stance (i.e., pro-choice, pro-gun control, pro-LGBT, etc.) Subsequently, we use dummy variables for stakeholder stances (*D_Stakholder_Stance*) as conservative (1) if the value for the stakeholder stance is positive and liberal if the value is negative. The cutoff allows us to create dummy deviation variables that are equal to 0 if the *D_CSA_Stance = D_Stakholder_Stance* and 1 if *D_CSA_Stance ≠ D_Stakholder_Stance*. We run the model for Equation (9) using the alternative variables. The results are similar to the main models and are provided in Table W5-1:

**TABLE W5-1: Equation (9) with Alternative Event Stance Variables**

Dependent Variable: Short-Term Stock Market Reaction to CSA

| Variables[a] N = 293 | Model 1: Without Controls α | | (SE) | Model 2: Control Rich α | | (SE) |
|---|---|---|---|---|---|---|
| **Dummy**- CSA - Customer Deviation | **-.012** | *** | **(.004)** | **-.0084** | ** | **(.004)** |
| **Dummy**- CSA - Employee Deviation | **-.0069** | ** | **(.003)** | **-.0081** | ** | **(.005)** |
| **Dummy**- CSA - Government Deviation | **-.0092** | * | **(.005)** | **-.0099** | ** | **(.006)** |
| CSA - Brand Deviation | -.0049 | | (.005) | -.0040 | | (.005) |
| Action | -.012 | ** | (.006) | -.011 | ** | (.004) |
| CEO Announcement | -.012 | ** | (.008) | -.012 | ** | (.006) |
| Business Communication | | | | | | |
| Coalition Size | .00026 | ** | (.000) | .00022 | ** | (.000) |
| Firm CSR Score | - | | | .00072 | | (.000) |
| Firm Political Activity | - | | | .0072 | | (.010) |
| CEO Political Ideology | - | | | .0090 | ** | (.006) |
| CEO Gender | - | | | .045 | ** | (.014) |
| CEO Age | - | | | -.000084 | | (.000) |
| CMO | - | | | .021 | *** | (.007) |
| Past CSA | - | | | .000012 | | (.006) |
| B2B_B2C | - | | | -.0072 | | (.006) |
| ROA | - | | | -.022 | | (.000) |
| Firm Size | - | | | -.0012 | * | (.020) |
| Leverage | - | | | -9.15e-07 | | (.000) |
| Advertising Expenditure | - | | | -2.10e-06 | | (.000) |
| Marketing Capability | - | | | .00031 | | (.000) |
| Brand Number | - | | | .0013 | | (.000) |
| Institutional Holdings | - | | | .0038 | | (.007) |
| High-Tech | - | | | .011 | ** | (.007) |
| Election year | - | | | .0047 | | (.008) |
| Inverse Mills Ratio | -.00030 | | (.004) | -.0014 | | (.003) |
| Prob > F | .015 | | | .0001 | | |
| $R^2$ | .19 | | | .28 | | |

***$p < .01$, **$p < .05$, *$p < .10$

Notes: Event, year, and industry dummies are omitted from the table because of limited space.

**W5-2:** Next, we use an alternative measure to address both the self-report bias and the retrospective measure. We checked the validity of Customer Stance measure with an independent survey. We provided respondents in Survey 3 with another set of 20 randomly selected firms and asked them how liberal or conservative they believed the customers of the firms are (seven-point scale). We cross-matched the responses for customers' general knowledge

of the company's customer base with the purchase responses from Survey 3 and found no significant difference in the means of customer base ideology from this study with *Customer_Stance*. Additionally, we incorporated secondary data acquired from EquiTrend, which provides the political ideology of the customers of the firms biennially. We collected the most recent measure immediately before the event from this database. Although the EquiTrend database only provides measures for two-thirds of our sample, the correlation between the *Customer_Stance* and *EquiTrend_Stance* is .51 and significant. The results using the alternative customer deviation variable are consistent with those in our main models and are available as Model 1 in Table W5-2.

The *Employee-Stance* measure in our main model can suffer from another form of bias. We calculate employees' political ideology by collecting their political donations through the Center for Responsive Politics. Our main *Employee_Stance* variable is based on the ratio of the dollar value of donations to the Republican and Democrat parties. While the relative dollar value of the donations can convey the monetary power of politically active citizens' ideology, it will not show what percentage of the employees are, in fact, politically active Republican or Democrat citizens. For robustness, we use the employees' "number of donation transactions" to each party:

$$\text{Alt1\_Employee\_Stance}_{it} = \frac{(Number\ of\ donations\ to\ Republican\ party_{iT}) - (Number\ of\ donations\ t\ to\ Democratic\ party_{iT})}{Total\ Number\ of\ donations\ \ to\ Republican\ and\ Democratic\ \ party_{iT}}$$

To account for the number of politically active employees relative to the total number of firms' employees we use a second alternative measure as follows:

$$\text{Alt2\_Employee\_Stance}_{it} = \frac{(Number\ of\ donations\ to\ Republican\ party_{iT}) - (Number\ of\ donations\ t\ to\ Democratic\ party_{iT})}{Total\ Number\ of\ firms'employees_{iT}}$$

The results, using the alternative operationalization are consistent with the main results and are available as Model 2 and 3 in Table W5-2.

**TABLE W5-2**

**Equation (9) with Alternative Customer and Employee Stance Variables**

| DV: $CAR_{Market\text{-}Model}$ Variables[a] | Model 1 Alternative Customer Stance: *EquiTrend_Stance* N=218 | | Model 2 Alternative Employee Stance: *Alt1_Employee_Stance* N=293 | | Model 3 Alternative EmployeeStance: *Alt2_Employee_Stance* N=293 | |
|---|---|---|---|---|---|---|
| | α | (SE) | α | (SE) | α | (SE) |
| CSA - Customer Deviation | -.031 ** | (.015) | -.022 * | (.010) | -.031 ** | (.011) |
| CSA - Employee Deviation | -.020 *** | (.007) | -.023 ** | (.005) | -.022 *** | (.005) |
| CSA - Government Deviation | -.023 ** | (.010) | -.0231 ** | (.006) | -.027 *** | (.006) |
| CSA - Brand Deviation | -.0080 | (.007) | -.0039 | (.005) | -.0050 | (.005) |
| Action | -.0083 * | (.009) | -.0094 ** | (.004) | -.0076 ** | (.004) |
| CEO Announcement | -.017 ** | (.007) | -.014 ** | (.006) | -.014 ** | (.007) |
| Business Communication | .013 *** | (.004) | .0098 ** | (.003) | .0085 ** | (.004) |
| Coalition Size | .00019 * | (.000) | .00025 ** | (.000) | .00021 ** | (.000) |
| Firm CSR Score | .00075 | (.000) | .00054 | (.000) | .00060 | (.000) |
| Firm Political Activity | .014 | (.009) | .0074 | (.008) | .011 | (.007) |
| CEO Political Ideology | .0083 * | (.005) | .0053 | (.003) | .0045 | (.003) |
| CEO Gender | .037 ** | (.021) | .029 * | (.010) | .023 * | (.014) |
| CEO Age | .00017 | (.000) | .00024 | (.000) | .00023 | (.000) |
| CMO | .021 *** | (.006) | .017 ** | (.007) | .017 ** | (.007) |
| Past CSA | .00018 | (.000) | 6.32e-06 | (.000) | .00018 | (.000) |
| B2B_B2C | -.0084 | (.010) | -.0076 | (.005) | -.0071 | (.007) |
| ROA | -.035 | (.006) | -.048 | (.030) | -.045 | (.040) |
| Firm Size | -.0011 | (.003) | -.00063 | (.002) | -.00072 | (.002) |
| Leverage | -3.33e-06 | (.000) | -9.06e-07 | (.000) | -1.83e-06 | (.000) |
| Advertising Expenditure | -2.13e-07 | (.000) | -7.97e-07 | (.000) | -1.64e-06 | (.000) |
| Marketing Capability | .00041 | (.006) | .00020 | (.000) | .00024 | (.000) |
| Log Brand Number | .0022 | (.000) | .00099 | (.001) | .0016 | (.001) |
| Institutional Holdings | .0024 | (.000) | .00017 | (.007) | .00093 | (.006) |
| High-Tech | .011 | (.006) | .0082 | (.006) | .013 ** | (.005) |
| Election year | .012 | (.009) | .0091 | (.008) | .0062 | (.006) |
| Inverse Mills Ratio | .0032 | (.005) | .0012 | (.003) | .00031 | (.004) |
| Prob > F | .000 | | .000 | | .000 | |
| $R^2$ | .46 | | .40 | | .42 | |

***$p < .01$, **$p < .05$, *$p < .10$

Notes: Event, year, and industry dummies are omitted from the table because of limited space.

**W5-3:** Finally, we use an alternative operationalization for the *Business_Communication* variable. This variable is coded based on the judgment of two research assistants. To confirm that our results our not biased due to a subjective judgement, we use text analysis of the public announcement of the CSA and run an automated search for a list of keywords pertaining to a firm's business interest. We use the total number of such words as a proxy for business interests.

The list of keywords are as follows:

- Consumer, customer, client, (and their plurals)
- Employee, employer, employment (and their plurals)
- Name of the firm, "business of [name of the firm]", business
- Name of the home state +legislators or legislature (e.g, California legislature for Intel)
- Investor, shareholder (and their plurals)

The results remain similar to the main model in Equation (9) and are provided in Table W5-3.

**TABLE W5-3: Equation (9) with Alternative Business Communication Variable**

Dependent Variable: Short-Term Stock Market Reaction to CSA

| Variables[a] | Model 1: Without Controls | | Model 2: Control Rich | |
|---|---|---|---|---|
| N = 293 | α | (SE) | α | (SE) |
| CSA - Customer Deviation | -.030 *** | (.010) | -.022 ** | (.012) |
| CSA - Employee Deviation | -.012 ** | (.006) | -.015 *** | (.005) |
| CSA - Government Deviation | -.019 *** | (.007) | -.023 *** | (.007) |
| CSA - Brand Deviation | -.0038 | (.004) | -.0032 | (.004) |
| Action | -.0095 ** | (.004) | -.0088 ** | (.004) |
| CEO Announcement | -.015 ** | (.007) | -.015 ** | (.007) |
| **Alternative Business Communication (word count variable)** | **.00095 ** ** | **(.000)** | **.0011 ** ** | **(.000)** |
| Coalition Size | .00024 *** | (.000) | .00021 ** | (.000) |
| Firm CSR Score | - | | .00072 * | (.000) |
| Firm Political Activity | - | | .0086 | (.007) |
| CEO Political Ideology | - | | .0069 * | (.004) |
| CEO Gender | - | | .029 ** | (.013) |
| CEO Age | - | | .00016 | (.000) |
| CMO | - | | .021 ** | (.007) |
| Past CSA | - | | .00040 | (.000) |
| B2B_B2C | - | | -.0069 | (.007) |
| ROA | - | | -.048 | (.004) |
| Firm Size | - | | -.0015 * | (.010) |
| Leverage | - | | -1.34e-06 | (.000) |
| Advertising Expenditure | - | | -1.22e-06 | (.000) |
| Marketing Capability | - | | .00024 | (.000) |
| Log Brand Number | - | | .0019 | (.001) |
| Institutional Holdings | - | | .00032 | (.006) |
| High-Tech | - | | .011 ** | (.004) |
| Election year | - | | .0041 | (.007) |
| Inverse Mills Ratio | .0011 | (.003) | .0011 | (.003) |
| Prob > F | .002 | | .000 | |
| $R^2$ | .32 | | .42 | |

Notes: Event, year, and industry dummies are omitted from the table because of limited space.

**W5-4: Robustness based on Dependent Variables:**

In the main models in Equations 9, we use market model estimation in the calculation of CARs. For robustness, we test our model using both the market-adjusted model and Fama–French–Carhart model to estimate the CARs. The results are consistent with the main results (see Models 1 and 2 in Table W5-4).

We followed the common event study methodology in choosing the window of the event to calculate CARs. However, for robustness check, we ran the models on a shorter window: one day before to one day after the event. The results are similar to those in the main models and are provided for Model 3 in Table W5-4.

**TABLE W5-4**

**Equation (9) with Alternative Dependent Variables**

| Variables[a]<br>N=293 | Model 1<br>Alternative DV:<br>*5 day window CARs Market Adjusted Model* | | | Model 2<br>Alternative DV:<br>*5 day window CARs Fama French Carhart Model* | | | Model 3<br>Alternative DV:<br>*3 day window CARs Market Model* | | |
|---|---|---|---|---|---|---|---|---|---|
| | α | | (SE) | α | | (SE) | α | | (SE) |
| CSA - Customer Deviation | -.032 | ** | (.013) | -.026 | ** | (.013) | -.032 | ** | (.017) |
| CSA - Employee Deviation | -.016 | ** | (.006) | -.020 | *** | (.008) | -.020 | *** | (.007) |
| CSA - Government Deviation | -.022 | *** | (.005) | -.021 | ** | (.010) | -.030 | *** | (.012) |
| CSA - Brand Deviation | -.0030 | | (.005) | -.0083 | | (.005) | -.011 | * | (.006) |
| Action | -.010 | ** | (.005) | -.010 | * | (.004) | -.012 | ** | (.007) |
| CEO Announcement | -.018 | ** | (.008) | -.019 | ** | (.005) | -.011 | * | (.005) |
| Business Communication | .0098 | *** | (.003) | .011 | ** | (.005) | .017 | *** | (.000) |
| Coalition Size | .00026 | ** | (.000) | .00025 | ** | (.000) | .00030 | ** | (.000) |
| Firm CSR Score | .00072 | | (.000) | .0013 | * | (.000) | .00092 | | (.001) |
| Firm Political Activity | .0081 | | (.007) | .013 | | (.008) | .024 | * | (.010) |
| CEO Political Ideology | .0075 | * | (.004) | .0033 | | (.005) | .0097 | | (.010) |
| CEO Gender | .031 | * | (.018) | .027 | * | (.018) | .027 | * | (.021) |
| CEO Age | .00047 | | (.000) | .00016 | | (.000) | .00034 | | (.000) |
| CMO | .020 | ** | (.008) | .016 | ** | (.009) | .0081 | * | (.010) |
| Past CSA | .00078 | | (.000) | .00079 | | (.001) | .000095 | | (.002) |
| B2B_B2C | -.011 | | (.008) | -.0063 | | (.007) | -.013 | | (.010) |
| ROA | -.055 | | (.035) | -.040 | | (.000) | -.027 | | (.070) |
| Firm Size | -.0021 | ** | (.003) | -.00092 | * | (.002) | -.00081 | | (.003) |
| Leverage | -2.45e-07 | | (.000) | -1.52e-06 | | (.000) | -8.83e-07 | | (.000) |
| Advertising Expenditure | -1.74e-06 | | (.000) | -2.13e-06 | | (.000) | -8.43e-07 | | (.000) |
| Marketing Capability | .000038 | | (.000) | .00031 | | (.000) | .00047 | | (.000) |
| Log Brand Number | .00096 | | (.003) | .0014 | | (.002) | .0016 | | (.002) |
| Institutional Holdings | .00095 | | (.000) | .00047 | | (.009) | -.0066 | | (.007) |
| High-Tech | .0090 | * | (.008) | .011 | * | (.009) | .016 | | (.007) |
| Election year | .0061 | | (.009) | .0083 | | (.009) | .012 | | (.010) |
| Inverse Mills Ratio | .0014 | | (.003) | .00051 | | (.000) | .0048 | | (.005) |
| Prob > F | .000 | | | .000 | | | .007 | | |
| $R^2$ | .42 | | | .34 | | | .39 | | |

***$p < .01$, **$p < .05$, *$p < .10$

Notes: Event, year, and industry dummies are omitted from the table because of limited space.

***REFERENCES***


Aguilera, Ruth V., Deborah E. Rupp, Cynthia A. Williams, and Jyoti Ganapathi (2007), "Putting the S Back in Corporate Social Responsibility: A Multilevel Theory of Social Change in Organizations," *Academy of Management Review*, 32 (3), 836-863.

Angrist, Joshua D. and Jörn-Steffen Pischke (2009), *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton, NJ: Princeton University Press.

Barnett, Michael L. (2007), "Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility," *Academy of Management Review*, 32 (3), 794-816.

Biehal, Gabriel J., and Daniel A. Sheinin (2007), "The Influence of Corporate Messages on the Product Portfolio," *Journal of Marketing*, 71 (2), 12-25.

Brown, Tom J., and Peter A. Dacin (1997), "The Company and the Product: Corporate Associations and Consumer Product Responses," *Journal of Marketing*, 61 (1), 68-84.

Brown, Clyde, Herbert Waltzer, and Miriam B. Waltzer (2001), "Daring to be Heard: Advertorials by Organized Interests on the Op-Ed Page of *The New York Times*, 1985-1998, *Political Communication*, 18 (1), 23-50.

Bushway, Shawn, Brian D. Johnson, and Lee Ann Slocum (2007), "Is the Magic Still There? The Use of the Heckman Two-step Correction for Selection Bias in Criminology," *Journal of Quantitative Criminology*, 23 (2), 151-78.

Chatterji, Aaron K., Rodolphe Durand, David I. Levine, and Samuel Touboul (2016), "Do Ratings of Firms Converge? Implications for Managers, Investors and Strategy Researchers," *Strategic Management Journal*, 37 (8), 1597-1614.

Certo, S. Trevis, John R. Busenbark, Hyun-Soo Woo, and Matthew Semadeni (2016), "Sample Selection Bias and Heckman Models in Strategic Management Research," *Strategic Management Journal*, 37 (13), 2639-57.

Chen, Yi-Ru R. (2007), "The Strategic Management of Government Affairs in China: How Multinational Corporations in China Interact with the Chinese Government," *Journal of Public Relations Research*, 19 (3), 283-306.

David, Prabu, Susan Kline, and Yang Dai (2005), "Corporate Social Responsibility Practices, Corporate Identity, and Purchase Intention: A Dual-Process Model," *Journal of Public Relations Research*, 17 (3), 291-313.

Du, Shuili, C.B. Bhattacharya, and Sankar Sen (2011), "Corporate Social Responsibility and Competitive Advantage: Overcoming the Trust Barrier," *Management Science*, 57 (9), 1528-1545.

Flammer, Caroline (2015), "Does Corporate Social Responsibility Lead to Superior Financial Performance? A Regression Discontinuity Approach," *Management Science*, 61 (11), 2549-68.

Flammer, Caroline, and Jiao Luo (2017), "Corporate Social Responsibility as an Employee Governance Tool: Evidence from a Quasi-Experiment," *Strategic Management Journal*, 38 (2), 163-83.

Germann, Frank, Peter Ebbes, and Rajdeep Grewal (2015), "The Chief Marketing Officer Matters!" *Journal of Marketing*, 79 (3), 1-22.

Grier, Kevin B., Michael C. Munger, and Brian E. Roberts, (1994), "The Determinants of Industry Political Activity 1978–1986," *American Political Science Review*, 88 (4), 911-26.

Hansen, Wendy L., and Neil J. Mitchell (2000), "Disaggregating and Explaining Corporate Political Activity: Domestic and Foreign Corporations in National Politics," *American Political Science Review*, 94 (4), 891-903.
Hawn, Olga, and Ioannis Ioannou (2016), "Mind the Gap: The Interplay between External and Internal Actions in the Case of Corporate Social Responsibility," *Strategic Management Journal*, 37 (13), 2569-88.
Hillman, Amy J., Gerald D. Keim, and Douglas Schuler (2004), "Corporate Political Activity: A Review and Research Agenda," *Journal of Management*, 30 (6), 837-57.
Homburg, Christian, Marcel Stierl, and Torsten Bornemann (2013), "Corporate Social Responsibility in Business-to-Business Markets: How Organizational Customers Account for Supplier Corporate Social Responsibility Engagement," *Journal of Marketing*, 77 (6), 54-72.
Kim, Yeon Soo and Youjin Choi (2012), "College Students' Perception of Philip Morris's Tobacco-Related Smoking Prevention and Tobacco-Unrelated Social Responsibility," *Journal of Public Relations Research*, 24 (2), 184-199.
Koschate-Fischer, Nicole, Isabel V. Huber, and Wayne D. Hoyer (2016), "When Will Price Increases Associated with Company Donations to Charity be perceived as Fair?" *Journal of the Academy of Marketing Science*, 44 (5), 608-26.
Landis, J. Richard, and Gary G. Koch (1977), "The Measurement of Observer Agreement for Categorical Data," *Biometrics*, 33 (1), 159-74.
Lenz, Isabel, Hauke A. Wetzel, and Maik Hammerschmidt (2017), "Can Doing Good Lead to Doing Poorly? Firm Value Implications of CSR in the Face of CSI," *Journal of the Academy of Marketing Science*, 45 (5), 677-97.
Lichtenstein, Donald R., Minette E. Drumwright, and Bridgette M. Braig (2004), "The Effect of Corporate Social Responsibility on Customer Donations to Corporate-Supported Nonprofits," *Journal of Marketing*, 68 (4), 16-32.
Luo, Xueming, and Chitra B.Bhattacharya (2006), "Corporate Social Responsibility, Customer Satisfaction, and Market Value," *Journal of Marketing*, 70 (4), 1-18.
Luo, Xueming, Sascha Raithel, and Michael A. Wiles (2013) "The Impact of Brand Rating Dispersion on Firm Value," *Journal of Marketing Research*, 50 (3), 399-415.
Lux, Sean, T. Russell Crook, and David J. Woehr (2011), "Mixing Business with Politics: A Meta-analysis of the Antecedents and Outcomes of Corporate Political Activity," *Journal of Management*, 37 (1), 223-47.
Maignan, Isabelle, and O.C. Ferrell (2004), "Corporate Social Responsibility and Marketing: An Integrative Framework," *Journal of the Academy of Marketing Science*, 32 (1), 3-19.
McWilliams, Abagail, and Donald Siegel (2001), "Corporate Social Responsibility: A Theory of the Firm Perspective," *Academy of Management Review*, 26 (1), 117-27.
McWilliams, Abagail, and Donald Siegel (2011), "Creating and Capturing Value: Strategic Corporate Social Responsibility, Resource-based Theory, and Sustainable Competitive Advantage," *Journal of Management*, 37 (5), 1480-95.
Moore, Gary C. and Izak Benbasat (1991), "Development of an Instrument to Measure the Perceptions of Adopting an Information Technology Innovation," *Information Systems Research*, 2 (3), 192-222.
Nahm, Abraham Y., S. Subba Rao, Luis E. Solis-Galvan, and T.S. Ragu-Nathan (2002), "The Q-Sort Method: Assessing Reliability and Construct Validity of Questionnaire Items at a Pre-Testing Stage," *Journal of Modern Applied Statistical Methods*, 1 (1), 114-25.

Peloza, John, and Jingzhi Shang (2011), "How Can Corporate Social Responsibility Activities Create Value for Stakeholders? A Systematic Review," *Journal of the Academy of Marketing Science*, 39 (1), 117-35.
Sawant, Rajeev J. (2012), "Asset Specificity and Corporate Political Activity in Regulated Industries," *Academy of Management Review*, 37 (2), 194-210.
Schuler, Douglas A., Kathleen Rehbein, and Roxy D. Cramer (2002), "Pursuing Strategic Advantage through Political Means: A Multivariate Approach," *Academy of Management Journal*, 45 (4), 659-72.
Schuler, Douglas A., Wei Shi, Robert E. Hoskisson, and Tao Chen (2017), "Windfalls of Emperors' Sojourns: Stock Market Reactions to Chinese Firms Hosting High-Ranking Government Officials," *Strategic Management Journal*, 38 (8), 1668-87.
Sridhar, Shrihari, Sriram Narayanan, and Raji Srinivasan (2014), "Dynamic Relationships among R&D, Advertising, Inventory and Firm Performance," *Journal of the Academy of Marketing Science*, 42 (3), 277-90.
Tonin, Mirco, and Michael Vlassopoulos (2014), "Corporate Philanthropy and Productivity: Evidence from an Online Real Effort Experiment," *Management Science*, 61 (8), 1795-1811.
Vlachos, Pavlos A., Argiris Tsamakos, Adam P. Vrechopoulos, and Panagiotis K. Avramidis (2009), "Corporate Social Responsibility: Attributions, Loyalty, and the Mediating Role of Trust," *Journal of the Academy of Marketing Science*, 37 (2), 170-80.
Wagner, Tillmann, Richard J. Lutz, and Barton A. Weitz (2009), "Corporate Hypocrisy: Overcoming the Threat of Inconsistent Corporate Social Responsibility Perceptions," *Journal of Marketing*, 73 (6), 77-91.
Werner, Timothy (2017), "Investor Reaction to Covert Corporate Political Activity," *Strategic Management Journal*, 38 (12), 2424-44.