



# When ideologies align: Progressive corporate activism and within-firm ideological alignment

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## Abstract

**Research Summary:** This article examines the association between ideology and firm participation in sociopolitical activism. In particular, it focuses on the ideological alignment between a firm's upper echelons and its general employees. We theorize that participation in progressive corporate activism reflects the ideological views of both the top management team and general employees. By examining firm participation in letter campaigns supporting progressive causes, our findings indicate that ideological alignment between a top management teams and general employees' liberal political leanings is associated with a firm's participation in progressive corporate activism. The CEO's own ideological preferences do not have an independent association with this kind of activism. This article concludes with a discussion of implications for our understanding of corporate political action and nonmarket strategy.

**Managerial Summary:** This article looks at the relationship between political ideology and firm participation in sociopolitical activism. Although some have argued that firms' activism reflects a CEO's ideological preferences or employee activism, we find that neither explanation fully accounts for the kinds of companies that engage in this kind of activism. We find that progressive corporate activism reflects the ideological

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views of both top management and general employees. Our findings suggest that companies that have ideological alignment on progressive issues are more likely to take public stands on those issues because the stands reinforce core values held by employees and the top management.

#### KEY WORDS

corporate activism, nonmarket strategy, political ideology, social movements, upper echelons

## 1 | INTRODUCTION

Corporate political involvement is not a new phenomenon (McDonnell, 2016; Walker & Rea, 2014). In the past, corporations would often take political action on issues aligned with their strategy, such as issues related to regulation (Walker, 2012) and taxation (Baloria & Klassen, 2018). However, in recent years, we have seen the emergence of corporate activism for political causes, many of which bear no obvious direct relation to the companies' core functions or products (Chatterji & Toffel, 2019; Hambrick & Wowak, 2021; McKean, 2022).<sup>1</sup> For example, in April 2016, PayPal rescinded plans to build a new campus in North Carolina due to a discriminatory bill passed by the state (Katz & Eckholm, 2016).

This new form of corporate activism has two unique characteristics. First, the overwhelming majority of this activism is ideologically progressive, which stands in direct contrast to the typical orientation of corporate lobbying. As we discuss later in the paper, there is little evidence of an increase in overt political advocacy for conservative issues. Second, in many instances, this sort of corporate activism is organized as a multi-firm campaign, such as when various corporations—many of which are publicly-owned—form a letter-writing campaign to protest a new public policy or to show their support for a political cause. Collective action of this type, even when organized among public companies, begins to take on characteristics of social movements (King & Walker, 2014).

Why would corporations participate in public, collective efforts to support progressive causes? Some scholars have characterized corporate political activism as a response to direct pressures and threats from social movements, seeing corporate activism as a defensive tactic (Briscoe et al., 2014; Briscoe & Safford, 2008; Hiatt et al., 2015; McDonnell, 2016; McDonnell et al., 2015; McDonnell & Werner, 2016). In other cases, corporate political activism is an extension of a company's lobbying efforts, as when a company mobilizes grassroots activists to endorse a politically controversial position that benefits the company (Walker, 2012; Walker & Rea, 2014). However, these cases are substantively different from instances of public firms proactively taking progressive social and political stands in solidarity with other companies around

<sup>1</sup>We recognize that for some companies being politically active may be part of their “brand;” however, this type of branding is unlikely to be highly represented at the level of the public firm and more likely to be manifest at the product level.



potentially controversial causes that are seemingly unrelated to their core business functions or products (Chatterji & Toffel, 2019).

These progressive issues typically seek to address structural inequalities of class, race, gender, sexuality, and nationality, or on the environmental impact that climate change has on the whole of society (Valocchi, 2009). Progressive activism often focuses on changing the institutional practices, power structures, societal culture, and awareness that sustain those problems (Valocchi, 2009). In recent examples of progressive activism, companies seem to be responding to conservative legislation or executive actions, leading them to collective action such as letter-signing campaigns or refusing to participate in business activities in the area associated with a controversial policy (e.g., Friedman, 2017; Katz & Eckholm, 2016; McGregor, 2016). Like other kinds of activism, one intent of these campaigns is to draw attention to a particular social or environmental problem through a public action (King, 2008, 2011). We use this type of highly visible, collective action as an empirical source of data to investigate progressive corporate activism.

As a window into progressive corporate activism, we examine four corporate letter-signing campaigns that occurred in 2016 and 2017: (1) one opposing HB 2 in North Carolina (LGBTQ), (2) another urging for support for the Paris Climate Agreement (environmental), (3) another opposing the 2017 travel ban (refugees), and (4) another surrounding the DREAM Act (immigration). Using letter-signing campaigns as an empirical source provides a way to look at a large number of public companies joining as a unified front around a nominally progressive cause. The letters we use to support different causes that have become associated with progressive politics in the United States. The letters amounted to over 2000 signatures from firms, CEOs, and other company representatives.

These instances of progressive activism reveal an intriguing theoretical puzzle: Why would public firms choose to take a clear stance on a politically sensitive issue, especially (1) when this has not been a common strategy in the past and (2) as some firms risk alienating stakeholders (e.g., investors or consumers) who might not agree with the stance? Is the firm representing what it perceives to be the values of its key stakeholders, or is the stance purely based on the ideological preferences of its leaders? Research on the matter presents divergent perspectives, with some arguing that corporate activism is driven by executives' personal beliefs (Chatterji & Toffel, 2019; Hambrick & Wowak, 2021), and others presenting evidence that employees' values could be a driver for such actions (Bundy et al., 2018; Burbano, 2021). While such ideological activism might be more common among private or family companies in which there is often a tighter linkage between leadership's political views and firm policies, in the case of public firms this sort of activism presents potential conflict between management, employees, and other stakeholders. We focus our paper on this tension between top-down (leader driven) and bottom-up (employee driven) perspectives.

We evaluate two sets of theoretical arguments explaining why organizations would participate in progressive activism. A top-down perspective, largely derived from upper echelon theory, contends that such actions embody the CEO's or the top management team's (TMT) values and preferences. On the other hand, a bottom-up perspective, derived from social movement theories, would argue that firm participation in activism reflects employees' values. Both top-down and bottom-up explanations rely on some group(s) within the organization seeking to stamp their values on the organization's external stances. Finally, we offer a reconciling perspective that emphasizes ideological alignment between top leadership and an organization's employees. We propose all three perspectives as hypotheses but only find strong support for the latter. Although we find some evidence that the TMT's ideology is associated with progressive



corporate activism, we find that the CEO's ideology alone has no association with this kind of activism. The firm characteristic most consistently associated with participation in progressive corporate activism is ideological alignment between the TMT and employees. Given these results, we suggest that firms participate in progressive activism when the top management team and employees are aligned in their liberal-leaning political ideology.

To test our hypotheses, we compiled a dataset of 1328 U.S.-based public companies across a variety of industries and tracked their involvement in four progressive letter campaigns. We examine differences between firms that signed versus those that did not along several dimensions associated with political ideology and include a variety of control variables. Additionally, we introduce a new measure of political ideological alignment. Our analysis shows that liberal ideological alignment between the TMT and employees is associated with participation in the campaigns. Given that our sample consists of only public firms, our results are not generalizable to private companies. Additionally, our analysis is correlational and does not specify causality. However, we believe that the results help develop a theoretical perspective from which to understand this intriguing corporate political behavior.

Our findings contribute to research on human capital strategy, along with the growing area of work on corporate sociopolitical involvement within nonmarket strategy. These findings also shed light on factors associated with progressive corporate activism and indicate that top executives of public firms are more willing to take political actions that signal a commitment to their employees' values when those values are aligned with their own. Thus, in connection with other research on societal engagement as a function of human capital strategy, our findings suggest that one reason top management engages in this sort of political activism is to please their employees. We conclude by discussing the strategic implications of corporate activism for firms in the current political era.

## 2 | WHY WOULD FIRMS ENGAGE IN PROGRESSIVE CORPORATE ACTIVISM?

Organizations are constantly working to shape, influence, and even create their nonmarket environment (Mellahi et al., 2016). However, corporate participation in sociopolitical activism does not have an exact place within the literature on nonmarket strategy. In fact, some even view it as "distinct from nonmarket strategy" (Chatterji & Toffel, 2019, p. 160). While at first glance progressive corporate activism might appear to be an act of corporate social responsibility (CSR), its partisan nature is not something found within traditional CSR practices (Mellahi et al., 2016; Nalick et al., 2016). Although corporations may take sustainability measures or develop diversity and inclusion programs, these are often framed in a way that is generally viewed as beneficial for the entire firm (Nalick et al., 2016). While scholars acknowledge that firms participate in what is referred to as corporate political action (CPA) in order to secure governmental benefits (e.g., contracts) or reduce costs associated with regulation, such actions are usually "less visible" (Walker & Rea, 2014) and have a more direct connection to the firm's core business interests (Hillman et al., 2004). It is less common for firms to engage in overtly ideologically motivated activism. Moreover, it is uncommon for firms to engage in activism with other firms, such as what we see in recent progressive corporate collective action. In that sense, the campaigns we associate with progressive activism resemble social movements more than they do typical corporate political strategies.

Progressive corporate activism comes with risks, such as upsetting politicians (McDonnell & Werner, 2016)<sup>2</sup> or alienating stakeholders (Nalick et al., 2016). If a firm were to alienate its primary stakeholders, it opens itself up to potential negative consequences, such as the departure of employees (Bermiss & McDonald, 2018), a decrease in firm value or profit (Bhagwat et al., 2020), or a shift in reputation if the action is misaligned with other aspects of the firm's non-market strategy (den Hond et al., 2014). Why would firms embrace progressive activism given these inherent associated risks?

Additionally, what explains heterogeneity in firms' participation in progressive activism? Initial research has explored the consequences of activism driven by CEOs (Branicki et al., 2021; Brown et al., 2020; Chatterji & Toffel, 2019; Hambrick & Wowak, 2021), but we still do not have an explanation for the antecedents of this kind of corporate activism of this type. Moreover, there is a lack of clarity about firms' decisions to engage in progressive activism. Perhaps some firms view such action as an avenue for differentiation, strengthening their overall market strategy. Or, the decision to act might be more adjacent to values within the firm. Whereas some might posit that ideologically-based activism reflects idiosyncratic preferences of the CEO and other upper-echelon leaders (Cannella et al., 2008), a contrasting perspective suggests that motivations may stem from within the employee base (Nalick et al., 2016; Smith & Korschun, 2018).

Theoretically, these suggest two very different sources of the ideological control of the firm. In the former—a top-down, leader-driven perspective—progressive activism flows from the preferences of a few leaders at the top of the firm who seek to use the firm as an outlet for their own political will. In the latter—a bottom-up, employee-driven perspective—progressive activism is mobilized by employees who wish to see their values reflected in their employer's actions. We examine the tension between these two different sets of forces, the top-down imposition of preferences versus a bottom-up groundswell of support for employee values. In addition, we offer a third perspective that bridges top-down versus bottom-up forces, emphasizing alignment between the upper echelon and the broader employee base when firms are assessing if participating in activism is appropriate.

## 2.1 | Leader-driven activism

One theoretical explanation for progressive corporate activism is that it stems from the idiosyncratic ideological preferences of a firm's top leaders, including the CEO. Upper echelons theory suggests that a firm's strategies are a reflection of the values of its "powerful actors" (Hambrick & Mason, 1984, p. 193). Thus, CEOs and other top executives may pursue ideologically oriented activism when it suits their own personal values and views. Numerous studies have demonstrated CEO political ideology shapes firms' policies and practices, including corporate social responsibility (Chin et al., 2013), resource allocation (Gupta et al., 2018), downsizing (Gupta et al., 2019), and corporate political activity (Rudy & Johnson, 2019; Unsal et al., 2016). Given the leeway and discretion that CEOs have in shaping corporate policy, they have a greater ability than any other person to impose their political preferences on the firm, especially when the action falls outside of the firm's typical strategic purview (Hambrick & Wowak, 2021). In fact, some executives specifically state that such action is not motivated by hopes for

<sup>2</sup>In fact, after several companies publicly condemned Georgia lawmakers' efforts to restrict voting rights, the Republican's Senate leader, Mitch McConnell warned companies to "stay out of politics" (Armus, 2021).



financial gain, and feel that the platform they are given via their position should be used to take ideological stances (Branicki et al., 2021; Nalick et al., 2016). Chatterji and Toffel (2019) refer to Tim Cook's public opposition to Indiana's Religious Freedom Restoration Act as an example of a CEO using his prominent position to express his personal ideological perspective.

As a relatively consistent and stable reflection of values, political ideology can serve as an indicator of the policies a CEO may choose or an action they may take (Bermiss & McDonald, 2018; Briscoe et al., 2014; Chin et al., 2013). For instance, Chin et al. (2013) found that firms with liberal-leaning CEOs were more likely to adopt progressive CSR practices. Thus, differences in political ideology could then explain why we find heterogeneity in CEOs' choice around whether to participate in progressive activism. Liberal (or more progressive) CEOs ought to support their firm taking politically liberal positions on social and environmental issues. Firm political strategy, in this sense, follows directly from their own view of society and the role that the corporation ought to play in it. Thus, we hypothesize the following:

**Hypothesis 1a (H1a).** The more strongly liberal the CEO's ideology, the greater the likelihood that the firm will participate in progressive corporate activism.

In addition to CEO influence, upper echelons theory would suggest that the ideology of the TMT would play a part in the choice to participate in activism as well (Hambrick & Mason, 1984). Despite CEOs having an imperative to set the strategic vision of the firm, other members of the TMT may also influence a firm's political strategy. Increasingly, upper echelons scholarship recognizes that other members of the TMT, besides the CEO, matter to outcomes, such as financial performance (Boone & Hendriks, 2009; Marcel, 2009), innovation (Qian et al., 2013), and even corporate political activity (Dahan et al., 2013; Yamak et al., 2014). The TMT represents a broader coalition of interests than the CEO alone and therefore may be a more influential, and possibly more powerful, group in shaping corporate political strategy. Considering this, we hypothesize that the TMT will have an independent association with a firm's propensity to engage in progressive corporate activism.

**Hypothesis 1b (H1b).** The more strongly liberal top management's ideology, the greater the likelihood the firm will participate in progressive corporate activism.

## 2.2 | Employee-driven activism

Although leader-driven activism has been a predominant focus of research related to corporate activism (e.g., Branicki et al., 2021; Chatterji & Toffel, 2019; Hambrick & Wowak, 2021), it is not the sole potential driver behind such action. In fact, when focusing on the CEO as the key actor behind a firm's activism we neglect the capacity of other employees' influence, writing off their values as something simply to be considered by executives in relation to their own beliefs (Hambrick & Wowak, 2021). Thus, it is important to explore the possibility that progressive corporate activism is, in fact, *not only* a by-product of the CEO's preferences but also a result of employees' beliefs and desires.

Employees have certain values, many of which may be reflected in the commitments that make up an organization's character and that guide strategic deliberation inside the firm (Edwards, 2010; King, 2015; Selznick, 1957). These values and principles can include political ideology (Gupta et al., 2017; Hambrick & Wowak, 2021). If relevant beliefs—such as



“convictions about what outcomes are desirable and how they should be achieved” (Gupta et al., 2017; p. 1019)—are predominantly shared, then the firm’s *employee political ideology*<sup>3</sup> has potential to affect the firm’s overarching values. But beyond the extent to which employees’ values become instantiated in the firm’s values, employees may also perceive it as their right and duty to push the organization to act, behave, and outwardly express itself in a manner that reinforces the dominant values held by its employees. Employees may even form coalitions independent of the upper echelon and push for the firm to engage in practices, strategic behavior, and external communications that align with their values.

Following this logic, there are two possible mechanisms whereby employee political ideology would be associated with firms’ engagement in progressive corporate activism. First, employees’ values create internal expectations for the organization’s nonmarket strategic behavior. Corporate activism serves as an outlet for a firm to demonstrate or enact employees’ values. In this context, we define values as beliefs regarding (1) how one should act or (2) an appropriate and preferred outcome, which then guide opinions and behavior (Bansal, 2003; Cable & Judge, 1996; Vaisey, 2009). Employees’ values set expectations for the actions a firm should take and guide strategic deliberation inside the firm (King, 2015). An action such as signing a company’s name on a progressive letter campaign—as we have in the empirical cases—represents this sort of strong commitment to values and ideals.

The second possible mechanism is that employees’ values underlie their own efforts to mobilize around particular issues and encourage executives to take public stances related to these issues. In other words, values motivate employees to engage in internal activism. Social movement scholars have theorized that employee activism—or insider activism—helps to shape organizational policy (Briscoe & Gupta, 2016; Briscoe & Safford, 2008; Buchter, 2021; Leitzinger et al., 2018). Indeed, if employees share similar values or political ideologies, they are predisposed to mobilize around issues that matter to them and encourage executives to outwardly behave in a consistent manner (Gupta & Briscoe, 2020; Meyerson & Scully, 1995). This mechanism is related to Zald’s (2000) view of social movements, generally speaking, as “ideologically structured action.”

These two mechanisms combined, we theorize, may explain why firms with a liberal employee ideology are more likely to engage in progressive corporate activism. Employees’ values create expectations around firms’ behaviors and also lead them to engage in employee activism. This theorizing is consistent with research about “organizational political ideology,” which is conceptualized as the prevailing political beliefs within an organization (Gupta et al., 2017), separate from CEO ideology. Past research shows that organizations with a greater proportion of employees with a liberal ideology are more likely to concede to progressive protest demands (Gupta & Briscoe, 2020), embrace corporate social responsibility measures (Gupta et al., 2017), and acquire other firms with employees that share similar political ideology (Chow et al., 2022).

If it is the case that executives attend to the values of employees when making strategic decisions, like engaging in acquisitions, it follows that when deciding to engage in political activity, such as supporting progressive activism, they will be influenced by the ideological leanings of their employees. Much of the news coverage of progressive corporate activism has highlighted the role that employee groups played in pressuring executives—with firms like Google, Salesforce, and PayPal taking actions on sociopolitical issues due to employees’ efforts and values

<sup>3</sup>Gupta et al. (2017) refer to this concept as *organizational* political ideology. However, given our arguments are based on the differences in political beliefs between echelons within the firm, we use *employee* to distinguish our measurement from the overall organizational political ideology (which includes CEO and TMT ideology).



(Hill, 2020; Tiku, 2019). Considering this, we would expect a firm's political strategy to reflect the values held by its employees (on average) in order to gain greater commitment from them. Thus, we predict that progressive corporate activism is tied to the collective political ideology of an organization's employees:

**Hypothesis 2 (H2).** The more strongly liberal the ideology of a firm's employees, the greater the likelihood that it will participate in progressive corporate activism.

## 2.3 | Ideological alignment

The prior two sets of hypotheses suggest a tension in coalitional control over a firm's ideological leaning. If the leader-driven perspective is valid, then firm's ideological activism is largely driven by the idiosyncratic preferences of a firm's top leaders (Hambrick & Wowak, 2021; Wowak et al., 2017). An ideologically motivated elite shaping corporate policy based on their preferences, of course, introduces principal-agent problems, inasmuch as the firm becomes an outlet for their political expression at the expense of other stakeholders (Friedman, 1970). Speaking out against a sitting president, for example, concerns shareholders because it introduces political risks (Bedendo & Siming, 2021). If the employee-driven perspective holds, then the firm's ideological activism is associated with employee coalitions, or at least a desire for consistency between political activity and their values. If firms' political stands are mostly shaped by their employee will, then there is potential for conflict between different coalitions within the firm (e.g., Ocasio & Kim, 1999), especially if employees' values are seen as incongruent with those of leadership (Bundy et al., 2018). In summary, although progressive corporate activism might be driven by both top-down and bottom-up dynamics, in isolation either dynamic is likely to lead to conflict within the organization due to perceived opportunism on the part of leaders or incongruence of employees' values.

We suggest a complementary explanation, ideological alignment, which accounts for both leader- and employee-driven motivations for engagement in activism but that avoids the potential for conflict. While past scholarship has examined how the alignment between the political orientation of a CEO's external stance and the internal organizational political ideology serves as an *ex post* influence on employee commitment (Wowak et al., 2022), we suggest that ideological alignment between the upper echelons of the firm and its employees also ought to be associated with corporations choosing to engage in progressive activism. We argue that ideological alignment occurs when the upper echelon and the firm's employees *share* a set of overlapping political values, which, in turn, serves as an antecedent for corporate progressive activism. We distinguish ideological alignment from other alignment on other organizational cultural dimensions, inasmuch as political values tend to be more controversial and less germane to the day-to-day business of the firm. We theorize that ideological alignment creates consistency in the political worldview of the firm and reduces the chances of coalitional conflict over corporate political activism, especially when that activism has a distinctive ideological flavor.

Ideological alignment creates greater cohesiveness when firms consider taking potentially controversial actions. If employees already express support for a firm taking a public, expressive stand on a political issue, ideologically aligned leaders may see it as an opportunity to highlight that alignment and win support from its members. Doing so has the potential benefit of increasing a perception of person-organization (P-O) fit (Bundy et al., 2018; Cable & Judge, 1996; Edwards, 2010; Jones et al., 2014), which has positive secondary consequences, such as increased employee engagement (e.g., Burbano, 2021; Carnahan et al., 2017; Flammer &



Luo, 2017). In contrast, if there is ideological misalignment between the political ideologies of an organization's leadership and its employees, taking such an action puts the firm at risk of employees feeling alienated, demotivated, lower job satisfaction, and leaving the organization altogether (Bermiss & McDonald, 2018; Burbano, 2021). In firms with high ideological alignment, progressive activism may even serve as a human resources tool that the firm uses to enhance the cultural fit of the employees to the firm.

But beyond the downstream consequences of progressive activism, ideological alignment paves the pathway for generating agreement on the viability of engaging in such action. Social movement scholars have long noted that activists are most likely to be successful if they have the support of elite allies (King, 2008; McAdam et al., 1996). Employees pushing for their firms to take stands on certain issues will find it easier to generate support if the upper echelon is aligned ideologically. Research has demonstrated, for example, that activists tend to be more influential in firms when the top leaders are politically liberal and supportive of those issues (Briscoe et al., 2014; Raeburn, 2004). But, it is also possible that ideological alignment makes it easier for top leaders to use the firm as an outlet for political expression. Given that CEOs taking political stands may be inherently controversial and potentially seen as opportunism, executives may only decide to engage in progressive activism if they believe that employees are supportive. As evidence of this, Gupta et al. (2018) argue that alignment between CEO ideology and the ideology of its members potentially amplifies the voice of the CEO and gives them permission to take political actions that might otherwise be controversial. Moreover, Wowak et al. (2022) find that firms' political messaging is received more positively by employees when there is ideological alignment between the CEO's action and employees' values.

Given this theorizing, we argue that liberal ideological alignment between the upper echelon and employees should be associated with a greater potential for progressive corporate activism. Ideological alignment opens up possibilities for positive downstream consequences of engaging in progressive activism; but just as important, it may prevent coalitional conflict from occurring when employee activists or top leaders push for the firm to engage in external activism. Considering the discussion above, we would expect that alignment among liberal views to be an important contributor to the decision to engage in progressive activism. The CEO and the TMT will be more likely to see this strategic action as having positive consequences for improving the fit between employees and the firm when there is strong liberal alignment across echelons. Consequently, we would then anticipate the firm would be more prone to participate in progressive sociopolitical activism.

**Hypothesis 3a (H3a).** The greater the liberal alignment between the CEO and employee ideology, the greater the likelihood that the firm will participate in progressive corporate activism.

**Hypothesis 3b (H3b).** The greater the liberal alignment between top management and employee ideology, the greater the likelihood that the firm will participate in progressive corporate activism.

## 3 | DATA AND METHODS

### 3.1 | Empirical case

Our analysis focuses on between-firm differences using letter campaigns as a type of progressive corporate activism. We performed a broad search of news outlets for corporate collective action



related to polarized political issues<sup>4</sup> during a 2-year period (2016–2017), which produced 10 campaigns of corporate collective action. We selected four<sup>5</sup> of these organizational letter-signing campaigns regarding different progressive causes, each of which had a unique collection of signatures. Although some companies signed multiple letters, no two letters have the same full list of companies. Our analyses operate under the assumption that all firms in our sample were at risk of signing each letter below. Using the same risk set across letters allows for (1) analysis of participation in multiple letter campaigns and (2) a comparison of results across sociopolitical issues.

We selected the four letters below because they contain a variety of elements of “vividness” (Hambrick & Wowak, 2021) in that the issues addressed: (1) were progressive issues peripheral to financial considerations of the firm, (2) invoke societal and moral merits, (3) are relatively polarized (Pew Research Center, 2019), and (4) occurred in roughly the same time period. Each of the letters was signed within a 2-year period (2016–2017), which limits the potential for other time-variant drivers of corporate support for the issues. They addressed specific political issues within that timeframe and were mentioned in prominent news sources. The cases are listed below, chronologically:

### 3.1.1 | House bill 2

On March 23, 2016, North Carolina passed House Bill 2 (HB 2) stating that all individuals need to use the restroom corresponding with the sex listed on their birth certificate. The Human Rights Campaign (HRC) composed a letter stating opposition to the bill, and gathered signatures from organizations and individuals (HRC Staff, 2016). While the HRC's post on their website was dated April 15, they continued to add signatures to a linked PDF version of the letter until November 2016. The final version of the letter had a total of 212 signatures.

### 3.1.2 | Paris climate agreement

In November 2016, Low-Carbon USA (a conglomerate of several groups) began gathering signatures of companies and investors for a letter stating support for U.S. participation in the Paris Climate Agreement. In the letter, signatories pledged to “do our part, in our own operations and beyond, to realize the Paris Agreement’s commitment” and stated that they “support leaders ... as they seek to implement the Paris Agreement and leverage this historic opportunity to tackle climate change” (Low-Carbon USA, 2017). The letter had over 1000 signatures.

### 3.1.3 | Travel ban

On January 27, 2017, an executive order was placed by President Trump titled, “Protecting the Nation from Foreign Terrorist Entry into the United States.” The guidelines of this

<sup>4</sup>Issues came from Pew Research Center’s, 2019 report on political values, using topics with an average partisan gap of ≥35 percentage points: (1) gun policy, (2) racial attitudes, (3) climate and environment, (4) social safety net, (5) immigration, (6) role of government, and (7) gender and sexuality.

<sup>5</sup>From the 10 cases found, four were industry-focused and two had fewer than 25 publicly-held signatories. Because our analysis focuses on multiple industries, the former letter campaigns were excluded. The latter were excluded due to sample size.



executive order had a large impact on refugees, limiting how many could enter the U.S. and prohibiting refugees from several predominantly Muslim countries. On February 5 and 6, 127 organizations signed a motion supporting a suit against this travel ban (Isidore, 2017).

### 3.1.4 | DACA/DREAM act

The final letter had two iterations: The first was requesting that the government preserve the DACA program, which allowed unauthorized immigrants who came as minors to have renewable protection from deportation and work permit eligibility. However, in September 2017, the Trump administration rescinded the policy. After this, an updated version included a request for Congress to pass the DREAM Act, which proposed a multi-phased process for the affected group to gain permanent residency. This letter was led by FWD.us, a group founded by tech leaders that focuses on immigration reform. A total of 753 organizations signed (FWD.us, 2017).

## 3.2 | Data

To test our hypotheses, we use a sample of public U.S. companies found in five databases: (1) Refinitiv (previously Asset4), for environmental, social, and governance (ESG) information; (2) COMPUSTAT, for firm-level information; (3) MSCI GMI ratings, for information on CEO-specific details; (4) Gallup for location-based political data; and (5) the Federal Election Committee (FEC), for data on employee political donations. Given that the first three of these databases only have information on large publicly traded companies, we are only able to make inferences about the factors associated with public companies engaging in progressive corporate activism.<sup>6</sup> However, using a database of publicly traded firms makes our analyses comparable in generalizability to numerous other studies of corporate political activity (e.g., McDonnell & Werner, 2016; Schuler et al., 2002).

We compiled a cross-sectional dataset of these firms, with variables on performance (e.g., return on assets); company characteristics (e.g., industry, number of employees); and ESG performance. We lag the independent and control variables by a year prior to the first campaign (2015). Because our analysis emphasizes between-firm differences—opposed to yearly changes in a firm's behavior—some variables are measured using a 2-year rolling average (2014–2015) to reduce temporal noise in the data. We also used companies' diversity statements to create topic models of common themes. Details on specific variables are below. Merging the Refinitiv, COMPUSTAT, and MSCI databases yielded a dataset of 1328 U.S. companies for which we have complete data, 118 of which signed at least one letter. For all descriptive statistics, see Table 1.

<sup>6</sup>To check for potential bias in our final sample, we randomly selected 50 large firms from the letter campaigns that were not included due to lack of data (e.g., private firms, did not have Refinitiv ratings). On average, these companies were more liberal than those in our sample, setting aside concern that our results could be upward biased with the exclusion of these firms.



### 3.3 | Dependent variables

Our dependent variables are based on (1) whether a firm participates in progressive corporate activism and (2) to what extent. We use a binary variable indicating whether a firm signed at least one letter, which came to a total of 118 firms in the dataset (see Table 1). We also use a continuous variable measuring the *total number of letters signed* by a firm—with an average of 0.14 and a standard deviation of 0.51. We also created four separate variables for each letter, indicating if a firm signed the letter: 63 firms signed HB 2, 35 signed Low Carbon, 24 signed Travel Ban, and 63 signed DACA.

### 3.4 | Independent variables

#### 3.4.1 | Political ideology

To examine ideology at different levels in the organization, we derived three political ideology variables from individuals' 2014–2015 political donation information from the Federal Election Commission (FEC): *CEO political ideology*, *TMT political ideology*, and *Employee political ideology*. Following methods used by Chin et al. (2013) and Gupta et al. (2017), we calculated four different measures of “organizational liberalism” through grouping individual data by employer, and calculated the average of these indicators to create an organizational ideology scale, with 0 representing a conservative company and 100 representing liberal.<sup>7</sup>

#### 3.4.2 | Liberal ideological alignment

We created binary variables for both *CEO-Employee liberal alignment* and *TMT-Employee liberal alignment*, measuring whether both parties are on the liberal end of the political ideology scale.<sup>8</sup> We use three cut-off levels to compare degrees of liberalness in alignment: >50, >60, and >70. For instance, if we were looking for a >60 TMT-Employee alignment, then the variable would be equal to 1 if both TMT and Employee ideology within a firm are greater than 60.

### 3.5 | Control variables

We included several control variables from the Refinitiv and COMPUSTAT databases. The selection includes a variety of measures that would go beyond the financial performance of the company.

#### 3.5.1 | CEO power

To account for the potential of a CEO's disproportionate influence on the decision to sign, we included four factors often associated with CEO power<sup>9</sup>: (1) *CEO tenure*, number of years as

<sup>7</sup>Firms with no political donations within a group (e.g., TMT) were given an ideology value of 50 for that category.

<sup>8</sup>The TMT-employee liberal alignment variable does not include the CEO ideology. Additionally, while we ran models which included CEO-TMT liberal alignment, we did not include them in our final analysis as it does not follow from our hypotheses.

<sup>9</sup>For example, see Briscoe et al. (2014) and Tang et al. (2018).



**TABLE 1** Means, standard deviations, and descriptions for variables used in analytic sample examining corporate participation in letter-signing campaigns.

Variable	Range	N/Mean <sup>a</sup>	%/SD <sup>b</sup>
<i>Letter campaigns</i>			
HB 2	(0, 1)	63	4.74
Low carbon	(0, 1)	35	2.64
Travel ban	(0, 1)	24	1.81
DACA	(0, 1)	63	4.74
Signed at least one	(0, 1)	118	8.88
Total number of letters signed	(0, 4)	0.14	0.51
<i>Political ideology</i>			
CEO ideology <sup>c</sup>	(0, 100)	45.22	25.61
TMT ideology <sup>c</sup>	(0, 100)	47.68	27.63
Employee ideology <sup>c</sup>	(0, 100)	46.52	29.17
<i>Ideological alignment</i>			
CEO-employee alignment	(0, 1)	125	9.41
TMT-employee alignment	(0, 1)	185	13.93
<b>Control variables</b>			
<i>CEO power</i>			
Power index	(−0.78, 4.06)	0.018	0.609
CEO tenure	(0, 53)	8.49	7.46
CEO duality	(0, 1)	551	41.49
CEO founder status	(0, 100)	134	10.09
CEO compensation (standardized)	(−0.95, 17.55)	0.017	1.019
<i>Firm performance and location</i>			
Employment awards	(0, 1)	171	12.88
Board diversity <sup>c</sup>	(11.76, 100)	53.44	25.60
HQ predominant party	(−2, 2)	−0.05	1.41
Log of employees <sup>c</sup>	(−4.61, 7.70)	1.67	1.86
Log of assets <sup>c</sup>	(4.20, 14.7)	8.56	1.55
Return on assets <sup>c</sup>	(−1.05, 0.51)	0.03	0.10
<i>Industry participation (%)</i>			
Aggregate, %	(0, 17.70)	7.86	4.58
HB 2, %	(0, 9.05)	4.20	2.33
Low carbon, %	(0, 5.76)	2.53	1.84
Travel ban, %	(0, 9.05)	1.98	3.14
DACA, %	(0, 13.2)	4.78	3.90
<i>Values statements (topics)</i>			
Equal employment opportunity	(0, 60)	3.26	7.72
Valuing diversity	(0, 40)	7.42	8.66



TABLE 1 (Continued)

Variable	Range	N/Mean <sup>a</sup>	%/SD <sup>b</sup>
<i>ESG scores</i>			
Workforce score <sup>c</sup>	(0.20, 99.6)	40.03	24.92
Community score <sup>c</sup>	(1.61, 99.6)	64.11	21.31
CSR score <sup>c</sup>	(0.05, 99.8)	48.04	24.63
Diversity and opportunity score <sup>c</sup>	(5.48, 89)	42.21	31.29
Emissions score <sup>c</sup>	(0.26, 99.7)	43.59	26.90

Note: N = 1328.

<sup>a</sup>Frequencies given for categorical variables, mean given for continuous variables.

<sup>b</sup>Percentages for categorical variables, standard deviations given for continuous variables.

<sup>c</sup>Moving average calculated from 2014 to 2015.

CEO; (2) *CEO duality*, a binary variable indicating if the CEO is also chairman of the board; (3) *CEO founder status*, a binary variable indicating if the CEO is also the founder; and (4) *CEO compensation*, a standardized value of the CEO's total compensation (measured in USD). Each of these variables came from the MSCI 2015 GMI ratings database. Additionally, we standardized and averaged these four variables to create a composite measure of *CEO power*, which we use for a robustness test.

### 3.5.2 | Firm demographics

To control for industry, we created a measure of the *percentage of industry signers*. Using the 4-digit SIC industry categories, we took the number of firms that signed a specific letter in each industry and divided it by the total number of companies in that industry.<sup>10</sup> We also included a variable to control for the predominant political party of the state in which a firm is headquartered (*HQ party*). The data for this variable comes from a 2015 Gallup Poll (Jones, 2016) and is measured on a scale from -2 (solid Republican) to 2 (solid Democratic).<sup>11</sup>

To control for potential signals of P-O fit and firm performance, we include a dummy variable indicating whether a company received an *employment award* (e.g., "Best Company to Work For") in the years just prior to signing (2014–2015). Additionally, *board diversity* has been shown to be associated with positive firm performance (Carter et al., 2003), and so we include a Refinitiv board diversity score (e.g., female board member). To account for firm size, we measure the log of (1) *number of employees* and (2) *total assets*. Finally, we use *return on assets* as a measure of financial performance.

<sup>10</sup>If a firm signed a letter, then the numerator and denominator were reduced by one in calculating the industry percentage.

<sup>11</sup>Our primary model includes industry and state measures—as opposed to fixed effects—to provide results that are more directly related to the sociopolitical dynamics of our analysis. The ratio of industry signers lets us assess the impact of social pressure within the industry. The state-level predominant political party allows us to evaluate the impact of state partisanship. Models with fixed effects for these variables can be found in Appendix C.

### 3.5.3 | Organizational values

We use firm social and environmental performance scores (Refinitiv) as a measure of how a firm enacts their values.<sup>12</sup> These scores (ranging from 0 to 100) are derived from a firm's annual ranking in relation to other companies according to a certain action, policy, or performance. We use the average score from 2014 to 2015 to account for any temporal inconsistencies. As an employee work environment measure (e.g., job satisfaction, diversity initiatives, etc.), we use the firm's *Workforce* score. To account for a company's overall community engagement, we use the *Community Score* which measures a firm's business ethics and public citizenship. To control for a firm's overall corporate social responsibility activities, we use the *CSR Strategy Score*, which reflects a firm's efforts to integrate ESG "into its day-to-day decision-making processes" (Refinitiv). We use these variables to serve as measures of a firm's existing strengths in prosocial engagement.

In order to ascertain a firm's stated employment-related corporate values, we collected their website's diversity statement. Using Python, we created topic models to identify consistent themes and selected two topics from these results: one as a measure of meeting basic expectations or compliance (*Equal Employment Opportunity statement*), and another as a measure of demonstrating values (*Value Diversity statement*). We then tracked how many times the words in these topics appeared in a firm's statement and divided that by the total number of words. For more details, see [Appendix B](#).

## 3.6 | Analysis

As mentioned above, a total of 118 companies in the dataset signed at least one letter. We examine our hypotheses through two types of analysis: (1) looking at the aggregate results of whether firms participated in progressive activism, and (2) examining the total number of letters signed by a firm. We also use the signing of each letter as an outcome variable to see if and how results vary by issue.

We use OLS regression to produce our initial estimates (Tables 2–4), accompanied by a table comparing the OLS results with nonlinear regression models as robustness checks (Table 5). Although it is common in many social science fields to use nonlinear regression when the dependent variable is non-continuous, statistical experts have warned of the problems with interpreting the coefficients of nonlinear models, especially when the point of the analysis is to compare the effect of one variable with potentially confounding covariates or to compare coefficients across different models (e.g., Breen et al., 2018). OLS regression provides less biased estimates; and in the case of a binary outcome variable, OLS regression serves as a linear probability model. Therefore, to avoid the potential for reliance on biased estimates we use OLS as the baseline model for our analyses.

Because our data analysis is correlational, we do not purport to identify causality in our regression models. The purpose of our models is to identify between-firm differences in the tendency to engage in progressive corporate activism. Given that this is a relatively new phenomenon, we believe the analysis is an initial (but important) step in developing theory about the potential drivers of this kind of strategy.

<sup>12</sup>Blair-Loy et al. (2011) found a relationship between a firm's stated values and their employment practices. Thus, we chose to use firm policies and practices as a proxy for their values.



**TABLE 2** OLS binary regression results evaluating companies participating in progressive activism, comparing various progressive alignment cut-off levels.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CEO ideology <sup>b</sup>		0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.00)
TMT ideology <sup>b</sup>		0.000 (0.000)	0.001 (0.000)	0.001 (0.000)	-0.000 (0.001)
Employee ideology <sup>b</sup>		0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	-0.001 (0.001)
CEO-employee ideological alignment		0.017 (0.031)	0.059 (0.035)	0.057 (0.037)	
TMT-employee ideological alignment <sup>a</sup>		0.141 (0.028)	0.111 (0.031)	0.081 (0.034)	0.000 (0.000)
CEO tenure	-0.001 (0.001)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)
CEO duality	-0.032 (0.016)	-0.022 (0.015)	-0.021 (0.015)	-0.023 (0.016)	-0.025 (0.016)
CEO is founder	0.133 (0.027)	0.129 (0.026)	0.129 (0.026)	0.130 (0.026)	0.131 (0.026)
CEO compensation	0.019 (0.008)	0.008 (0.008)	0.008 (0.008)	0.010 (0.008)	0.011 (0.008)
Industry percentage signed	0.011 (0.002)	0.009 (0.002)	0.009 (0.002)	0.009 (0.002)	0.009 (0.002)
HQ predominant party	0.016 (0.005)	0.010 (0.005)	0.009 (0.005)	0.009 (0.005)	0.009 (0.005)
Employment awards	0.046 (0.024)	0.052 (0.023)	0.052 (0.024)	0.050 (0.024)	0.052 (0.024)
Board diversity <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
Log of employees <sup>b</sup>	0.009 (0.005)	0.012 (0.005)	0.012 (0.005)	0.012 (0.005)	0.013 (0.005)
Log of assets <sup>b</sup>	0.034 (0.007)	0.032 (0.007)	0.034 (0.007)	0.035 (0.007)	0.035 (0.007)
Return on assets <sup>b</sup>	-0.009 (0.075)	0.006 (0.073)	-0.003 (0.073)	0.000 (0.073)	-0.006 (0.073)
Workforce score <sup>b</sup>	0.000 (0.001)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Community score <sup>b</sup>	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)



TABLE 2 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CSR score <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
EEO statement	0.000 (0.001)	0.001 (0.001)	0.001 (0.000)	0.001 (0.001)	0.001 (0.001)
Value diversity statement	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Constant	-0.388 (0.061)	-0.418 (0.065)	-0.446 (0.064)	-0.471 (0.064)	-0.430 (0.066)
Model <i>R</i> <sup>2</sup>	0.1685	0.2212	0.2165	0.2104	0.2122
Adjusted <i>R</i> <sup>2</sup>	0.1583	0.2087	0.2039	0.1977	0.2002
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob > *F* is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.

## 4 | RESULTS

Results for the aggregate models can be found in Tables 2 and 3. The first set of models (Table 2) examines whether firms participated in at least one letter-writing campaign (binary DV). The second set then provides us with a deeper analysis by looking at the total number of letters signed by a firm. Results for specific letter campaigns are in Table 4, which compares the fullest model of each letter. In addition to checking the correlation among variables, we looked at variance inflation factors (VIF) for each variable which did not produce any serious multicollinearity issues—the maximum VIF was 2.20, with a mean VIF of 1.48 (see Appendix C, Table C1).

In the tables of aggregate models, we compare results across different cut-off levels for ideological alignment to qualify as *liberal alignment*. Specifically, the alignment variables in Models 2–4 measure whether both groups' ideology falls above 50, 60, and 70, respectively. We also include a model in which alignment is measured by interacting TMT ideology with Employee ideology, and exclude the binary alignment variables. On its own, CEO political ideology is associated with a 2.36% increase in the likelihood of signing a letter (see Appendix C, Table C2, *p* = .000). However, once the other hypothesized variables are added in that association decreases to less than 1%. Thus, given CEO ideology does not have any sizable coefficient across any full models (e.g., in Table 2, Model 2, *p* = .619), Hypothesis 1a is not supported. And while TMT and Employee ideologies each individually have a greater association with signing than CEO ideology—that is, a 4.6% and 4.1% increase in likelihood of participating in letter campaigns (Appendix C, Table C2, *p* = .000)—those effect sizes are also reduced (to 1.2% and 1.6%, respectively) in the fullest model. The size of these differences, along with other inconsistencies (e.g., TMT ideology in Table 3: Model 2, *p* = .255; Model 3, *p* = .004; Model 4, *p* = .000), suggest our results cannot fully support Hypotheses 1b and 2.



**TABLE 3** OLS continuous regression results evaluating number of letters signed by a firm, comparing various progressive alignment cut-off levels.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction</b>
CEO ideology <sup>b</sup>		0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)
TMT ideology <sup>b</sup>		0.001 (0.001)	0.002 (0.001)	0.002 (0.001)	-0.001 (0.001)
Employee ideology <sup>b</sup>		0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.003 (0.001)
CEO-employee ideological alignment		0.014 (0.054)	0.111 (0.062)	0.115 (0.066)	
TMT-employee ideological alignment <sup>a</sup>		0.334 (0.049)	0.253 (0.054)	0.220 (0.061)	0.000 (0.000)
CEO tenure	-0.004 (0.002)	-0.004 (0.002)	-0.004 (0.002)	-0.004 (0.002)	-0.004 (0.002)
CEO duality	-0.059 (0.028)	-0.042 (0.027)	-0.039 (0.027)	-0.045 (0.027)	-0.049 (0.027)
CEO is founder	0.290 (0.047)	0.283 (0.045)	0.281 (0.046)	0.283 (0.046)	0.286 (0.046)
CEO compensation	0.030 (0.014)	0.010 (0.014)	0.011 (0.014)	0.015 (0.014)	0.016 (0.014)
Industry percentage signed	0.022 (0.003)	0.019 (0.003)	0.020 (0.003)	0.020 (0.003)	0.020 (0.003)
HQ predominant party	0.048 (0.043)	0.037 (0.009)	0.036 (0.009)	0.035 (0.009)	0.036 (0.009)
Employment awards	0.077 (0.010)	0.087 (0.041)	0.089 (0.042)	0.084 (0.042)	0.088 (0.042)
Board diversity <sup>b</sup>	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Log of employees <sup>b</sup>	0.006 (0.010)	0.010 (0.010)	0.011 (0.009)	0.012 (0.009)	0.012 (0.009)
Log of assets <sup>b</sup>	0.061 (0.012)	0.055 (0.012)	0.059 (0.012)	0.060 (0.012)	0.060 (0.012)
Return on assets <sup>b</sup>	-0.007 (0.133)	0.020 (0.129)	0.002 (0.129)	0.009 (0.130)	-0.005 (0.129)
Workforce score <sup>b</sup>	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Community score <sup>b</sup>	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)



TABLE 3 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction</b>
CSR score <sup>b</sup>	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)
EEO statement	-0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)
Value diversity statement	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Constant	-0.730 (0.109)	-0.738 (0.115)	-0.804 (0.113)	-0.844 (0.113)	-0.736 (0.117)
Model <i>R</i> <sup>2</sup>	0.1759	0.2427	0.2326	0.2266	0.2313
Adjusted <i>R</i> <sup>2</sup>	0.1658	0.2306	0.2203	0.2142	0.2195
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob > *F* is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.

When examining alignment between political ideologies, alignment of progressive political ideology between top management and the employees has a strong association with signing across all models. When looking at the model with the lowest alignment threshold (Model 2), firms that have TMT-Employee liberal alignment are associated with a 14% increase in probability of participating in at least one letter campaign (Table 2; *p* = .000). These firms also find an expected increase of about one-third of a letter in total number of letters signed (Table 3; *p* = .000). CEO-Employee liberal political alignment is positive, and on its own is associated with an 11.5% increased likelihood of signing a letter (Appendix C, Table C2, *p* = .000). But, this effect size is reduced to a 1.7% increase (*p* = .583) when other hypothesized variables are added in. Thus, Hypothesis 3b is supported, but not Hypothesis 3a. Given this, we find evidence that liberal ideological alignment of a company's TMT and employees has a positive association with a firm signing a letter and also with a firm participating in multiple letter campaigns. Figure 1 provides an illustration of this finding. Through this visual we can see a pattern and gravitation of firms that signed two or more letters in the upper-right hand quadrant; with firms signing three letters falling mostly within the threshold for 60 or above, and those signing four only within the highest threshold.

There are some differences between models as we raise the ideological threshold for alignment (Tables 2 and 3, Models 2–4). The effect size of TMT-Employee liberal alignment decreases as the threshold is raised—for example, in Table 2 from 14.1% (*p* = .000) increase in likelihood of signing in Model 2 to 8.1% (*p* = .019) in Model 4—suggesting that alignment does not need to be at the extreme ends of ideology to have a motivating effect. Additionally, as the threshold raises, the effect size of TMT ideology increases and becomes more statistically significant in both Tables 2 (from  $\beta$  = .000, *p* = .194; to  $\beta$  = .001, *p* = .000) and 3 (from  $\beta$  = .001, *p* = .255; to  $\beta$  = .002, *p* = .000); and Employee ideology also becomes more significant as the threshold increases in Table 2 (*p* = .016). While these effect sizes are much smaller than TMT-Employee liberal alignment—for example, an increase in 50 TMT ideological points is



TABLE 4 OLS regression results evaluating companies participating in letter campaigns.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Aggregate</b>	<b>HB 2</b>	<b>Low carbon</b>	<b>Travel ban</b>	<b>DACA</b>
CEO ideology <sup>a</sup>	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
TMT ideology <sup>a</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Employee ideology <sup>a</sup>	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
CEO-employee ideological alignment	0.017 (0.031)	0.003 (0.024)	-0.008 (0.019)	0.017 (0.015)	0.002 (0.024)
TMT-employee ideological alignment	0.141 (0.028)	0.072 (0.022)	0.065 (0.017)	0.063 (0.014)	0.137 (0.022)
CEO tenure	-0.002 (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.002 (0.001)
CEO duality	-0.022 (0.015)	-0.010 (0.012)	-0.016 (0.009)	-0.005 (0.008)	-0.011 (0.012)
CEO is founder	0.129 (0.026)	0.049 (0.020)	0.043 (0.016)	0.083 (0.013)	0.110 (0.020)
CEO compensation	0.008 (0.008)	0.012 (0.006)	-0.005 (0.005)	0.004 (0.004)	0.000 (0.006)
Industry percentage signed	0.009 (0.002)	0.009 (0.002)	0.006 (0.003)	0.008 (0.001)	0.006 (0.002)
HQ predominant party	0.010 (0.005)	0.004 (0.004)	0.004 (0.003)	0.012 (0.003)	0.018 (0.004)
Employment awards	0.052 (0.023)	0.011 (0.018)	0.016 (0.014)	0.027 (0.012)	0.031 (0.018)
Board diversity <sup>a</sup>	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Log of employees <sup>a</sup>	0.012 (0.005)	0.007 (0.004)	0.002 (0.004)	-0.002 (0.003)	0.007 (0.004)
Log of assets <sup>a</sup>	0.032 (0.007)	0.023 (0.005)	0.002 (0.004)	0.009 (0.003)	0.015 (0.005)
Return on assets <sup>a</sup>	0.006 (0.073)	0.022 (0.057)	0.024 (0.044)	-0.016 (0.036)	-0.003 (0.056)
Workforce score <sup>a</sup>	0.000 (0.000)	0.001 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Community score <sup>a</sup>	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)

TABLE 4 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Aggregate</b>	<b>HB 2</b>	<b>Low carbon</b>	<b>Travel ban</b>	<b>DACA</b>
CSR score <sup>a</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)
EEO statement	0.001 (0.001)	-0.000 (0.001)	0.001 (0.000)	-0.000 (0.001)	0.000 (0.001)
Value diversity statement	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.000 (0.001)
Constant	-0.418 (0.065)	-0.292 (0.047)	-0.108 (0.043)	-0.080 (0.030)	-0.176 (0.049)
Model $R^2$	0.2212	0.1534	0.0975	0.1458	0.1663
Adjusted $R^2$	0.2087	0.1398	0.0830	0.1321	0.1529
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob > R is 0 unless otherwise noted. Ideological cut-off for alignment variables was >50.

<sup>a</sup>Moving average calculated from 2014 to 2015.

associated with an expected increase of one-tenth of a letter signed—this shift in significance indicates that any independent association of employee and TMT ideology is conditional on high levels of ideological alignment.

Examination of individual letters produced similar results (Table 4). Liberal ideological alignment between TMT and employees was positive across all letters and is associated with an increase in probability of signing: (1) HB2 by 7.2% ( $p = .001$ ), (2) Low Carbon by 6.5% ( $p = .000$ ), (3) Travel Ban by 6.3% ( $p = .000$ ), and (4) DACA by 13.7% ( $p = .000$ ). Also consistent with the aggregate measure, neither CEO-Employee alignment nor any of the separate political ideology measures had a notable association with signing.

In summary, we find clear support for TMT-Employee alignment (Hypothesis 3b). However, our remaining hypotheses (1a, 1b, 2, and 3a) are not supported. This suggests that TMT-Employee liberal ideological alignment is a key factor associated with progressive corporate activism.

#### 4.1 | Robustness checks

We performed additional analyses to check the robustness of our findings. First, we ran the aggregate DV across different regression models (see Table 5): (1) a logistic regression for the model in which the outcome variable of letter signed is binary; (2) a Poisson regression for the analysis in which our DV looks at a count of letters signed; and (3) a negative binomial regression, as a comparison count regression. These models demonstrated consistency in the direction of TMT-Employee liberal alignment, with some variance across models in size of effects. For instance, TMT-Employee alignment is associated with a predicted increase of about one-fifth of a letter in both the Poisson ( $p = .004$ ) and negative binomial ( $p = .012$ ) models, compared to one-third in the OLS model. However, there were differences across other



TABLE 5 Robustness checks comparing regression models.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>OLS<sup>a</sup></b>	<b>Logistic<sup>a</sup></b>	<b>OLS</b>	<b>Poisson</b>	<b>Negative binomial</b>
CEO ideology <sup>c</sup>	0.000 (0.000)	0.004 (0.006)	0.000 (0.001)	-0.000 (0.004)	0.000 (0.005)
TMT ideology <sup>c</sup>	0.000 (0.000)	0.011 (0.006)	0.001 (0.001)	0.010 (0.004)	0.010 (0.005)
Employee ideology <sup>c</sup>	0.001 (0.000)	0.016 (0.006)	0.001 (0.001)	0.013 (0.004)	0.013 (0.004)
CEO-employee ideological alignment <sup>b</sup>	0.017 (0.031)	0.221 (0.422)	0.014 (0.054)	0.058 (0.282)	0.050 (0.299)
TMT-employee ideological alignment <sup>b</sup>	0.141 (0.028)	0.746 (0.389)	0.334 (0.049)	0.736 (0.256)	0.693 (0.277)
CEO tenure	-0.002 (0.001)	-0.032 (0.020)	-0.004 (0.002)	-0.027 (0.013)	-0.030 (0.015)
CEO duality	-0.022 (0.015)	-0.384 (0.259)	-0.042 (0.027)	-0.195 (0.171)	-0.198 (0.183)
CEO is founder	0.129 (0.026)	2.020 (0.417)	0.283 (0.045)	1.364 (0.227)	1.470 (0.268)
CEO compensation	0.008 (0.008)	0.056 (0.097)	0.010 (0.014)	-0.020 (0.050)	-0.012 (0.062)
Industry percentage signed	0.009 (0.002)	0.126 (0.028)	0.019 (0.003)	0.087 (0.017)	0.089 (0.018)
HQ predominant party	0.010 (0.005)	0.146 (0.083)	0.037 (0.009)	0.164 (0.056)	0.156 (0.059)
Employment awards	0.052 (0.023)	0.324 (0.288)	0.087 (0.041)	0.177 (0.186)	0.199 (0.199)
Board diversity <sup>c</sup>	0.001 (0.000)	0.012 (0.006)	0.001 (0.001)	0.008 (0.004)	0.008 (0.004)
Log of employees <sup>c</sup>	0.012 (0.005)	0.336 (0.106)	0.010 (0.010)	0.237 (0.072)	0.234 (0.076)
Log of assets <sup>c</sup>	0.032 (0.007)	0.409 (0.112)	0.055 (0.012)	0.207 (0.066)	0.226 (0.074)
Return on assets <sup>c</sup>	0.006 (0.073)	0.539 (1.882)	0.020 (0.129)	-1.263 (1.079)	-1.004 (1.177)
Workforce score <sup>c</sup>	0.000 (0.000)	0.002 (0.006)	0.001 (0.001)	0.001 (0.004)	0.002 (0.004)
Community score <sup>c</sup>	-0.000 (0.000)	0.001 (0.008)	-0.000 (0.001)	0.004 (0.005)	0.004 (0.005)



TABLE 5 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>OLS<sup>a</sup></b>	<b>Logistic<sup>a</sup></b>	<b>OLS</b>	<b>Poisson</b>	<b>Negative binomial</b>
CSR score <sup>c</sup>	0.001 (0.000)	0.013 (0.006)	0.002 (0.001)	0.013 (0.004)	0.012 (0.005)
EEO statement	0.001 (0.001)	0.009 (0.019)	0.000 (0.002)	-0.011 (0.015)	-0.009 (0.016)
Value diversity statement	-0.001 (0.001)	0.000 (0.015)	-0.002 (0.002)	0.001 (0.010)	0.002 (0.011)
Constant	-0.418 (0.065)	-11.411 (1.302)	-0.738 (0.115)	-8.176 (0.750)	-8.450 (0.857)
Model $R^2$ /Pseudo $R^2$	0.2212	0.3532	0.2427	0.3745	0.2740
Adjusted $R^2$	0.2087		0.2306		
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $F$  is 0 unless otherwise noted.

<sup>a</sup>Models 1 and 2 use a binary variable measuring if firms signed at least one letter; all other models use a count of letters signed.

<sup>b</sup>Ideological cut-off for progressive alignment variables in these models is >50.

<sup>c</sup>Moving average calculated from 2014 to 2015.

variables—for example, variance in effect size of the political ideology measure for both TMT and employees. For instance, in the OLS models, Employee ideology had just over a 1% increased likelihood of signing per standard deviation (Table 5, Model 1,  $p = .242$ ; Model 3,  $p = .241$ ), but this effect size was larger in the logistic (2.6%,  $p = .004$ ), Poisson (5.1%,  $p = .001$ ), and negative binomial (5.6%,  $p = .001$ ) models. However, we note that the OLS regression provides less biased estimates than logistic regression when comparing across models with different controls or transformations of the variable (Breen et al., 2018).

Second, we ran the aggregate DV in models with varying conditions to see if any included correlated control variables may be overfitting the model and producing misleading coefficients or if omitted variables might bias our estimates (see Appendix C, Table C3). We ran models (1) removing the prosocial- and values-related controls, (2) interacting CEO ideology with a composite measure of CEO power, (3) including industry and state fixed effects, and (4) dropping observations<sup>13</sup> where political ideology was exactly 50. The effect size for TMT-Employee liberal alignment stays at 14% across all models (Models 1–4,  $p = .000$ ; Model 5,  $p = .012$ ). Third, to account for the possibility that our aggregate results are driven by a single letter campaign, we ran different versions of the aggregate model where we excluded one of the letters each time (see Appendix C, Table C4). In each of these, the direction and statistical significance of TMT-Employee liberal alignment are consistent with the baseline models. These results from our robustness checks provide us with confidence in the strength of our main finding.

<sup>13</sup>We tested this when dropping only observations where (1) Employee ideology = 50, (2) Employee + TMT = 50, and (3) any ideology = 50. The model displayed in Table C3 (Appendix C) is for the latter, providing the most extreme situation.

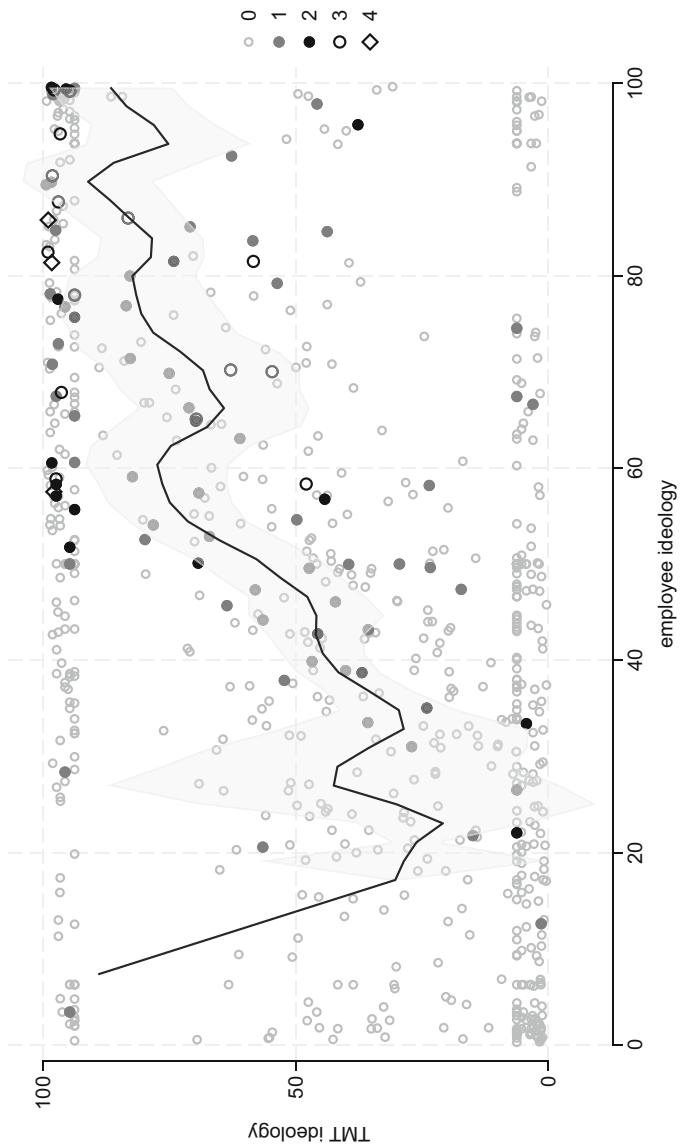


FIGURE 1 Total number of letters signed, at the intersection of TMT-Emp ideology (upper right quadrant = TMT-Emp liberal alignment). This graph provides a visualization of a firm's TMT-Employee Ideological Alignment and the corresponding number of letters signed. It is a two-way scatter plot mapping employee ideology (X-axis) and TMT ideology (Y-axis), with a local polynomial regression superimposed. (The gray area represents the 95% confidence interval.) The upper-right quadrant represents progressive TMT-employee, and we can see that most firms that signed more than one letter fall within that quadrant. Firms with an ideology measure of 50 (neutral) were excluded from the graph to provide a cleaner view.

Additionally, we sought to account for uncertainty around the letters' invitation and/or selection criteria. For instance, Wowak et al. (2022) spoke with HRC officials who said that the HRC did not "invite or allow" (pp. 13–14) signatures from firms that had a Corporate Equality Index (CEI) rating lower than 80. However, when we examined the letter's signatures, we observed that out of 212 signatures, more than half (58%) did not meet the invitation criteria.<sup>14</sup> Thus, while there may have been an initial criterion for *invitation*, we see that non-invited firms (1) were motivated to sign and (2) were not excluded from signing. Considering this, we were led to conclude that more firms were at risk of signing than the stated invitation criteria. However, to ensure that including firms with <80 CEI ratings did not bias our results, we performed an additional analysis removing all firms below that cutoff (see Appendix D, Table C6, Model 2). Doing so did not change the direction nor magnitude of the TMT-employee alignment coefficient.

## 5 | DISCUSSION AND CONCLUSIONS

Why do firms engage in progressive activism? We have argued that this phenomenon of engaging in ideologically-motivated strategic action reflects the ideological views of both the upper-echelon leaders of the firm as well as those of the broader organizational membership. From a top-down perspective, leaders infuse the firms' political strategy with their own ideological preferences, and from a bottom-up perspective, leaders take political actions that reflect the beliefs of their employees. While these two perspectives appear to conflict, our analysis reveals that progressive activism is associated with guidance from both directions. The firms with the highest likelihood of taking progressive stances are companies in which there is a progressive ideological alignment between the TMT and general employees. Although our analysis cannot establish the causal relationship between ideological alignment and progressive activism, we find associational evidence that is supportive of this theoretical argument.

These findings contribute to two specific areas within strategy research: nonmarket and human capital. Within nonmarket strategy there is a growing area of research around corporate sociopolitical involvement, seeking to understand the drivers, actors, and consequences of such actions (e.g., Burbano, 2021; Chatterji & Toffel, 2019; Hambrick & Wowak, 2021; McKean, 2022; Wowak et al., 2022). We contribute to this work by examining political ideologies within different levels of the firm in relation to participation in progressive corporate activism. Additionally, by examining the alignment of ideologies between these different levels, we contribute to research on human capital strategy in relation to both value congruence (e.g., Bundy et al., 2018) and corporate societal engagement (e.g., Bode et al., 2015). These contributions are discussed in greater detail below.

Interestingly, we do not find that CEO political ideology has an independent association with corporate progressive activism. We also did not find evidence for alignment between CEO and employees' liberal ideology to be associated with progressive activism. The only CEO association (not hypothesized) we found was that companies with CEO founders were more likely to engage in progressive activism. One implication of this is that CEOs' preferences may matter less than we typically assume when setting corporate political strategy (e.g., Rudy & Johnson, 2019), or at least they matter less in choosing to join in a coordinated activist campaign. If progressive activism was solely associated with the ideological preferences of a CEO,

<sup>14</sup>Of this 58% (124 signatures), 116 signatures had no CEI rating and 8 had a 2015 CEI rating less than 80.



one could argue that CEOs use their positions to further their own ideals at the expense of the interests of the firm and its stakeholders, thereby introducing significant agency costs (den Hond et al., 2014). However, our analysis suggests that CEO ideology is not an independent driver of progressive activism. One reason for the lack of a CEO association may be precisely due to the controversial nature of this type of action. A CEO who pursued a political stance that was not shared by other members of their organization or that was not backed up by other TMT leaders might be seen as an abuse of their position and authority. CEOs may worry that this strategy could lead to public backlash and investor wariness. Seeking to avoid criticism, CEOs might only agree to take action on progressive issues when they know there is internal support.

Another implication of our findings is that CEOs and other TMT members are not simply pushing for activism that suits their own preferences. Our analysis shows that liberal alignment has a strong association with corporate progressive activism. Given that our results do not identify causality, we cannot directly conclude whether this alignment is a key driver or deciding factor of progressive corporate activism. However, this association between ideological alignment and a firm's participation in activism supports research on value congruence (Bundy et al., 2018; Burbano, 2021; Wowak et al., 2022), and suggests that progressive activism could be used as a strategic move to create employee engagement and loyalty. Further research could provide insights into the mechanisms behind this connection. For instance, is it the case that leaders believe that when employees receive a strong signal from the firm—such as signing a letter-writing campaign—the employees may experience a greater sense of fit with the organization? Or is this driven by employees requesting the firm be more involved in sociopolitical issues? Although we do not directly measure the impact of such action on employee-organization fit, our study provides groundwork for future research to examine if firms are using progressive action with strategic intent to align with their employees' values.

Our study also contributes to the literature on stakeholders and nonmarket strategy in that it indicates that firms may engage in political activism as a proactive means to engage their key stakeholders, such as employees. Past research has largely emphasized the defensive nature of prosocial actions and corporate political strategy (e.g., Briscoe et al., 2014; Briscoe & Safford, 2008; Hiatt et al., 2015; McDonnell, 2016; McDonnell et al., 2015), while other research has focused on corporate activism occurring as a natural outgrowth of its lobbying efforts (Walker, 2012). However, recent research suggests that employees not only support corporate social initiatives, but that it can serve as a strategic move to increase employee engagement and retention (Bode et al., 2015; Bode & Singh, 2018; Burbano, 2021). Thus, participation in corporate progressive activism could be part of a firm's human capital strategy, inasmuch as executives seek to align their engagement on political issues with employees' ideological values.

In the latest trend of corporate progressive activism, companies are taking collective action with other firms to speak out publicly on partisan policies, rather than reacting defensively as isolated targets of private politics. This study improves our understanding of the potential role of political ideology at different levels in the organization in motivating this kind of corporate activism. In the cases examined in this article, activism of this type seems to be a proactive strategy intended to affirm a firm's political ideology and reinforce ideological alignment. Our findings suggest that alignment does not need to fall at the extreme end of the ideological spectrum to provide a motivating effect for activism in general. Thus, we argue that progressive campaigns can serve as a strategic means of reinforcing and further aligning the values held by employees and top management (King, 2015; Kraatz & Flores, 2015).



As noted above, the hypothesized effects in this paper tend to be associated with liberal or progressive ideals, and companies with left-leaning ideologies were more likely to participate in these letter campaigns. One reason we focused on progressive campaigns was that they are less likely to be directly related to a company's normal business operations (as compared to a firm lobbying for favorable tax laws). However, it is also the case that companies taking collective action around conservative values seems to be less common based on our perusal of recent news coverage.

Although there may be individual cases of firms speaking out in favor of conservative values (e.g., Beck, 2014; Frias, 2020), coordinated, collective action among firms speaking out in favor of conservative values is less common. In fact, in our search for cases we only found one conservative letter campaign—the letter was from October 2016<sup>15</sup> and contained 100 signatures supporting Trump for president. However, of those signatures, only three were current executives at large public firms. We even extended our search back 4 years to see if conservative corporate collective action was more common with a Democratic president in office, but did not find any other examples.<sup>16</sup>

This raises the question: If organizational political ideology is associated with corporate activism, why do we not see right-leaning organizations taking conservative collective action? There are several possibilities. The lack of conservative collective action may be an indicator that conservative values are the status quo, and *progressive* activism arises to challenge those norms. Additionally, firms' efforts related to conservative values are often taken through more traditional means of nonmarket strategy (e.g., lobbying) or may be done covertly (Walker & Rea, 2014). Thus, it is likely that conservative collective action takes more institutional forms and occurs behind-the-scenes, such as when industry associations mount conservative campaigns as we saw in efforts to reduce the burden of corporate taxes (Wilson, 2017). Many scholars may even assume that firms naturally embrace conservative economic policies, which tends to be reflected in their political lobbying efforts (Richter et al., 2009). Thus, firm collective action around progressive causes is a departure from the status quo and therefore seems particularly ideological. Moreover, the public nature of progressive corporate activism is consistent with the idea that it is done in order to manage the expectations of particular stakeholders, such as their employees. While this runs the risk of alienating other stakeholders (e.g., consumers), this is what makes it such a strong signal to employees of the company's values and desired reputation.

## 5.1 | Limitations and future research

As mentioned earlier, because we only examine activism in public firms, we cannot generalize to private firms, such as family-owned businesses, which have less separation between ownership and leadership. Another limitation of the current study is that these letters do not show the sequencing of when organizations signed and thus one should not interpret our findings as identifying causation in changes in firm behavior. Our analyses are not meant to identify causal

<sup>15</sup><https://www.cnbc.com/2016/10/16/heres-why-100-business-leaders-support-trump-for-president-commentary.html>.

<sup>16</sup>It is possible that most collective action among companies for conservative causes takes place more covertly, especially by funding politically-oriented nonprofit organizations like the American Legislative Exchange Council (Minefee et al., 2021) or through covert lobbying disguised as grassroots organizing (Walker, 2012). But, in both of these examples, companies purposefully conceal their identities so as not to be directly associated with the conservative cause.



drivers. However, we believe it is nevertheless valuable to understand the pattern of association between *potential* drivers as we develop theory around why firms engage in progressive activism. Future research ought to investigate more systematically the causal mechanisms that we present in our argument.

Additionally, as discussed in the Methods and Robustness sections, another limitation we face is a lack of information on the appropriate population of firms that were at risk of signing letters. While we can observe variety in firm demographics (e.g., industry, location, size) of those that signed, we do not know the specifics behind (1) if and how firms were invited to sign and (2) if any firms would have been denied in requesting to sign. Although we took special effort to verify details on this matter<sup>17</sup> we can only *assume* that these letters were open to signatures from any firm. This also presents an interesting matter for future research: what variance do we see among firms that (1) receive invitations to participate in activism, (2) are invited and choose to participate, and (3) are not invited but choose to participate. Why would it be that only certain firms might be selected to receive an invitation, and what differences are there between firms that are responsive (invited) versus proactive (not invited)?

It is also worth questioning the role of keeping up appearances and expectations in participation in activism. Gupta et al. (2017) found that if certain CSR practices are more common within an industry, then organizational ideology is less likely to play a role in a firm's decision to adopt, and vice-versa. One might expect that as corporate activism increases, the expectation of this behavior within an industry might become more prevalent. While we did check for an interaction effect between organizational political ideology and industry, results were not significant. This may be especially important for organizations to consider as they seek to build a stream of consistent positive character signals (Mishina et al., 2012). How firms decide to engage in progressive activism when the norm is developing is certainly of theoretical and empirical interest. Although there is evidence to suggest that in certain industries this type of activism is becoming more normatively appropriate, none of our data suggest that it is so prevalent that firms are being punished for not engaging. In an increasingly tumultuous political climate, norms and expectations of political behavior in the United States seem to be in flux and are often contentious. In this empirical analysis, we have seen somewhat unprecedented behavior of organizations speaking up en masse about views and ideals that are politically sensitive, standing up against what they view to be injustices or poor policy choices.

As the social environment is shifting, corporations are likewise adapting their strategic behavior. Progressive corporate activism represents one such attempt for firms to exert some control over the uncertain socio-political environment. It remains open to question whether organizations will continue to become more ideologically oriented and willing to engage in collective action of this type. If this becomes more common and expected, then the dynamic in the world of activism would be altered. Typically, political activism is undertaken by normal citizens, and does not involve direct action by wealthy companies (although see Walker, 2012). Although a variety of motivations may lay behind the recent increase of organizations joining

<sup>17</sup>(1) *HB2*: As explained in the Robustness section, we checked signatures of the letter against the invitation criteria. Of those signatures, 58% either had no CEI rating or a rating below 80. We reached out to the HRC inquiring about this discrepancy, but they said they could not find an answer to our question. (2) *Low Carbon*: the website had contact information for firms that wanted to sign, indicating it was open to all firms. (3) *Travel Ban*: We spoke with a representative about the letter and they stated that while a few firms were initially invited to sign, firms that reached out asking to sign were permitted to do so. (4) *DACA*: We sent multiple requests to speak with Fwd officials but received no response. However, given the volume and breadth of signatures on this letter, we feel that, for the purposes of our analysis, it is safe to assume that any firm in our sample was at risk of signing.



the chorus of political voices, we still do not have a good sense of how effective these voices are in advancing societal and political change or how they change the political dynamics of more traditional social movements. While it is too soon to examine the long-term impact of this rise in partisan-leaning corporate activism, this study provides groundwork for other studies as the political playing field continues to transform.

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## DATA AVAILABILITY STATEMENT

Some of the data that support the findings of this study are available from the corresponding author upon reasonable request. The remainder of the data that support the findings of this study are available from Thomson Reuters Corporate Responsibility Ratings, COMPUSTAT, MSCI, and the Federal Election Committee. Restrictions apply to the availability of these data, which were used under license for this study.

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## APPENDIX A: Letter campaigns

### HB 2 Letter

Dear Governor McCrory,

We write with concerns about legislation you signed into law last week, HB 2, which has overturned protections for LGBT people and sanctioned discrimination across North Carolina. Put simply, HB 2 is not a bill that reflects the values of our companies, of our country, or even the overwhelming majority of North Carolinians.

We are disappointed in your decision to sign this discriminatory legislation into law. The business community, by and large, has consistently communicated to lawmakers at every level that such laws are bad for our employees and bad for business. This is not a direction in which states move when they are seeking to provide successful, thriving hubs for business and economic development. We believe that HB 2 will make it far more challenging for businesses across the state to recruit and retain the nation's best and brightest workers and attract the most talented students from across the nation. It will also diminish the state's draw as a destination for tourism, new businesses, and economic activity.

Discrimination is wrong and we believe it has no place in North Carolina or anywhere in our country. As companies that pride ourselves on being inclusive and welcoming to all, we strongly urge you and the leadership of North Carolina's legislature to repeal this law in the upcoming legislative session.

Sincerely, [Signatories left out to preserve page space, but can be found at: <https://web.archive.org/web/20161117102654/http://www.hrc.org/blog/more-companies-call-for-repeal-of-hb2-despite-nc-gov-mccrorys-executive-ord>].



## Low Carbon Letter

### Dear President Trump, Members of the US Congress, and Global Leaders:

We, the undersigned members in the business and investor community of the United States, re-affirm our deep commitment to addressing climate change through the implementation of the historic Paris Climate Agreement.

We want the US economy to be energy efficient and powered by low-carbon energy. Cost-effective and innovative solutions can help us achieve these objectives. Failure to build a low-carbon economy puts American prosperity at risk. But the right action now will create jobs and boost US competitiveness. We pledge to do our part, in our own operations and beyond, to realize the Paris Agreement's commitment of a global economy that limits global temperature rise to well below 2 degrees Celsius.

We call on our elected US leaders to strongly support:

1

Continuation of low-carbon policies to allow the US to meet or exceed our promised national commitment and to increase our nation's future ambition

2

Investment in the low carbon economy at home and abroad in order to give financial decision-makers clarity and boost the confidence of investors worldwide

3

Continued US participation in the Paris Agreement, in order to provide the long-term direction needed to keep global temperature rise below 2°C

Implementing the Paris Agreement will enable and encourage businesses and investors to turn the billions of dollars in existing low-carbon investments into the trillions of dollars the world needs to bring clean energy and prosperity to all.

We support leaders around the world as they seek to implement the Paris Agreement and leverage this historic opportunity to tackle climate change.

[Signatories left out to preserve page space. The original version of the site has been replaced, but signatories can be found at: <http://web.archive.org/web/20171230044106/http://lowcarbonusa.org/business>].

## Travel Ban Letter

Given that the Travel Ban “letter” was in support of a lawsuit, there are multiple documents related to and expressing protest. Documents related to Washington’s lawsuit can be found here: <http://www.atg.wa.gov/executive-order-lawsuit>.

The list of companies that supported the lawsuits can be found here: <http://money.cnn.com/2017/02/06/technology/companies-opposed-trump-travel-ban/>.

## DACA/DREAM Act Letter

August 31, 2017.

To: President Donald J. Trump.

To: Speaker Paul Ryan; Leader Nancy Pelosi; Leader Mitch McConnell; and Leader Charles E. Schumer.

As entrepreneurs and business leaders, we are concerned about new developments in immigration policy that threaten the future of young undocumented immigrants brought to America as children.

The Deferred Action for Childhood Arrivals (DACA) program, which allows nearly 800,000 Dreamers the basic opportunity to work and study without the threat of deportation, is in jeopardy. All DACA recipients grew up in America, registered with our government, submitted to

extensive background checks, and are diligently giving back to our communities and paying income taxes. More than 97% are in school or in the workforce, 5% started their own business, 65% have purchased a vehicle, and 16% have purchased their first home. At least 72% of the top 25 Fortune 500 companies count DACA recipients among their employees.

Unless we act now to preserve the DACA program, all 780,000 hardworking young people will lose their ability to work legally in this country, and every one of them will be at immediate risk of deportation. Our economy would lose \$460.3 billion from the national GDP and \$24.6 billion in Social Security and Medicare tax contributions.

Dreamers are vital to the future of our companies and our economy. With them, we grow and create jobs. They are part of why we will continue to have a global competitive advantage.

We call on President Trump to preserve the DACA program. We call on Congress to pass the bipartisan DREAM Act or legislation that provides these young people raised in our country the permanent solution they deserve.

Signed,

*September 20, 2017*

To: Speaker Paul Ryan; Leader Nancy Pelosi; Leader Mitch McConnell; and Leader Charles E. Schumer

With the rescission of the DACA program, it is urgent that Congress immediately pass the bipartisan Dream Act—or similar legislation—that gives Dreamers the permanent legislative solution they deserve.

Without a permanent legislative solution before next March, roughly 800,000 DACA recipients will lose their ability to work and study legally, will be forced from their jobs, and will be subject to immediate deportation. Further, without congressional action, our economy would lose \$460.3 billion from the national GDP and \$24.6 billion in Social Security and Medicare tax contributions.

Congressional action and a permanent legislative solution is the only path forward to prevent these devastating consequences. This is urgent, and we only have a few months to act.

All DACA recipients grew up in America, registered with our government, submitted to extensive background checks, and are diligently giving back to our communities and paying income taxes. More than 97% are in school or in the workforce, 5% started their own business, 65% have purchased a vehicle, and 16% have purchased their first home. At least 72% of the top 25 Fortune 500 companies count DACA recipients among their employees.

Dreamers are vital to the future of our companies and our economy. With them, we grow and create jobs. They are part of why we will continue to have a global competitive advantage.

We urge both parties in Congress to work together to pass the bipartisan Dream Act or similar legislation that gives Dreamers the permanent legislation they deserve.

Signed, [Signatories left out to preserve space, but can be found at: <https://web.archive.org/web/20171214173901/https://dreamers.fwd.us/business-leaders>].

## APPENDIX B: Topic modeling

Topic modeling is a computational method that pulls words frequently associated with each other in a body of documents and groups them together in specific clusters. For our body of documents, we went onto company websites and pulled their diversity statements, which were typically found under the employment section of the website (e.g., Careers at X). We compiled



these statements into a database. When a company did not have a statement, we left that section blank.

Using Python, we performed topic modeling on this database to identify clusters of meaning and the associated words in the analyzed documents. Each company statement represents a document in the corpus, and each category (i.e., diversity) is its own corpus. After tokenizing the words in the document to remove small differences (e.g., capitalization), we removed stop words and then stemmed and lemmatized the remaining words.

To determine the ideal number of topics to generate, we first ran each corpus through a 20-topic Latent Dirichlet Allocation (LDA, genism package) model and then ran a coherence model to select the best number of topics to pull from each corpus. Two topics had the highest coherence value for the diversity corpus, and 20 for the sustainability corpus. From each, we determined a topic that reflected compliance in a corporation's statement (e.g., listing a standard Equal Employment Opportunity disclosure) and one that reflected expressing values beyond a bare minimum of compliance.

- *Equal employment opportunity* (compliance): “employ”, “equal”, “opportun”, “disabl”, “status”, “gender”, “age”, “discrimin”, “religion”, “sexual\_orient”.
- *Value diversity*: “diver”, “employe”, “valu”, “busi”, “differ”, “communiti”, “compani”, “peopl”, “commit”, “work”.

For instance, a company with a compliance statement in diversity would look like:

“X is an equal opportunity employer. No employee or applicant for employment will be discriminated against because of race, color, religion, national origin, physical or mental disability, age, gender, sexual orientation, genetic information, veteran's status, or status as a disabled veteran or veteran of the Vietnam era.”

Whereas, a company with a strong diversity values statement would look like:

“The Company has a strong commitment to diversity and recognizes the value of attracting and retaining employees with different backgrounds, knowledge, experiences and abilities. Diversity contributes to the Company's business success and benefits individuals, clients, teams, shareholders, and stakeholders. Our business policies, practices, and behaviors promote diversity and equal opportunity and create an environment where individual differences are valued and all employees have the opportunity to realize their potential and contribute to the Company's success.”

## APPENDIX C: Additional tables

This appendix includes six tables.

Table C1: Correlation table. Provides both bivariate correlation and variance inflation factors (VIF). Neither presented any serious multicollinearity issues.

Table C2: Individual hypotheses. While there was only room in our manuscript to present full models, Table C2 provides models with individual effects for each hypothesized variable, when firms participated in at least one letter campaign (binary DV). Aside from TMT-Employee liberal alignment, the hypothesized variables have a decrease in effect size of at least 60% when



going from individual models to the full model. While all coefficients are associated with an increased likelihood in participating in letter campaigns, those effect sizes<sup>18</sup> go from 2.4% ( $p = .000$ ) to 0.4% ( $p = .619$ ) for CEO ideology, 4.6% ( $p = .000$ ) to 1.2% ( $p = .194$ ) for TMT ideology, and 4.1% ( $p = .000$ ) to 1.6% ( $p = .051$ ) for Employee ideology. The largest decrease in effect size was for CEO-Employee liberal alignment, from 11.6% ( $p = .000$ ) to 1.7% ( $p = .583$ ). Compared to this, the effect size of TMT-Employee liberal alignment only decreases by 24% in the full model—from 18.6% ( $p = .000$ ) to 14.1% ( $p = .000$ ).

Table C3: Additional robustness checks. As mentioned in the manuscript, this table provides series of robustness checks (in addition to the robustness checks found in the manuscript, Table 5). We ran models (1) removing the prosocial- and values-related controls, (2) interacting CEO ideology with a composite measure of CEO power, (3) including industry and state fixed effects, and (4) dropping observations<sup>19</sup> where political ideology was exactly 50. The effect size for TMT-Employee liberal alignment stays at 14% across all models (Models 1–4,  $p = .000$ ; Model 5,  $p = .012$ ).

Table C4: Letter campaign robustness check. To account for the possibility that our aggregate results are driven by a single-letter campaign, we ran different versions of the aggregate model where we excluded one letter each time. For instance, Model 2 excludes the HB 2 letter and examines firms participating in the Low Carbon, Travel Ban, and/or DACA letters. Thus, Models 2–5 use a continuous DV with a maximum of 3 letters, as opposed to 4 letters in Model 1. Considering this—that is, the maximum DV decreases by 25%—the decrease in effect size for TMT-Employee liberal alignment across Models 2–5 is not surprising. This decrease is relatively proportional to the decrease in DV for Models 2–4; but when the DACA letter is excluded the effect size decreases by 41% (from one-third to one-fifth of a letter signed), perhaps suggesting a stronger association between TMT-Employee alignment and participating in the DACA letter. However, we cannot discern whether this would be due to related political concerns (i.e., immigration) or the fact that DACA was the last letter campaign to occur of our empirical sample. Whatever the case, the direction and statistical significance of TMT-Employee liberal alignment in Models 2–5 are consistent with Model 1.

Table C5: Industry percentage signed. This table provides more detail on our industry control variable, showing the percentage of firms within an industry that signed each letter.

Table C6: Descriptors of signatories. This table provides more detail on the firms that participated in letter campaigns. Specifically, it outlines (a) which firms participated, (b) which letters they signed, (c) their TMT and employee ideology leanings (with 0 as conservative and 100 as liberal), and (d) other firm demographics (industry, firm size, and HQ location).

<sup>18</sup>Percent change in likelihood of participating in a letter campaign, per standard deviation.

<sup>19</sup>We tested this when dropping only observations where (1) Employee ideology = 50, (2) Employee + TMT = 50, and (3) any ideology = 50. The model displayed in Table C3 is for the latter, providing the most extreme situation.



TABLE C1 Correlation table for companies participating in one or more letter campaigns.

	VIF 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1. Signed letter	1.000																					
2. CEO ideology	1.52	0.092	1.000																			
3. TMT ideology	1.62	0.177	0.272	1.000																		
4. Emp ideology	1.38	0.188	0.294	0.286	1.000																	
5. CEO-emp. alignment	1.68	0.162	0.530	0.252	0.355	1.000																
6. TMT-Emp. alignment	1.94	0.302	0.224	0.583	0.395	0.048	1.000															
7. CEO tenure	1.25	-0.045	-0.056	-0.023	-0.050	-0.026	-0.048	1.000														
8. CEO duality	1.19	0.014	-0.081	-0.057	-0.102	-0.033	-0.015	0.296	1.000													
9. CEO is founder	1.24	0.072	-0.021	0.023	0.021	-0.005	-0.018	0.333	0.180	1.000												
10. CEO Compensation	1.32	0.197	0.076	0.049	0.082	0.144	0.190	0.010	0.140	-0.046	1.000											
11. Industry % Signed	1.46	0.168	0.082	0.054	0.201	0.027	0.074	-0.015	-0.029	0.144	0.004	1.000										
12. HQ party	1.11	0.065	0.148	0.125	0.197	0.103	0.080	0.029	-0.051	0.079	-0.041	0.078	1.000									
13. Employment awards	1.28	0.196	-0.013	-0.008	0.003	0.030	0.073	-0.019	0.107	-0.031	0.217	0.019	0.013	1.000								
14. Board diversity	1.21	0.165	0.024	0.023	0.086	0.074	0.121	-0.045	0.080	-0.136	0.138	0.021	0.050	0.160	1.000							
15. Log of employees	2.08	0.256	-0.066	-0.027	-0.005	0.011	0.103	-0.053	0.104	-0.149	0.306	0.238	-0.130	0.287	0.265	1.000						
16. Log of assets	2.20	0.239	-0.089	-0.037	-0.087	0.061	0.135	-0.066	0.140	-0.199	0.405	-0.266	-0.172	0.342	0.268	0.509	1.000					
17. ROA	1.13	0.054	-0.031	-0.030	-0.014	-0.068	0.003	0.067	0.019	-0.058	0.074	0.062	-0.078	0.068	0.110	0.296	0.116	1.000				
18. Workforce score	1.75	0.230	-0.002	-0.006	0.076	0.088	0.131	-0.038	0.144	-0.064	0.335	0.041	-0.007	0.359	0.235	0.375	0.401	0.057	1.000			
19. Community score	1.50	0.155	0.026	-0.016	-0.006	0.092	0.093	-0.071	0.066	-0.108	0.250	-0.062	-0.079	0.285	0.272	0.365	0.411	0.096	0.454	1.000		
20. CSR score	1.83	0.239	-0.012	-0.018	0.010	0.056	0.143	-0.128	0.106	-0.153	0.271	-0.049	-0.040	0.350	0.303	0.425	0.448	0.696	0.564	0.663	1.000	
21. EEO topic	1.03	-0.017	-0.027	-0.038	-0.016	-0.047	-0.040	0.039	0.010	-0.014	-0.039	-0.011	-0.030	-0.052	-0.030	-0.018	-0.007	-0.032	-0.026	0.047	-0.015	1.000
22. Diversity topic	1.29	0.139	-0.025	0.013	0.015	0.059	0.096	-0.070	0.053	-0.093	0.216	0.029	-0.052	0.230	0.380	0.333	0.046	0.291	0.274	0.316	0.073	1.000

Note: Our ideology variables had a high degree of convergence (Cronbach alpha for CEO = 0.992; TMT = 1.000; Org = 0.990; Comparative Fit Index for CEO = 0.997; TMT = 1.000; Org = 0.995; Org = 0.90). We also conducted confirmatory factor analysis to ensure a similar unity as found by Gupta et al.; Tucker-Lewis Index for CEO = 0.003; TMT = 0.001; Org = 0.009; Root Mean Square Error of Approximation for CEO = 0.100; TMT = 0.005; Org = 0.0841. Square Residual for CEO = 0.003; TMT = 0.001; Org = 0.009; Root Mean Square Error of Approximation for CEO = 0.100; TMT = 0.005; Org = 0.0841.



**TABLE C2** OLS binary regression results evaluating companies participating in progressive activism, individual IV results.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>	<b>Model 6</b>	<b>Model 7</b>
CEO ideology <sup>a</sup>		0.001 (0.000)					0.000 (0.000)
TMT ideology <sup>a</sup>			0.002 (0.000)				0.000 (0.000)
Employee ideology <sup>a</sup>				0.001 (0.000)			0.001 (0.000)
CEO-employee ideological alignment					0.116 (0.025)		0.017 (0.031)
TMT-employee ideological alignment <sup>b</sup>						0.186 (0.021)	0.141 (0.028)
CEO tenure	-0.001 (0.001)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.000)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)
CEO duality	-0.032 (0.016)	-0.029 (0.016)	-0.027 (0.016)	-0.024 (0.016)	-0.029 (0.016)	-0.026 (0.015)	-0.022 (0.015)
CEO is founder	0.133 (0.027)	0.136 (0.026)	0.130 (0.026)	0.131 (0.026)	0.132 (0.026)	0.129 (0.026)	0.129 (0.026)
CEO compensation	0.019 (0.008)	0.016 (0.008)	0.015 (0.008)	0.014 (0.008)	0.014 (0.008)	0.010 (0.008)	0.008 (0.008)
Industry percentage signed	0.011 (0.002)	0.010 (0.002)	0.010 (0.002)	0.009 (0.002)	0.011 (0.002)	0.009 (0.002)	0.009 (0.002)
HQ predominant party	0.016 (0.005)	0.014 (0.005)	0.013 (0.005)	0.012 (0.005)	0.014 (0.005)	0.012 (0.005)	0.010 (0.005)
Employment awards	0.046 (0.024)	0.047 (0.024)	0.048 (0.024)	0.049 (0.024)	0.049 (0.024)	0.051 (0.023)	0.052 (0.023)
Board diversity <sup>a</sup>	0.001 (0.000)						
Log of employees <sup>a</sup>	0.009 (0.005)	0.011 (0.005)	0.010 (0.005)	0.011 (0.005)	0.011 (0.005)	0.011 (0.005)	0.012 (0.005)
Log of assets <sup>a</sup>	0.034 (0.007)	0.036 (0.007)	0.035 (0.007)	0.036 (0.007)	0.034 (0.007)	0.030 (0.007)	0.032 (0.007)
Return on assets <sup>a</sup>	-0.009 (0.075)	-0.007 (0.075)	-0.001 (0.074)	-0.008 (0.074)	0.014 (0.075)	0.002 (0.073)	0.006 (0.073)
Workforce score <sup>a</sup>	0.000 (0.001)	0.001 (0.000)	0.001 (0.000)	0.000 (0.000)	0.001 (0.000)	0.001 (0.000)	0.000 (0.000)
Community score <sup>a</sup>	-0.000 (0.000)						



TABLE C2 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>	<b>Model 6</b>	<b>Model 7</b>
CSR score <sup>a</sup>	0.001 (0.000)						
EEO statement	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)
Value diversity statement	-0.001 (0.001)						
Constant	-0.388 (0.061)	-0.436 (0.063)	-0.469 (0.062)	-0.451 (0.062)	-0.382 (0.061)	-0.358 (0.060)	-0.418 (0.065)
Model <i>R</i> <sup>2</sup>	0.1685	0.1749	0.1935	0.1866	0.1818	0.2162	0.2212
Adjusted <i>R</i> <sup>2</sup>	0.1583	0.1642	0.1830	0.1760	0.1712	0.2060	0.2087
<i>N</i>	1328	1328	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob > F is 0 unless otherwise noted.

<sup>a</sup>Moving average calculated from 2014 to 2015.

<sup>b</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.



TABLE C3 Robustness checks for companies participating in one or more letter campaigns.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Main model</b>	<b>Reduced controls</b>	<b>CEO Ideol. × power</b>	<b>Industry and state FE<sup>a</sup></b>	<b>Reduced sample<sup>b</sup></b>
CEO ideology <sup>d</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.001)
TMT ideology <sup>d</sup>	0.000 (0.000)	0.000 (0.000)	0.001 (0.000)	0.000 (0.000)	-0.000 (0.001)
Employee ideology <sup>d</sup>	0.001 (0.000)	0.001 (0.003)	0.001 (0.000)	0.000 (0.000)	0.001 (0.001)
CEO-employee ideological alignment	0.017 (0.031)	0.013 (0.031)	0.018 (0.031)	0.008 (0.031)	0.022 (0.061)
TMT-employee ideological alignment	0.141 (0.028)	0.147 (0.028)	0.142 (0.028)	0.141 (0.028)	0.147 (0.058)
CEO tenure	-0.002 (0.001)	-0.002 (0.001)		-0.002 (0.001)	-0.002 (0.002)
CEO duality	-0.022 (0.015)	-0.021 (0.015)		-0.015 (0.016)	-0.024 (0.032)
CEO is founder	0.129 (0.026)	0.127 (0.026)		0.115 (0.026)	0.151 (0.059)
CEO compensation	0.008 (0.008)	0.008 (0.008)		0.002 (0.008)	0.008 (0.124)
CEO power			0.007 (0.023)		
CEO ideology × CEO power			0.000 (0.000)		
Industry <sup>c</sup>	0.009 (0.002)	0.009 (0.002)	0.010 (0.002)		0.012 (0.004)
Manufacturing				0.035 (0.036)	
Transport and communication				-0.014 (0.039)	
Retail and wholesale trade				0.028 (0.043)	
Finance and insurance				0.008 (0.037)	
Services				0.149 (0.039)	
HQ predominant party	0.010 (0.005)	0.010 (0.005)	0.011 (0.005)		0.005 (0.012)



TABLE C3 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Main model</b>	<b>Reduced controls</b>	<b>CEO Ideol. × power</b>	<b>Industry and state FE<sup>a</sup></b>	<b>Reduced sample<sup>b</sup></b>
Employment awards	0.052 (0.023)	0.055 (0.023)	0.053 (0.024)	0.053 (0.024)	0.086 (0.043)
Board diversity <sup>d</sup>	0.001 (0.000)	0.001 (0.000)	0.000 (0.000)	0.001 (0.000)	0.000 (0.001)
Log of employees <sup>d</sup>	0.012 (0.005)	0.013 (0.005)	0.010 (0.005)	0.016 (0.007)	0.017 (0.012)
Log of assets <sup>d</sup>	0.032 (0.007)	0.033 (0.007)	0.030 (0.006)	0.033 (0.008)	0.056 (0.014)
Return on assets <sup>d</sup>	0.006 (0.073)	0.008 (0.073)	-0.011 (0.073)	0.009 (0.075)	0.020 (0.181)
Workforce score <sup>d</sup>	0.000 (0.000)	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)
Community score <sup>d</sup>	-0.000 (0.000)		-0.000 (0.000)	-0.000 (0.000)	-0.001 (0.001)
CSR score <sup>d</sup>	0.001 (0.000)		0.001 (0.000)	0.001 (0.000)	0.001 (0.001)
Equal employment opportunity statement	0.001 (0.001)		0.000 (0.001)	0.001 (0.001)	0.001 (0.002)
Value diversity statement	-0.001 (0.001)		-0.001 (0.001)	-0.001 (0.001)	-0.0003 (0.002)
Constant	-0.418 (0.065)	-0.409 (0.064)	-0.415 (0.062)	-0.388 (0.077)	-0.614 (0.136)
Model $R^2$	0.2212	0.2166	0.2074		0.2770
Adjusted $R^2$	0.2087	0.2065	0.1959		0.2380
<i>N</i>	1328	1328	1328	1328	411

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $\chi^2$  is 0 unless otherwise noted.

<sup>a</sup>Model 4 grouped at state level.

<sup>b</sup>In Model 5, dropped observations of ideology = 50.

<sup>c</sup>Models 1–3 and 5 use “Industry % Signed”.

<sup>d</sup>Moving avg. calculated from 2014 to 2015.



**TABLE C4** OLS regression results evaluating companies participating in letter campaigns—each model reflects one of the letters being dropped from the analysis (i.e., Model 1 = 4 letters, Models 2–5 = 3 letters).

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Original</b>	<b>Excluding HB 2</b>	<b>Excluding low carbon</b>	<b>Excluding travel ban</b>	<b>Excluding DACA</b>
CEO ideology <sup>a</sup>	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	-0.000 (0.000)
TMT ideology <sup>a</sup>	0.001 (0.001)	0.000 (0.000)	0.001 (0.000)	0.001 (0.001)	0.001 (0.000)
Employee ideology <sup>a</sup>	0.001 (0.001)	0.000 (0.000)	0.001 (0.000)	0.001 (0.000)	0.000 (0.000)
CEO-employee ideological alignment	0.014 (0.054)	0.011 (0.042)	0.022 (0.047)	-0.002 (0.046)	0.011 (0.040)
TMT-employee ideological alignment	0.334 (0.049)	0.263 (0.038)	0.270 (0.043)	0.272 (0.041)	0.196 (0.036)
CEO tenure	-0.004 (0.002)	-0.003 (0.001)	-0.004 (0.002)	-0.003 (0.002)	-0.002 (0.001)
CEO duality	-0.042 (0.027)	-0.032 (0.021)	-0.026 (0.024)	-0.037 (0.023)	-0.031 (0.020)
CEO is founder	0.283 (0.045)	0.236 (0.035)	0.241 (0.039)	0.199 (0.038)	0.172 (0.033)
CEO compensation	0.010 (0.014)	-0.001 (0.011)	0.015 (0.012)	0.006 (0.012)	0.010 (0.010)
Industry percentage signed	0.019 (0.003)	0.014 (0.002)	0.016 (0.003)	0.014 (0.003)	0.013 (0.002)
HQ predominant party	0.037 (0.009)	0.033 (0.007)	0.033 (0.008)	0.025 (0.008)	0.020 (0.007)
Employment awards	0.087 (0.041)	0.075 (0.032)	0.072 (0.036)	0.058 (0.035)	0.055 (0.030)
Board diversity <sup>a</sup>	0.001 (0.001)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
Log of employees <sup>a</sup>	0.010 (0.010)	0.007 (0.007)	0.007 (0.008)	0.013 (0.008)	0.003 (0.007)
Log of assets <sup>a</sup>	0.055 (0.012)	0.027 (0.009)	0.053 (0.010)	0.045 (0.010)	0.039 (0.009)
Return on assets <sup>a</sup>	0.020 (0.129)	-0.008 (0.099)	0.000 (0.112)	0.044 (0.108)	0.025 (0.094)
Workforce score <sup>a</sup>	0.001 (0.001)	-0.000 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.000)



TABLE C4 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Original</b>	<b>Excluding HB 2</b>	<b>Excluding low carbon</b>	<b>Excluding travel ban</b>	<b>Excluding DACA</b>
Community score <sup>a</sup>	−0.000 (0.001)	0.000 (0.001)	−0.000 (0.001)	−0.000 (0.001)	0.000 (0.001)
CSR score <sup>a</sup>	0.002 (0.001)	0.002 (0.001)	0.001 (0.001)	0.002 (0.001)	0.002 (0.001)
Equal employment opportunity statement	0.000 (0.002)	0.000 (0.001)	−0.000 (0.001)	0.001 (0.001)	0.000 (0.001)
Value diversity statement	−0.002 (0.002)	−0.001 (0.001)	−0.002 (0.001)	−0.001 (0.001)	−0.002 (0.001)
Constant	−0.738 (0.115)	−0.412 (0.088)	−0.633 (0.100)	−0.623 (0.096)	−0.547 (0.084)
Model <i>R</i> <sup>2</sup>	0.2427	0.2135	0.2232	0.2402	0.2098
Adjusted <i>R</i> <sup>2</sup>	0.2306	0.2008	0.2107	0.2280	0.1971
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob > *R* is 0 unless otherwise noted. Ideological cut-off for alignment variables was >50.

<sup>a</sup>Moving average calculated from 2014 to 2015.

TABLE C5 Percentage of signers in each industry.

<b>Code</b>	<b>Industry</b>	<b>HB2</b>	<b>Low carbon</b>	<b>Travel ban</b>	<b>DACA</b>
1500	Construction and conglomerates	0	1.15%	0	0
2000	Manufacturing	3.85%	2.89%	1.54%	3.85%
4000	Transport and communications	3.38%	1.35%	0	4.73%
5200	Retail and wholesale trade	1.60%	4.00%	0	5.6%
6000	Finance and insurance	3.87%	0.28%	0	1.66%
7000	Services	9.05%	5.76%	9.05%	13.17%



TABLE C6 Descriptive table of signatures.

Company	Letters signed				Ideology				Assets (ln)	HQ
	Low carbon	HB2	Travel ban	DACA	TMT	Emp.	Industry	Emp. (ln)		
2U				•	50.00 <sup>a</sup>	98.33	Services	-0.11	5.15	MD
Adobe Systems	•	•	•	•	96.59	94.74	Services	2.58	9.33	CA
AGCO				•	94.69	50.00 <sup>a</sup>	Manufacturing	3.01	8.85	GA
AIG	•				17.25	47.37	Finance & Insurance	4.19	13.13	NY
Akamai Technologies	•				50.00 <sup>a</sup>	61.9	Services	1.72	8.32	MA
Alaska Air Group	•		•		50.00 <sup>a</sup>	36.81	Transport & Communications	2.68	8.76	WA
Allscripts	•	•			50.00 <sup>a</sup>	50.00 <sup>a</sup>	Services	1.95	7.86	IL
Alphabet	•	•			50.00 <sup>a</sup>	98.69	Services	4.06	11.84	CA
Amazon.com			•		58.48	83.61	Retail & Wholesale Trade	5.26	11	WA
American Airlines Group	•	•			35.64	43.17	Transport & Communications	4.75	10.74	TX
American Express				•	23.57	58.17	Finance & Insurance	4	11.98	NY
Apple			•		99	82.44	Manufacturing	4.64	12.47	CA
AT&T			•		23.36	49.64	Transport & Communications	5.57	12.76	TX
Autodesk		•			83.16	85.98	Services	2.18	8.5	CA
Bank of America			•		47.34	49.56	Finance & Insurance	5.39	14.57	NC
BD				•	97.37	57.08	Manufacturing	3.69	9.88	NJ
Best Buy				•	52.25	37.9	Retail & Wholesale Trade	4.83	9.63	MN
Biogen			•		93.74	55.67	Manufacturing	2.01	9.74	MA
BlackRock			•		75.03	69.83	Finance & Insurance	2.53	12.36	NY
BNY Mellon			•		83.54	76.86	Finance & Insurance	3.93	12.87	NY
Brocade Communication Systems			•		97.42	58.85	Manufacturing	1.48	8.27	CA
CA, Inc.			•		45.64	42.74	Services	2.45	9.3	NY



TABLE C6 (Continued)

Company	Letters signed				Ideology				Assets (ln)	Emp. (ln)	HQ
	HB2 Low carbon	Travel ban	DACA	TMT	Emp.	Industry					
Campbell Soup Co.	•	•		6.26	22.05	Manufacturing	2.94	9	NJ		
Capital One	•			42.14	46.07	Finance & Insurance	3.82	12.68	VA		
Cavium		•	•	94.7	51.75	Manufacturing	-0.03	6.04	CA		
Choice Hotels International	•		•	50.00 <sup>a</sup>	82.05	Finance & Insurance	0.33	6.53	MD		
Cisco Systems	•		•	69.77	64.85	Manufacturing	4.29	11.6	CA		
Citigroup	•			49.78	54.6	Finance & Insurance	5.46	14.4	NY		
Citrix Systems		•		95.64	28.36	Services	2.28	8.61	FL		
Columbia Sportswear		•		45.78	97.84	Manufacturing	1.73	7.51	OR		
Cummins	•	•	•	24.05	35.02	Manufacturing	4.01	9.65	IN		
eBay				98.26	81.34	Services	3.18	10.36	CA		
Edison International			•	98.03	98.81	Transport & Communications	2.58	10.82	CA		
Electronic Arts			•	97.49	84.71	Services	2.13	8.72	CA		
EMC		•		98.14	70.77	Manufacturing	4.26	10.74	MA		
Estee Lauder			•	70.90	85.07	Manufacturing	3.77	8.99	NY		
Exelon			•	46.77	39.87	Transport & Communications	3.38	11.42	IL		
Expedia			•	62.68	92.43	Transport & Communications	2.92	9.41	WA		
Facebook		•	•	62.86	70.18	Services	2.39	10.71	CA		
Gap			•	98.26	60.52	Retail & Wholesale Trade	4.95	8.95	CA		
General Motors			•	69.16	57.39	Manufacturing	5.37	12.13	MI		
Goldman Sachs			•	35.73	33.51	Finance & Insurance	3.57	13.66	NY		
Graham Holdings			•	93.74	65.41	Services	2.88	8.53	VA		
Hartford Financial Services Group			•	93.74	75.66	Finance & Insurance	2.86	12.37	CT		



TABLE C6 (Continued)

Company	Letters signed				Ideology				Assets (ln)	Emp. (ln)	HQ
	HB2 Low carbon	Travel ban	DACA	TMT	Emp.	Industry					
Hilton Worldwide	•	•	•	•	58.37	81.47	Services	5.08	10.16	VA	
HP	•	•	•	•	97.84	57.51	Manufacturing	5.69	11.56	CA	
Hyatt Hotels	•	•	•	•	37.68	95.69	Services	3.81	8.97	IL	
IBM	•	•	•	•	50.00 <sup>a</sup>	29.38	Services	5.94	11.64	NY	
Intel	•	•	•	•	54.67	70.01	Manufacturing	4.67	11.49	CA	
Intuit	•	•	•	•	82.29	59.08	Services	2.06	8.53	CA	
JetBlue Airways	•	•	•	•	58.01	47.32	Transport & Communications	2.78	9.02	NY	
Johnson & Johnson	•	•	•	•	71.12	66.25	Manufacturing	4.84	11.79	NJ	
Juniper Networks	•	•	•	•	6.25	67.42	Manufacturing	2.19	9.05	CA	
Kellogg Co.	•	•	•	•	50.00 <sup>a</sup>	62.83	Manufacturing	3.46	9.63	MI	
Labcorp	•	•	•	•	6.25	26.50	Services	3.76	9.28	NC	
Lam Research	•	•	•	•	93.74	99.47	Manufacturing	1.93	9.07	CA	
Leidos	•	•	•	•	29.45	50.00 <sup>a</sup>	Services	2.92	8.11	VA	
LinkedIn	•	•	•	•	98.14	90.38	Services	2.10	8.74	CA	
Live Nation Entertainment	•	•	•	•	98.56	78.09	Services	2.05	8.71	CA	
ManpowerGroup	•	•	•	•	50.00 <sup>a</sup>	93.74	Services	3.28	8.90	WI	
Marriott International	•	•	•	•	69.29	50.09	Services	4.83	8.78	MD	
Mastercard	•	•	•	•	82.78	79.96	Finance & Insurance	2.38	9.67	NY	
Merck & Co.	•	•	•	•	6.25	74.52	Manufacturing	4.23	11.51	NJ	
Micron Technology	•	•	•	•	50.00 <sup>a</sup>	57.19	Manufacturing	3.44	10.06	ID	
Microsoft	•	•	•	•	69.67	65.07	Services	4.81	12.07	WA	
Mondelez International	•	•	•	•	94.69	3.41	Manufacturing	4.62	11.08	IL	



TABLE C6 (Continued)

Company	Letters signed					Ideology			Assets (ln)	HQ
	Low HB2 carbon	Travel ban	DACA	TMT	Emp.	Industry	Emp. (ln)			
Monsanto	•			14.94	21.76	Construction & Conglomerates	3.27	10.00	MO	
Netflix	•	•		98.33	99.57	Services	1.12	9.06	CA	
Netgear	•	•		50.00 <sup>a</sup>	65.97	Manufacturing	0.001	6.96	CA	
Nike	•			82.73	71.37	Manufacturing	4.14	9.98	OR	
Northrop Grumman	•		•	40.13	38.92	Manufacturing	4.17	10.15	VA	
NRG Energy	•		•	74.13	81.48	Transport & Communications	2.32	10.51	TX	
Oracle	•			61.04	63.05	Services	4.88	11.62	TX	
PepsiCo		•		39.52	49.97	Manufacturing	5.59	11.16	NY	
Pfizer	•			63.60	45.67	Manufacturing	4.48	12.03	NY	
PNC Financial Services	•			56.50	20.56	Finance & Insurance	3.97	12.77	PA	
Polycom		•		93.74	60.57	Manufacturing	1.25	7.50	CA	
PVH	•	•		50.00 <sup>a</sup>	76.29	Manufacturing	3.53	9.3	NY	
Qualcomm				67.06	52.88	Manufacturing	3.47	10.81	CA	
Quest Diagnostics		•		3.05	66.61	Services	3.80	9.2	NJ	
Ralph Lauren		•	•	98.31	89.71	Manufacturing	3.22	8.72	NY	
Saber				50.00 <sup>a</sup>	98.45	Services	2.15	8.53	TX	
Salesforce.com		•	•	98.97	85.78	Services	2.79	9.28	CA	
Sealed Air		•		50.00 <sup>a</sup>	22.14	Manufacturing	3.16	8.95	NC	
Service Corporation International			•	50.00 <sup>a</sup>	96.59	Services	3.17	9.38	TX	
Shutterstock		•		4.35	33.4	Services	-0.56	6.06	NY	
SolarCity Co.		•		43.76	84.57	Manufacturing	2.50	8.69	CA	

TABLE C6 (Continued)

Company	Letters signed				Ideology				Assets (ln)	Emp. (ln)	HQ
	Low HB2	carbon	Travel ban	DACA	TMT	Emp.	Industry				
Splunk	•			•	96.95	72.91	Services	0.34	7.13	CA	
Staples	•			•	50.00 <sup>a</sup>	66.84	Transport & Communications	4.37	9.24	MA	
Starbucks	•	•		•	96.35	67.85	Retail & Wholesale Trade	5.37	9.36	WA	
Starwood Hotels & Resorts	•			•	50.00 <sup>a</sup>	66.32	Services	5.22	9.04	CT	
Symantec	•	•			97.38	58.28	Services	2.98	9.49	AZ	
Synopsys			•	•	50.00 <sup>a</sup>	68.26	Services	2.29	8.5	CA	
Tableau Software			•	•	95.64	76.74	Services	0.91	6.85	WA	
Target			•	•	78.17	54.06	Retail & Wholesale Trade	5.85	10.63	MN	
Tesla Motors	•		•	•	93.74	77.97	Manufacturing	2.45	8.85	TX	
The Coca-Cola Co.	•		•	•	44.25	56.74	Manufacturing	4.84	11.42	GA	
The Western Union Co.			•	•	56.47	44.18	Finance & Insurance	2.30	9.18	CO	
Thermo Fisher Scientific	•			•	50.00 <sup>a</sup>	63.82	Manufacturing	3.94	10.64	MA	
Tiffany & Co.			•	•	95.42	99.40	Retail & Wholesale Trade	2.48	8.55	NY	
Time Warner Cable	•			•	79.81	52.55	Transport & Communications	4.02	10.80	NY	
Tripadvisor			•	•	50.00 <sup>a</sup>	99.17	Services	1.06	7.62	MA	
Twitter			•	•	96.95	87.66	Services	1.33	8.70	CA	
United Continental Holdings	•		•	•	50.00 <sup>a</sup>	93.75	Transport & Communications	4.43	10.57	IL	
United Natural Foods			•	•	50.00 <sup>a</sup>	33.06	Transport & Communications	2.16	7.79	RI	
Vail Resorts			•	•	99.37	89.44	Services	3.22	7.75	CO	
VF				•	27.06	31.01	Manufacturing	4.12	9.19	CO	
Visa				•	97.03	77.54	Finance & Insurance	2.34	10.58	CA	
VMware				•	53.65	79.19	Services	2.92	9.65	CA	

TABLE C6 (Continued)

Company	Letters signed				Ideology				Assets (ln)	Emp. (ln)	HQ
	HB2	Low carbon	Travel ban	DACA	TMT	Emp.	Industry				
Walmart			•	1.44	12.59	Retail & Wholesale Trade	7.70	12.22			AR
Wells Fargo & Co.	•		•	36.89	38.70	Finance & Insurance	5.58	14.37			CA
Williams-Sonoma	•			97.38	67.45	Retail & Wholesale Trade	3.29	7.75			CA
Workday	•	•	•	47.92	58.32	Services	1.32	7.77			CA
Xylem	•	•		50.00 <sup>a</sup>	49.10	Manufacturing	2.53	8.47			NY
Yadkin Financial	•			50.00 <sup>a</sup>	50.00 <sup>a</sup>	Finance & Insurance	-0.15	8.38			NC
Yelp	•	•	•	97.79	99.31	Services	1.18	6.54			CA
Zendesk	•	•	•	50.00 <sup>a</sup>	45.31	Services	0.04	5.75			CA
Zynga	•	•	•	94.70	99.18	Services	0.60	7.71			CA

<sup>a</sup>Ideology values of exactly 50 are for firms that did not have partisan donation information for that category. That is, the FEC only records donations >\$200, and then codes the committees donated to by associated party. Thus, there may have been political donations made by the TMT/employees of these firms, but not ones that met the criteria to be included in the ideology calculation.



## APPENDIX D: Full regression tables for individual letters

This appendix includes five tables that examine each letter from our empirical analysis individually:

- Table D1: HB2;
- Table D2: Robustness checks for HB2;
- Table D3: Low Carbon;
- Table D4: Travel Ban;
- Table D5: DACA.

TABLE D1 OLS regression results evaluating companies participating in the HB 2 letter campaign.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CEO ideology <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
TMT ideology <sup>b</sup>		0.000 (0.000)	0.001 (0.000)	0.001 (0.000)	-0.000 (0.000)
Employee ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
CEO-employee ideological alignment		0.003 (0.024)	0.053 (0.028)	0.041 (0.029)	
TMT-employee ideological alignment <sup>a</sup>		0.072 (0.022)	0.039 (0.024)	0.020 (0.027)	0.000 (0.000)
CEO tenure		-0.001 (0.001)	-0.001 (0.001)	-0.010 (0.001)	-0.001 (0.001)
CEO duality		-0.015 (0.012)	-0.010 (0.012)	-0.009 (0.012)	-0.010 (0.012)
CEO is founder		0.052 (0.020)	0.049 (0.020)	0.049 (0.020)	0.050 (0.020)
CEO compensation		0.017 (0.006)	0.012 (0.006)	0.012 (0.006)	0.013 (0.006)
Industry percentage signed		0.011 (0.002)	0.009 (0.002)	0.010 (0.003)	0.010 (0.003)
HQ predominant party		0.007 (0.004)	0.004 (0.004)	0.003 (0.004)	0.003 (0.004)
Employment awards		0.008 (0.019)	0.011 (0.018)	0.011 (0.018)	0.010 (0.018)
Board diversity <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)



TABLE D1 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
Log of employees <sup>b</sup>	0.007 (0.004)	0.007 (0.004)	0.008 (0.004)	0.008 (0.004)	0.008 (0.004)
Log of assets <sup>b</sup>	0.024 (0.005)	0.023 (0.005)	0.024 (0.005)	0.025 (0.005)	0.025 (0.005)
Return on assets <sup>b</sup>	0.014 (0.057)	0.022 (0.057)	0.021 (0.057)	0.022 (0.057)	0.017 (0.057)
Workforce score <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
Community score <sup>b</sup>	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
CSR score <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.001)	0.001 (0.000)	0.001 (0.000)
Equal employment opportunity statement	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Value diversity statement	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Constant	-0.273 (0.043)	-0.292 (0.047)	-0.303 (0.047)	-0.319 (0.046)	-0.299 (0.048)
Model <i>R</i> <sup>2</sup>	0.1282	0.1534	0.1515	0.1479	0.1488
Adjusted <i>R</i> <sup>2</sup>	0.1176	0.1398	0.1379	0.1342	0.1358
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $\chi^2$  is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and employee ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.

As mentioned in the manuscript, TMT-employee liberal ideological alignment was positive across all letters and is associated with an increase in probability of signing: (1) HB2 by 7.2% ( $p = .001$ ), (2) Low Carbon by 6.5% ( $p = .000$ ), (3) Travel Ban by 6.3% ( $p = .000$ ), and (4) DACA by 13.7% ( $p = .000$ ). The fact that the DACA letter campaign has the highest effect size complements the discussion above on Table C4 (Appendix C): DACA has the strongest association between TMT-Employee liberal alignment and participating in letter campaigns. However, as mentioned above, we cannot discern how much of this association might be related to specific issue-related views (i.e., immigration) versus timing (i.e., DACA was the last letter campaign in our timeframe).

This matter of temporality relates to variance in results between HB 2 and the other letters. While TMT-Employee liberal alignment remains statistically significant as the ideological threshold is raised for the Low Carbon (Model 2,  $p = .000$ ; Model 3,  $p = .010$ ; Model 4,  $p = .019$ ; Model 5,  $p = .024$ ), Travel Ban (Model 2,  $p = .000$ ; Model 3,  $p = .000$ ; Model 4,  $p = .000$ ; Model



TABLE D2 OLS robustness checks for hb2 letter: Accounting for HRC's corporate equality index.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4<sup>a</sup></b>	<b>Model 5<sup>a</sup></b>	<b>Model 6<sup>a</sup></b>
	Original	Reduced sample (dropped if CEI < 80)	Full sample (missing CEI = 50)	Reduced sample (dropped if missing CEI)	Only CEI > 80	Only CEI > 80 (minus ESG variables)
CEO ideology <sup>b</sup>	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)
TMT ideology <sup>b</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Employee ideology <sup>b</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
CEO-employee ideological alignment	0.003 (0.024)	0.008 (0.027)	0.006 (0.024)	0.048 (0.058)	0.134 (0.101)	0.121 (0.100)
TMT-employee ideological alignment	0.072 (0.022)	0.077 (0.024)	0.069 (0.021)	0.068 (0.051)	0.049 (0.085)	0.063 (0.084)
HRC corporate equality index score <sup>b</sup>			0.002 (0.000)	0.001 (0.001)	0.008 (0.004)	0.008 (0.004)
CEO tenure	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.003 (0.003)	0.001 (0.005)	-0.001 (0.004)
CEO duality	-0.010 (0.012)	-0.017 (0.013)	-0.013 (0.012)	-0.027 (0.031)	-0.058 (0.057)	-0.050 (0.056)
CEO is founder	0.049 (0.020)	0.057 (0.021)	0.039 (0.020)	0.153 (0.074)	0.264 (0.120)	0.250 (0.116)
CEO compensation	0.012 (0.006)	0.012 (0.006)	0.010 (0.006)	0.020 (0.017)	0.007 (0.024)	0.006 (0.024)
Industry percentage signed	0.009 (0.002)	0.007 (0.003)	0.008 (0.002)	0.023 (0.007)	0.030 (0.013)	0.027 (0.012)
HQ predominant party	0.004 (0.004)	0.006 (0.004)	0.003 (0.004)	-0.001 (0.011)	0.008 (0.019)	0.017 (0.018)
Employment awards	0.011 (0.018)	0.009 (0.021)	-0.008 (0.018)	-0.014 (0.034)	-0.040 (0.054)	
Board diversity <sup>b</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)	0.001 (0.001)	
	0.007	0.009	0.007	0.009	-0.004	0.005



TABLE D2 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4<sup>a</sup></b>	<b>Model 5<sup>a</sup></b>	<b>Model 6<sup>a</sup></b>
	Original	Reduced sample (dropped if CEI < 80)	Full sample (missing CEI = 50)	Reduced sample (dropped if missing CEI)	Only CEI > 80	Only CEI > 80 (minus ESG variables)
Log of employees <sup>b</sup>	(0.004)	(0.004)	(0.004)	(0.014)	(0.026)	(0.025)
Log of assets <sup>b</sup>	0.023 (0.005)	0.028 (0.005)	0.019 (0.005)	0.035 (0.014)	0.078 (0.023)	0.077 (0.022)
Return on assets <sup>b</sup>	0.022 (0.057)	0.024 (0.060)	0.015 (0.056)	0.333 (0.244)	1.334 (0.503)	1.464 (0.490)
Workforce score <sup>b</sup>	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.001)	-0.001 (0.001)	
Community score <sup>b</sup>	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.001)	0.001 (0.002)	
CSR score <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.001)	0.002 (0.001)	
Equal employment opportunity statement	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.003)	0.002 (0.006)	
Value diversity statement	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.003 (0.002)	-0.005 (0.003)	
Constant	-0.292 (0.047)	-0.320 (0.052)	-0.321 (0.047)	-0.572 (0.151)	-1.852 (0.393)	-1.635 (0.375)
Model R <sup>2</sup>	0.1534	0.1834	0.1868	0.1982	0.2529	0.2249
Adjusted R <sup>2</sup>	0.1398	0.1677	0.1731	0.1577	0.1739	0.1709
N	1328	1126	1328	459	231	231

Note: Standard errors reported in parentheses; two-tailed tests; Prob > R is 0 unless otherwise noted. Ideological cut-off for alignment variables was >50.

<sup>a</sup>Note sample size is significantly reduced in these models; thus we do not know if there is enough statistical power to make inference from results.

<sup>b</sup>Moving average calculated from 2014 to 2015.

5,  $p = .000$ ), and DACA letters (Model 2,  $p = .000$ ; Model 3,  $p = .000$ ; Model 4,  $p = .002$ ; Model 5,  $p = .000$ ), this is not the case for HB 2 (Model 2,  $p = .001$ ; Model 3,  $p = .100$ ; Model 4,  $p = .456$ ; Model 5,  $p = .025$ ). Rather, as the threshold is raised for HB 2, TMT ideology on its own has a more significant association (Model 3,  $p = .017$ ; Model 4,  $p = .003$ ) with signing HB 2. We speculate that this is due to HB 2 being the first of the letters in our timeframe. Given that this letter campaign occurred before it was more common to see corporate letter campaigns, executives may have been less careful in considering employee views before signing. However,



TABLE D3 OLS regression results evaluating companies participating in the low carbon letter campaign.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CEO ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
TMT ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
Employee ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
CEO-employee ideological alignment		-0.008 (0.019)	0.001 (0.021)	0.018 (0.023)	
TMT-employee ideological alignment <sup>a</sup>		0.065 (0.017)	0.048 (0.019)	0.049 (0.021)	0.000 (0.000)
CEO tenure		-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
CEO duality		-0.019 (0.009)	-0.016 (0.009)	-0.016 (0.009)	-0.017 (0.009)
CEO is founder		0.044 (0.016)	0.043 (0.016)	0.042 (0.016)	0.043 (0.016)
CEO compensation		-0.002 (0.005)	-0.005 (0.005)	-0.005 (0.005)	-0.004 (0.005)
Industry percentage signed		0.007 (0.003)	0.006 (0.003)	0.006 (0.003)	0.006 (0.003)
HQ predominant party		0.006 (0.003)	0.004 (0.003)	0.004 (0.003)	0.004 (0.003)
Employment awards		0.015 (0.014)	0.016 (0.014)	0.017 (0.014)	0.016 (0.014)
Board diversity <sup>b</sup>		0.000 (0.002)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Log of employees <sup>b</sup>		0.001 (0.004)	0.002 (0.004)	0.002 (0.004)	0.002 (0.004)
Log of assets <sup>b</sup>		0.004 (0.004)	0.002 (0.004)	0.003 (0.004)	0.003 (0.004)
Return on assets <sup>b</sup>		0.022 (0.045)	0.024 (0.044)	0.021 (0.044)	0.023 (0.044)
Workforce score <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Community score <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)



TABLE D3 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CSR score <sup>b</sup>	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
Equal employment opportunity statement	0.000 (0.001)	0.001 (0.000)	0.001 (0.001)	0.001 (0.000)	0.001 (0.001)
Value diversity statement	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Constant	-0.102 (0.040)	-0.108 (0.043)	-0.122 (0.042)	-0.122 (0.042)	-0.113 (0.044)
Model <i>R</i> <sup>2</sup>	0.0745	0.0975	0.0922	0.0928	0.0906
Adjusted <i>R</i> <sup>2</sup>	0.0632	0.0830	0.0776	0.0782	0.0767
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $\chi^2$  is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.

as time went on and they had other opportunities to participate in progressive letter campaigns, they were more careful in choosing to participate. The HB 2 letter was the only letter of the four to occur before the 2016 Presidential Election; and considering how President Trump brought an increase of controversy and divisiveness in the American political climate, executives may have been trying to better understand what employees cared about when determining when and how to take action.

As discussed in the manuscript, there was a discrepancy between stated invitation criteria and observed participation for the HB 2 letter. The organizing group (Human Rights Campaign) stated that they did not “invite or allow” (Wowak et al., 2022; pp. 13–14) signatures from firms that had a Corporate Equality Index (CEI) rating lower than 80. However, upon examination, we found that of 212 signatures, 116 did not have a CEI rating (54.7%) and 8 had a 2015 CEI rating that was less than 80 (3.7%). Given these numbers,<sup>20</sup> we felt comfortable in conducting our analyses on the assumption that the letter was open to any firms that wished to sign. However, in order to provide insight on how the stated invitation criteria might have affected results, we used Table D2 to run five additional models:

- *Model 2*: We dropped any firms from our sample that had a CEI rating < 80, but kept firms that did not have any CEI rating (*N* = 1126). This led to a slight increase in association between TMT-employee liberal alignment and likelihood to participate in HB 2, from 7.2% (Model 1, *p* = .001) to 7.7% (Model 2, *p* = .002).
- *Model 3*: We used our original sample from the paper (1328) but added the firm's CEI rating as a control variable. Any firms that were not rated by the HRC were coded with a CEI of 50. In this, there was a slight decrease in association between TMT-Employee lib-

<sup>20</sup>We also reached out to the HRC to ask about the discrepancy, and they said they could not find answers to our questions.



TABLE D4 OLS regression results evaluating companies participating in the travel ban letter campaign.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CEO ideology <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
TMT ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.001 (0.000)
Employee ideology <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.001 (0.000)
CEO-employee ideological alignment		0.017 (0.015)	0.018 (0.017)	0.010 (0.018)	
TMT-employee ideological alignment <sup>a</sup>		0.063 (0.014)	0.057 (0.015)	0.071 (0.017)	0.000 (0.000)
CEO tenure		-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
CEO duality		-0.008 (0.008)	-0.005 (0.008)	-0.005 (0.008)	-0.007 (0.008)
CEO is founder		0.085 (0.013)	0.083 (0.013)	0.083 (0.013)	0.084 (0.013)
CEO compensation		0.008 (0.004)	0.004 (0.004)	0.004 (0.004)	0.005 (0.004)
Industry percentage signed		0.008 (0.001)	0.008 (0.001)	0.008 (0.001)	0.008 (0.001)
HQ predominant party		0.014 (0.003)	0.012 (0.003)	0.012 (0.003)	0.011 (0.003)
Employment awards		0.026 (0.012)	0.027 (0.012)	0.028 (0.012)	0.027 (0.012)
Board diversity <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Log of employees <sup>b</sup>		-0.002 (0.003)	-0.002 (0.003)	-0.001 (0.003)	-0.001 (0.003)
Log of assets <sup>b</sup>		0.010 (0.003)	0.009 (0.003)	0.010 (0.003)	0.010 (0.003)
Return on assets <sup>b</sup>		-0.023 (0.036)	-0.016 (0.036)	-0.022 (0.036)	-0.023 (0.036)
Workforce score <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Community score <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)



TABLE D4 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CSR score <sup>b</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Equal employment opportunity statement	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Value diversity statement	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Constant	-0.084 (0.027)	-0.080 (0.030)	-0.094 (0.029)	-0.098 (0.029)	-0.071 (0.030)
Model <i>R</i> <sup>2</sup>	0.1127	0.1458	0.1412	0.1427	0.1451
Adjusted <i>R</i> <sup>2</sup>	0.1018	0.1321	0.1274	0.1289	0.1321
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $\chi^2$  is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.

eral alignment and likelihood to participate in HB 2, to 6.9% ( $p = .001$ ). A firm's HRC score was associated with a 4.6% increased likelihood in signing the HB 2 letter ( $p = .000$ ), per standard deviation.

- **Model 4:** For this model, we dropped any firms that did not receive a CEI rating ( $N = 459$ ). While the association between TMT-employee liberal alignment and likelihood of signing HB 2 only drops slightly (to 6.8%), it loses statistical significance ( $p = .182$ ). The association between CEI rating and signing has a similar decrease in effect size (2.1% per standard deviation) and loss of statistical significance ( $p = .068$ ). However, we do not know if these results are due to a loss of statistical power with such a drastic decrease in sample size.
- **Model 5:** This model examines only firms that would have been invited to sign HB 2 based on the HRC's invitation criteria. We dropped any firms that did not have a CEI rating or whose CEI was <80, leading to  $N = 231$ . In this model, TMT-Employee liberal alignment is associated with a 4.9% increase in likelihood of signing, but is again not statistically significant ( $p = .564$ ). CEI rating is associated with a 28.9% increased likelihood in signing HB 2 ( $p = .028$ ). However, we must consider that there is only a 20-point range in CEI rating in this model (80–100).
- **Model 6:** This model uses the same sample as Model 5, but does not include any ESG-related control variables. TMT-Employee liberal alignment increases to 6.3% increased likelihood in signing HB 2 ( $p = .453$ ), compared to Model 5. The effect size of CEI rating increases slightly from Model 5, to 29.1% increase in likelihood of signing HB 2 ( $p = .026$ ).



TABLE D5 OLS regression results evaluating companies participating in the DACA letter campaign.

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CEO ideology <sup>b</sup>		0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
TMT ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.001 (0.000)	-0.001 (0.000)
Employee ideology <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.001 (0.000)
CEO-employee ideological alignment		0.002 (0.024)	0.037 (0.027)	0.045 (0.029)	
TMT-employee ideological alignment <sup>a</sup>		0.137 (0.022)	0.111 (0.024)	0.083 (0.027)	0.000 (0.000)
CEO tenure		-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)
CEO duality		-0.017 (0.012)	-0.011 (0.012)	-0.010 (0.012)	-0.012 (0.012)
CEO is founder		0.113 (0.021)	0.110 (0.020)	0.110 (0.020)	0.111 (0.020)
CEO compensation		0.009 (0.006)	0.000 (0.006)	0.000 (0.006)	0.002 (0.006)
Industry percentage signed		0.008 (0.002)	0.006 (0.002)	0.007 (0.002)	0.007 (0.002)
HQ predominant party		0.022 (0.004)	0.018 (0.004)	0.018 (0.004)	0.017 (0.004)
Employment awards		0.027 (0.019)	0.031 (0.018)	0.032 (0.018)	0.030 (0.018)
Board diversity <sup>b</sup>		0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Log of employees <sup>b</sup>		0.005 (0.004)	0.007 (0.004)	0.008 (0.004)	0.008 (0.004)
Log of assets <sup>b</sup>		0.018 (0.005)	0.015 (0.005)	0.017 (0.005)	0.018 (0.005)
Return on assets <sup>b</sup>		-0.012 (0.058)	-0.003 (0.056)	-0.010 (0.057)	-0.007 (0.057)
Workforce score <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Community score <sup>b</sup>		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)



TABLE D5 (Continued)

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
	<b>Controls</b>	<b>&gt;50</b>	<b>&gt;60</b>	<b>&gt;70</b>	<b>Interaction<sup>a</sup></b>
CSR score <sup>b</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Equal employment opportunity statement	-0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)
Value diversity statement	0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)
Constant	-0.172 (0.046)	-0.176 (0.049)	-0.200 (0.048)	-0.221 (0.048)	-0.168 (0.050)
Model <i>R</i> <sup>2</sup>	0.1072	0.1663	0.1579	0.1492	0.1577
Adjusted <i>R</i> <sup>2</sup>	0.0963	0.1529	0.1444	0.1355	0.1448
<i>N</i>	1328	1328	1328	1328	1328

Note: Standard errors reported in parentheses; two-tailed tests; Prob >  $\chi^2$  is 0 unless otherwise noted.

<sup>a</sup>Model 5 uses an interaction between TMT and Employee Ideology to examine ideological alignment.

<sup>b</sup>Moving average calculated from 2014 to 2015.