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RED, BLUE, AND PURPLE FIRMS: ORGANIZATIONAL POLITICAL IDEOLOGY AND CORPORATE SOCIAL RESPONSIBILITY

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Research summary: *Why do firms vary so much in their stances toward corporate social responsibility (CSR)? Prior research has emphasized the role of external pressures, as well as CEO preferences, while little attention has been paid to the possibility that CSR may also stem from prevailing beliefs among the body politic of the firm. We introduce the concept of organizational political ideology to explain how political beliefs of organizational members shape corporate advances in CSR. Using a novel measure based on the political contributions by employees of Fortune 500 firms, we find that ideology predicts advances in CSR. This effect appears stronger when CSR is rare in the firm's industry, when firms are high in human capital intensity, and when the CEO has had long organizational tenure.*

Managerial summary: *Why do firms vary in their stances toward corporate social responsibility (CSR)? Prior research suggests that companies engage in CSR when under pressure to do so, or when their CEOs have liberal values. We introduce the concept of organizational political ideology, and argue that CSR may also result from the values of the larger employee population. Introducing a novel measure of organizational political ideology, based on employees' donations to the two major political parties in the United States, we find that liberal-leaning companies engage in more CSR than conservative-leaning companies, and even more so when other firms in the industry have weaker CSR records, when the company relies heavily on human resources and when the company's CEO has a long organizational tenure.*

INTRODUCTION

Management researchers have long been interested in understanding how and when firms address the concerns of multiple stakeholders in their strategic decision making (Carroll, 1991; Freeman, 1984). A central focus has been on understanding the factors that give rise to immense variance in firms' stances toward corporate social responsibility (CSR), or "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001: 117). Firms differ widely in the degree to which they hew closely to a profit-maximization agenda versus attempting to balance and incorporate the needs of nonowner constituents, including employees, communities, and the world overall (Clarkson, 1995). For scholars, the question is: Why?

Researchers have focused primarily on *external factors* as triggers of CSR-related behaviors, including the government (Kassinis and Vafeas, 2006), activists (King, 2008), isomorphic and institutional

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pressures (Briscoe and Safford, 2008; Matten and Moon, 2008), product-market competition (Flammer, 2015), and actions of industry peers (Pacheco and Dean, 2015). Distinctly less emphasis has been placed on determinants that are *internal* to firms; here, the prevailing idea has been that a company's size, reputation, and strategy determine how much stakeholder pressure the company faces, which in turn influences its emphasis on CSR (King, 2008).

Only the scarcest of attention has been devoted to the idea that a company's emphasis on CSR stems from the values, or preferences, of its own decision makers (Chin, Hambrick, and Treviño, 2013). Under this embryonic view, companies engage in CSR not because they are impelled to do so, but because their top executives philosophically prefer to do so. One study, for instance, showed that firms headed by ideologically liberal CEOs were more likely to make advances in CSR than were those led by ideologically conservative CEOs (Chin *et al.,* 2013).

This idea that CSR is ideologically motivated prompts an intriguing question: *Is it possible that entire organizations, not just their CEOs or elites, have pervasive ideological leanings that enter into decision making, including about CSR?* Some known theories surely support such a view. It is well accepted, for instance, that organizations adopt and retain distinctive cultures (Martin, 1992). After founding, as organizations succeed and grow, they tend to further attract, select, and retain employees who are like-minded, leading to consistent skews in their cultural profiles (Schneider, 1987). Additionally, it is well known that top executives do not initiate and select strategic choices strictly on their own (Bower, 1970). Instead, individuals at various organizational levels propose and endorse strategic initiatives; and top executives, no matter their own personal values, attend at least somewhat to the prevailing belief systems of their organization, in order to enhance decision acceptance and their own legitimacy (Suchman, 1995). In short, it is highly plausible that a company's CSR initiatives are a reflection of the ideological slant of the entire body politic, and not only the leanings of top executives.

We pursue this idea, introducing the concept of *organizational political ideology* (which, for ease, we often shorten to organizational ideology), defined as "prevailing beliefs among organizational members about how the social world operates, including convictions about what outcomes are desirable and how they should be achieved" (adapted from Simons and Ingram, 1997). An organization's political ideology may originate from a founder's personal beliefs (Pettigrew, 1979) or other founding conditions (Selznick, 1949), and may crystallize through evolutionary processes of employee-organization alignment, or "matching" (Schneider, 1987). Through ongoing social interactions and shared awareness among members, it may attain permanence as a self-reproducing organizational fact, enduring even after people who initially set the ideological tone leave the organization.

We adopt the dimension of conservatism versus liberalism as our way of characterizing organizations' ideologies. As we shall discuss, conservatism versus liberalism (which we will also refer to as "degree of liberalism," where a low value means conservatism) has been found to be a potent axis for differentiating societal political systems as well as political philosophies of individuals. By extension, it is highly promising to consider organizations on the conservative-liberal spectrum. In the language of American politics, some firms lean "red" (conservative), some lean "blue" (liberal), and some are "purple" (moderate or mixed).

With conservatism-liberalism as our dimension of interest, we hypothesize that an organization's ideological orientation will influence its advances, or lack of advances, in corporate social responsibility. Moreover, we argue that an organization's ideology exerts an effect on CSR above and beyond any effects stemming from the ideology of its CEO or even its entire top management cadre.

We examine organizational ideologies and their implications for CSR in a panel of Fortune 500 firms over the period 1998–2013. Based on the premise, per our definition, that an organization's political ideology is "the prevailing beliefs among the organization's members," we collect publicly archived data on the personal political contributions of company employees to the two major political parties in the United States. Treating gifts to the Democratic (Republican) party as reflective of liberal (conservative) beliefs, we build a multi-item index to capture a firm's political ideology on the conservative-liberal dimension. Based on scores constructed from a total of 1.4 million political donations, we first demonstrate the coherence and internal reliability of firms' scores on our ideology index, reporting substantial clustering of donation patterns by firm. Then, we test

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the implications of political ideology for advances in CSR, measured in three distinct and nonoverlapping ways: (1) an omnibus measure of overall CSR, (2) female representation in executive ranks, and (3) adoption of domestic partner benefits. With comprehensive controls, including for endogeneity and recursiveness, our results show a strong association between organizational ideology and advances in all three forms of CSR examined. We also find that the effects of organizational ideology are most pronounced when a practice is rare among industry peers, that is, when isomorphic pressures are weak, when the firm has high human capital intensity, and when the CEO has been socialized into the firm's ideology through longer organizational tenure.

Our article makes multiple contributions. First, we expand the emerging view that CSR is partly a matter of volition, showing that an organization's stance on the conservative-liberal spectrum—a prevailing attribute of its members—provides a new explanation for advances in CSR. Second, we introduce and elaborate on the concept of organizational political ideology, which may have a host of implications for firm strategies and behaviors (discussed as future research opportunities). Third, contributing to the analytic tractability of the concept of organizational political ideology, we argue for the importance of the conservative-liberal axis and develop a generalizable, reliable index for placing organizations on this continuum.

THEORY

Organizational political ideology

We consider organizational political ideology as a property of an organization's members (their "prevailing beliefs," per our definition). In pluralistic societies, various ideologies are found, and they tend to cluster among members of certain regions, neighborhoods, occupations, and even employing organizations (Beyer, 1981). As such, organizations in these societies often have distinct ideological leanings, which need not be connected to the organization's stated goals or activities. In turn, these ideological leanings serve as magnets for other individuals who have the same inclinations, in a reinforcing spiral.

This portrayal calls to mind Schneider's (1987) attraction-selection-attrition (A-S-A) model, in which organizations drift toward member homogenization, as individuals are attracted to places where current members and policies suit them, and organizations correspondingly select new individuals who appear to "fit." The A-S-A model has been verified in numerous studies, documenting homogenization on an array of member attributes—including personality (Judge and Cable, 1997) and demography (Jackson *et al.,* 1991)—but not ideology per se.

While one might think that political beliefs are of little salience in companies' hiring and retention decisions, or that there is little occasion for individuals' ideologies to be revealed in the workplace, we envision that homogenization on ideological dimensions *can* arise and might even be especially pronounced in some cases. Bearing in mind that an ideology is a high-order belief system about right and wrong, individuals who are considering joining or leaving an organization will be alert to evidence as to whether that organization—by virtue of its policies and norms, as well as fellow members' values, is or is not a comfortable home.

Following from the A-S-A model, then, ideologically like-minded individuals may tend to cluster, drawn to each other as well as to the organizations' preexisting practices and policies. This clustering of like-minded individuals, and their ongoing interactions, will give rise to a prevailing system of beliefs that is salient to insiders and even somewhat to outsiders, constituting an organization's ideology. We are not asserting that every organization is ideologically skewed. For reasons that are not yet well understood (and in need of research, as we discuss later), the clustering we have described may be far more pronounced in some organizations than others. Where such leanings do arise, they may be self-reinforcing and highly consequential in shaping organizational practices and policies, including CSR.

Note that organizational ideology is distinct from the related concept of organizational culture, as it represents a higher-order belief system about the functioning of the larger social world—brought into the organization. While political ideology may provide a philosophical basis for some cultural themes, most aspects of culture will not stem from political ideology. For instance, among the 54 cultural dimensions inventoried by O'Reilly, Chatman, and Caldwell (1991), the themes of "being analytical" or "low level of conflict" do not reflect ideological stances. On the other hand, cultural themes of "meritocracy" and "individual accountability" might reflect ideology; but they are too narrow, by themselves, to qualify as ideologies. Moreover, whereas organizational culture is largely "invented, discovered, or developed by a given group" (Schein, 1988: 7), ideology is a reflection of members' enduring extra-organizational beliefs—again, brought into the organization rather than being shaped by the organization (Sears and Funk, 1999).

How organizational political ideology guides decision making

For organizational members, ideology serves as a "guide for action" that is rooted in some corresponding value system in the broader society. In particular, we envision that ideology shapes decisions to adopt (or resist) certain practices or policies via two intertwined mechanisms: motivated cognition and a logic of appropriateness.

Motivated cognition occurs when individuals "see what they want to see, hear what they want to hear" (Higgins and Molden, 2003), causing them to inject their values in their choices. In part, this arises as individuals make everyday decisions that overtly align with their preferences—a process known as "behavioral channeling" (England, 1967). In addition, and perhaps even more important, individuals engage in "perceptual filtering" when they unwittingly perceive and justify the instrumental merits of actions to suit their values (England, 1967). In the context of large organizations, these processes operate at multiple levels. Lower-level managers who initiate proposals, mid-level executives who broker and champion those proposals, and top executives who make final determinations (Bower, 1970), all tend to construct and perceive the "business case" for a given course of action in ways that correspond with their personal belief systems. If the preponderance of these individuals are themselves liberal, their values will be infused in a corresponding preponderance of various initiatives—proposals, endorsements, cajoling, approvals, vetoes—on ideologically-laden matters. In short, via motivated cognition, an aggregation of personal biases gives rise to an aggregation of biased decisions.

Additionally, however, beyond taking actions that follow from their personal values, organizational members will lean toward actions that accord with their understanding of the organization's prevailing ethos. Organizational members who are aware of the organization's ideology will feel its influence in the "rules of thumb" regarding acceptable and wise behavior (Van Maanen and Schein, 1979: 2). Hence, under this "logic of appropriateness," those organizational members—proposers, endorsers, approvers—who personally share the prevailing ideology have a second reason (beyond motivated cognition) to act in accord with it. But even those members who do *not* personally subscribe to the dominant ideology will nonetheless tend to follow the collective's preferences, as they comprehend them:

> Following rules of a role or identity is a relatively complicated cognitive process involving thoughtful, reasoning behavior; but the processes of reasoning are not primarily connected to the anticipation of future consequences as they are in most contemporary conceptions of rationality . . . . To act appropriately is to proceed according to the institutionalized practices of a collectivity, based on mutual, and often tacit, understandings of what is true, reasonable, natural, right, and good. (March and Olsen, 2006: 690)

This logic of appropriateness thus forms a second conduit between ideology and decision making. Overall, we expect both motivated cognition and the logic of appropriateness to link organizational ideology to policies and practices related to CSR.[1]

Organizational liberalism and advances in CSR

As defined earlier, an organization's ideology can only be characterized in terms of some corresponding ideological stance in the broader society. In this regard, political scientists have concluded that the liberal-conservative axis is the most robust and parsimonious way of classifying societal political

[1] Indeed, if we consider Schneider's (1987) A-S-A model in its entirety, as exemplified in the title of his seminal article, "The People Make the Place," we should not only expect member homophily in organizations, but *also* that these skewed member profiles will give rise to certain actions and practices. As Schneider laid out in his core proposition, "Attraction to an organization, selection by it, and attrition from it yield particular kinds of persons in an organization. These people determine organizational behavior." (Schneider, 1987: 441). Yet, essentially, all tests and applications of the A-S-A model have examined the first part of this proposition, or the homogenization of people in organizations. Few, if any studies have considered, as we do, how homogenization of attributes among the larger organizational body politic may influence corporate behaviors.

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ideologies (Poole and Rosenthal, 1984). Similarly, political psychologists have shown that this dimension is a highly potent way of characterizing individuals' beliefs (Jost, Nosek, and Gosling, 2008). Thus, the liberal-conservative axis should also provide a compelling way to characterize the organizations that serve as "microsocieties" within broader societies.

Skitka and Tetlock (1993) characterized liberalism and conservatism as opposing modes of political thought, and empirically investigated the underpinnings of these two philosophies. They conducted several experimental studies to explain differences between liberals and conservatives and found support for three subdimensions that separate the two ideological poles: preference for equality versus acceptance of inequality, desire for social change versus maintenance of norms, and an emphasis on shared versus personal responsibility. Schwartz (1996) further posited that liberals are sensitive to all social issues, especially those pertaining to equality, human rights, and the natural environment. Jost *et al.* (2003) characterized liberalism as supportive of social justice, economic equality and control over markets. In contrast, conservative ideology prescribes individualism, ownership rights, and efficiency as the paramount decision making criterion (Tetlock, 2000).

These contrasting beliefs—about favoring equality versus accepting inequality, seeing responsibilities as shared versus individual, and desiring social change versus preferring the status quo—indicate that members of a liberal-leaning firm, relative to those of a conservative-leaning firm, will tilt toward advancements in CSR practices. For example, members in liberal organizations will see merit in CSR practices that increase equality among different demographic or socioeconomic groups represented among the company's constituents. Members of liberal-leaning firms will also tend to believe in shared responsibility, leading to an emphasis on their firm's obligation to minimize harm to the natural environment.

In contrast, members of a conservative firm will tend to be more accepting of inequality, prefer a locus of responsibility rooted in the individual, and will see fewer problems with the social status quo, slowing CSR advancements. For firms that lie in the middle of the liberalism-conservatism spectrum, which might be thought of as "purple," the ideological positioning is essentially moderate. The prevailing ethos of such firms may include even-handed recognition of *both* liberal and conservative views, such that members from either persuasion may feel an acceptable "fit" with their workplace; we would expect such firms to occupy an intermediate position in their advancement of CSR practices.

As described above, we envision these differences in CSR practices to arise through behaviors at multiple levels of the organizations. As firms face CSR issues, employees—at all levels—in liberal organizations will tend to view the corporation's responsibilities toward stakeholders in a more inclusive manner, leading them to propose, promote, and approve a range of CSR initiatives. Through motivated cognition, liberal-leaning employees in those organizations will perceive that such practices hold merit and will lend support to them, leading them to float related proposals, for instance, on environmental reforms or human resource policies that support gender diversity or greater inclusion for gay and lesbian employees. These employees will solicit support and consent from managers higher up, who in turn will perceive a "business case" for promoting those changes. Liberal middle managers (who predominate in liberal firms) may also tilt their everyday decisions in directions that promote CSR, for example, as they see merit in endorsing the advancement of minority employees. As a result, top executives in liberal firms will receive more requests to approve CSR practices than will their counterparts in conservative firms. Moreover, decision makers—again, at all levels—even those not personally liberal, may lend support out of a sense that such practices are generally favored in their organizations (through a logic of appropriateness). Hence, while in some cases the pressure to adopt CSR practices may reflect explicit championing by liberal employees, in many instances, the pressure will be more diffuse, arising from shared perceptions of the overall organization's preference for CSR practices.

Conversely, employees and managers in conservative firms will tend to favor practices that align with their prevailing preferences, including less support for CSR practices, such as making costly changes to reduce environmental impacts, or adopting new employee benefits or training programs aimed at increasing workforce diversity. Because members of conservative-leaning firms will broadly tend to disfavor policies aimed at social change, decision makers in those firms will not only be less likely to receive proposals to improve CSR, but also will perceive normative pressure to maintain the social status quo. This allows decision makers to direct their attention elsewhere, avoiding or minimizing engagement with CSR. Thus:

Hypothesis 1: The more liberal an organization's ideology, the greater will be its advances in CSR.

When does organizational ideology matter most (or least)?

Thus far, our theoretical interest has been in the main effect of organizational ideology on a firm's adoption of (or resistance to) CSR practices. Yet, the influence of organizational ideology on CSR will surely depend on contextual, or contingent, factors. Under some conditions, organizational ideology will be strongly manifested in CSR advances; under opposing conditions, the link will not be as strong. As an initial step toward delineating the key contingencies that moderate the influence of organizational ideology, we consider prominent factors at the level of the industry (or peer group), the organization, and the CEO.

By examining these moderating factors, we do not claim to shed direct light on the relative roles of the two operative conduits we have specified, motivated cognition and the logic of appropriateness, as they are highly intertwined and not easily amenable to direct observation. Instead, these moderated effects—if observed—provide increased evidence that organization ideology exerts an internal push on CSR practices, due to the combined presence of both motivated cognition and the logic of appropriateness.

Industry

We propose that the relative influence of organizational ideology on a firm's engagement with CSR will depend on industry norms, which provide decision makers with normative guidance about CSR practices. Numerous studies have shown that a practice's greater prevalence among industry peers builds cognitive and normative pressure to mimic those peers by isomorphically adopting the practice as well (Strang and Soule, 1998). For example, Fligstein (1985) found that firms were more likely to adopt the multidivisional form when a greater number of peers in the same industry had already adopted it. When in place, industry isomorphic pressures provide a strong guide for behavior across all firms, leaving little opportunity for organizational ideology to exert its influence. Scholars of behavioral strategy have posited that such isomorphic pressure in a firm's environment restricts the discretion of its managers, such that "the less the isomorphic pressures on firms, the greater the managerial discretion" (Hambrick *et al*., 2004). When applied more broadly to all organizational members, this idea suggests that when CSR norms are weak, internal preferences—such as stem from organizational ideology—will come to the fore in guiding volitional behavior. Conversely, when industry norms are strong, the firm's own beliefs are superseded by peer pressure to behave in certain ways.

This leads us to argue that the effect of organizational liberalism on the decision to adopt a given CSR practice will be greater when that practice lacks a strong hold among industry peers. For instance, a firm's liberal ideology is likely to play an important role in the appointment of women to executive ranks when there are very few women executives in its industry; in contrast, ideology is apt to matter less in driving this change if female executives are common in the industry. As practices gain prevalence among industry peers, attaining taken-for-granted status, the effect of organizational ideology will be dampened, as organizational members—including decision making managers and other employees—sense pressure to follow industry CSR norms, regardless of organizational values. Thus, we expect that the differences between liberal and conservative firms' advances in CSR will be more pronounced when industry standards are relatively weak or absent:

Hypothesis 2: The less prevalent a CSR practice is among industry peer firms, the stronger the effect of a firm's organizational liberalism on its own advances in CSR.

Organization

We have argued that organizational ideology influences corporate CSR decisions through a multilayered process that reflects the inputs and preferences not only of senior executives, but also of lower-level employees and mid-level managers (Bower, 1970). Yet, the tendency of decision makers to accommodate the preferences of employees—the body politic—will vary significantly across organizations. Stakeholder theorists argue that decision makers will tend to incorporate the preferences of employees, viewed as "primary stakeholders," when the firm depends greatly on its employees for its survival and success (Clarkson, 1995).

Perhaps the most central factor that increases a firm's dependence on its employees is the extent to which its production function is intensive in human capital inputs (von Nordenflycht, 2011). Human capital intensive firms rely on "knowledge workers," employees with high levels of education whose work involves using abstract information in nonroutine problem solving (Davenport, 2013). Knowledge workers tend to have labor market mobility, and if they leave their employers, they often take valuable knowledge with them to rival firms (Somaya, Williamson, and Lorinkova, 2008). Given their higher levels of education and their importance to firm performance, employees in human capital intensive firms will tend to enjoy greater voice within their organizations, making it more likely that their collective values will be reflected in organizational decision making. Decision makers at all levels of human capital intensive firms should therefore perceive a greater imperative to attend to prevailing beliefs, and in turn will enact proposals and make decisions that have appeal among this highly valuable body politic.

This leads us to hypothesize that the effect of organizational ideology on CSR will be contingent on the human capital intensity of the firm. Human capital intensive firms—such as those competing in innovative technology, science, or professional service markets—will tend to reflect their employees' ideological preferences in their CSR advancement behaviors; conversely, less human capital intensive firms—such as those competing in traditional manufacturing, resource extraction, transport or retail markets—will reflect employee ideology to a lesser extent in their CSR behaviors. Accordingly, we hypothesize:

Hypothesis 3: The greater the human capital intensity of the firm, the stronger the effect of organizational liberalism on a firm's advances in CSR.

CEO

Our theorizing so far has portrayed CEOs, who have the final say on adoption of CSR practices, as relatively integrated with their companies' ideologies. Yet, research, primarily under the rubric of upper echelons theory, has shown that CEOs exert their own independent influences on company actions and outcomes (summarized in Finkelstein, Hambrick, and Cannella, 2009). CEOs inject themselves—their experiences and dispositions—into their decisions (Finkelstein *et al.,* 2009); and they emit cues, or set tones, that influence the actions of others (Fanelli and Misangyi, 2006). In our theorizing about the effect of organizational ideology, which represents the collective beliefs of employees at varying ranks and levels, a CEO can be understood to have the final veto power on initiatives that rise from lower rungs. This raises the intriguing question: When does a CEO most closely adhere to the prevailing ideology of the firm, and when does he or she resist or attenuate its influence? We propose that if a CEO is highly socialized into the organization's ideology and its associated norms and beliefs, the theorized association between ideology and CSR will tend to be amplified; in contrast, if a CEO is less socialized in the company's prevailing belief system, the association between organization ideology and CSR will be dampened.

Among the main ways that CEOs become socialized in their companies' ideologies is by long tenures in their firms. Long tenure in an organization increases an individual's familiarity with the organization's belief system, and provides more time for adjustment to it, such that the person fully comprehends any implicit rules and norms—and what is and is not appropriate. Longer tenure also indicates an individual's desire to remain amid that particular organization and its belief system (Mathieu and Zajac, 1990). Hence, a CEO who has spent many years working in the focal firm, including years prior to being in the top post, will tend to be more socialized into the ideological leanings of the firm's body politic. By contrast, a CEO who has arrived to the firm more recently may be far less aware of, appreciative of, or inculcated into the organization's ideology. Of course, at the extreme, a new CEO from the outside might represent the board's desire to select a leader who will alter or repudiate the company's prevailing way of doing things. Thus, we hypothesize:

Hypothesis 4: The longer the CEO's tenure in the firm, the stronger the effect of organizational liberalism on a firm's advances in CSR.

METHOD

Sample and data structure

Our sampling frame consists of all companies listed in the Fortune 500 at any time during 2001–2008. The data required for our study were generally abundant for these major companies (but more limited for smaller firms). After exclusions due to missing data, our final sample included 529 distinct firms. For every company, we measured our dependent variables in each year (t) between 2001 and 2013 (except for our omnibus measure of CSR, for which reliable data were only available for 2002–2008, described below), yielding a pooled time series of at least 2,800 firm years.

Measurement of organizational political ideology

Given that organizational political ideology is defined as the "prevailing beliefs among members," how might such beliefs be measured? One approach might be to survey employees, but this was not feasible for our project; indeed, it might be inherently impractical. Beyond the sheer magnitude of a multifirm survey for measuring ideology, it would be fraught with problems of reactivity, social desirability and demand biases. Instead, we created an index based on unobtrusive indicators to gauge the ideologies of firms. Webb *et al.* (1966) urged social scientists to use unobtrusive indicators to learn about the values and beliefs of individuals and collectives. Over the years, various researchers have fruitfully followed these suggestions. Close to our domain, Webb (1963) measured the liberalism-conservatism of news columnists by examining the extent to which they gave coverage to some politicians relative to others. Recently, Chin *et al.* (2013) developed a multi-item index of the political inclinations of individual CEOs, based on political donations.

In keeping with the premise that an organization's ideology is a composite of its members' ideologies, we gathered and coded publicly archived data on the political donations made by each firm's employees. Research has concluded that individual political donations overwhelmingly reflect personal beliefs, rather than efforts to obtain favors or influence (Ansolabehere, De Figueiredo, and Snyder, 2003). As will be described momentarily, we treated donations to Republican recipients as conservative-leaning and those to Democratic recipients as liberal-leaning. An abundance of research has shown that the stances of these two major parties in the United States can be explained in conservative-liberal terms (e.g., Poole and Rosenthal, 1984); moreover, the separation of the two parties on this axis has grown (Hetherington, 2009).

Although our use of political donations is not without limitations, it has significant advantages for our purpose. Employees of various hierarchical ranks, functional areas, and locales make donations. Among major firms, there are typically hundreds of employee-donors per firm per election-cycle, yielding far more data points about member beliefs than could ever practically be obtained by survey techniques (Kotter and Heskett, 1992).

Even the nonrandomness of employee donors, who comprise small proportions of their companies' headcounts, can be considered advantageous for our purposes. Research in political science has found that individuals who donate to political parties tend to be socially influential, ideologically minded, and motivated to promulgate their beliefs among friends and colleagues (Rosenstone and Hansen, 1993; Ansolabehere *et al.,* 2003). Thus, employee donors can be thought of as vivid reflectors of their companies' ideological leanings. This approach is consistent with the key informant technique, which is widely used when the "content of inquiry is such that complete or in-depth information cannot be expected from representative survey respondents" (Kumar, Stern, and Anderson, 1993: 1634).

The Federal Election Commission (FEC) requires information for any political gift of $200 or more, which the FEC stores and makes available to research organizations. Among the required information is the donor's employer and job title (if any). Thus, we conducted an automated search to identify all gifts—to the two parties, their candidates, campaign committees, and associated political action committees (PACs)—by individual donors who indicated any of our sampled firms as their employers.[2] (We excluded donations by the CEO as well as by other corporate officers; as will

[2] Since employees might indicate their employer with varying names, we included several alternative search terms for each company (including name changes), identified by using the firm's SEC filings and web searches. For example, American International Group Inc. is also known as AIG, and American Express as Amex. We also included names of wholly owned subsidiaries in our search terms.

be described, we constructed separate measures of CEO and TMT ideology.) Over the timespan 1998–2012, we identified a total of 1.4 million donation records, with an average of 2,683 records per firm.

We used those records to create four indicators of organizational liberalism *for each two-year election cycle*, largely following the approach used by Chin *et al.* (2013) to measure CEOs' ideologies: (1) total dollar amount given to the Democratic Party divided by the total amount given to both parties; (2) number of donations to the Democratic Party divided by the number given to both parties; (3) number of unique employee donors to the Democratic Party divided by the number of employee donors to both parties; and (4) number of unique Democratic donation recipients divided by the number of all unique recipients. Use of these multiple indicators helps to overcome incidental effects due to heavy involvement by just a few employees or orchestrated campaigns for specific recipients.

The four indicators showed a high degree of convergence (Cronbach alpha = 0.96). We conducted confirmatory factor analysis to test the unity among the indicators. All the test statistics were above prescribed standards (Non-formed Fit Index = 0.99; Comparative Fit Index = 0.98; Standardized Root Mean Square Residual = 0.07; Root Mean Square Error of Approximation = 0.06) (Bagozzi and Yi, 1988). The variance explained by a single factor solution was 90 percent. The indicators had similar means and standard deviations; thus, we calculated their simple average to generate each firm's liberalism score for each election cycle.[3] For our regression analyses, we averaged this measure over the two most recent election cycles.

Bearing in mind that we used continuously updated ideology scores in our regression analyses, Figure 1 shows the distribution of ideology scores for our sampled firms, averaged over all eight election cycles. The eight-cycle average scores of sampled firms were normally distributed, ranging from close to zero (extremely conservative) to about 0.85 (extremely liberal). The mean score was 0.40, slightly in the conservative domain. In Appendix S1, we report considerable internal reliability and intra-firm coherence of companies' ideology scores.

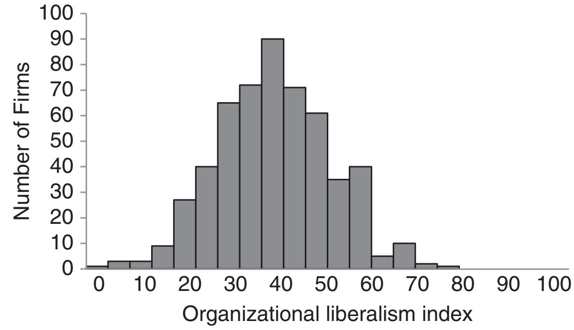

Figure 1. Distribution of organizational liberalism scores for Fortune 500 firms (averaged over 1998–2012)

Dependent variables

To comprehensively assess the effects of organizational liberalism, we operationalized CSR as three distinct outcomes variables: (1) an omnibus measure of a firm's CSR profile, (2) appointment of women to executive positions, and (3) domestic partner benefits for gay and lesbian employees. While the omnibus measure allows us to demonstrate broad generalizability of our ideas, our use of advancement of female executives and domestic partner benefits are pointedly relevant, as American corporations have varied greatly in their adoption of these practices, making them highly suitable arenas for testing our theory about the influence of organizational ideology. Moreover, these two specific practices are relevant across virtually all corporations, facilitating our analysis. We now describe each of our three dependent variables, along with our corresponding modeling approach.

Omnibus corporate social responsibility

We measured CSR profiles using data gathered by Kinder, Lydenberg, Domini (KLD). KLD data contain time series information on CSR and have been used widely in management research. Following prior research (David, Bloom, and Hillman, 2007), we used five KLD categories that gauge the firm's commitment to product quality, employee relations, community relations, environment, and human rights.[4] Under these categories,

[3] We ensured the robustness of our results by reanalyzing our models predicting representation of female executives using only the donations made by men. Nearly identical results were obtained when women's donations were excluded from our measure of organizational liberalism.

[4] We excluded the KLD "diversity" category as it includes two items ("promotion of women and minorities" and "gay and lesbian policies") that partially overlap with our other two dependent

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companies are rated annually on 32 strengths and 31 concerns indicated in binary terms. We calculated the CSR profile for each year as the sum of all strengths minus all concerns.

KLD data were available on a large set of firms from 2001 to 2008. After KLD's acquisition by Riskmetrics in 2009, the inventory of CSR items was substantially altered, rendering inter-year comparability very tenuous. Thus, we examined CSR profiles for our set of 529 firms from 2002 to 2008. After missing data (and controlling for a lagged value of the dependent variable), we examined CSR for a pooled sample of 2,876 firm years.

Representation of women in top management

For this measure, we calculated the count of company officers (vice presidents and higher) who were female. We obtained lists of officers from *Compact Disclosure* and *Standard and Poor's Register of Corporations, Directors, and Executives*, both of which reproduce the information that companies provide in their annual reports and filings with the Security and Exchange Commission (SEC).

Domestic partner benefits

To identify whether and when each company adopted domestic partner benefits, we first obtained data from Briscoe and Safford (2008) on those firms that overlapped between their sample and ours. Their data were originally provided by the Human Rights Campaign, which kept records on benefit adoptions among Fortune 500 firms. We then expanded that dataset to include all additional firms and all years in our sample, using company press releases and media coverage about the initiation of benefits.

Moderator and control variables

To measure the degree of industry pressure to adopt CSR practices for Hypothesis 2, we calculated industry scores for each of our three outcome variables (these moderators and all control variables were measured in t – 1, unless otherwise noted): *Average industry CSR* was the average CSR score of two-digit SIC peer firms; *Percent of female executives in industry* was the average proportion of female executives among two-digit peer firms; and *Prior adoption of benefits in industry* was the number of peer firms that had adopted domestic partner benefits thus far. For Hypothesis 3, concerning *Human capital intensity*, we assumed that this attribute is predominantly a function of industry task environment, and proxied for it using data on average worker pay at the two-digit-SIC industry level (computed for the universe of Compustat firms by dividing "staff and related expenses" by "number of employees" following Connelly *et al.* [2016]). For Hypothesis 4, we measured *CEO Tenure* as the number of years a given CEO had worked in the firm.

We included a comprehensive array of controls in our models; some controls were unique to each of the three practices studied, while others were common to all three sets of analyses. For predicting a firm's advances in CSR, we controlled for the firm's *Prior year CSR*, (a lagged dependent variable). Similarly, for predicting representation of women in top management, we controlled for *Prior year female executives*. Further, we included a control for *Top management team size,* a time-varying dummy to capture the presence of a *Female CEO*, and a measure of *Percent female directors* (using data from RiskMetrics and BoardEx). We also controlled for the *Percent women in industry* using data from the Bureau of Labor Statistics (BLS) for the focal firm's two-digit-SIC industry. Finally, we also included *Prior year CSR* in this model.[5] For predicting adoption of domestic partner benefits, we included *LGBT city,* a dummy indicator for those firms that were headquartered in any of the ten metropolitan areas with the largest gay and lesbian populations, per the 2000 U.S. Census, a measure of *LGBT industry openness,* using an industry-averaged (at the two-digit-SIC level) measure of corporate equality index, which is annually compiled by Human Rights Campaign. We also included *Prior year CSR* in the domestic partner adoption model.

In models for all three dependent variables, we also included a common battery of relevant controls. We controlled for the firm's size, using *Net sales* (in billion dollars), recent performance, measured as *Return on assets*, and slack resources measured

variables described below. Our results are robust and highly similar when we include the diversity category.

[5] Since comparable CSR scores are not available for years after 2008, each firm's last known CSR profile was carried over to later years for the analysis of female representation in top management and domestic partner benefit adoption.

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using each firm's *Debt-equity ratio*. We included a variable for *Count of donation records*[6] (in hundreds) to capture any biases that may arise due to the number of gifts by employees from each company, and a variable for the *Percent of donations by women* to rule out potential effects due to workforce gender diversity. We included a dummy variable for *Unionization*, measured using survey data obtained from Maxwell, Temin, and Watts (2001) and media searches, to address the potential influence of organized labor in influencing practice adoption. We included a variable for *Ownership concentration,* measured as the percent of company shares owned by institutional and blockholder investors. We controlled for relative influence of the CEO by including variables for: *CEO duality*, a binary measure of whether the CEO is also board chair; *Board outsider ratio*, a measure of the percent of outside board members; and *CEO stock ownership*, a logged measure of the total value of CEO-owned stock.

To control for the effect of an organization's culture, distinct from its ideological leanings, we controlled for *Egalitarian culture* by creating an index measure of the extent to which there is pay egalitarianism in the top management team.[7] To control for the effect of executive ideology, we added a measure of *CEO liberalism* using the same index as Chin *et al.* (2013), and for *TMT liberalism*, calculated the same way as our organizational liberalism index, but using only the donations made by executives ranked vice president and higher (excluding the CEO). Data on company financials were obtained from Compustat.

To capture contextual influences, we controlled for *Headquarters state liberalism,* using the percentage of votes to the Democratic Party in the most recent presidential election in the firm's headquarters state. To control for macro-environmental forces, we included fixed effects for the *Industries* (measured using four-digit Global Industry Classification Standard), and *Years* (except in the Cox hazard models, which do not allow year dummies).

Regression models

For each of the three different CSR outcomes, we estimate the effects of organizational political ideology using regression models that are best suited to that particular dependent variable. Omnibus CSR, the first of the three dependent variables, is normally distributed, indicating suitability for linear estimation. A major concern for this analysis is the possibility of unobserved firm-level characteristics (i.e., omitted variables) that are correlated with both ideology and CSR. One strategy to address this would be to include firm-level fixed effects (i.e., dummies for each firm). However, Nickell (1981) showed that with short panel lengths (e.g., fewer than 10 time periods), fixed effects models yield biased estimators. Arellano and Bond (1991) developed an alternative approach using a Generalized Method of Moments (GMM) system of equations. In this approach, unobserved firm-level heterogeneity is removed by incorporating "internal" instruments consisting of first-differences of multiple lags on all right-hand side variables. With rising recognition of Nickell's bias concerns, these Arellano-Bond models, which are also referred to as dynamic panel data (DPD) models, are increasingly being used in the field of management (e.g., Pollock *et al.,* 2015).

Accordingly, we model omnibus CSR using Arellano-Bond GMM models. Because these models also accommodate the use of traditional exogenous instruments, we also include an exogenous instrument based on the time-varying passage of an antidiscrimination law in each firm's home state. These data on state laws are compiled, and made available to public by Human Rights Campaign, a prominent LGBT advocacy group. This legal change should induce some liberal workers to move to those states, marginally increasing employee liberalism for companies located there—but not directly affecting the rate of omnibus CSR advances in those companies.[8]

[6] We also analyzed two subsamples, split at the median number of donations per firm-election-cycle, to assess whether the observed number of donations affects our results. Across all three CSR outcome variables, we found that the effects of organization ideology were significant and similar for the two subsamples, suggesting that our measure is robust to the number of donations on which it is based.

[7] We computed an index for egalitarian culture by taking an inverse of, and then standardizing and averaging the following four items: (1) coefficient of variation of total pay (tdc1 in Compustat) for top five executives; (2) the coefficient of variation of total pay of the top four non-CEO executives; (3) ratio of the CEO's pay relative to average pay of the four non-CEO executives; (4) TMT pay co-movement captured by applying the approach used by Hambrick, Humphrey, and Gupta (2015) for total executive pay.

[8] While this exogenous instrument helps attenuates endogeneity concerns about the main effect of organizational liberalism, its utility is limited for models with interaction terms. Indeed, not only is it hard to conceptually spell out endogeneity concerns for moderators, it is difficult to rule them out empirically. One

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As Arellano-Bond models represent a type of instrumental variables regression, it is important to consider the validity of the instruments when using these models. We found that our internal and exogenous instruments were valid as a group, as indicated by a Hansen test for overidentifying restrictions not being rejected, and a significant F statistic in the first stage model ($F = 34.88$, $p < 0.01$). Our inclusion of a lagged dependent variable was also appropriate, as an AR(1) test was significant ($p < 0.05$), and AR(2) was nonsignificant. After missing data, we analyzed a panel of 2,876 firm year observations.[9]

Our second CSR dependent variable, the representation of women in top management, is a count-based variable with a skewed distribution. Although conventional Arellano-Bond models are not appropriate for this dependent variable distribution, the same basic instrumenting approach can be applied using Poisson GMM dynamic-panel regressions with continuous endogenous covariates. These models are similar to Arellano-Bond models in their reliance on GMM estimation, and in their ability to instrument endogenous variables with lags of right-hand side variables as well as the inclusion of an exogenous instrument. Hence, using specifications that parallel Arellano Bond models described above, we analyzed female representation in top management for 4,089 firm year observations.

Our third CSR dependent variable, adoption of domestic partner benefits, is an event that occurs once per firm (if at all). Hence, we predict domestic partner benefit adoption using a Cox proportional-hazard model, a type of event history analysis that is suitable for including time-varying covariates and accommodating tied events. Since companies could only adopt the practice once (i.e., our dependent variable was 1 in the year of adoption, and 0 otherwise), it was not possible to utilize dynamic panel analysis with built-in instrumentation. Instead, to address endogeneity concerns, we adopted a two-stage modeling approach, wherein the first stage utilized fixed effects regression to predict change in organizational ideology with an exogenous instrument and several endogenous variables. In selecting an exogenous instrument, we decided that state antidiscrimination laws would not be suitable since they might influence company decision making related to LGBT issues, including the dependent variable of domestic partner benefits. Instead, we chose as our instrument the singular event of the 2008 Obama election campaign, which temporarily increased employee liberalism across firms, but had no direct effect on domestic partner benefit adoption. The prediction values from this first stage model (shown in Appendix S2) were standardized and included in our main event history analyses to account for possible endogeneity.[10]

RESULTS

Table 1 provides descriptive statistics and correlations among variables. Tables 2–4 presents regression results for the effects of organizational ideology on omnibus CSR, women executives, and adoption of domestic partner benefits, respectively. In each table, Model 1 presents a baseline model, and Model 2 is a hypothesis-testing model. In Table 2, Model 2 shows strong support for the hypothesized effect of organizational liberalism on omnibus CSR profiles ($b = 6.549$, $p < 0.01$). In Table 3, Model 2 provides evidence of the effect of organizational liberalism on female representation in top management ($b = 0.286$, $p < 0.05$). Finally, in Table 4, Model 2 reports results of our analysis of the adoption of domestic partner benefits, indicating that organizational liberalism significantly increased the hazard of adoption ($b = 2.011$, $p < 0.01$). These findings provide strong support for Hypothesis 1 across all three CSR outcomes examined. In additional analyses reported in Appendix S3, we find that the effect of organizational liberalism on omnibus CSR and representation of female executives is highly similar using a fixed effects specification. Further, when splitting the omnibus CSR measure into its constituent components, we find that organizational liberalism is a stronger predictor of distal forms of CSR than of proximal forms of CSR (described in Appendix S3).

possible approach is to use products of the instrument and all the moderators as additional instruments, but that is also problematic as it can result in substantial efficiency loss and mask true effects (Krishnan and Kozhikode, 2015).

[9] Given our short panels, we used lags of $t-2$ and $t-3$ as endogenous instruments to avoid the problems arising from instrument proliferation, a problem commonly associated with specification of longer lags (Roodman, 2009).

[10] Since 67 companies had already adopted the benefits before the beginning of our study window in 2001, we excluded them from our main analysis, yielding a final set of 462 firms analyzed from 2001 to 2013. In a separate *t*-test, we found that the excluded firms were significantly more liberal than the average, making our analysis a stringent test of our hypothesis.

Table 1. Descriptive statistics and correlations

Variables	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) Omnibus CSR profile	−0.16	2.89															
(2) Female executives	1.34	1.19	0.14														
(3) Domestic partner benefits[a]	0.73	0.44	0.15	0.12													
(4) Prior year CSR	−0.16	2.80	0.91	0.14	0.14												
(5) Average industry CSR	0.04	1.56	0.47	0.09	0.06	0.49											
(6) Prior year female executives	1.26	1.19	0.11	0.85	0.13	0.11	0.05										
(7) Percent female executives in industry	10.55	3.43	0.06	0.25	0.12	0.07	0.17	0.31									
(8) TMT size	11.91	5.61	0.01	0.46	0.09	0.01	0.04	0.54	0.00								
(9) Female CEO	0.01	0.09	−0.02	0.06	0.05	−0.03	0.01	0.06	0.09	0.01							
(10) Percent female directors	11.93	8.81	0.21	0.14	0.08	0.20	0.04	0.16	0.09	0.05	0.01						
(11) Percent women in industry	35.87	14.34	0.19	0.04	−0.06	0.19	0.39	0.02	0.09	−0.05	0.02	0.00					
(12) Prior benefit adoptions in industry	5.58	5.43	0.04	0.04	0.11	0.04	0.06	0.07	0.31	−0.03	0.00	0.03	−0.12				
(13) LGBT city	0.11	0.31	0.03	0.02	0.03	0.01	0.05	0.02	0.02	0.03	−0.02	0.09	−0.01	−0.01			
(14) LGBT industry openness	73.03	1.40	0.14	0.11	0.04	0.13	0.20	0.10	0.19	0.08	0.02	−0.03	0.14	0.03	0.01		
(15) State's nondiscrimination law	0.35	0.48	0.19	0.08	0.05	0.18	0.18	0.07	0.06	0.04	0.01	0.09	0.09	0.08	0.07	0.10	
(16) Net sales (billion dollars)	14.76	22.43	0.00	0.13	0.11	0.00	−0.06	0.16	0.07	0.23	0.03	0.11	−0.02	−0.01	0.14	0.12	0.08
(17) Return on assets	0.05	0.12	0.07	0.02	0.02	0.07	−0.01	0.02	−0.01	0.02	0.01	0.05	−0.04	−0.02	−0.02	0.04	0.01
(18) Debt-equity ratio	1.47	1.26	−0.09	−0.01	0.01	−0.09	−0.10	0.01	−0.02	0.05	−0.05	0.08	−0.05	0.02	0.13	−0.09	−0.05
(19) Count of donation records (00s)	2.45	3.58	0.02	0.12	0.12	0.02	0.03	0.14	0.19	0.05	0.00	0.06	0.09	0.23	0.12	0.12	0.14
(20) Unionization	0.10	0.30	−0.05	0.04	−0.03	−0.04	0.03	0.03	0.03	0.09	0.09	−0.01	0.01	−0.06	−0.09	−0.01	−0.02
(21) Ownership concentration	0.67	0.25	−0.02	−0.07	−0.06	−0.02	−0.05	−0.05	−0.04	−0.11	−0.04	−0.08	−0.07	−0.02	0.01	−0.06	0.01
(22) HQ state liberalism	50.19	7.96	0.14	0.05	0.02	0.13	0.18	0.05	0.09	0.04	0.04	0.11	0.12	0.16	0.05	0.12	0.63
(23) CEO tenure	17.26	11.62	0.07	0.02	0.04	0.07	0.05	0.02	−0.03	0.08	−0.09	0.05	−0.07	0.02	0.08	0.07	−0.04
(24) Board outsider ratio	84.39	8.62	−0.01	0.05	0.09	−0.01	−0.04	0.07	0.09	0.01	0.02	0.19	−0.10	0.20	0.09	0.02	0.01
(25) CEO stockownership (logged)	9.35	2.08	0.05	0.01	0.10	0.06	0.05	0.04	0.05	0.03	0.01	0.06	0.08	0.00	0.00	0.11	0.05
(26) CEO duality	0.71	0.45	−0.01	0.06	0.07	0.00	−0.05	0.07	0.00	0.04	−0.07	0.07	−0.05	0.01	0.07	0.04	−0.03
(27) Egalitarian culture	−0.08	0.56	0.10	−0.01	0.03	0.10	0.07	−0.01	0.00	−0.01	0.02	−0.01	0.01	−0.03	−0.01	0.02	0.02
(28) Percent donations by women	0.20	0.09	0.15	0.08	0.10	0.15	0.12	0.09	0.13	−0.02	−0.02	0.04	0.13	0.06	0.05	0.10	0.14
(29) Human capital intensity	57.91	25.43	0.11	0.08	0.09	0.09	0.18	0.10	0.20	0.02	−0.02	−0.03	0.10	0.26	0.04	0.22	0.18
(30) CEO liberalism	0.37	0.24	0.01	−0.02	0.00	0.02	0.03	−0.09	−0.01	−0.07	−0.04	−0.01	0.10	−0.06	0.04	−0.03	0.10
(31) TMT liberalism	0.41	0.21	0.06	0.01	0.07	0.06	0.04	−0.02	0.05	−0.05	0.04	0.02	0.11	0.03	0.09	0.08	0.12
(32) Organizational liberalism	0.41	0.15	0.08	0.06	0.04	0.08	0.09	−0.01	0.15	−0.04	0.05	0.05	0.09	0.15	0.10	0.04	0.25

Table 1. Continued

Variables	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
(1) Omnibus CSR profile																
(2) Female executives																
(3) Domestic partner benefits[a]																
(4) Prior year CSR																
(5) Average industry CSR																
(6) Prior year female executives																
(7) Percent female executives in industry																
(8) TMT size																
(9) Female CEO																
(10) Percent female directors																
(11) Percent women in industry																
(12) Prior benefit adoptions in industry																
(13) LGBT city																
(14) LGBT industry openness																
(15) State's nondiscrimination law																
(16) Net sales (billion dollars)																
(17) Return on assets	0.02															
(18) Debt-equity ratio	0.05	−0.08														
(19) Count of donation records (00s)	0.29	−0.03	0.04													
(20) Unionization	0.15	0.01	−0.01	0.03												
(21) Ownership concentration	−0.03	0.06	0.01	−0.10	0.00											
(22) HQ state liberalism	0.09	−0.02	0.00	0.17	0.08	0.05										
(23) CEO tenure	0.13	0.08	−0.04	−0.04	0.01	−0.03	0.02									
(24) Board outsider ratio	0.08	0.02	0.12	0.08	−0.05	0.00	−0.02	−0.07								
(25) CEO stockownership (logged)	0.12	0.11	−0.04	0.11	0.03	0.00	0.08	0.32	−0.05							
(26) CEO duality	0.11	0.00	0.02	0.04	0.04	−0.08	−0.05	0.19	0.12	0.15						
(27) Egalitarian culture	0.03	−0.02	0.01	0.07	0.02	−0.07	0.03	0.07	−0.12	0.01	−0.07					
(28) Percent donations by women	0.05	−0.10	−0.04	0.08	0.01	−0.03	0.14	−0.05	−0.06	−0.01	−0.06	0.01				
(29) Human capital intensity	0.01	−0.01	−0.01	0.20	−0.03	−0.05	0.16	0.06	0.03	0.15	0.03	0.06	0.00			
(30) CEO liberalism	−0.05	−0.05	−0.02	0.06	0.01	−0.05	0.16	−0.09	−0.10	−0.04	−0.06	0.04	0.04	−0.06		
(31) TMT liberalism	−0.01	0.00	0.01	0.11	−0.01	−0.02	0.19	−0.08	−0.03	0.02	−0.05	0.04	0.10	0.03	0.43	
(32) Organizational liberalism	0.03	0.02	−0.04	0.14	0.01	0.00	0.37	−0.06	−0.03	0.04	−0.11	0.02	0.20	0.07	0.34	0.46

[a] In order to provide basic descriptive information about domestic partner benefits, the dummy variable indicates the incidence of company benefit adoption by the end of the study period.
N = 2,352 (common across three dependent variables); values equal to or greater than |0.04| are significant at the $p < 0.05$ level.

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Table 2. Arellano Bond models predicting omnibus CSR profiles of Fortune 500 companies (2002–2008)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Prior year CSR	0.702	0.423	0.452	0.387	0.338	0.359
	(0.082)	(0.050)	(0.050)	(0.051)	(0.054)	(0.052)
Average industry CSR	0.052	0.039	1.552	0.057	0.124	1.620
	(0.079)	(0.048)	(0.277)	(0.048)	(0.052)	(0.280)
Net sales	−0.006	−0.008	−0.007	−0.009	−0.008	−0.008
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Return on assets	−0.100	0.207	0.643	0.126	0.015	0.430
	(0.402)	(0.393)	(0.396)	(0.384)	(0.404)	(0.392)
Debt-equity ratio	−0.001	−0.001	−0.001	−0.002	−0.001	−0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Count of donation records	0.000	−0.025	−0.005	−0.022	−0.024	−0.002
	(0.018)	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)
HQ state liberalism	−0.001	−0.024	−0.000	−0.024	−0.026	−0.002
	(0.007)	(0.008)	(0.009)	(0.008)	(0.008)	(0.009)
Unionization	−0.146	−0.286	−0.199	−0.212	−0.085	0.011
	(0.152)	(0.145)	(0.144)	(0.144)	(0.153)	(0.147)
Ownership concentration	−0.285	−0.150	−0.167	−0.122	−0.000	−0.030
	(0.180)	(0.172)	(0.170)	(0.168)	(0.178)	(0.170)
Egalitarian culture	0.482	0.236	0.445	0.280	0.510	0.689
	(0.258)	(0.254)	(0.254)	(0.249)	(0.266)	(0.255)
Percent donations by women	1.766	1.646	2.192	1.935	−0.252	0.938
	(1.557)	(1.585)	(1.569)	(1.551)	(1.665)	(1.618)
Human capital intensity	0.022	−0.010	0.033	−0.057	−0.013	−0.005
	(0.014)	(0.016)	(0.018)	(0.024)	(0.017)	(0.026)
Board outsider ratio	−0.008	0.026	0.010	0.045	0.015	0.015
	(0.020)	(0.019)	(0.019)	(0.020)	(0.019)	(0.020)
CEO stockownership (logged)	−0.012	0.047	−0.085	0.089	0.158	0.033
	(0.104)	(0.099)	(0.101)	(0.098)	(0.104)	(0.102)
CEO duality	−0.539	−0.810	−0.530	−0.693	−0.508	−0.212
	(0.391)	(0.385)	(0.384)	(0.379)	(0.399)	(0.384)
CEO tenure	0.029	0.070	0.045	0.067	−0.102	−0.090
	(0.014)	(0.013)	(0.013)	(0.012)	(0.036)	(0.037)
CEO liberalism	0.571	0.349	0.422	0.257	−0.052	0.042
	(0.236)	(0.285)	(0.282)	(0.280)	(0.302)	(0.288)
TMT liberalism	0.260	−1.192	−0.314	−1.316	−1.412	−0.584
	(0.284)	(0.381)	(0.408)	(0.374)	(0.392)	(0.406)
Organizational liberalism		6.459	2.549	−1.827	1.555	−7.433
		(1.674)	(1.798)	(3.648)	(1.969)	(3.885)
Organizational liberalism × average industry CSR			−3.392			−3.367
			(0.613)			(0.620)
Organizational liberalism × human capital intensity				0.178		0.134
				(0.070)		(0.077)
Organizational liberalism × CEO tenure					0.360	0.278
					(0.071)	(0.074)
Constant	−1.308	−5.319	−2.866	−4.949	−2.362	−0.319
	(2.575)	(2.418)	(2.429)	(2.363)	(2.542)	(2.449)
Industry and year dummies	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*
Chi-square test	1,873	1,984	2,064	2,091	2,020	2,152

N = 2,876.

It is important to emphasize the substantive magnitudes of these effects. Starting with the omnibus CSR variable, if we apply the coefficients from Model 2 of Table 2, a relatively conservative company, with an ideology score of 0.30, would have a predicted CSR score of -1.34; a company with an ideology score of 0.70 would have a score of 1.24; this is a major difference of 2.58, almost one standard deviation of the CSR distribution. Turning to our estimates of the number of women in top

Table 3. Poisson GMM models predicting representation of female executives in Fortune 500 companies (2001–2013)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Prior year female executives	0.512	0.514	0.511	0.515	0.515	0.513
	(0.010)	(0.010)	(0.010)	(0.010)	(0.011)	(0.010)
TMT size	−0.010	−0.011	−0.010	−0.011	−0.011	−0.010
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Percent female executives in industry	−0.010	−0.010	0.021	−0.010	−0.010	0.023
	(0.004)	(0.004)	(0.012)	(0.004)	(0.004)	(0.012)
Female CEO	0.007	0.010	0.007	0.008	0.007	0.002
	(0.062)	(0.061)	(0.068)	(0.062)	(0.062)	(0.069)
Percent female directors	0.002	0.002	0.002	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Percent women in industry	−0.000	−0.000	−0.000	−0.000	−0.000	−0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Prior year CSR	0.005	0.005	0.005	0.004	0.005	0.005
	(0.005)	(0.005)	(0.005)	(0.005)	(0.004)	(0.005)
Net sales	0.001	0.001	0.001	0.001	0.001	0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Return on assets	−0.118	−0.133	−0.126	−0.120	−0.139	−0.116
	(0.174)	(0.173)	(0.172)	(0.172)	(0.173)	(0.170)
Debt-equity ratio	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Count of donation records	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Unionization	0.009	0.012	0.008	0.010	0.016	0.011
	(0.032)	(0.032)	(0.032)	(0.032)	(0.031)	(0.032)
Ownership concentration	−0.054	−0.051	−0.049	−0.051	−0.055	−0.055
	(0.048)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
HQ state liberalism	−0.005	−0.006	−0.006	−0.006	−0.006	−0.006
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Egalitarian culture	−0.006	−0.006	−0.006	−0.008	−0.005	−0.006
	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)
Percent donations by women	0.011	−0.062	−0.027	−0.062	−0.051	−0.011
	(0.145)	(0.146)	(0.142)	(0.145)	(0.146)	(0.141)
Human capital intensity	0.007	0.006	0.006	0.003	0.006	0.003
	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.002)
Board outsider ratio	0.005	0.005	0.005	0.005	0.005	0.005
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
CEO stockownership (logged)	0.002	0.001	0.001	0.002	0.001	0.003
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
CEO duality	−0.051	−0.048	−0.051	−0.050	−0.046	−0.052
	(0.025)	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)
CEO tenure	0.001	0.000	0.001	0.000	0.005	0.007
	(0.001)	(0.001)	(0.001)	(0.001)	(0.004)	(0.004)
CEO liberalism	0.071	0.042	0.053	0.046	0.043	0.059
	(0.046)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
TMT liberalism	0.100	0.044	0.039	0.027	0.057	0.035
	(0.065)	(0.071)	(0.071)	(0.071)	(0.072)	(0.072)
Organizational liberalism		0.286	1.144	−0.241	0.468	0.772
		(0.120)	(0.401)	(0.261)	(0.179)	(0.411)
Organizational liberalism × percent female executives in industry			−0.071			−0.075
			(0.029)			(0.029)
Organizational liberalism × human capital intensity				0.010		0.012
				(0.005)		(0.005)
Organizational liberalism × CEO tenure					−0.012	−0.014
					(0.009)	(0.009)
Constant	−1.401	−1.342	−1.731	−1.208	−1.440	−1.704
	(0.216)	(0.218)	(0.260)	(0.221)	(0.228)	(0.256)
Industry and year dummies	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*

N = 4,089.

Table 4. Cox event history models predicting adoption of domestic partner benefits by Fortune 500 companies (2001–2013)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Prior year CSR	0.081	0.079	0.080	0.079	0.083	0.085
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Prior benefit adoptions in industry	0.017	0.019	0.135	0.019	0.020	0.144
	(0.016)	(0.016)	(0.039)	(0.016)	(0.016)	(0.040)
First stage prediction values (standardized)	0.947	0.857	0.887	0.865	0.812	0.838
	(0.770)	(0.771)	(0.773)	(0.772)	(0.768)	(0.772)
LGBT city	0.357	0.235	0.236	0.243	0.192	0.184
	(0.211)	(0.215)	(0.216)	(0.216)	(0.217)	(0.220)
LGBT industry openness	−0.012	−0.013	−0.013	−0.013	−0.012	−0.012
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
State's nondiscrimination law	−0.048	−0.077	−0.094	−0.075	−0.106	−0.129
	(0.172)	(0.171)	(0.171)	(0.171)	(0.173)	(0.173)
Net sales	−0.012	−0.010	−0.010	−0.010	−0.009	−0.009
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Return on assets	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Debt-equity ratio	0.002	0.002	0.002	0.002	0.002	0.002
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Count of donation records	0.030	0.027	0.028	0.027	0.031	0.032
	(0.014)	(0.015)	(0.014)	(0.015)	(0.015)	(0.014)
HQ state liberalism	−0.027	−0.029	−0.027	−0.029	−0.027	−0.025
	(0.037)	(0.037)	(0.037)	(0.037)	(0.036)	(0.037)
Unionization	−0.348	−0.338	−0.332	−0.332	−0.385	−0.390
	(0.277)	(0.277)	(0.278)	(0.278)	(0.280)	(0.281)
Ownership concentration	−1.620	−1.475	−1.499	−1.484	−1.408	−1.424
	(0.982)	(0.985)	(0.985)	(0.986)	(0.982)	(0.984)
Egalitarian culture	0.040	0.047	0.037	0.050	0.032	0.018
	(0.118)	(0.118)	(0.118)	(0.118)	(0.118)	(0.119)
Percent donations by women	1.764	1.379	1.363	1.373	1.399	1.381
	(0.702)	(0.718)	(0.726)	(0.720)	(0.714)	(0.720)
Human capital intensity	−0.001	−0.002	−0.002	0.003	−0.002	−0.007
	(0.013)	(0.014)	(0.014)	(0.018)	(0.014)	(0.019)
Board outsider ratio	0.021	0.020	0.020	0.020	0.019	0.020
	(0.008)	(0.008)	(0.009)	(0.009)	(0.008)	(0.009)
CEO stockownership (logged)	0.052	0.039	0.041	0.038	0.038	0.041
	(0.035)	(0.034)	(0.034)	(0.034)	(0.035)	(0.035)
CEO duality	0.099	0.148	0.157	0.149	0.114	0.116
	(0.145)	(0.147)	(0.147)	(0.147)	(0.148)	(0.148)
CEO tenure	0.006	0.007	0.006	0.007	−0.026	−0.027
	(0.007)	(0.007)	(0.007)	(0.007)	(0.019)	(0.019)
CEO liberalism	−0.169	−0.413	−0.385	−0.421	−0.385	−0.351
	(0.314)	(0.320)	(0.324)	(0.321)	(0.320)	(0.324)
TMT liberalism	0.801	0.276	0.378	0.297	0.253	0.335
	(0.360)	(0.390)	(0.390)	(0.395)	(0.389)	(0.393)
Organizational liberalism		2.011	2.957	2.532	0.802	1.178
		(0.549)	(0.623)	(1.566)	(0.860)	(1.675)
Organizational liberalism × prior benefit adoptions in industry			−0.264			−0.280
			(0.084)			(0.088)
Organizational liberalism × human capital intensity				−0.010		0.011
				(0.027)		(0.028)
Organizational liberalism × CEO tenure					0.077	0.079
					(0.042)	(0.042)
Industry dummies	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*
Chi-square test	119	133	143	133	136	146

N = 3,097.

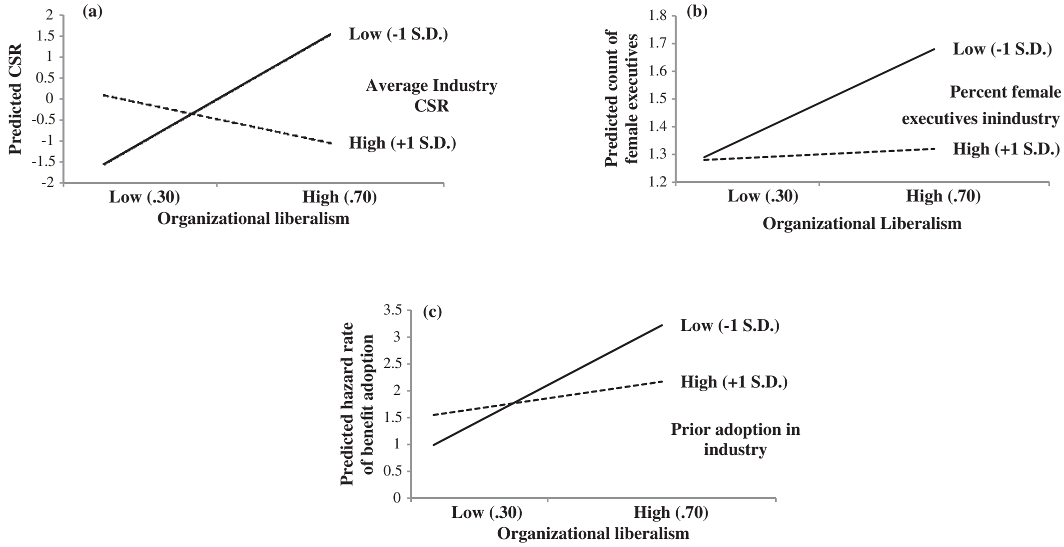

Figure 2. The effects of organizational liberalism on CSR under low versus high industry practice prevalence. (a) Omnibus CSR profiles; (b) Representation of female executives; (c) Adoption of domestic partner benefits

management, the coefficients in Model 2 of Table 3 indicate that the predicted number of female executives in a conservative firm (ideology score of 0.30) is 1.28, whereas in a liberal firm (0.70) that number is 1.44, a difference of 0.16—a moderate difference in the average 11-person team. As for adoption of domestic partner benefits, applying the coefficients in Model 2 of Table 4, a liberal company (0.70) has a hazard rate that is 2.23 times the hazard rate for a conservative company (0.30), a substantial contrast. In sum, organizational ideology has a sizeable effect on CSR.

Our tests of Hypothesis 2, predicting that the effect of organizational liberalism will be negatively moderated by the prevalence of CSR practices in the firm's industry, are shown in Model 3 of Tables 2–4. We find consistent support for this hypothesis ($b = -3.392$, $p < 0.01$ for omnibus CSR; $b = -0.071$, $p < 0.05$ for women executives; $b = -0.264$, $p < 0.01$ for domestic partner benefits), indicating that the effect of organizational liberalism on all three CSR practices depends on the extent of practice adoption among industry peers. Specifically, the less prevalent the practice, the more that organizational ideology influences a focal firm's adoption. To aid interpretation, Figure 2 shows the effect of organizational liberalism on adoption of each practice, under conditions of high and low prevalence of each practice in the industry.

Next, we turn to results for Hypothesis 3, which predicted that the effect of organizational liberalism on CSR advances will be stronger when the firm has higher human capital intensity. Results of these interactions, as shown in Model 5 of Tables 2–4, provide general support for this idea. Human capital intensity positively moderated the effect of organizational liberalism on omnibus CSR ($b = 0.178$, $p < 0.05$) and female representation in top management ($b = 0.010$, $p < 0.05$), but not on domestic partner benefits ($b = -0.010$, $p = 0.72$). Figure 3 provides visual evidence consistent with these findings. For the two CSR practices with significant interaction results, liberal firms were more likely to adopt CSR under the condition of high human capital intensity, suggesting that the effects of organizational ideology become more amplified when a firm is more dependent on its human capital.

Last, Hypothesis 4 predicted that the effect of organizational liberalism on CSR will be contingent on the CEO's tenure in the firm, such that CEOs with long organizational tenures will be more likely to defer to the prevailing ideology. Model 6 in Tables 2–4 presents results of the interaction terms. Again, we found support for our ideas—CEO tenure positively moderated the effect of organizational liberalism on omnibus CSR ($b = 0.360$, $p < 0.01$) and adoption of domestic partner benefits ($b = 0.077$, $p < 0.10$), but not on female representation in top management ($b = -0.012$, $p = 0.232$). As illustrated in Figure 4, the effect of organizational liberalism on the two practices was amplified under long-tenured CEOs, and significantly dampened

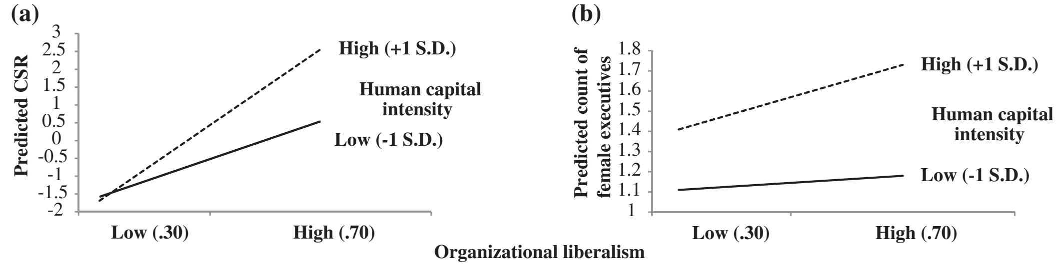

Figure 3. The effects of organizational liberalism on CSR under low versus high human capital intensity. (a) Omnibus CSR profiles; (b) Representation of female executives

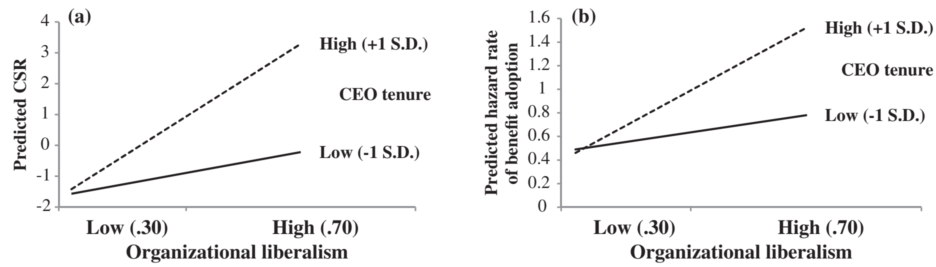

Figure 4. The effects of organizational liberalism on CSR under low versus high CEO tenure. (a) Omnibus CSR profiles; (b) Adoption of domestic partner benefits

under relatively short-tenured CEOs. In sum, we found considerable support for all our hypotheses.

DISCUSSION

Why do firms vary so much in their stances toward corporate social responsibility? Researchers have overwhelmingly pursued the idea that firms engage in CSR strictly in proportion to how much pressure they are under to do so, either from external forces or because of their own size and prominence (Shropshire and Hillman, 2007). Only recently have scholars considered the idea that CSR represents a constellation of volitional choices that reflect the values of a firm's decision makers, specifically its top executives (e.g., Chin *et al.,* 2013). We advance a new perspective that locates the impetus for CSR in the values of the larger body politic of the firm, or the organization's political ideology. In line with Schneider's (1987) A-S-A framework, we argue that some organizations take on distinct ideological leanings, specifically on the conservative-liberal axis, and that these biases enter into CSR-related actions. Across three distinct outcomes, we find strong evidence that organizational ideology enters into CSR decisions, supporting the idea that an organization's ideological hue—red, purple, or blue (in the language of American politics)—plays a role in CSR decisions.

Since this is the first study on organizational ideology, we also offer an initial framework for thinking about when organizational political ideology matters more or less in its effects on CSR advances. Specifically, we observe that the relative absence of industry norms about CSR enhances the effect of organizational ideology as weak isomorphic pressures increase the discretion available to decision makers. In addition, a firm's human capital intensity amplifies the influence of organizational ideology, as the employees of firms with greater human capital intensity tend to enjoy greater voice behind their opinions, and decision makers experience greater pressure to accommodate employees' collective views. Finally, consistent with the predictions of upper echelons theory, we find that a CEO's socialization through long organizational tenure increases his or her propensity to conform to prevailing beliefs in the firm, amplifying the influence of organizational ideology.

Apart from our substantive findings, our project also introduces a novel measure of organizational ideology. Using data on political contributions of each firm's employees, we are able to place each firm on the liberal-to-conservative spectrum. Moreover, we report additional empirical evidence of the internal reliability and overall coherence of this index.

While offering a new perspective on CSR, our study has limitations that represent opportunities for future research. In particular, due to our study design, we were unable to tease apart the twin mechanisms of motivated cognition and logic of appropriateness. While our moderating hypotheses provide support for the combined presence of these mechanisms, we encourage future researchers to develop research designs to explicitly assess their relative influence, and provide insights into factors that activate them. Future research should also further distinguish political ideology forces—which reflect societal beliefs brought inside the organization—from related facets of a firm's culture. We were able to accomplish this in a partial way by using a control for egalitarianism in our models. Future studies, however, might use surveys or ethnographic observations to probe the connections between political ideology and organizational culture in particular firms.

An agenda for strategic management research

The concept and measurement of organizational political ideology open up a wide array of research opportunities. We offer suggestions in three categories: studying the consequences of organizations' ideologies for firms' strategic behaviors; exploring the implications for major theory domains; and inquiring into the trajectories of ideologies within organizations.

First, future research in strategic management can explore a host of consequences and accompaniments of political ideology. Staying with our focus on liberal versus conservative firms, researchers can explore the character and stability of alternative *firm strategies*. For instance, conservative firms that emphasize efficient resource allocation over collectivism may be more inclined to engage in acquisition and divestiture of business units, outsource activities, and limit resource-sharing across units. Ideologies might also be associated with different types of *innovation practices*. For example, liberal firms that emphasize shared responsibility and diversity may be inclined toward open-source innovation practices, bottom-up innovation process, cross-unit innovation teams, and strategic alliances. Liberal companies might also prefer long-term partnering to spot-market contracting. Additionally, ideologies might explain differences in firms' *strategic human resource management practices*, including the use of individualistic incentive pay, pay inequality in general, pension and health care programs, and employee involvement programs.

In the domain of *nonmarket strategy*, liberal and conservative firms may respond differently to regulatory bodies, social activists, shareholder activists, and other stakeholders to the firm. Such distinct responses may in turn lead to differences in the extent to which those firms are targeted for protest or influence efforts. Ideologies might predict the character of *corporate philanthropy and not-for-profit partnerships*. For instance, liberalism's expansive view of the role of business might predict greater amounts and persistence of philanthropic engagement as well as greater integration of philanthropy with the firm's core business activities. Conversely, conservative ideology's preference for pursuit of efficiency may translate into firms' greater reliance on advertising and public relations strategies that allow them to avoid and deflect concerns of stakeholders in their environment.

Beyond the incidence of various firm practices, political ideology may also predict the *efficacy* of those practices. For example, employment practices that align with the prevailing ideological ethos of the organization may be better received as employees will buy in to the underlying philosophy, raising the intriguing possibility that organizational ideology may strengthen the association between certain types of CSR and financial performance. Similarly, the issue of ideological *alignment* may be fruitful to consider. For example, what happens when employees and executives are not ideologically aligned? And when firms merge, does effective integration depend on ideological congruence? Equally intriguing is the possibility of research on ideology in *different types of organizations*. With our technique, ideology scores can be constructed for any organization that has a sufficient number of employees, including privately held companies, law firms, hospitals, venture capital firms, worker unions, and so forth.

There are related implications for *upper echelon theory*. While our study shows that organizational ideology matters more than executive ideology, it raises many possibilities for future research. To begin with, scholars may identify factors that may enable executives to supersede the influence of firm ideology, effectively enhancing their discretion

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(Finkelstein and Hambrick, 1990). These factors may reside at the level of industry, such as greater dynamism, at the level of the firm, such as CEO ownership, or even psychological proclivities of executives (Nadkarni and Herrmann, 2010). Scholars may also examine the outcomes of firm ideology for executives' careers. For example, values of personal responsibility in conservative firms may lead executives to receive blame for outcomes that are beyond their control.

Finally, there is a need to know more about the ups and downs of ideologies within individual firms. What are the forces and processes that cause ideologies to emerge, crystallize, and possibly weaken or dissolve over time? In many cases, we expect political ideology to originate at a firm's founding due to the founding entrepreneur's beliefs or political environment. But might ideologies also take root mid-life, following a period of decline or crisis, or at the hands of a forceful or charismatic CEO? How do firms select and retain people of a certain ideological stripe? Do some employees "convert?" And what are the consequences of these various processes for firm performance, innovation, and employee satisfaction? Also, how might change in firm's strategies, such as geographic expansion, product diversification, and acquisitions, affect organizational ideology?

CONCLUSION

We have introduced the idea that organizational ideologies, conceptualized on the liberalism-conservatism axis, affect CSR. By examining advances in aggregate corporate social responsibility, appointment of women to executive ranks, and adoption of domestic partner benefits, we find consistent evidence that firms' adoption of these practices is influenced by organizational ideologies, above and beyond executive ideology. Our study offers a novel, reliable measure of organizational ideologies based on employees' political donations, which we hope will facilitate future studies across a range of domains in strategic management research.

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SUPPORTING INFORMATION

Additional supporting information may be found in the online version of this article:

Appendix S1. Coherence of organizational political ideology scores.
Appendix S2. First stage fixed effects model predicting change in organizational ideology.
Appendix S3. Additional analyses.