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The Allies Of Others: How Stakeholders' Relationships Shape Non-Market Strategy

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The Allies Of Others: How Stakeholders' Relationships Shape Non-Market Strategy

Abstract

This dissertation shifts analytic focus from firm, stakeholder and institutional characteristics as drivers of a firm's non-market strategy to the fields in which stakeholders are embedded which are characterized by their own social relationships, norms and identities. In so doing, I strive to develop a more socialized view of non-market strategy. The first chapter provides evidence that the identity of stakeholders in their fields and the structure of relations between them can circumscribe firms' strategic responses to stakeholder conflict that require stakeholder cooperation. The second chapter explores the pathways by which firms attenuate stakeholder threats through an understudied phenomenon: cooperative non-market strategy, or when firms establish formal cooperative relationships with stakeholders. I find that cooperative non-market strategy is an effective way for firms allay threats from a broad swathe of stakeholders by exploiting the social networks and identity of an allied stakeholder. The first two chapters draw on a unique, self-constructed 25-year panel of all contentious and collaborative interactions between 118 environmental movement organizations and Fortune 500 firms, complemented by multiplex network data on movements and firms. While the first two chapters explore cooperative non-market strategy, the last chapter demonstrates the utility of taking account of stakeholder fields in unilateral non-market strategy, in this case, improvements in corporate social and environmental performance. Drawing on a dataset of 250 million media-reported events to construct comprehensive socio-political networks and stakeholder fields across 42 countries, I find that stakeholder ties to country-level socio-political networks and to each other, and who participates in stakeholder fields and mobilizes against firms, manifest in observable differences in corporate social and environmental performance across countries. In addition to establishing that stakeholder fields are central to explanations of non-market strategy, this dissertation finds that the mechanisms underlying their impact are multi-faceted, and consistently operate through two characteristics of stakeholder fields: the relational ties of stakeholders, and the identity of stakeholders within their field. Stakeholder fields are central to understanding firms' strategic management of stakeholders because fields constrain stakeholder agency, are susceptible to influence through their relational structures and member identities, and in turn, influence issue salience for outsiders.

Subject Categories

Business Administration, Management, and Operations | Management Sciences and Quantitative Methods | Organizational Behavior and Theory | Other Sociology | Sociology

THE ALLIES OF OTHERS:

HOW STAKEHOLDERS' RELATIONSHIPS SHAPE NON-MARKET STRATEGY

Katarzyna D. Odziemkowska

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THE ALLIES OF OTHERS:

HOW STAKEHOLDERS' RELATIONSHIPS SHAPE NON-MARKET STRATEGY

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Katarzyna D. Odziemkowska

To Brent, for his unfaltering encouragement,
enthusiasm for new adventures,
and helping me focus on what's important.

ACKNOWLEDGMENT

ABSTRACT

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HOW STAKEHOLDERS' RELATIONSHIPS SHAPE NON-MARKET STRATEGY

Katarzyna D. Odziemkowska

Witold J. Henisz

This dissertation shifts analytic focus from firm, stakeholder and institutional characteristics as drivers of a firm's non-market strategy to the fields in which stakeholders are embedded which are characterized by their own social relationships, norms and identities. In so doing, I strive to develop a more socialized view of non-market strategy. The first chapter provides evidence that the identity of stakeholders in their fields and the structure of relations between them can circumscribe firms' strategic responses to stakeholder conflict that require stakeholder cooperation. The second chapter explores the pathways by which firms attenuate stakeholder threats through an understudied phenomenon: cooperative non-market strategy, or when firms establish formal cooperative relationships with stakeholders. I find that cooperative non-market strategy is an effective way for firms allay threats from a broad swathe of stakeholders by exploiting the social networks and identity of an allied stakeholder. The first two chapters draw on a unique, self-constructed 25-year panel of all contentious and collaborative interactions between 118 environmental movement organizations and Fortune 500 firms, complemented by multiplex network data on movements and firms. While the first two chapters explore cooperative non-market strategy, the last chapter demonstrates the utility of taking account of stakeholder fields in unilateral non-market strategy, in this case, improvements in corporate social and environmental performance. Drawing on a dataset of 250 million media-reported events to construct comprehensive socio-political networks and stakeholder fields across 42 countries, I find that stakeholder ties to country-level socio-political networks and to each other, and who participates in stakeholder fields and mobilizes against firms, manifest in observable differences in corporate social and environmental performance across

countries. In addition to establishing that stakeholder fields are central to explanations of non-market strategy, this dissertation finds that the mechanisms underlying their impact are multi-faceted, and consistently operate through two characteristics of stakeholder fields: the relational ties of stakeholders, and the identity of stakeholders within their field. Stakeholder fields are central to understanding firms' strategic management of stakeholders because fields constrain stakeholder agency, are susceptible to influence through their relational structures and member identities, and in turn, influence issue salience for outsiders.

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INTRODUCTION

A central question in strategic management research is how firms respond to and actively manage their external environments to improve performance. While much of the research addressing this question has focused on competitive threats, a growing research stream concerns threats from firms' non-market environment. As social activists, social movement organizations, and communities increasingly mobilize against firms, scholars have highlighted the impacts of these non-market threats on location choice (Ingram, Yue, and Rao, 2010), firm scope (Soule, Swaminathan, and Tihanyi, 2014), profits (Luders, 2006), market returns (King and Soule, 2007), and market risk (Vasi and King, 2012). Firms manage these threats by improving their social and environmental performance (Bartley, 2003; Soule, 2009), impression management (McDonnell and King, 2013), adopting social management devices (McDonnell, King, and Soule, 2015), or forming formal cooperative relationships with the most threatening stakeholders (Dorobantu and Odziemkowska, 2019). In doing so, they hope to quell future threats (McDonnell, 2016), promote their social image (McDonnell *et al.*, 2015), and improve market and financial performance (Barnett and Salomon, 2012; Dorobantu and Odziemkowska, 2017; Henisz, Dorobantu, and Nartey, 2014).

To date, research on firms' strategic management of non-market stakeholders has focused on stakeholder characteristics, firm characteristics and institutional underpinnings that condition unilateral actions firms take in response to stakeholder pressure and the returns to those actions. Firms have been shown to be more responsive to stakeholders with greater power and legitimacy (Agle, Mitchell, and Sonnenfeld, 1999; Julian, Ofori-Dankwa, and Justis, 2008; Mitchell, Agle, and Wood, 1997; Yang and Rivers, 2009). Firm characteristics such as financial performance, reputation (King, 2008), corporate social responsibility board committees (McDonnell *et al.*, 2015), CEO ideology (Briscoe, Chin, and Hambrick, 2014), and the response of industry peers (Briscoe

and Safford, 2008), have been shown to condition which firms respond and how. Institutions, such as shareholder protection laws, are also common explanatory variables both through their effect on stakeholder power (Ioannou and Serafeim, 2012) or how prevailing societal norms influence the legitimacy of stakeholder requests (Eesley and Lenox, 2006). Similarly, work focused on outcomes of firms' non-market strategy has shown that returns are contingent on stakeholder characteristics (Dorobantu and Odziemkowska, 2017), firm characteristics (Barnett and Salomon, 2012), or prevailing institutions (Flammer, 2013).

Although past research has advanced our understanding of how disparate stakeholders can pressure organizations, and prompt organizational actions with different performance outcomes, this work reflects a general analytic strategy of studying interactions between firms and non-market stakeholders as detached from the larger social structures in which stakeholders are embedded. To date explorations of stakeholders' ability to induce a response from the firm paint stakeholders as largely atomistic actors with more or less influence as a function of their characteristics, tactics or the institutions that confer power or legitimacy. Similarly, research on the outcomes of firms' strategic management of non-market stakeholders typically does not consider how outcomes may be contingent on the position and identity of stakeholders in broader networks (see Nartey, Henisz, and Dorobantu, 2018 for an exception). Finally, in focusing on unilateral actions firms take in response to non-market stakeholders, such as conceding to stakeholder demands or reforming their practices (Bartley, 2003; McDonnell *et al.*, 2015), existing research says little about the efficacy of cooperative strategy in non-market settings, where firms establish formal interorganizational relationships with non-market stakeholders to manage external threats.

Detaching the antecedents and outcomes of firm-stakeholder interactions from larger social structures in which these are embedded is problematic if we consider that the individual components of an organization's external environment are inter-linked (Wry, Cobb, and Aldrich, 2013). The interconnectedness of organizations and actors in the environment creates "webs of

power" that affect the level of influence associated with different interests (Pfeffer and Salancik, 2003: 65). In other words, firms are not perceiving, nor responding to, atomistic stakeholders in a vacuum of dyadic interactions, but rather the interaction of multiple influences from their entire stakeholder environment (Rowley, 1997). Therefore, dis-embedding non-market strategy from the interconnected environment in which it is enacted overlooks relational sources of power and influence, where stakeholders may wield influence via ties to powerful others, use their networks to propagate issue frames (Beckfield, 2003), or engage in coordinated action (Coff, 1999; Rowley, 1997). Simultaneously, a dis-embedded view cannot not adequately model the outcomes of non-market strategy without considering how stakeholders are influenced by others in their environment to whom they are connected or perceive as peers (Dorobantu, Henisz, and Nartey, 2017) or how firms' interactions with one set of stakeholders can affect their interactions with others in their non-market environments (McDonnell and Werner, 2016).

Finally, a dis-embedded view is particularly problematic for the emergent study of cooperative non-market strategy, where firms attempt to manage threats in their non-market environment by establishing formal cooperative relationships with stakeholders (Dorobantu and Odziemkowska, 2019; den Hond, de Bakker, and Doh, 2015). Cooperative strategy in market settings (i.e., alliances) has repeatedly been shown to be influenced by the social structures in which alliances are embedded (Gulati, 1998). Conversely, existing research has not considered how firms' cooperative non-market strategy is shaped by the social structures (i.e., networks) in which stakeholder counterparties are embedded. Instead, the focus has been on the firm-stakeholder dyad, and the implementation activities underlying collaborations (Selsky and Parker, 2005), or the motivation of firms to enter collaborations (Dorobantu and Odziemkowska, 2019; den Hond *et al.*, 2015).

In sum, if non-market strategy is concerned with actions firms take in their non-market environment to improve performance (Baron, 1995), and non-market environments are composed

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of myriad actors that are inter-linked and take each other into account, then it follows that taking account of the interconnectedness of actors in firms' non-market environments is critical to understanding which stakeholders and issues firms engage and how, and the outcomes of non-market strategy. Despite the foregoing, the structural embeddedness of firm-stakeholder interactions in broader interconnected stakeholder fields is not commonly addressed in empirical research on firm-stakeholder relationships (de Bakker *et al.*, 2013), nor in non-market strategy (Mahon, Heugens, and Lamertz, 2004). Unsurprisingly then, social movement, non-market strategy and stakeholder theory scholars have repeatedly called for research on firm-stakeholder relations to take more seriously the embeddedness of their interactions in broader fields (de Bakker *et al.*, 2013), encouraging researchers "to study the network dynamics of stakeholder relationships" (Wood *et al.*, 2018: 36).

Theoretical Approach, Research Questions and Settings

This dissertation answers this call by developing a more socialized view of the antecedents and outcomes of firms' non-market strategy by taking account of the embeddedness of stakeholders in broader fields with their own relations, norms and common understandings. Considering stakeholders as embedded in broader fields relaxes the assumption that stakeholder power and influence is a discrete organizational characteristic operating at the firm-stakeholder dyad level. This is particularly important in non-market strategy, where some of the greatest pressures on firms to change their practices have come from interconnected networks of activists, governments, or inter-governmental efforts (Bartley, 2003; Doh and Guay, 2006). Further, field theory departs in important ways from past work on the embeddedness of actors and action from a network or institutional theory perspective. Compared to network perspectives, field theory emphasizes field-level understandings and norms even in the absence of ties between actors in the field. Explicitly acknowledging shared understandings of "what tactics are possible, legitimate, and interpretable" (Fligstein and McAdam, 2012: 11) in a field is particularly important for non-market strategy where

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two counterparties (i.e., firms and stakeholders) are embedded in disparate social contexts with different understandings and norms. Juxtaposed against institutional theory, field theory more explicitly allows for conflict within fields and places less emphasis on conformity (DiMaggio and Powell, 1983). As firms increasingly engage stakeholders in novel ways, field theory offers the possibility to consider how these novel tactics may represent deviance from stakeholder field norms and result inter-stakeholder discord. In sum, I employ field theory as my overarching theoretical lens because it not only explicitly acknowledges how structure and field understandings shape power and action, but is also focused on understanding field dynamics rather than actors' conformity within fields.

I define a stakeholder field as a set of stakeholders concerned with collective strategic action to achieve tangible change in the private sector, where stakeholders "interact with knowledge of one another under a set of common understandings about the purposes of the field, the relationships in the field, and the field's rules." (Fligstein and McAdam, 2011: 3). A social movement is one archetype of a stakeholder field, where activists (i.e., stakeholders) mobilize and coordinate to further a specific agenda and members connection to the field is related to their ideological commitment (Zietsma *et al.*, 2017). Stakeholder fields can also form around specific issues where stakeholders interact and take one another into account on issues like environment or human rights (Hoffman, 1999). Stakeholder fields that form around issues typically contain a diverse set of stakeholders with distinct identities such as government, communities, activists, or intergovernmental organizations (Wooten and Hoffman, 2008).

In this dissertation I consider how both movement fields and stakeholder issue fields shape firms' non-market strategy. In the first two chapters of this dissertation, I focus on the interplay of movement fields and cooperative non-market strategy. Specifically, I study firm-activist collaborations where firms and social activist work together by committing resources to achieve mutually relevant outcomes, such as McDonald's collaboration with the Environmental Defense

Fund to reduce waste in its operations. I complement and extend social movements theory with field theory and network perspectives to answer two questions central to research on cooperative non-market strategy, partner selection and outcomes. In the third chapter, I explore how stakeholder issue fields shape unilateral non-market strategy, where firms' strategies are not dependent on the voluntary cooperation of stakeholders. I focus on corporate social performance, or the outcome of the activities firms' engage in on environmental, labor and human rights issues, often in response to pressure from stakeholders (McWilliams and Siegel, 2001; Murillo-Luna, Garcés-Ayerbe, and Rivera-Torres, 2008; Yang and Rivers, 2009).

In the context of cooperative non-market strategy, I find that the structures of stakeholder fields are critical to explaining firms' ability to form formal cooperative relationships with stakeholders in the field. Interestingly however, the means by which inter-stakeholder relationships affect non-market collaboration formation differ from those emphasized by network perspectives on cooperative strategy in market settings, where networks facilitate information and learning about potential partners and can act as safeguards against opportunism (Gulati, 1998). In cooperative non-market strategy, where firms seek out collaborations following conflict with the broader stakeholder field, I find that stakeholder field structure is a determinant of the degree to which collaborations with firms besieged by conflict are, or can become, acceptable to other stakeholders. In other words, social structure matters to cooperative non-market strategy because it is a determinant of whether firms and stakeholders can cooperate without fear of reprisal from other stakeholders when conflict precedes cooperation.

I also find that stakeholder fields play an equally important role in conditioning the returns from cooperative non-market strategy. Building on and extending past work on interorganizational ties as both pipes and prisms (Podolny, 2001), I argue and find that firms can indirectly co-opt the broader stakeholder field by exploiting the social networks and identity of their partner stakeholder. Although the role of networks in stakeholder mobilization and influence have long been argued

(Rowley, 1997), this chapter highlights that networks are equally operative as pathways by which stakeholders demobilize against firms that succeed in penetrating stakeholder fields. Importantly I also find that stakeholder networks alone are insufficient in explaining the co-optation of the stakeholder field. Instead, the identity of the stakeholder with whom firms collaborate are powerful pathways of co-optation because they do not rely on inter-stakeholder ties and therefore operate at the field-level rather than at the level of individual interconnected members of the stakeholder field.

In the third chapter, I expand the stakeholder field to include all stakeholders with interests in corporate performance on human rights, environmental and labor issues (i.e., stakeholder issue fields). I show how differences in the ties that stakeholders have in broader socio-political networks and to each other, and who participates in stakeholder fields and mobilizes against firms, contribute to differences in corporate social and environmental performance across countries. Complementary to my findings on cooperative non-market strategy, both stakeholders' ties and identity in their fields are key determinants of observable differences in firms' unilateral non-market strategies (i.e., corporate social performance).

Taken together, the three chapters demonstrate the utility of taking account of the interconnectedness of firms' environment in understanding the actions firms take in their non-market environment to improve performance (Baron, 1995). Across all three studies, two characteristics of stakeholder fields are consistently found to impact non-market strategy: the relational ties of stakeholders, and the identity of stakeholders within their field. The results demonstrate the need for an embedded perspective for both cooperative and unilateral non-market strategy, and across both fields populated by a single stakeholder type (e.g., activists in social movements), and those fields populated by multiple non-market stakeholders that form around a single issue.

Empirical Approach

Generally, theory development (de Bakker, 2012; Mahon *et al.*, 2004; Rowley, 1997; Sciarelli and Tani, 2013) has outpaced empirical work examining the intersection of non-market strategy and stakeholder fields or networks. This may not be surprising given the methodological challenges of simultaneously studying interactions between firms and stakeholders and inter-stakeholder relationships (Fligstein and McAdam, 2012), in the absence of archival databases on which scholars of cooperative strategy in market settings typically rely (Schilling, 2009).

In my empirical approach, I attempt to overcome this data collection challenge in two ways. First, in studying the interplay of stakeholder fields and cooperative non-market strategy I circumscribe the stakeholder field to include only the social movement organizations (SMOs) operating in various environmental movements. Relying entirely on hand-collected data for all relational ties between every SMO (nearly 14,000 dyads), as well as their participation in different movements over time, necessitated that the data collection focused on SMOs only, rather than expanding the fields to other non-market stakeholders with interests in environmental issues. As my interest is the interplay of field-level conflict and cooperative strategy, I focus on environmental movement fields because of the large variance in tactics employed by environmental SMOs (Bertels, Hoffman, and DeJordy, 2014) in engaging firms (i.e., conflictual and cooperative). Further, prior research suggested that the structure of environmental movements are highly clustered and there is large variation in the network profiles of individual SMOs (*ibid.*). This gave me confidence that sufficient variation across movement fields and time existed to investigate their impact on cooperative non-market strategy. I further manage the primary data collection challenge by randomly sampling Fortune 500 companies, which are most likely to have conflictual and/or collaborative relations with social activists.

The last chapter of the dissertation complements the first two by expanding the scope of the stakeholder fields to include a broader swathe of non-market stakeholders, including

governments, intergovernmental organizations, non-governmental organizations, social movement organizations and communities that coalesce around environmental and social issues. To overcome the challenges of building a relational network for all of these stakeholder, I rely on secondary data on media-reported verbal and material, cooperative and conflictual ties. The data set allows me to expand the scope of stakeholder fields across multiple countries, myriad stakeholders, and construct directed and valued networks of relations between all corporate social performance stakeholders and socio-political and private sector actors within a country. To my knowledge, the construction of stakeholder, business, and socio-political fields across 42 countries, represents the first cross-national study of fields of this scale.

Relevance to Existing Research

In taking account of the interconnectedness of firms' non-market environment, this dissertation documents that stakeholder fields not only matter to non-market strategy, but that the mechanisms underlying their impact are multi-faceted. In cooperative non-market strategy, stakeholder identities and inter-stakeholder relationships are pathways by which firms can favorably influence stakeholders beyond their partner. This finding extends past work on the role that stakeholder prior beliefs and peers play in stakeholder mobilization (Dorobantu *et al.*, 2017), to highlight how stakeholders can be demobilized through formal collaborations, a heretofore understudied phenomenon. As non-market and stakeholder research increasingly emphasizes the value of cooperative stakeholder relationships, this dissertation also highlights that the structure of stakeholder fields is important to understanding when cooperative strategy can be effected. Acrimonious relationships with the broader stakeholder field can crowd out firms' ability to shift to more cooperative strategies where inter-stakeholder relationships that enable negotiation between stakeholders are absent. Finally, the composition of stakeholder fields and the identities of stakeholders that mobilize against firms are important to understanding firm responsiveness to the issues non-market stakeholders advocate. Similarly, the degree to which stakeholders are

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connected to broader socio-political networks matter for non-market strategy because they influence managerial perceptions of the salience of issues advocated by the field. Taking account of the relationships within stakeholder fields and their relationships with others demonstrates the importance of relational sources of stakeholder power and influence that more atomistic characteristics like resources cannot account for. In sum, stakeholder fields contribute to our understanding of the actions firms take in their non-market environment (Baron, 1995) because fields are susceptible to influence through their relational structures and member identities, field norms can constrain stakeholder agency, and the composition and ties of issue fields influence issue salience and in turn firm responsiveness.

In developing an embedded view of non-market strategy, this dissertation also speaks to several open questions in research on social movements, field theory, cooperative strategy and organizational theory.

First, this dissertation is one of the first empirical studies of collaboration between social activists and firms, an increasingly prevalent way of interacting that Heyes and King (2018) describe as an understudied phenomenon in need of deeper theoretical and empirical understanding. Contrary to existing research on contentious targeting where firm characteristics exogenous to movements feature prominently as explanations for which firms are chosen for contention, I find that partner choice for collaboration is driven by the dynamics and structure of the social movement itself. Further, in accounting for both contention and collaboration, the first chapter is one of the first empirical tests of the positive radical flank effect (Haines, 1984) in the context of movements and firms. Building on the idea that the legitimacy of tactics is context bound (Ingram and Yue, 2008), I find an important boundary condition on the positive radical flank materializing: the relational configurations of movement fields. While not undermining past findings on the positive radical flank effect where firms' responses to contentious targeting are unilateral (McDonnell,

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2016), this dissertation suggests that complications arise where firms respond to the radical flank with bilateral efforts that require the voluntary cooperation of activists.

Relatedly, in focusing on the interaction between non-market stakeholders and firms, this dissertation sheds light on how relationships between fields evolve over time, iteratively shaped by and shaping the conditions within the respective fields, an underexplored area in field theory (Fligstein and McAdam, 2012). Beginning with the idea that fields are characterized by a shared understanding of the rules in the field, or "what tactics are possible, legitimate, and interpretable," (*ibid.,*: 11), I document that the structure of fields are key to explanations of when field actors can pivot from using legitimate tactics to novel ones without fear of reprisal from the broader field. In considering the mechanisms underlying the influence of cross-field ties on fields, I diverge from Fligstein and McAdam's (2012) picture of shocks in one field sending ripples to another by way of pre-existing cross-field ties. While this may well be true, I find that cross-field ties can also influence a focal field by way of a slow trickle that successively shapes the calculus of field actor's decision-making in relation to actors in other fields.

In considering the interplay between conflict and collaboration, this dissertation is also poised to contribute to cooperative strategy research where scholars are increasingly considering the multiplexity of interorganizational ties (e.g., Sytch and Tatarynowicz, 2014). To date, cooperative strategy research emphasizes the role of conflict in crowding out collaboration at the level of a dyad or triad. By taking a field-level perspective, this dissertation highlights that the crowding out of collaboration by conflict does not require relational ties between actors nor occurs only at the level of a dyad or triad. That is, when members of a field have conflictual ties with another actor, actors embedded in that field may be circumscribed in forming cooperative relationships with that actor. This draws attention to the value of a field-level perspective on multiplex ties which explicitly acknowledges norms and field-level understandings, rather than just networks of relations within a field.

Finally, to organizational theory, this dissertation highlights the importance of considering the legitimacy of interorganizational relationships. Despite the ubiquity of the 'legitimacy' construct in organizational theory, few studies have considered how the legitimacy of interorganizational relationships or linkages (see Baum and Oliver, 1991; Dacin, Oliver, and Roy, 2007 for exceptions) impacts interorganizational strategies and outcomes. By theoretically engaging interorganizational relationships as potentially contested practices or tactics, I highlight how field-level relations can constrain field members in forming novel interorganizational relationships. Removing the assumption of the legitimacy of interorganizational relationships is likely most relevant in settings where members of an organizational field define their identity in opposition to another field, or where there is a history of acrimonious relations between two organizational fields. In such organizational fields, the logic underlying partner selection may not be focused on partner capabilities or bargaining power, but instead be driven by the social acceptability of the partner and interorganizational form.

CHAPTER 1: Frenemies: Partner Selection in Firm-Activist Collaborations

In directly engaging firms to change their behavior, activist groups employ a wide array of tactics, ranging from more contentious (e.g., protests, lawsuits, sabotage) to more collaborative (e.g., cross-sector partnerships or alliances) (Baron, Neale, and Rao, 2016; Soule and King, 2008). To date, most inquiries into social activist strategies have focused on contentious tactics. Research in this stream suggests activists target large, visible, branded firms with commitments to social or environmental responsibility (Bartley and Child, 2014; McDonnell *et al.*, 2015) with the aim of winning concessions in the form of practice change. Conversely, activists' collaborative strategies and tactics are less well understood. The direct import of insights from contentious targeting to the study of collaboration is complicated by collaboration requiring a willing partner (i.e., a firm). Moreover, contention (i.e., conflict) is typically understood as crowding out collaboration (Heider, 1946; Sytch and Tatarynowicz, 2014). Therefore, in addition to the challenges of collaborations forming where interests, practices and goals of participants differ, firm-activist collaborations have the added challenge of being set against a backdrop of typically acrimonious relations between movements and firms. In this paper, I seek to contribute to emergent inquiries into when social movements and firms transform contention into collaboration (O'Mahony and Bechky, 2008; Van Wijk *et al.*, 2013), by asking: which firms and activists form collaborations?

Existing literature offers seemingly contradictory answers to this question. On the one hand, existing theory and evidence suggests contentious targeting by social movements is precisely what drives firms to seek out collaborations with activists (Baron, 2012; Haines, 1984; McDonnell, 2016). On the other hand, social movement theory also suggests movements actively work to identify adversaries in order to mobilize resources and improve their prospects of success against them (Hunt, Benford, and Snow, 1994). From this perspective, collaborating with contentiously

targeted firms, or adversaries of the movement, may be seen as undermining the broader movement's goals and result in peer sanctioning. As such, the emphasis on the symbiosis between contention and collaboration for the firm in the first perspective, belies the tension created for activists suggested by the second perspective: firms most motivated to enter collaborations are precisely those that pose risks to their partner activists. I directly engage the tension activists face in collaborating with adversaries of the movement and suggest the social structure of the movement influences the magnitude of the risks they face. Specifically, because field members develop shared understandings of what tactics are legitimate (Fligstein and McAdam, 2012) and ideology shapes social relations within a movement (Diani and McAdam, 2003), the social structure of the movement is a determinant of the degree to which collaborations with 'adversary' firms are, or can become, acceptable to other activists.

In my theoretical development, I take account of how the objectives of both counterparties interact in driving the probability of firm-activist collaborations forming. I argue that while forming collaborations with activists can be a powerful tool for firms to improve their legitimacy, their associated costs suggest their discriminant use when firms face increasing costs of contention. However, activists' ability to collaborate with firms besieged by contention from the movement is dependent on the level of risk they face from the broader social movement, as well as the firm. Specifically, the number of cooperative ties between activists that rely exclusively on contentious tactics (i.e., radical activists) and those that employ both contention and cooperation (i.e., moderate activists) determines both the probability of open attacks on collaborating activists for "selling out" (Zald and McCarthy, 1980) and their ability to leverage prior ties to negotiate over the legitimacy of emergent practices (Mair and Hehenberger, 2014). Therefore, I hypothesize that in movements where radical and moderate activists share few ties, firm-activist collaborations are unlikely to

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form. Activists also actively manage 'greenwashing'[1] risk by partnering with firms most likely to follow through on their commitments. In doing so, activists use firms' reputations for responsiveness to activism to avoid firms more likely to use the collaboration for greenwashing their reputation rather than making substantive changes during the course of the collaboration.

I rely on over 130,000 archival documents, including media articles, press releases, legal proceedings, congressional documents, and firms' annual reports to construct a novel 25-year panel of social movement networks and all contentious and collaborative interactions between 118 environmental movement organizations and 300 of the largest firms in the United States. I control for firm-level characteristics that past research has shown to drive contentious targeting (e.g., firm visibility, public approval), to isolate the additive effect of contention on collaboration. To improve the causal interpretation of my findings, I instrument for the non-random assignment of firms to responsiveness, and contentious targeting, using exogenous extreme weather events in the firm's headquarter city, and legal cases brought by the Environmental Protection Agency, respectively. I find that firms besieged by contention succeed in forming collaborations with activists, if they can assure the activist they won't use the collaboration for greenwashing through their reputation for being responsive to activism. I also find that in movements with few social relations between radical and moderate activists, activists avoid collaborations with firms that are adversaries of the movement. Interestingly, this results in activists being more likely to collaborate with firms that have been contentiously targeted by peers with whom they have ties.

Contrary to existing research on target selection for contention, which focuses on firm characteristics exogenous to the movement, I find that partner selection for collaboration is influenced by the dynamics and structure of the social movement itself. Complementary to research

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[1] Greenwashing refers to selective disclosure of positive environmental information by firms with poor environmental performance to improve their image (Delmas and Burbano, 2011). Collaborations with activists may be used for 'greenwashing' if a firm touts the intention to improve performance via a collaboration without following through.

on the diffusion of contentious tactics through activist ties (Wang and Soule, 2012), I highlight the constraints segmented social structures place on tactical innovation (Wang and Soule, 2016) where new tactics (i.e., collaboration) transgress the movements' understanding of what tactics are legitimate. In doing so, this paper suggests an important precursor to conflict enabling collaboration: cooperative ties between conflictual and collaborative segments of a field. Intuitively, we may think activists will avoid collaborating with firms that are adversaries of their friends because field members have a desire to maintain their social bonds. I find it is precisely in the absence of social bonds that social movements and firms fail to "transform contestation into collaboration" (O'Mahony and Bechky, 2008: 422). Answering the call for a field-level perspective on interactions between social movements and firms (McAdam and Scott, 2005), this paper contributes to emergent research on boundary conditions (Hiatt, Grandy, and Lee, 2015) on a central construct in social movement theory: the radical flank effect (Haines, 1984, 2013).

This paper focuses on partner selection, a central question in cooperative strategy, but one yet to be examined in the context of firm-activist collaborations (Montgomery, Dacin, and Dacin, 2012). As such, it also answers the call for research to examine firms' governance of relationships with nonmarket stakeholders where the interplay of private and public incentives and interests (Jia and Mayer, 2017; Mahoney, McGahan, and Pitelis, 2009) and strained historical relations pose challenges. This paper highlights that strained relations do not only manifest within a dyad, but also in the social context in which a stakeholder is embedded. This suggests that for firms to succeed in managing threats in their nonmarket environments through formal relationships (Pfeffer and Salancik, 1978), they must shift from a dyadic to a network perspective on the strategic management of stakeholder relationships (Dorobantu *et al.*, 2017; Rowley, 1997). To cooperative strategy research, the findings draw attention to the idea that the legitimacy of collaborative interorganizational relationships is context bound (Ingram and Yue, 2008). In contexts where collaborations may be contested practices, the logic underlying partner selection is not exclusively

focused on partner capabilities or resources, but also a logic of social acceptability of the interorganizational relationship.

FIRM AND SOCIAL ACTIVIST COLLABORATIONS

Social activists' direct engagement of firms to change their behavior has risen in recent decades as a result of facilitating technologies and perceptions that government is less responsive and state-level corporate regulation is increasingly ineffective (Soule, 2009). Most research to date focuses on activists' use of contentious tactics like boycotts, protests and shareholder proxy proposals to change firm behavior. However, in the 1990s a new form of direct engagement emerged: activists collaborating with firms to reform their behavior. Prominent examples include the Environmental Defense Fund's (EDF) partnership with McDonald's to examine waste reduction opportunities in its operations, which resulted in the substitution of polystyrene containers with paper packaging for its hamburgers. Similarly, consumers increasingly get their Coke from hydrofluorocarbon-free refrigerators and vending machines thanks to a collaboration between Coca-Cola and Greenpeace. Firm-activist collaborations also involve co-management of assets or projects which produce public goods (King, 2007). The Conservation Fund's purchase agreement to a critical forest habitat from International Paper, which allowed International Paper to harvest timber from the property, is one example of asset co-management. In an example of public goods creation, Starbucks partnered with Global Green to develop and promote an online game to educate the public about climate change.

I define a firm-activist collaboration as an instance of 'organizations working together by committing resources to achieve mutually relevant outcomes.' Similar to definitions of strategic alliances between firms (Gulati, 1995; Kale and Singh, 2009), a collaboration's key characteristics are that organizations work together in a purposeful way (i.e., with a goal of creating outcomes) and that each party commits resources (i.e., financial, human capital etc.). As such, collaboration does not include purposeful but unilateral transactions, such as when a firm donates to an activist organization, or bilateral arms-length arrangements like licensing of logos or cause-related

marketing (Galaskiewicz and Colman, 2006). The mutually relevant outcomes to be created via the collaboration are broad enough to encompass changes within company practices (e.g., EDF-McDonald's collaboration), as well as outcomes whose primary purpose is public goods creation (e.g., Starbucks-Global Green climate change education). Finally, the focus on 'outcomes' means the firm and activist can have separate motivations for entering the collaboration (e.g., the firm seeks to repair its reputation, and the activist wishes to influence best practices in an industry) that are achieved through the pursuit of an outcome desired by both parties.

Firm-activist collaborations offer the possibility of advancing progress on grand challenges like climate change (Howard-Grenville *et al.*, 2014), offer activists direct say in how firms design their social and environmental practices, while offering firms contextual knowledge about issues important to stakeholders and allowing them to leverage the collaboration as a shield against future contention (McDonnell, 2016). Despite potential benefits, research on firm-nonprofit collaborations, which typically takes the form of rich case studies, points to the challenges of relationships with two parties with different backgrounds, motivations and goals (Selsky and Parker, 2005). Recent research has emphasized the role of boundary work (Zietsma and Lawrence, 2010) and organizations (O'Mahony and Bechky, 2008) in facilitating collaborative settlements which maintain disparate interests.

However, a separate challenge may emerge where potential collaborations are set against a backdrop of contention, as is often the case with social movement activists and firms. Burchell and Cook (2013a: 511) summarize the challenge to activists as juggling the potential for change in firm behavior with "a continuing commitment to reflect the concerns and demands of their own stakeholders whose support for direct action activities provided the basis for gaining influence in the first place." Because social activists are members of broader movements that target firms contentiously, they may not only have disparate interests, but also face disparate risks associated with diverging from the direct contentious actions of the movement. In addition to partner-specific

risks associated with interorganizational relationships (e.g., risk of unfulfillment of contract, reputational risk etc.), activists face risks that peer activists question the collaboration and launch an attack. One Fortune 500 executive I interviewed explained the challenge of forming collaborations with activists as follows:

> Here you had all these groups that want to better the world … and no one wanted to work with us. Some of it was motivated in a broader concern: it's that whole idea that you're going to work with the enemy… and pressure from their own community that if somebody gets in bed with [the enemy firm], "what are you doing?"

So while research suggests firms may be most motivated to seek out collaborations when beset by contention (Baron, 2012; Haines, 1984; McDonnell, 2016), understanding when firm-activist collaborations form requires taking account of the unique risks activists face in collaborating with contentiously targeted firms.

Little is known about when social activists engage collaboratively with which firms. Most inquiries into which firms activists choose to interact with have focused on their choice of targets for contention (e.g., protests, boycotts, lawsuits). This stream of research focuses on features of a targeted firm or its circumstance that are exogenous to a targeting campaign and yet influence its probability of eliciting a positive firm response (e.g., Bartley and Child 2014; Briscoe et. al. 2014; King 2008). The direct import of insights from contention to the analysis of collaboration is limited by the fact that selection of firms for contention is driven by an underlying mechanism of shaming the corporation into action, while collaborations involve bi-directional voluntary interactions, whose mechanism for effecting change is not shaming but working together to change practices. As such, the question of which firms and activists form collaborations remains open (Montgomery *et al.*, 2012).

In answering this question, I start from the assumption that interaction between activist groups and firms is, at least partly, guided by an instrumental logic under resource constraints, where firms seek to maximize shareholder returns, and activists seek to maximize institutional

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change (den Hond and Bakker, 2007). Gray (1989: 263) points out that collaborations are not founded solely on altruistic motives, but require that "parties see a direct opportunity to pursue their self-interest." Firms maximize shareholder returns by seeking collaborations with activists in instances where the benefits of collaboration outweigh the costs associated with formal interorganizational relationships. For activists, collaborations with firms achieve the goal of institutional change by working to change a practice within the firm, that may subsequently influence other firms to change their practices (Briscoe, Gupta, and Anner, 2015). Therefore, activists seek out collaborations with firms with whom they have strong bargaining power to negotiate substantive changes in practices, and with firms likely to follow through on negotiated commitments. Additionally, activists have to consider the risks of peer sanctioning associated with cross-sector collaborations, which can undermine their goal of institutional change and endanger the credibility and legitimacy that they rely on to mobilize financial and human capital resources.

With the preceding logic of how collaborations contribute to achieving the firms' and activists' respective goals, in the following section I develop hypotheses regarding the factors that influence the probability a firm and social activist form a collaboration. In developing my arguments, I incorporate the objectives of both the firm and activist, with a particular focus on how contention between firms and social movements drive the respective costs and benefits of engaging in collaborations. As my theoretical inquiry focuses on the interplay of conflict and collaboration, I set to the background, and empirically control for, other characteristics of counterparties (e.g., collaboration experience), the firm-activist dyad (e.g., interactional history of the two parties) and the institutional context (e.g., policy environment) that have been shown to drive collaboration in other contexts. Importantly, I also acknowledge that firm-level characteristics predictive of contentious targeting by a movement (e.g., firm visibility, public approval, CEO ideology) may also influence an activist's desire to collaborate with such firms. I empirically separate out the effect

of contention on collaboration, independent of these potentially common correlates by including them as controls in my models.

PARTNER SELECTION FOR COLLABORATION

Contention as a driver of collaboration

Firms seek out collaboration with activists as a means by which to establish external legitimacy (Baron, 2012; McDonnell, 2016; Rondinelli and London, 2003; Selsky and Parker, 2005). There are many avenues by which firms can improve their social or environmental performance to better align with the expectations of stakeholders, including drawing on internal capabilities (King and Lenox, 2002), leveraging outside consultants (Boleslavsky, Chatterji, and Lewis, 2014), or through acquisition of those capabilities (Berchicci, Dowell, and King, 2012). The distinct benefit of a collaboration with an activist is the public certification and legitimacy the activist offers.[2] As Baron (2012:148) notes, a firm may recognize changing its practices would improve its performance, "but it may lack a mechanism to assure [external audiences] that it has actually changed its practices." Social activists' focus on social causes imbues them with a moral legitimacy (Suchman, 1995) that firms may struggle to build on their own, but may nevertheless be endowed with, through their association with organizations reflecting a prosocial logic. Steven W. Percy, former chairman and CEO of BP America Inc., for example, lists "the halo effect that the NGO's reputation brings to a partnership," (Percy, 2010: 235) as the top benefit for firms in associating with activists.

Nevertheless, collaborations with activists are not costless, and in fact, are likely to be more costly than unilateral actions. In addition to the negotiation and monitoring costs associated with formal interorganizational relationships, activists' advice is "typically biased toward larger

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[2] Research also points to other benefits of cross-sector partnerships to firms, such as leveraging non-profit capabilities in countries with low institutional development (Ballesteros and Gatignon, 2019). While non-profit organizations offer partnering firms various capabilities, this inquiry focuses on 'activist' non-profit organizations with capabilities in mobilizing contentiously against public and private organizations, rather than service-oriented non-profits (e.g., the Red Cross) which offer firms distinct partner capabilities.

investments," than the firm requires or others advise (Boleslavsky *et al.*, 2014: 3). Unlike paid external advisors, such as environmental consultancies, activists goal of effecting institutional change drives them to seek larger, and likely more costly, changes in firm practices. As information about a firm's practices is revealed during the course of a collaboration, the collaborating activist's asks can escalate where transparency reveals unanticipated issues. Finally, an arms-length counter-party with experience in contentious targeting raises the costs of defection, should the firm not be able to meet its commitments due to unforeseen changes in circumstances. Commenting on the activist backlash that followed Ford's failure to meet its commitments, Martin B. Zimmerman, then vice president of Corporate Affairs, suggests firms "need to weigh the risks of changed circumstances making the commitments unattainable," (Zimmerman, 2010: 227).

As such, I do not expect collaborations with activists to be used by all firms. Instead, I expect that firms will seek collaborations with activists when the value of the legitimacy the relationship offers is greatest, thereby offsetting the costs and risks of collaboration. That value is likely to be greatest in times of contention, when firms' profits (Luders, 2006), market returns (King and Soule, 2007) and reputation (King 2008) are threatened. By establishing external legitimacy, collaborations with activists are a means by which to defuse future contention and its associated costs (Baron, 2012; Baron *et al.*, 2016).[3] This is consistent with the assumption that firms seek to maximize shareholder returns, as shareholders are more likely to respond positively to the use of costlier formal governance mechanisms (e.g., contracts) with non-market stakeholders where stakeholders pose a credible threat to their investment (Dorobantu and Odziemkowska, 2017).

The idea that firms are most motivated to form collaborations with activists in times of contention finds support in social movement theory, formal models of strategic activism, as well as anecdotal evidence from both firms and activist organizations. In social movement theory, this

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[3] This is in line with research on strategic alliances where resource complementarities drive partner selection, where resources can include social legitimacy (Baum and Oliver, 1991; Eisenhardt and Schoonhoven, 1996).

dynamic is called the positive radical flank effect (Haines, 1984, 2013). Radical flank effects are the effects that 'radical' and 'moderate' factions of a movement have on each other through their interactions with third parties outside the movement. Radical activists, which typically rely on more contentious tactics and oppositional ideology, can strengthen the bargaining position of moderate activists (Haines 1984) by making the moderates' demands seem more reasonable, and by creating crises for targets (i.e., firms or government) that they seek to resolve by accommodating moderates. The mechanism underlying the effect in Haines' (1984) landmark study was that corporate elites recognized their interest in pacifying contention by accommodating certain manageable demands. Typically considered an unintended results of uncoordinated efforts (Haines 2013), the positive radical flank effect suggests that firms are pushed into collaborating with more moderate activists thanks to the more contentious tactics of their radical peers. For example, in response to a toxics in electronics campaign, Sony released communication to key players in the industry, noting the contentious threat of "highly active, well organized [environmental] groups," and recommended companies "look into partnership support with reliable NGOs." (Multinational Monitor, 2000)

Formal models of firm-activist interactions similarly suggest the greater the threat from confrontational activists, the more aggressively firms seek collaborations with moderate activists (Baron, 2012). The mechanism underlying the effects is that collaboration with an activist "provides a shield against a confrontational activist" (Baron 2012: 150), because the firm has committed to change its practices through a transparent process with an external party with legitimacy (ibid.). Empirical support is provided by McDonnell (2016), who found that as firms experienced more contentious targeting from activists, they were more likely to voluntarily cooperate with activists to sponsor boycotts of other companies.

From the perspective of the activist, this research also posits that the bargaining power of the collaborating activist is strengthened when a firm is repeatedly threatened by confrontational activists (Baron, 2012). Increased bargaining power increases the magnitude of the practice change

that the collaborating activist can negotiate and increases the probability that the firm will actually change its practices (Baron, 2012). Both these effects suggest activists evaluating potential collaboration partners are likely to view firms besieged by contention as valuable partners for achieving their goal of institutional change. Mindy Lubber, president of Ceres, explains the symbiosis between contention and collaboration as follows (Lubber, 2018):

> The effect that some of the grassroots activists go after banks or other companies, we get the phone call the next day saying "what do we do?", our answer is "this is how you get them off your back," our answer is well "you're asking for this, we'll help you get there, let's figure out how to make it happen."

The foregoing suggests that firms contentiously targeted will be most motivated to seek the legitimacy offered by a collaboration with activists, and offer activists greater bargaining power to achieve institutional change. Therefore, I predict:

> *Hypothesis 1: The probability that a firm collaborates with an activist increases in the contentious challenges the firm experiences.*

Activist risks as boundary conditions

Although firms previously contentiously targeted are both willing partners and offer greatest bargaining power, activists may be circumscribed in taking advantage of these opportunities where the risks of doing so are prohibitive. Risk is an important determinant of partner selection (Baum *et al.*, 2005; Diestre and Rajagopalan, 2012), and often associated with the characteristics of the potential partner (Gulati, 1995), as well as the social context in which the collaboration is embedded (Granovetter, 1985). Below I develop arguments regarding two risks activists face that undermine their goal of effecting institutional change, and therefore, inform their partner selection decisions. The first, peer sanctioning, stems from the social context in which firm-activist collaborations are embedded. The second, the firm's potential unfulfillment of commitments is grounded in the assumption that all contracts are inherently incomplete, and puts the activist at risk of the firm using the collaboration to greenwash its reputation. Both moderate the relationship between the

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contentious challenges the firm experiences and the probability that it forms a collaboration through their effect on the activist's risk.

Peer sanctioning risk

Beginning with the social context, collaborating with firms previously contentiously targeted puts the activist at risk of costly peer sanctioning. Social movement theory suggests activists clearly identify adversaries to mobilize resources and improve the effectiveness of contentious tactics (Hunt *et al.*, 1994). As such, an activist that collaborates with an adversary firm (i.e., one contentiously targeted by the movement), may be seen by its field peers as undermining their goals, which may result in peer sanctioning (Bacharach, Bamberger, and Sonnenstuhl, 1996). Peer sanctioning, which often takes the form of allegations of 'selling out' or 'sleeping with the enemy' (Burchell and Cook, 2013a), is particularly damaging to activist organizations that rely on their credibility to mobilize the financial and human capital resources necessary to achieve their goals. Such allegations also undermine the activist's goal of effecting broader institutional change by undermining the diffusion of new practices to other firms, because observing firms will be more cautious when deciding whether to adopt practices that result from collaborations that have been criticized (Briscoe and Murphy, 2012).

Anecdotal evidence of peer sanctioning abounds. Following the EDF signing on as a strategic partner in the Center for Sustainable Shale Development, a coalition of 67 groups, including prominent environmental movement organizations like Greenpeace and Friends of the Earth, released a statement that EDF does not speak for them on climate change issues – essentially making EDF part of the out-group (Hunt *et al.*, 1994). Criticism of activists' collaborations have also resulted in reputational damage, defections by parts of the activist organization, and endangered the activist's survival. A collaboration between environmental activist Pollution Probe and a grocery retailer to certify its products, for example, was met with a public attack from Greenpeace shortly after its announcement. With demonstrations and satirical leafleting at stores,

the controversy achieved wide-spread awareness, and left Pollution Probe with a battered reputation, staff layoffs, and the resignation of its executive director (Stafford and Hartman, 1996). In another case, a local Sierra Club in Michigan disbanded to protest a collaboration with Clorox, citing concerns the national organization "sold their soul to the highest bidder," (Flesher, 2008).

Therefore, although firms previously contentiously targeted are both willing partners and offer the greatest bargaining power, activists will vary in the degree to which they can pursue such partners due to the risk of peer criticism and its associated costs. What remains an open question is when are such risks greatest? I argue that the answer lies in the movement field itself, because fields are characterized by a shared understanding of the rules in the field, or "what tactics are possible, legitimate, and interpretable," (Fligstein and McAdam, 2012: 11). In fields where collaborative tactics are perceived as illegitimate, field members who engage in such tactics face heightened probability of sanctioning. I focus on the social structure of the social movement field to understand the acceptability of collaborative tactics within the field.

The structure of social relations within a field evolve through several mechanisms that constrain and enable network building including similarity (i.e., homophily), resource dependence, and competition. However, in the context of social movement fields, social distance or proximity is also driven by the ideological stances of activists (Diani and McAdam, 2003). Although membership in a movement is defined by a shared collective identity (i.e., common purpose and shared commitment to a cause) activist groups can be distinguished by their ideological stance since "nearly all social movements divide into 'moderate' and 'radical' factions at some point in their development" (Haines 1984:31). In the context of effecting change in the private sector, moderate groups "believe that although companies are part of the problem, they can also be part of the solution," while radical groups do not believe firms can be part of the solution (den Hond and Bakker, 2007: 903). As such, moderate groups use a combination of contentious and cooperative tactics, while radical groups only use the former. As one interviewee from a prominent activist

organization explains, "I think most people understand that there's a left flank that... is like sue, do big public facing campaigns... push for the aspirational goal. Then there's the sort of practical, yes but don't let the perfect be the enemy of the good [approach]."

If tactics are an indicator of ideology and ideology can relationally segment movement fields into moderate and radical groups, I expect that the degree to which the two groups share social relations is an indicator of their ideological commitment or purity (Diani and McAdam, 2003). Laumann, Marsden, and Galaskiewicz (1977) show that if two groups with different preferences can negotiate instrumentally on an outcome, they create cross-group ties to bargain over the outcome despite differing opinions and practices. Conversely, when "clearly held value commitments" are threatened (Laumann *et al.*, 1977: 601) by particular tactics, segmented social structures are more likely, where little discussion occurs across groups. The foregoing suggests the degree of ideological commitment of field members will manifest in the observable social relations that characterize the field. It follows that social movements where few social relations exist between radical activists (i.e., using solely contentious tactics) and moderate activists (i.e., using both contentious and collaborative tactics) are likely populated by radical activists with strong ideological commitments. For radical activists with strong ideological commitments, "alliances with corporations are anathema" (Hoffman, 2006: 28). In segmented movement fields, where ideological commitments are stronger, the probability of open conflict between activists is heightened because conflict over ideology "normally takes the form of open attacks" by radical activists upon moderate activists for "selling out" (Zald and McCarthy, 1980: 12).

Conversely, in movement fields where radical and moderate activists have relational spaces (Kellogg, 2009) for negotiation over institutional practices, actors who support dissimilar institutional models can overcome conflict (Mair and Hehenberger, 2014). Pre-existing ties enable the sharing of trustworthy and nuanced information about the potential collaboration and partner firm, and facilitate the exploration of possible bases of compromise between radical and moderate

groups (Laumann *et al.*, 1977), thereby lowering the risk of peer criticism. The role of social proximity between radical and moderate activists in attenuating the risk of peer criticism is supported by qualitative research on firm-activist collaborations. For instance, Earthwatch consulted with other activist groups prior to collaborating with Rio Tinto asking them whether they would regard Earthwatch badly if it entered a partnership with Rio Tinto (Seitanidi and Crane, 2009). Pre-existing ties between Earthwatch and other activist groups facilitated consultation on possible collaboration targets. Such ties are most likely to exist where radical activists do not define their identity in opposition to corporations.

Intuitively, we may think activists will not collaborate with firms that peers with whom they have relations have contentiously targeted because field members have "a desire to maintain their social bonds" (Zietsma *et al.*, 2017: 399). However, I propose that it is counterintuitively in the absence of social bonds that previously targeted firms will be avoided. My argument centers on the role of cooperative ties in facilitating dialogue, and segmented social structure being reflective of strong ideological commitments that increase the probability of open conflict (Zald and McCarthy, 1980). In movements characterized by greater social proximity between contentious and cooperative activists, collaborations with firms have a lower probability of garnering criticism from contentious activists because they do not define their identity in opposition to corporations. Instead, collaboration is a legitimate tactic that they themselves may not engage in, but that can nevertheless supplement their own more contentious tactics in effecting institutional change. In the presence of pre-existing ties, activists considering collaborations can consult with their trusted radical peers and find common ground that mitigates peer criticism.

Therefore, I expect that in social movements with relatively few ties between radicals and moderates, activists that collaborate with firms face heightened probability of criticism from their contentious activist peers, and therefore, will avoid collaborations with previously contentiously targeted firms.

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Hypothesis 2: The probability that a previously contentiously targeted firm collaborates with an activist decreases in the level of segmentation along tactical lines in the social movement in which the activist operates.

Greenwashing risk

Whether using contentious or collaborative tactics, the aim of activists is in changing the practices of focal firms with the hope of effecting broader institutional change (den Hond and Bakker, 2007; Rao, Monin, and Durand, 2003). A cross-sector collaboration with a firm achieves the goal of institutional change by working to change a practice within a firm that may subsequently influence other firms to change their practices (Briscoe *et al.*, 2015). However, these benefits can only be realized in the course of the collaboration because, given the inherent incompleteness of contracts, the activist has no assurance that the firm will change its practices. As such, activist perceptions of the risk that a firm may not follow through on its commitments are also relevant to partner selection.

I argue that activists make *ex ante* judgements about a firm's willingness to change during the course of a collaboration to mitigate such risk. They do so by looking to a firms' history of responses to contention, which vary substantially across firms. Some firms are 'receptive' to contention, conceding to pressure and seeking to address activists' concerns by reforming their practices and operations (Bartley, 2003; King, 2008; McDonnell *et al.*, 2015). Conversely, other firms are 'resistant,' taking a defensive or evasive stand against contentious activists (Briscoe and Safford, 2008; McDonnell and King, 2013; McDonnell *et al.*, 2015). Over time, prominent organizations that are targets of campaigns acquire reputations for being resistant or receptive based on their past willingness to change (Baron and Diermeier, 2007; Briscoe and Safford, 2008). While a firm's responsiveness to activism may change over time with the adoption of new social issue management devices (McDonnell *et al.*, 2015) or changes in top management teams (Briscoe *et al.*, 2014), in the absence of updating, these reputations are sticky because they are typically attributed to persistent internal characteristics of the firm, such as corporate culture, founder effects or its strategic focus (Briscoe and Safford, 2008).

These sticky reputations are salient identity categories that contentious activists employ in selecting targets (McDonnell *et al.*, 2015), and as such, should be equally salient for activists when considering collaborations. Moreover, they are likely to be particularly important in collaborations where activists' greatest asset, their credibility, is on the line. As a spokesperson from Natural Resources Defense Council explains, "The biggest danger to an environmental group when it looks for common ground with one company is that [it] will be used by the company for public relations advantage." (Philadelphia Inquirer, 1994).

In evaluating potential collaboration partners, activists look to a firm's reputation as activism-receptive or activism-resistant to make *ex ante* judgements about its propensity to change its practices. Specifically, activists will avoid resistant firms because they have a history of using impression management strategies that evade, rather than address, activists' concerns (McDonnell and King, 2013). Resistant firms will be seen by activists as having a low propensity to undertake substantive changes in the course of a collaboration, being instead motivated to use a collaboration with an activist as a means of impression management via greenwashing. A campaigner with Friends of the Earth notes, "we're very wary of companies using us to `greenwash' their reputation," (Stecklow, 2006). Conversely, firms that have previously positively responded to activism, suggest to activists a future willingness to change. Activists are also likely to judge receptive firms as carrying lower risks of negative reputation spillover in the future (McDonnell and Pontikes, 2017).

The foregoing arguments suggest a firm's reputation on the continuum of resistant to receptive to activism influences the probability that an activist accepts an offer of collaboration from a contentiously targeted firm through its effects on the activist's perception of *ex post* risk. For firms with a history of being resistant to activism, the heightened risks of the collaboration being used for greenwashing lowers the probability they will be chosen for collaboration. Conversely, such risks are mitigated as the firm's receptivity to activism increases, and therefore, should positively moderate the relationship hypothesized in H1.

Hypothesis 3: The probability that a previously contentiously targeted firm collaborates with an activist increases in the firm's history of receptivity to activism.

DATA AND METHODS

Sample

I test these hypotheses using a novel 25-year panel database that tracks all contentious and cooperative interactions reported in the media, or by activist or corporate press releases or filings, between 118 U.S.-based environmental social movement organizations (SMOs) and a sample of 300 large U.S. companies between 1988 and 2012. While reliance on publicly reported or disclosed data may be biased if either contentious or cooperative interactions are underreported, I believe this risk is mitigated by both firms' and SMOs' incentives to disclose. Firms are motivated to make public their collaborations with SMOs as their goal in entering these collaborations is to build their legitimacy. This is confirmed in my data where over 50 percent of the sources for collaboration data are press releases. Conversely, contentious challenges are unlikely to be underreported because of the incentives of both SMOs and media outlets. SMOs seek media attention to their cause and mobilization, while media outlets are focused on the newsworthiness of events for audiences, where negative news, and particularly that surrounding prominent firms like those in the Fortune 500 and sponsored by an SMO are more likely to be reported (Earl *et al.*, 2004).

The panel begins in 1988 because the collaboration between McDonald's and EDF, first announced in 1990, is commonly considered one of the first environmental SMO-firm collaborations. Comments made two decades later by the head of EDF's corporate partnerships suggest SMO-firm collaborations did not exist at the time: "At the time, it was heresy to say that companies and NGOs could work together; now it is dogma, at least for the Fortune 500" (Economist, 2010). Beginning data collection in 1988, two years before the EDF-McDonald's collaboration, ensures the panel tracks the evolution of SMO-firm collaborations and confirms no collaborations existed in the preceding two years.

The 300 companies in the sample were randomly drawn from the pool of all companies that appeared in the Fortune 500 during the sample period. The Fortune 500 list was sampled because prior research has shown that activists tend to contentiously target large, high-status firms (King, 2008; McDonnell *et al.*, 2015) and engage them in collaborations, as suggested by the preceding quote from EDF. The sample of activist organizations, or SMOs, was created by analyzing Factiva archives of US newspapers for all organizations described in media as an "environmental activist group/organization" or "conservation activist group/organization" or "environmental advocacy group/organization" or "conservation advocacy group/organization." The organizations this search yielded were subsequently matched with formal non-profit tax filings made available by the National Center for Charitable Statistics (NCCS). The terms 'activist' and 'advocacy' were employed in the searches because activism and advocacy are a key function of an SMO and is necessary to classify an organization as belonging to a social movement (Soule and King, 2008). This approach distinguishes SMOs from other non-advocacy non-profits listed in the NCCS database (e.g., non-profits that are service oriented) which are not part of the environmental movement. Finally, while others have relied on archival directories such as the *Encyclopedia of Associations* (Minkoff, 1999) or the *Yearbook of International Associations* (e.g., (Smith and Wiest, 2005), such directories rely on self-reporting by the SMO which can lead to underrepresentation of some activist organizations, especially protest organizations (Minkoff, 1999) or smaller organizations (Larson and Soule, 2009).

Data sources

SMO-Firm Interactions. Following common practice in social movements research (Earl *et al.*, 2004), I rely on media reports to code contentious and collaborative interactions between an SMO and firm. Relying on media reports can create two forms of bias: selection bias (i.e., ideological biases, over-reporting of negative events) and description bias (i.e., the veracity of the coverage) (Earl *et al.*, 2004). To overcome selection bias due to ideological biases, the media source

list includes a wide range of major news and business publications rather than relying on one media outlet. Secondly, to overcome selection bias associated with over-reporting of negative events (e.g., protests may be over-reported in comparison to collaborations), the source list also includes press releases, which tend to report more positive news from the perspective of the issuer. To mitigate description bias, I rely only on "hard facts" of the event (e.g., who, what, when), which is relatively accurate in media reports (Earl et al. 2004: 65). The source list includes all English-language sources included in Factiva's categories of major news and business publications and press release wires for North America[4], which includes major wire sources providing corporate press releases.

I restrict my search to North America for two reasons. First, the impact of SMOs and their tactics vary by region (Durand and Georgallis, 2018), therefore SMOs' decision-making on campaign strategy is often geography specific. Secondly, the environmental performance of firms, a likely driver of contentious targeting, may vary across countries (e.g., due to the pollution haven hypothesis) and comparable environmental performance data is not available across countries for the same firm. Finally, North America was employed as the filter because of Canada's economic integration with the United States and because many of the most environmentally controversial events or projects resulted in contentious mobilization that crossed borders (e.g., Exxon Valdez, Keystone Pipeline). This source list was searched for any articles or press releases where the firm name and SMO name appear in the same report, resulting in over 60,000 individual articles or press releases. Each resulting article or press release was read by undergraduate student coders, and then reviewed again by the author,[5] selecting instances where the SMO contentiously interacted with a

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[4] The major news and business publications category includes over 100 print and online sources from outlets such as ABC News, The Boston Globe, and the Wall Street Journal, while the press release wire category includes over 200 press release wires such as Business Wire, Greenwire and Nasdaq/Globenewswire.

[5] During the training period, which spanned one month and approximately 2,000 articles coded by each coder, I read every article that the undergraduate students coded and provided feedback. Once each coder was trained to a performance level of at least 95% correct coding, I continued to read and enter into a database every article that was coded as containing either a contentious or cooperative interaction, but not those that

firm (e.g., protests, boycotts, shareholders' proposals, lawsuits), or cooperatively interacted with a firm (e.g., monetary or in-kind donations, board interlock, collaboration). All contentious and cooperative interactions between a firm-SMO dyad are recorded by the author with unique identifiers, allowing for deduplication of a single event (e.g., SMO A protested against firm B) reported multiple times in the media.

Identifying SMO-Firm Collaborations. I define a collaboration between an SMO and firm as 'organizations working together by committing resources to achieve mutually relevant outcomes.' Included in the definition of collaborations are what Rondinelli and London (2003) describe as intensive environmental management alliances and interactive collaborations. Intensive environmental management alliances are collaborations aimed at improving environmental performance of the firm, such as when the EDF and McDonald's created a task force to study ways in which McDonald's can reduce waste in its operations. Interactive collaborations are similarly purposeful, interactional and involve the commitment of resources by each party, but their primary focus is not changing the firm's internal practices. Interactive collaborations are more externally focused and include: targeted project support (e.g., development of eco-preserves on company property); environmental awareness and education collaborations (e.g., co-sponsorship of education programs, producing research in support of policy change); and SMO certification of practices or products.[6] Excluded from the definition of collaboration are any arms-length cooperative interactions or transactions, such as corporate contributions and gifts to the SMO, marketing affiliations (e.g., licensing of SMO name or logo), support for employee participation in

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were coded as containing neither. Inter-coder reliability tests conducted half-way through the coding exercise demonstrated a high rate of agreement (95 percent average, three coders, random sample of 3,465 articles).
[6] SMO's certification of firm products are classified as collaborations only in instances where evidence exists of the SMO and firm having worked together in a purposeful way with a commitment of resources. For example, some certification processes involve a preliminary period where the SMO advises the firm on changes needed in its processes for it to obtain certification, and the firm consults the SMO on its changes. In the absence of such evidence, SMO certification of products is treated as arms-length transactions that do not constitute collaborations, akin to logo licensing (Rondinelli and London 2003).

SMO activities, or market transactions, such as the purchasing of the SMOs' products or services (e.g., airlines purchasing Carbonfund's carbon credits). These are excluded because they either do not involve working together or do not involve the commitment of resources by both parties. Appendix A.1 details the procedures used to identify SMO-firm collaborations.

SMO-firm collaborations were identified from the broader population of cooperative interactions found in the Factiva media and press release search described above, as well as firm's financial filings by searching for each SMO name in firms' 10-K filings. Each resulting media report, press release, or company filing was read carefully by the author to identify those interactions that conformed with the definition of 'collaboration' as such. Relying on media reports, press releases and company filings is consistent with methods employed by databases (e.g., SDC, MERIT-CATI, and CORE) commonly used for research on firm-firm alliances (Schilling, 2009). Further, I improve on most alliance databases, which sample on alliances rather than firms (Schilling, 2009), by first identifying a group of relevant companies and SMOs, and then searching for publicly disclosed collaborations within each SMO-firm dyad. Similar to commercial alliances with a for-profit firm (Schilling, 2009), firms are not required to report their collaborations with SMOs to any governing body. Although firms are often motivated to disclose collaborations with SMOs to build their legitimacy, my data does not capture any collaborations that are kept secret. As such, the findings are only generalizable to publicly-disclosed SMO-firm collaborations.

I find that firms with the greatest number of SMO collaborations are concentrated in consumer-facing industries (e.g., retail, consumer products). Consistent with past research on contentious targeting, the greatest number of contentious challenges are concentrated amongst several large firms operating in environmentally sensitive industries (e.g., extractives or energy) and those that are consumer facing (e.g., consumer products manufacturers). Table 1 lists the top 15 most contentiously targeted firms, and those with the greatest number of collaborations with

SMOs in the sample. While eight firms appear in both lists, the partial overlap suggests the positive radical flank effect does not operate in all circumstances or with all firms.

Table 1: Top 15 firms by contentious challenges and SMO collaborations

Firm	No. of contentious challenges	Firm	No. of collaborations
Exxon Mobil	126	Coca-Cola	18
Monsanto	123	Walmart	14
Shell Oil	113	General Electric	11
ChevronTexaco	81	Starbucks	11
Procter & Gamble	55	McDonald's	9
Entergy	50	Shell Oil	6
Smithfield Foods	42	Alcoa	5
Occidental Petroleum	41	Entergy	5
American Electric Power	37	Johnson & Johnson	5
Safeway	27	General Motors	4
Home Depot	26	Home Depot	4
General Electric	25	Johnson Controls	4
McDonald's	25	Procter & Gamble	4
Coca-Cola	24	Safeway	4
		Staples	4
		Whole Foods Market	4

Note. Number of contentious challenges and SMO collaborations represent sum of unique events or collaborations from 1988 to 2012. Number of organizations may exceed 15 where two or more firms have experienced the same number of contentious challenges or have the same number of SMO collaborations (i.e., a tie).

Social Movement Structures. To understand how the structure of a movement impacts the propensity to collaborate with firms, I first define movement populations by each SMO's issue focus, and then collect data on relations between SMOs in a given movement. I follow Soule and King (2008) in classifying an SMO into a movement based on the issue they are advocating for or campaigning on in a given year. As environmental issues, such as greenhouse gases, water quality or genetically modified organisms (GMOs) gain and lose salience with different stakeholder groups, the use and effectiveness of tactics varies by the targeted issue (King and Soule, 2007) as does the population of SMOs involved in the issue. I read media reports and press releases

containing the name of the SMO in order to determine if an SMO mobilized either through extra-institutional (e.g., protest, boycotts) or institutional means (e.g., lawsuit, proxy proposal) against any target (e.g., state government, private company, regulator) in a given year. Relying on the topics codebook developed by the Comparative Agendas Project (Baumgartner and Jones, 2002) each article or press release with evidence of mobilization is then coded according to the primary issue being advocated by the SMO (Appendix A.2 lists the 14 sub-categories of environmental issues). Some SMOs mobilize on multiple issues in a given year, and they are assigned membership in more than one movement accordingly. The Comparative Agendas Project codebook is used because its categories contain rich descriptions of what falls under each issue category, include contemporary issues, such as GMOs, which other issue typologies do not, and is a source of important control variables (e.g., congressional hearings on an issue).

After identifying the population of SMOs belonging to a movement, I construct movement networks by manually coding interactions between SMOs reported in an article, press release or other public report. Over 73,000 documents, obtained from a search of Factiva where the names of two SMOs appear in the same document, were carefully read and coded by undergraduate student coders, and then by the author. The Factiva source list was expanded to be inclusive of all English-language sources included in Factiva over the period to ensure that non-media and press release sources, such as Congressional Documents and Publications, and legal alerts were included for greatest comprehensiveness. Each resulting article or report was read to determine if two SMOs interacted cooperatively, and reports were de-duplicated to ensure only unique cooperative interactions were counted within a given SMO dyad-year. Cooperative interactions between SMOs that constitute the ties within the movement typically took the form of SMOs co-filing a lawsuit, co-organizing a rally or conference, joint testimony or statements at Congressional hearings, amongst others. Further, each interaction was coded by the author on the environmental issue on

which the two SMOs cooperated (e.g., GMOs, air quality, water quality, energy efficiency) using the definitions from the Comparative Agendas Project codebook.

Measures

Dependent Variable. The existence of a collaboration between a given SMO and firm – *SMO-firm collaboration* – is the dependent variable used to test the hypotheses. The dependent variable is coded as 1, if an SMO is collaborating with a firm in a given year, and 0 if it is not.

Independent Variables. In hypothesis 1, I expect that the propensity of a firm and SMO to form a collaboration increases with the number of times the firm has been contentiously targeted. I obtain the number of contentious challenges (e.g., protests, boycotts, lawsuits) a firm received from the previously described coding of media articles and press releases from 1988 to 2012. *Contentious challenges* is the sum of all contentious challenges a firm received by any SMO in the previous year. The previous year's contention is a conservative test of the hypothesis, and consistent with past approaches (McDonnell 2016); however, the results are robust to a rolling sum of contentious challenges (e.g., 2-year, 3-year).

I test the attenuating effect of the movement's segmentation along tactical lines hypothesized in H2, using Freeman's (1978) segregation index to measure the *movement segmentation by tactic* of each movement network described above. Freeman's segregation index compares the proportion of observed between-group ties with the number expected under random mixing, accounting for the size and connectedness of the underlying network. I use Bojanowski and Corten's (2014) reformulation of the index that allows for between-group ties to exceed those expected under random mixing. As my interest is measuring the degree to which movements are segmented along the tactical repertoires of the SMOs, I classify all SMOs in a given year as having 'cooperative' or 'contentious' tactical repertoires in relation to firms based on their interactions with firms in the sample. SMOs with cooperative tactical repertoires are those that have employed cooperative tactics (i.e., collaboration, logo licensing, accepted corporate donations etc.) in

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preceding years, and SMOs with contentious tactical repertoires are those that exclusively employ contentious tactics. This classification best conforms with the ideological stances of moderate groups who believe that firms can be part of the solution, and radical groups who do not believe firms can be part of the solution (den Hond and Bakker, 2007). *Movement segmentation by tactic* can take both positive and negative values. Negative values correspond to networks where interactions between cooperative and contentious SMOs (i.e., between-group ties) is higher than expected under random tie formation; a value of zero corresponds to networks where between-group ties is exactly that expected under random tie formation; positive values correspond to networks where between-group ties are less than that expected to exist in a purely random network with the same group sizes and density as the observed one (Freeman, 1978).

Hypothesis 3 is tested by interacting two variables – *contentious challenges* and *firm receptivity to activism*. Consistent with past research (Briscoe and Safford, 2008; McDonnell and King, 2013; McDonnell *et al.*, 2015), I rely on a firm's history of responses to activists' targeting them to identify 'receptive' firms as those that seek to address activists' concerns. Firms' responses to social and environmental issue shareholder proposals are one observable and unambiguous indicator of receptivity to activism (McDonnell *et al.*, 2015). Firms respond to shareholder proposals in three distinct ways: positively (when the firm voluntarily cedes to the proposal leading to its withdrawal), neutrally (when the firm does nothing and the proposal is put to a vote at its annual meeting), or negatively (when the firm petitions the U.S. Securities and Exchange Commission to exclude the proposal). Firm responses to environmental and social shareholder proposals are obtained from the Interfaith Center on Corporate Responsibility (ICCR) and Institutional Shareholder Services (ISS)[7]. I follow McDonnell *et al.* (2015) in measuring *firm*

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[7] ISS has data available from 1997 onwards, therefore, ICCR data was used from 1993 to 2007. Additionally, coverage of firms in the sample was inconsistent between the two sources (i.e., ICCR had some companies that ISS didn't and vice versa), therefore, for overlapping years (1997 to 2007) observations were manually de-duplicated.

receptivity to activism using the Janis-Fadner (JF) coefficient of imbalance,[8] where a JF coefficient of -1 (minimum value), indicates that a firm challenged all proposals in a given year, while a firm with a JF coefficient of 1 (maximum value) voluntarily implemented all proposals it received.[9]

I control in the empirical estimation for a number of factors pertaining to the SMO-firm dyad, firm, SMO, and institutional environment which may influence the propensity of a given firm and SMO to collaborate.

Dyad-level controls. The choice of collaboration partner is, among other things, influenced by the interactional history of the two parties. In a survey of Dutch firms, for instance, den Hond *et al.* (2015) found the frequency of contact a firm has with SMOs increases its propensity to collaborate with SMOs. Therefore, I include dyad-level controls to account for past interactions within the dyad. First, using the media and press release reports of cooperative interactions between an SMO and firm (e.g., donations, logo licensing), I sum the number of cooperative events between the SMO and firm in the preceding year, which I term *dyad cooperative interactions*. Similarly, a history of conflict within the dyad may attenuate the likelihood of collaboration. Therefore, I also control for the number of *contentious challenges by the SMO* of the focal firm in the preceding year.

Firm-level controls. I include several firm-level covariates that past research has shown to drive contentious targeting that may also correlate with collaboration, to better isolate the additive effect of contention on collaboration beyond covariates that may be predictive of both. I control for a firm's *media attention,* size, and *public approval*, based on McDonnell's (2016) findings on the characteristics of firms allying with activists on boycotts. *Firm media attention* is the sum of all

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[8] JF coefficient = $(P^2-PN)/V^2$ if P>N; 0 if P=N; and $(PN-N^2)/V^2$ if N>P where P is the number of positive firm responses to social-issue proxy proposals (i.e., withdrawals), N is the number of negative responses (i.e., challenges), and V is the total number of social-issue proxy proposals submitted to a firm in a given year.
[9] If a firm did not receive a shareholder proxy proposal in a given year, I carry over the firm's past receptivity because reputations for receptivity are sticky, and run robustness checks omitting firm-years with no proxy proposals.

articles containing the firm's name that appeared in the six largest U.S. newspapers in the prior

year (divided by 1,000 articles).[10] To control for firm size I include a firm's *logged employees* and

logged assets in the previous year, obtained from the Compustat database. I follow McDonnell

(2016) in operationalizing *public approval* using the affective valence of all articles published about

the firm in *USA Today*. Each article is analyzed using the Linguistic Inquiry Word Count (LIWC)

program, which uses word dictionaries to calculate statistics of the extent of positively and

negatively valenced emotional words within each article. I use the JF coefficient (described above),

which is commonly employed to control for the emotional valence of media coverage (Pfarrer,

Pollock, and Rindova, 2010; Pollock and Rindova, 2003), to obtain a *public approval* measure that

varies from -1 (only negative coverage) to 1 (only positive coverage). I use a cut-off of 60% for the

LIWC scores, following others (McDonnell, 2016; Pfarrer *et al.*, 2010), to classify an article as

positive or negative. The political liberalism of CEOs also increases the probability of activism

(Briscoe *et al.*, 2014) and may also influence which firms seek out collaborations. I account for this

possibility by controlling for the fraction of a CEO's contributions to electoral candidates that were

to Republican candidates, based on data from Fremeth, Richter, and Schaufele (2013). *CEO*

contributions to Republic candidates is the fraction of all contributions the CEO made to political

campaigns that are to Republican candidates.

I control for a firm's *environmental performance*, as activists may be less willing to

collaborate with firms with poor environmental records as this increases the risk of tarnishing their

own reputations (McDonnell and Pontikes, 2017). Further, firms with greater commitments to

corporate social responsibility have been shown to be more willing to collaborate with SMOs (den

Hond *et al.*, 2015) and may be more likely to be contentiously targeted (McDonnell *et al.*, 2015). I

rely on Kinder, Lydenberg, Domini Research & Analytics (KLD) environmental concerns rating

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[10] Focusing on the six largest newspapers — the New York Times, the Washington Post, the Wall Street Journal, the Chicago Tribune, USA Today, and the Los Angeles Times — reduces variability due to organizational survival of newspapers and changes in coverage of media outlets in Factiva over time.

to measure a firm's environmental performance. In an assessment of the KLD environmental ratings, (Chatterji, Levine, and Toffel, 2009) find that KLD "concern" ratings are "fairly good summaries of past environmental performance", and are predictive of future pollution and regulatory compliance violations. A firm's *environmental performance* is the sum of seven environmental "concern" variables provided by KLD in the prior year (e.g., hazardous waste).

I control for the *centrality* of the firm within the board interlock network of U.S.-based public and private firms, as central firms may be more attractive collaboration targets because models of management diffuse from central firms (Fligstein 1990) thereby effecting institutional change. The firm's *centrality* is the number of firms with whom it has a board interlock (e.g., degree centrality), using data from Boardex. I include all U.S.-based public and private firms because activists' institutional change aspirations generalize across multiple industries, and practices diffuse across industries in response to activism (Briscoe and Safford, 2008).

While the salience of contentious threats may be highest for targeted firms, firms operating in the same industry are also attuned to contentious targeting of their peers (Yue, Rao, and Ingram, 2013) which raises the perceived risk of future targeting against the focal firm. Therefore, I control for *industry contentious challenges*, or the sum of contentious challenges that other firms in the same industry in which the focal firm operates (at the 3-digit NAICS level) received in the previous year.

SMO-level controls. I include SMO-level covariates that may be predictive of a firm's desire to collaborate with an SMO, and vice versa. One of the key motivations for firms to collaborate with SMOs is to benefit from the SMO's legitimacy or status (Baron, 2012). Therefore, I expect that firms seek out collaborations with SMOs with high levels of legitimacy. I proxy for SMO legitimacy using the number of *congressional appearances* an SMO made before

congressional committee hearings.[11] Public policy makers' evaluations of an organization's sociopolitical reputation affects the number of congressional committee hearing invitations extended to that organization (Werner, 2015) and therefore is an indirect proxy for an SMO's legitimacy. Data on SMOs' invited appearances before congressional committee hearings are collected from ProQuest's Congressional Hearings data archives, searching for each SMO and recording the number of times a representative of a given SMO testified in congressional hearings in a given year. Firms may also seek out collaborations with SMOs that have experience partnering with firms, as these SMOs may have built up alliance capabilities (Kale, Dyer, and Singh, 2002) that could make the collaboration more successful. Therefore, I control for *SMO collaboration experience*, which is the cumulative sum of collaborations the SMO has had with firms in preceding years. Finally, SMOs may vary in the degree to which they resist pressures for conformity from their peers. Specifically, large well-resourced organizations "may be insulated from institutional pressures in a way that is unavailable to smaller, more resource-strapped organizations" (Greenwood *et al.*, 2011: 319). As such, better-resourced SMOs may be more likely to collaborate with previously contentiously targeted firms, *ceteris paribus*. Therefore, I include a control for *SMO resources*, which are the SMO's net assets at the end of the prior fiscal year (logged due to skewness), which I obtain from their tax filing data from NCCS.

  Institutional environment controls. Activists' use of contentious or collaborative tactics is related to the openness of the state to regulate industry, as well as the degree to which a particular environmental issue is prominent in the public policy space. Similarly, the salience of environmental issues may be correlated with the tactical segmentation of movements (e.g., highly salient issues may attract more SMOs and collaborations). In order to minimize the effects of such biases, I use congressional hearings data from the Comparative Agendas Project described above,

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[11] Unfortunately, ratings commonly used as proxies for firm status, such as the Fortune America's Most Admired Companies list, are unavailable for SMOs.

to control for the prominence of the environmental issue in the policy space. *Public policy openness* is the count of congressional hearings held on a given environmental issue (e.g., climate change, GMOs etc.) that is also the subject of the SMO-firm collaboration. To account for the possibility that resource partitioning within the movement (Soule and King, 2008) drives tactical segmentation, I control for the *number of SMOs* operating in a given movement. I also control for the party of the state governor in the headquarters state of the firm – *headquarter state party* – coded 0 if the governor is Republican, 1 for Democrat, and 0.5 for other.

Table 2 and 3 show descriptive statistics, and correlations, respectively, for the variables in the sample. While contentious challenges of firms greatly outnumber collaborations, as would be expected, both events are rare overall. In total 1,316 contentious challenges took place and 272 collaborations were formed over the 25-year period between 118 environmental SMOs and the random sample of 300 Fortune 500 companies. However, these interactions are far from distributed equally amongst either the SMOs or firms. Of the 118 SMOs, only 28 (23.7%) have collaborated with a firm, and while 118 firms have been contentiously targeted at least once, less than half (54) of those previously contentiously targeted had SMO collaborations. In total, 63 firms in the sample had collaborations with SMOs, and more than 85 percent of those firms had been contentiously targeted by activists in years preceding the collaboration.

Table 2: Descriptive statistics

	Variable	Mean	Std. Dev.	Min	Max
1	SMO-Firm Collaboration (DV)	0.006	0.078	0	1
2	Contentious challenges	0.519	1.495	0	17
3	Movement segmentation	0.820	0.095	0.5	1
4	Firm receptivity to activism	0.254	0.611	-1	1
5	Dyad cooperative interactions	0.078	0.290	0	3
6	Contentious challenges by SMO	0.021	0.204	0	7
7	Firm media attention	2.007	3.655	0	33.002
8	Firm assets logged	10.038	1.405	6.327	13.929
9	Firm employees logged	3.780	1.175	0.642	7.696
10	Firm public approval	0.375	0.505	-1	1
11	CEO contributions to Rep. candidates	0.635	0.480	-3.067	1.235
12	Firm environmental performance	1.020	1.336	0	5
13	Firm centrality	26.491	13.203	0	75
14	Industry contentious challenges	2.278	4.409	0	27
15	SMO congressional appearances	4.576	6.213	0	40
16	SMO collaboration experience	3.728	5.911	0	23
17	SMO resources	-3.206	2.195	-14.276	1.794
18	Public policy openness	8.251	11.195	0	61
19	Number of SMOs	28.926	13.311	2	64
20	Headquarter state party (Dem=1)	0.457	0.495	0	1
	Instruments:				
21	EPA cases	1.079	2.790	0	60
22	Extreme weather events	3.234	4.091	0	22

Note. Number of SMO-firm-year observations is 148,605 corresponding to the instrumental variables probit model (i.e., non-collaborating SMOs dropped).

Table 3: Correlations

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 SMO-Firm Collaboration (DV)	1														
2 Contentious challenges	0.018	1													
3 Movement segmentation	-0.036	-0.004	1												
4 Firm receptivity to activism	-0.018	-0.054	-0.020	1											
5 Dyad cooperative interactions	0.044	0.092	0.002	-0.035	1										
6 Contentious challenges by SMO	-0.004	0.149	0.006	-0.008	-0.012	1									
7 Firm media attention	0.029	0.046	0.013	-0.085	0.060	0.011	1								
8 Firm assets logged	0.037	0.166	-0.016	-0.140	0.071	0.042	0.515	1							
9 Firm employees logged	0.054	0.085	0.007	-0.111	0.092	0.008	0.341	0.400	1						
10 Firm public approval	0.018	0.025	-0.036	0.001	0.065	-0.004	-0.003	0.048	0.020	1					
11 CEO contributions to Rep. candidates	-0.007	0.039	0.022	0.029	-0.046	0.019	-0.145	-0.148	-0.048	-0.061	1				
12 Firm environmental performance	0.048	0.361	-0.015	-0.164	0.065	0.119	0.049	0.229	0.033	-0.040	0.092	1			
13 Firm centrality	0.023	0.050	-0.007	-0.114	0.057	0.019	0.229	0.412	0.239	0.053	-0.057	0.049	1		
14 Industry contentious challenges	0.007	0.220	-0.020	-0.051	0.037	0.075	-0.143	0.011	-0.294	0.063	0.009	0.377	-0.062	1	
15 SMO congressional appearances	0.015	-0.007	0.073	0.003	0.068	0.006	0.018	-0.007	0.009	-0.013	-0.005	0.010	-0.023	-0.005	1
16 SMO collaboration experience	0.080	0.020	-0.065	0.037	0.116	-0.034	-0.040	0.027	-0.013	0.066	-0.044	0.018	0.014	0.063	0.301
17 SMO resources	0.055	0.005	0.022	0.013	0.151	0.005	-0.012	0.012	-0.004	0.022	-0.016	0.011	0.008	0.018	0.370
18 Public policy openness	0.063	0.001	-0.105	0.017	-0.002	-0.003	0.001	0.008	0.000	0.012	-0.016	0.015	-0.007	0.015	0.024
19 Number of SMOs	0.071	0.014	-0.111	0.023	0.015	-0.015	-0.028	0.024	-0.009	0.044	-0.028	0.011	0.018	0.038	-0.078
20 Headquarter state party (Dem=1)	0.006	-0.040	-0.055	0.047	0.024	-0.014	-0.024	-0.049	-0.013	0.001	-0.083	0.004	-0.036	-0.043	0.017
21 EPA cases	0.014	0.185	0.034	-0.104	0.008	0.059	0.140	0.195	0.260	-0.077	0.073	0.389	0.007	0.039	0.022
22 Extreme weather events	0.008	-0.006	-0.044	0.099	0.033	-0.001	-0.099	-0.049	0.012	-0.046	0.006	-0.015	0.132	-0.036	-0.011

Variable	16	17	18	19	20	21	22
16 SMO collaboration experience	1						
17 SMO resources	0.500	1					
18 Public policy openness	0.062	-0.022	1				
19 Number of SMOs	0.124	0.022	0.562	1			
20 Headquarter state party (Dem=1)	0.133	0.042	0.057	0.081	1		
21 EPA cases	-0.053	-0.020	-0.010	-0.045	-0.039	1	
22 Extreme weather events	0.089	0.028	0.021	0.054	0.009	-0.046	1

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Methodology

The key challenge in establishing causality between past contention against a firm, its receptivity to activism, and the probability it establishes a collaboration with an SMO is that neither contentious challenges against firms, nor their receptivity, are randomly assigned. As such, firm-level unobservables that may correlate with either contentious challenges or firm receptivity, and collaborations with SMOs, may bias results. To deal with this concern, I use an instrumental-variables (IV) analysis that exploits variation in the distribution of extreme weather events and legal cases brought by the U.S. Environmental Protection Agency (EPA) against firms in the sample. In the absence of a plausible instrument for movement segmentation, I conduct supplementary analyses to explore possible mechanisms behind the results and to rule out alternate explanations.

I use *extreme weather events* in the firm's headquarters city to instrument for firm receptivity because when individuals experience extreme weather events they increase their behavioral intentions for sustainability related actions (Demski *et al.*, 2017). The idea underlying this identification strategy is that the occurrence of extreme weather events provides an exogenous shock to firms' key decision-makers' sustainability intentions and, therefore, their receptivity to making changes to their environmental practices. Brandon and Krueger (2018), for instance, found that institutional investors headquartered in areas hit by extreme weather events held more sustainability-related investments in periods following the event. To construct the instrument, I match each firm's headquarters county with data from SHELDUS (Spatial Hazard and Loss Database for the United States) on which counties in the United States were affected by 38 extreme weather disasters, defined as disasters lasting less than 30 days with total estimated damages above $1 billion (Barrot and Sauvagnat, 2016).

I instrument for contentious challenges against the firm using the number of cases brought by the EPA against a focal firm (*EPA cases*). Legal cases and proceedings against a firm on

environmental issues are likely to increase contentious targeting by environmental SMOs by making the firm a more salient target for activists. Although EPA legal cases are not randomly assigned to firms (as in the case of weather), they are unlikely to drive a firm's propensity to collaborate with an SMO except through their effect on contentious challenges against the firm. The rationale lies in the costs, articulated above, that firms face in formal collaborations with SMOs. Those costs are unlikely to be offset by the legitimacy benefits of collaboration if EPA cases are not associated with increased contentious targeting. Because environmental SMOs frequently contentiously target the EPA itself, it is not clear a collaboration with an SMO will provide the firm significant sway with the EPA, given its generally acrimonious relationship with many environmental SMOs. A t-test of differences in EPA case outcomes valuable to the firm (e.g. dollar amount of penalties, duration of cases) suggests there is no difference in outcomes between those firms with and without an SMO collaboration (Table 4). In the absence of contentious targeting brought on by EPA legal cases then, the costs of collaborations are likely to outweigh non-existent or minimal benefits. As such, I argue that EPA legal cases are unlikely to drive a firm to collaborate with an SMO except through their effect on contentious targeting. This logic suggests that the exclusion condition is likely to be met.

Table 4: EPA Case Outcomes by Firms with and without SMO Collaborations

| Variable | All Firms | Firms with and without SMO collaborations | | Difference |
| | | With | Without | |
	(1)	(2)	(3)	(4)
Average case duration (years)	2.5584	2.7979	2.5251	0.2727
	(0.0874)	(0.2342)	(0.0941)	(0.2673)
Total cost ($millions)	2.3238	3.0549	2.2223	0.8325
	(0.2119)	(0.8694)	(0.2090)	(0.6476)
Total penalty assessed ($millions)	0.0798	0.0439	0.0848	-0.0409
	(0.0157)	(0.0162)	(0.0177)	(0.0479)
Cases withdrawn (% of cases)	0.0139	0.0104	0.0144	-0.0040
	(0.0022)	(0.0054)	(0.0024)	(0.0068)
Cases completed without penalty (% of cases)	0.0932	0.0965	0.0927	0.0038
	(0.0056)	(0.0151)	(0.0061)	(0.0172)
Number of EPA cases	2.5239	3.7056	2.3599	1.3457***
	(0.0693)	(0.2446)	(0.0703)	(0.2094)
Number of observations	1756	214	1542	

Note. The table presents EPA case outcomes by firm-year for all firms that had at least one EPA case conclude during the sample period. Firm sample is split in columns 2 and 3 based on whether the firm had one or more SMO collaborations in the year preceding the EPA case concluding (column 2), and those that had no SMO collaborations (Column 2). Standard errors in parentheses. *p<0.05; ** p<0.01; *** p<0.001 of two-sided t-test of difference in means. Average case duration is the number of years between the case conclusion and when it was first brought by the EPA. Total cost is the sum of the dollar amounts of penalties assessed, cost recovery awarded, and the estimated cost of environmentally beneficial projects which the firm agrees to undertake as part of the settlement of a case. Total penalty assessed is the dollar amount of penalties assessed in the case. Cases withdrawn is the percent of all cases conclude in that year that were withdrawn by the EPA or otherwise dismissed. Cases completed without penalty is the percent of all cases concluded without a penalty, cost recovery or beneficial projects. Number of EPA cases is the number of all cases concluded in the firm-year.

I use two specifications to test my hypotheses. First, in line with the predominant empirical approach in the literature on alliance formation (Mindruta, Moeen, and Agarwal, 2016), I use a discrete choice model to estimate the probability that an SMO and a firm form a collaboration, within the set of all firm-SMO dyads with realized and unrealized (counterfactual) collaborations. The dependent variable, *SMO-firm collaboration*, is a binary variable that takes on the value 1 if an SMO is collaborating with a firm in a given year, and 0 otherwise. I use instrumental variable

probit (IV-probit) regression at the SMO-firm-year level with year, industry and SMO fixed effects, and robust standard errors. The inclusion of SMO fixed effects minimizes confounding effects of unobserved time-invariant SMO heterogeneity, and effectively makes the analysis a within-SMO estimation. The second specification uses two-stage least squares (2SLS) regression which has the distinct advantage of avoiding selection on SMOs that have had at least one collaboration. Probit models with SMO fixed effects drop SMOs that lack variation in the dependent variable (i.e., have never collaborated with a firm). A linear probability model (LPM) retains all perfectly predicted groups (i.e., SMOs with no firm collaboration), thereby more accurately estimating the effect of covariates for the entire population of SMOs. This is critical in my setting given that 90 of 118 SMOs never form a collaboration over the 25-year panel; therefore, the LPM captures meaningful variation in the propensity of SMOs to partner with firms, including potentially the level of segmentation of the movement they are a member of. The LPM also offers the ability to test for weak identification, and eases interpretation of interaction terms. I deal with the inherent heteroskedasticity in the LPM model by specifying robust standard errors. [12]

RESULTS

Results using IV-probit and 2SLS regression with year, industry and SMO fixed effects are reported in Table 5. I begin by discussing the first stage results and relevant test statistics for IV regression, before moving to the models testing the hypotheses. Models 1 and 2 report the first stage of the IV-probit regression for the two endogenous regressors, and Models 5 and 6 report the first stage of the 2SLS regression. Beginning with contentious challenges, a strong and significant relationship between EPA legal cases and the number of contentious challenges exists in both the IV-probit regression (Model 1: beta=0.0323, p=0.000), as well as the 2SLS regression (Model 5:

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[12] Results are also robust to a rare events logit model (King and Zeng, 2001) which adjusts explicitly for rare events bias, as well as simultaneous clustering of standard errors on both members of the dyad (Kleinbaum, Stuart, and Tushman, 2013), to account for correlation resulting from each firm and SMO appearing in numerous dyads.

beta=0.0264, p=0.000), suggesting the relevance of EPA cases as an instrument for contention. I also find a strong and significant relationship between extreme weather events in a firm's headquarter city and the firm's receptivity to activism in both the IV-probit regression (M2: beta=0.0133, p=0.000), as well as the 2SLS regression (M6: beta=0.0109, p=0.000). The Wald test for exogeneity in the IV-probit model was significant (chi2=39.21, p=0.000), suggesting that an IV regression is appropriate in this sample. From the 2SLS regression, the heteroskedasticity robust Kleibergen-Paap Wald F statistic equals 180.2, allowing rejection of the null that the equation is weakly identified (Kleibergen and Paap, 2006; Stock and Yogo, 2005).

Models 3 and 7 report the second-stage with only the main effects of the endogenous regressors estimated (i.e., no interaction terms). Contrary to hypothesis 1, the results suggest that contentious challenges against the firm decrease the probability of a firm-activist collaboration forming (M3: beta=-0.591; p=0.000; M7: beta=-.00597, p=0.000). Interestingly, the main effect of movement segmentation (not hypothesized) is highly significant and negative (M3: beta=-1.442; p=0.000; M7: beta=-.00452, p=0.000), suggesting that in movements with fewer ties between contentious and cooperative activists, it is less likely a firm-SMO collaboration forms. At the same time, several other covariates are consistent with past research on cooperation between firms and activists. Consistent with den Hond *et al.* (2015), for example, the greater the number of times the firm and SMO cooperated in the previous year (e.g., donations), the greater the probability of a collaboration (M3: beta=0.106; p=0.000; M7: beta=.00701, p=0.000). Consistent with McDonnell's (2015) findings on corporate-sponsored boycotts, the probability of a firm-SMO collaboration is positively and significantly associated with the firm's media attention (M3: beta=0.0147; p=0.007), size (M3: beta=0.229; p=0.000; M7: beta=0.00212, p=0.000), and public approval (M7: beta=0.00062; p=0.002).

Table 5: Instrumental Variables Regressions of a Firm-SMO Collaboration (Continued on next page)

		Instrumental Variables Probit Regression				Two Stage Least Squares Regression			
		1st-stage: Contentious Challenges	1st-stage: Firm receptivity	2nd-stage: H1 only	2nd-stage: All Hypotheses	1st-stage: Contentious Challenges	1st-stage: Firm receptivity	2nd-stage: H1 only	2nd-stage: All Hypotheses
		M1	M2	M3	M4	M5	M6	M7	M8
Hypothesized effects									
Contentious challenges	H1			-0.591***	0.234*			-0.00597***	0.00831***
				(0.0815)	(0.115)			(0.00112)	(0.00252)
Movement segmentation		0.00253	-0.0000467	-1.442***	-0.742	0.00575	0.00015	-0.00452***	0.00273
		(0.0336)	(0.0162)	(0.257)	(0.975)	(0.02175)	(0.01023)	(0.000601)	(0.00145)
Contentious challenges x movement segmentation	H2				-0.429**				-0.0148***
					(0.164)				(0.00278)
Firm receptivity to activism				-0.378	-1.575***			0.00266	-0.0216
				(0.207)	(0.0343)			(0.00187)	(0.0111)
Contentious challenges x firm receptivity to activism	H3				1.044***				0.0155*
					(0.0445)				(0.00742)
<u>Instruments</u>									
EPA cases		0.0323***	-0.00189***			0.02636***	-0.00131***		
		(0.00243)	(0.000403)			(0.00141)	(0.00026)		
Extreme weather events		0.00463***	0.0133***			0.00458***	0.01088***		
		(0.00130)	(0.000380)			(0.00073)	(0.00022)		
<u>Dyad controls</u>									
Dyad cooperative interactions		0.0635***	-0.00357	0.106***	0.0574***	0.04383**	-0.00747	0.00701***	0.00580***
		(0.0156)	(0.00502)	(0.0256)	(0.0134)	(0.01415)	(0.00448)	(0.00121)	(0.00132)
Contentious challenges by SMO		0.502***	0.0729***	0.252**	-0.0357	0.6323***	0.0547***	0.00273**	0.000113
		(0.0425)	(0.00611)	(0.0950)	(0.0300)	(0.03562)	(0.00491)	(0.000842)	(0.000765)
<u>Firm controls</u>									
Firm media attention		-0.0116***	0.00579***	0.0147**	0.00980***	-0.01037***	-0.00042	0.0000397	0.0000328
		(0.000807)	(0.000542)	(0.00542)	(0.00161)	(0.0005)	(0.00036)	(0.0000286)	(0.0000336)
Firm assets logged		0.299***	-0.0797***	0.229***	0.0526**	0.29343***	-0.01189***	0.00212***	0.00134***
		(0.00499)	(0.00241)	(0.0384)	(0.0163)	(0.00297)	(0.00149)	(0.000351)	(0.000183)
Firm employees logged		-0.0933***	-0.0143***	0.0595	-0.0310***	-0.08893***	-0.07514***	0.000617**	-0.00123
		(0.00453)	(0.00251)	(0.0328)	(0.00904)	(0.00265)	(0.00155)	(0.000204)	(0.000965)
Firm public approval		-0.0319***	-0.0158***	0.00372	0.0293***	-0.00485	-0.02635***	0.000307*	0.000423**
		(0.00681)	(0.00318)	(0.0217)	(0.00795)	(0.00413)	(0.00187)	(0.000133)	(0.000139)

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Table 5: Instrumental Variables Regressions of a Firm-SMO Collaboration (Continued from previous page)

	Instrumental Variables Probit Regression				Two Stage Least Squares Regression			
	1st-stage: Contentious Challenges	1st-stage: Firm receptivity	2nd-stage: H1 only	2nd-stage: All Hypotheses	1st-stage: Contentious Challenges	1st-stage: Firm receptivity	2nd-stage: H1 only	2nd-stage: All Hypotheses
	M1	M2	M3	M4	M5	M6	M7	M8
Firm controls								
CEO contributions to Rep. candidates	-0.00300	0.0562***	-0.102**	0.0867***	-0.02388***	0.02835***	-0.000503***	0.000550
	(0.00648)	(0.00325)	(0.0319)	(0.0130)	(0.00385)	(0.00196)	(0.000152)	(0.000497)
Firm environmental performance	0.188***	-0.0149***	0.120***	-0.0207**	0.22021***	-0.04377***	0.00201***	0.000317
	(0.00526)	(0.00168)	(0.0216)	(0.00700)	(0.00308)	(0.00093)	(0.000325)	(0.000495)
Firm centrality	0.00248***	-0.00241***	0.000997	-0.00449***	0.00116***	-0.00232***	0.0000166	-0.0000684
	(0.000248)	(0.000142)	(0.000999)	(0.000333)	(0.0016)	(0.0008)	(0.00000940)	(0.0000393)
Industry contentious challenges	0.0182***	0.0119***	0.00978*	0.00705***	0.00954***	0.01433***	0.00000221	0.000164
	(0.00129)	(0.000532)	(0.00420)	(0.00145)	(0.0079)	(0.0003)	(0.0000402)	(0.0000988)
SMO controls								
SMO congressional appearances	0.000863	-0.0000814	0.00558	0.000782	0.00076	-0.00003	0.0000418	0.0000325
	(0.000994)	(0.000469)	(0.00306)	(0.00110)	(0.00068)	(0.00034)	(0.0000421)	(0.0000429)
SMO collaboration experience	0.000543	0.000466	-0.00502	-0.000547	0.00012	0.0026	0.000680***	0.000689***
	(0.00115)	(0.000469)	(0.00369)	(0.00123)	(0.00084)	(0.00035)	(0.0000560)	(0.0000571)
SMO resources	0.000978	0.000465	0.0713	0.0138	0.00034	0.00009	0.000219	0.000201
	(0.00807)	(0.00379)	(0.0560)	(0.0144)	(0.00412)	(0.00191)	(0.000116)	(0.000123)
Institutional environment controls								
Public policy openness	0.0000166	0.000000297	0.00360***	0.000829	-0.00001	0.0000004	0.0000844***	0.0000849***
	(0.000391)	(0.000169)	(0.000999)	(0.000428)	(0.00022)	(0.0001)	(0.0000112)	(0.0000113)
Number of SMOs	-0.0000301	3.85e-08	0.0111***	0.00215**	0.00003	0.000002	0.0000900***	0.0000898***
	(0.000361)	(0.000149)	(0.00196)	(0.000753)	(0.00023)	(0.00009)	(0.00000883)	(0.00000904)
Headquarter state party (Dem=1)	-0.126***	0.0472***	-0.161***	0.166***	-0.1538***	0.05944***	-0.00154***	0.00197
	(0.00762)	(0.00317)	(0.0248)	(0.0117)	(0.00437)	(0.00188)	(0.000267)	(0.00139)
Constant	2.037***	0.585***	-0.138	2.613**	2.1107***	0.2657***	0.05343***	0.03514
	(0.103)	(0.0356)	(0.524)	(0.881)	(0.105)	(0.0379)	(0.0118)	(0.0203)
N	148605	148605	148605	148605	427102	427102	427102	427102
Log likelihood			-374578.1	-446152.2				
Adjusted R-squared					29.02	14.59	6.4	7.04

Notes: Heteroskedasticity robust standard errors clustered at the firm-SMO dyad level in parentheses. All models include year, industry and SMO fixed effects. IV-probit regression sample sizes in M1 to M4 are reduced by perfectly predicted groups (i.e., SMOs and industries with no collaborations). M5 to M8 employs 2SLS regression which retains all perfectly predicted groups. *p<0.05; ** p<0.01; *** p<0.001.

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Models 4 and 8 report the second-stage of the full model with all hypothesized interaction effects, where endogenous regressors are instrumented using EPA legal cases and extreme weather events and their interactions instrument for the endogenous interacted regressors. In the full models, the coefficient for contentious challenges shifts to being positive and significant (M4: beta=0.234; p=0.042; M8: beta=0.00831, p=0.001), while movement segmentation is no longer significant, and the interaction of movement segmentation with contentious challenges has a large negative and significant effect (M4: beta=-0.429; p=0.009; M8: beta=-0.0148, p=0.000). The shifts in the sign of coefficients from the non-interacted models suggests that the effects of contentious challenges are contingent on the level of segmentation in the movement. Combined, the three coefficients suggest that at low levels of movement segmentation, contentious challenges at the firm level increase the probability that a firm-SMO collaboration forms, as would be predicted by the positive radical flank effect and hypothesis 1. As movement segmentation increases, however, the effect of contentious challenges on firm-SMO collaborations is attenuated, and in highly segmented movements contention has no significant impact on collaborations.

To ease interpretation of the results, Figures 1 and 2 plot the predicted probability of a firm-SMO collaboration at different levels of contentious challenges, and at three different levels of movement segmentation (Figure 1 corresponds to M4; Figure 2 corresponds to M8). A margins analysis of the IV-probit regressions, with all other variables held at their mean, suggests that for firms with no contention, a one standard deviation increase in contentious challenges corresponds to a 23% increase in the probability of a collaboration if the SMO operates in a movement in the 10th percentile of movement segmentation observations, in comparison to 2% for SMOs that operate in movements in the 90th percentile of segmentation. These differences in probabilities across movement segmentation increase exponentially with the number of contentious challenges the firm faces. Comparing within the same level of contention, firms that experienced twelve contentious challenges in the previous year have 2.0 times greater probability of having a

collaboration with an SMO, if the SMO operates in a movement in the bottom decile of movement segmentation observations in comparison to SMOs that operate in the top decile. The preceding suggests contentious challenges against firms are more likely to drive collaborations with SMOs where those SMOs are members of movements with greater cooperative ties between radical and moderate activists. Conversely, in highly segmented movements, contention is not predictive of collaboration, in line with arguments advanced in hypothesis 2.

Turning to hypothesis 3, I find support for a positive moderating effect of firm receptivity on the probability that a previously contentiously targeted firm collaborates with an SMO. In Models 3 and 7 with only the main effects of the endogenous regressors estimated (i.e., no interaction terms), firm receptivity does not have a significant effect on collaboration, suggesting more activism-receptive firms are not more likely to have collaborations. Conversely, when interacted with contentious challenges, firm receptivity has a positive and significant effect (M4: beta=1.044; p=0.000; M8: beta=0.0155, p=0.036), while its main effect is negative and significant. The shifts in the sign of coefficients from the non-interacted models suggests that firm receptivity to activism increases the probability of collaborations when firms face greater contentious challenges from the movement. Conversely, in the absence of contention, activism receptive firms are less likely to form collaborations with activists. This may be driven by the fact that such firms have reformed their practices in response to activism in the past and in the absence of a motivation to do so again (i.e., continuing contention) are less likely to seek out collaborations. Figures 3 and 4 plot the predicted probability of a firm-SMO collaboration at different levels of contentious challenges, and at three different levels of firm receptivity (Figure 3 corresponds to M4; Figure 4 corresponds to M8). A margins analysis of the IV-probit regressions, with all other variables held at their mean, suggests for firms that experienced six contentious challenges in the previous year, the probability of a collaboration with an SMO is 1.7 times higher if that firm is in the 90th percentile of observations on receptivity, in comparison to a firm in the bottom 10th percentile of receptivity.

Figure 1: IV-Probit Predicted Probability of Firm-SMO Collaboration and Observations (H2)
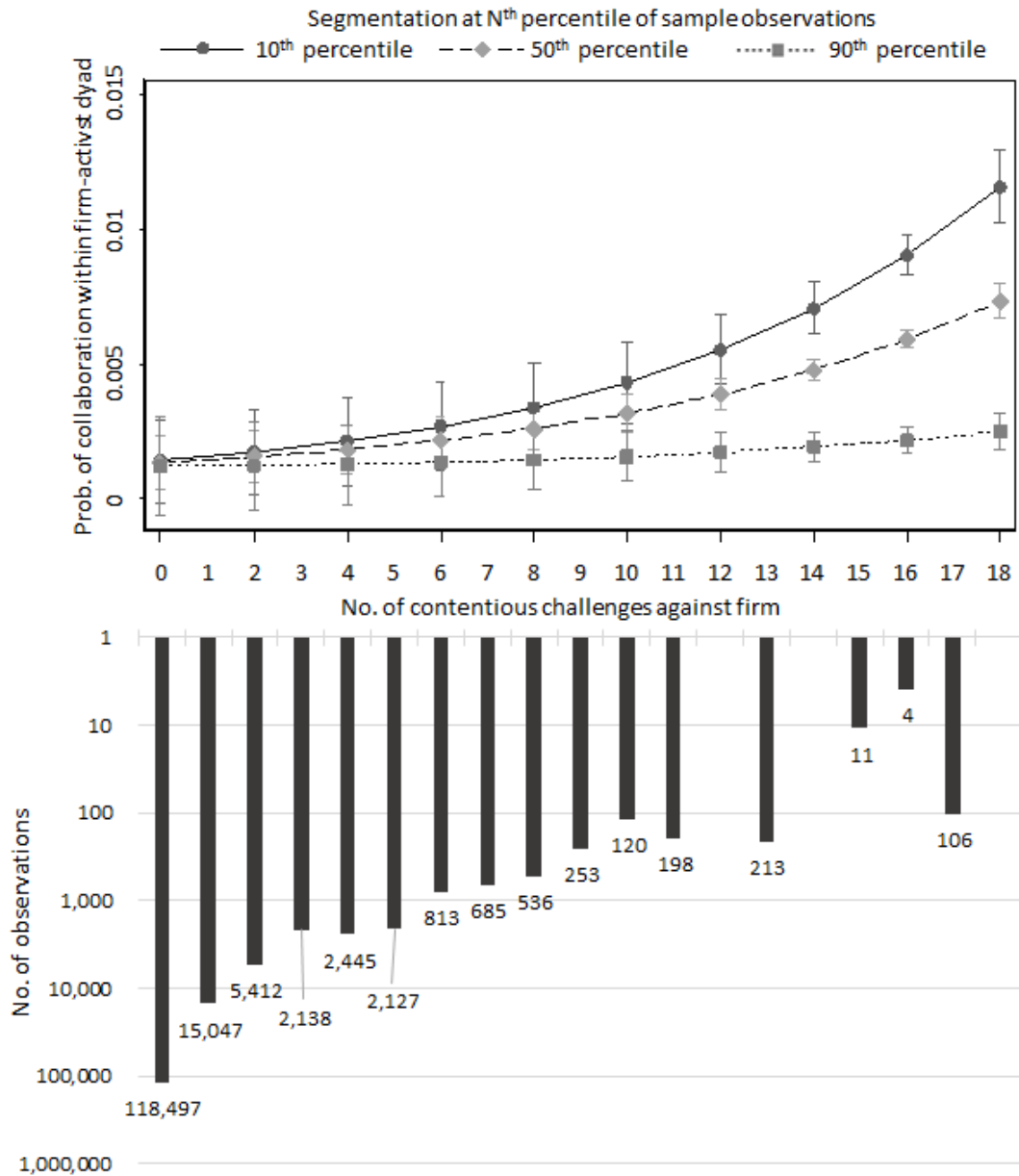
Note. IV-probit regression (M4) predicted probabilities of a firm-SMO collaboration at different levels for movement segmentation and contentious challenges (95% confidence intervals; other variables held at means). Bottom graph presents the number of sample observations by contentious challenges on logarithmic scale. When the SMO is part of a movement in the 10th percentile of movement segmentation or at the median value of segmentation, the probability of a firm-SMO collaboration increases with contentious challenges against them in the previous year. However, in highly segmented movements, contentious challenges do not drive firm-SMO collaborations.

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Figure 2: 2SLS Predicted Probability of Firm-SMO Collaboration and Observations (H2)
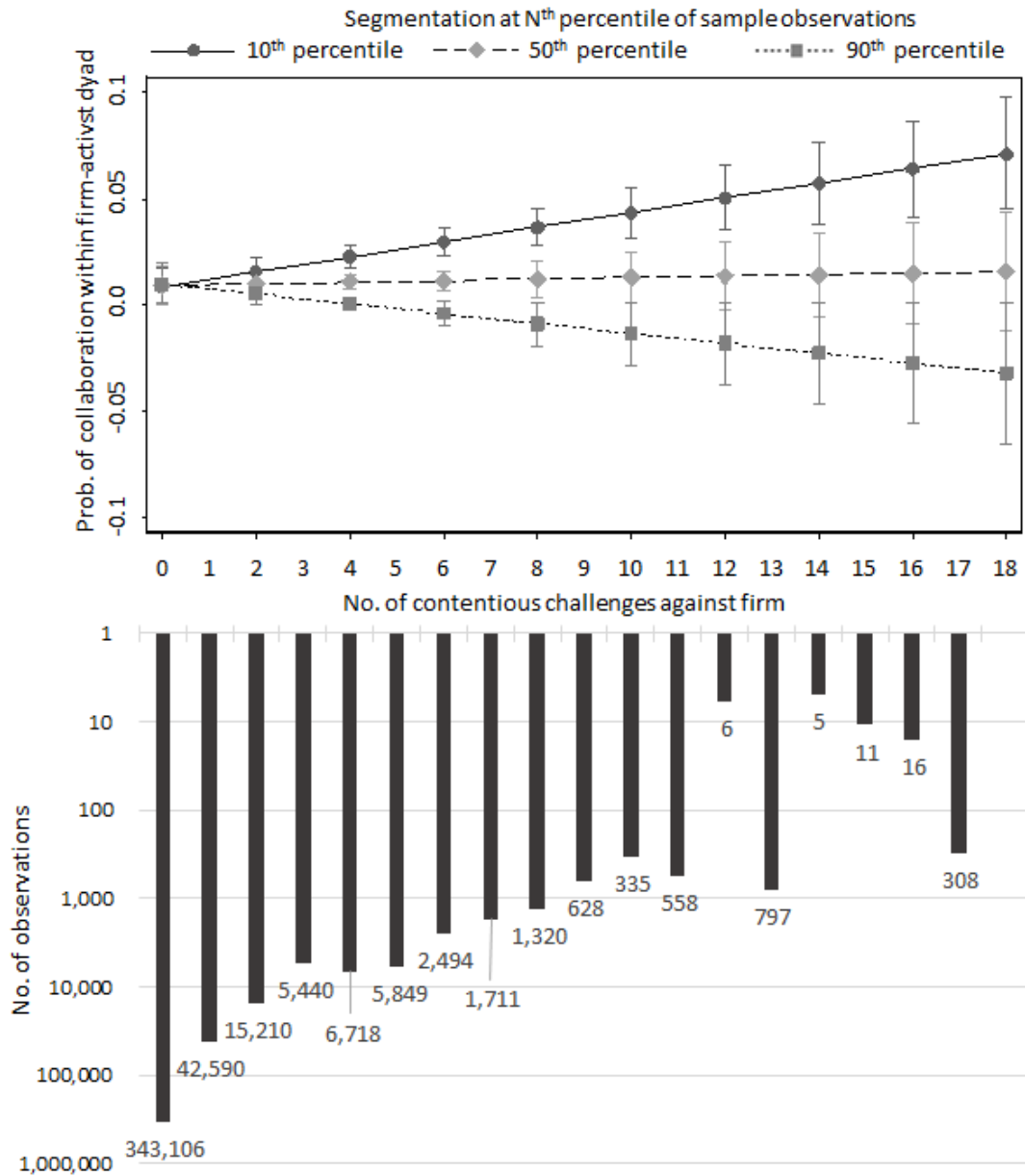
Note. 2SLS regression (M8) predicted probabilities of a firm-SMO collaboration at different levels for movement segmentation and contentious challenges (95% confidence intervals; other variables held at means). Bottom graph presents the number of sample observations by contentious challenges on logarithmic scale. When the SMO is part of a movement in the 10th percentile of movement segmentation, the probability of a firm-SMO collaboration increases with contentious challenges against them in the previous year. Conversely, in movements at median levels of segmentation and above, contentious challenges do not increase the probability of collaboration significantly.

Figure 3: IV-Probit Predicted Probability of Firm-SMO Collaboration and Observations (H3)
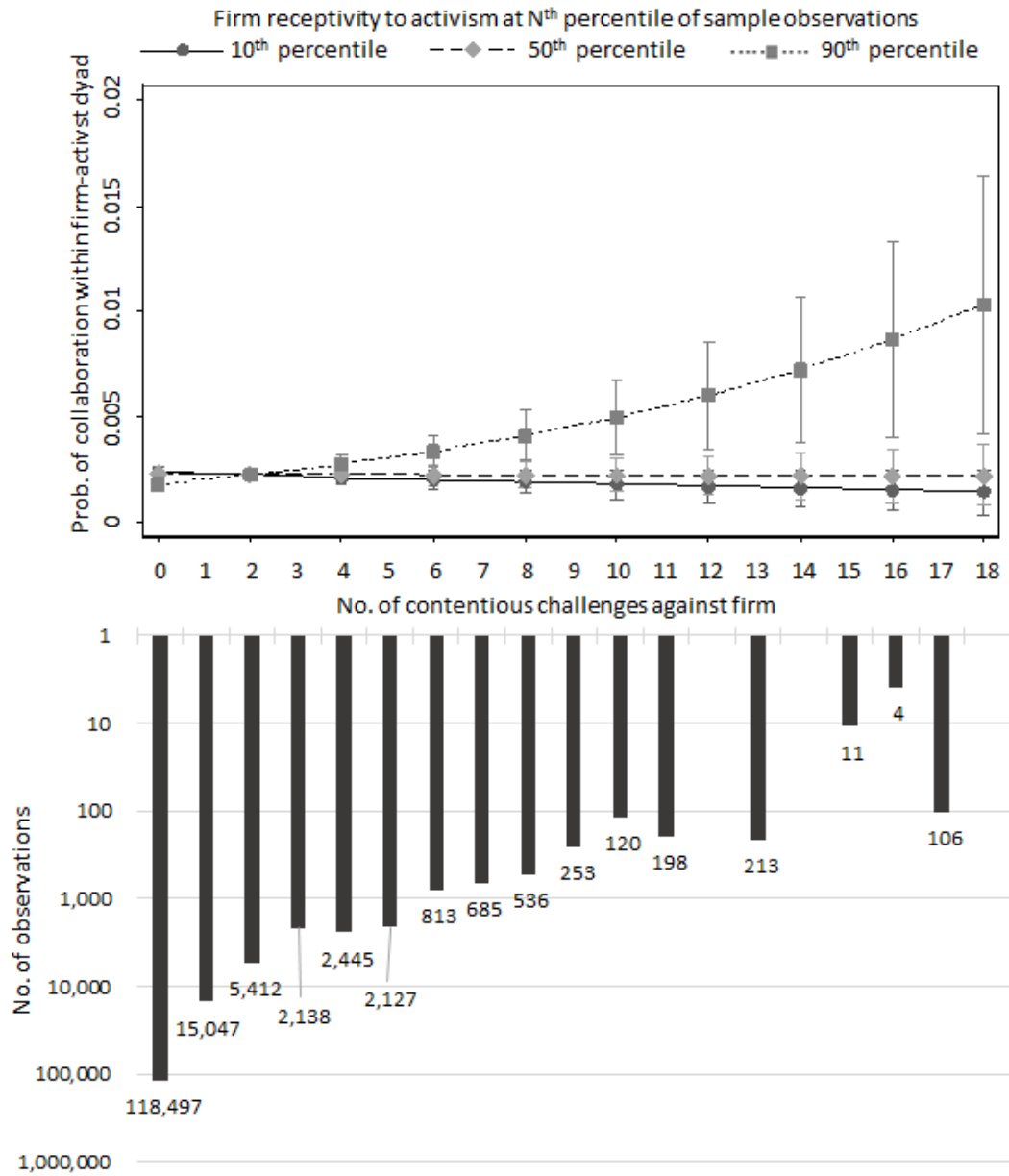
Note. IV-probit regression (M4) predicted probabilities of a firm-SMO collaboration at different levels for firm receptivity to activism and contentious challenges (95% confidence intervals; other variables held at means). Bottom graph presents the number of sample observations by contentious challenges on logarithmic scale. Firms in the 90th percentile of receptivity to activism have a higher probability of an SMO collaboration, the greater the contentious challenges against them in the previous year, while the probability falls for those firms resistant to activism (bottom decile).

Figure 4: 2SLS Predicted Probability of Firm-SMO Collaboration and Observations (H3)
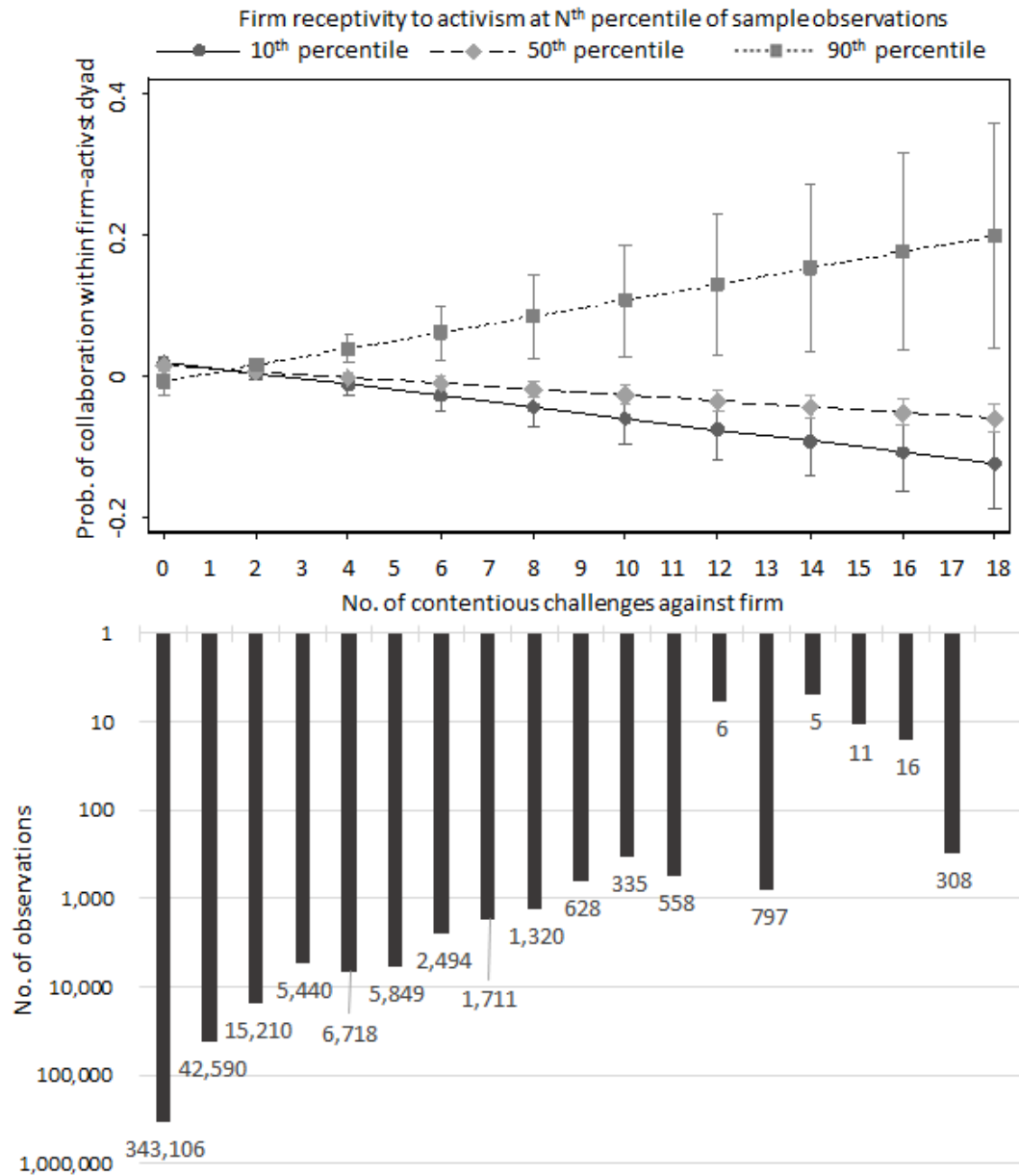
Note. 2SLS regression (M8) predicted probabilities of a firm-SMO collaboration at different levels for firm receptivity to activism and contentious challenges (95% confidence intervals; other variables held at means). Bottom graph presents the number of sample observations by contentious challenges on logarithmic scale. Firms in the 90th percentile of receptivity to activism have a higher probability of an SMO collaboration, the greater the contentious challenges against them in the previous year, while the probability falls for those firms resistant to activism (bottom decile) or at median levels of receptivity to activism.

The positive effect of firm receptivity increases with greater contention, as predicted in hypothesis 3, so that firms in the top decile of receptivity that experienced twelve contentious challenges in the previous year have a probability 3.5 that of firms with the same level of contention but in the bottom decile of receptivity.

Movement segmentation supplementary analysis

I conduct supplementary analyses to further investigate the mechanism underlying the findings on movement segmentation, as well as investigating other possible explanations for the results. I begin by looking for evidence that the mechanism underlying my segmentation hypothesis – peer sanctioning risk – is plausible. First, I look for evidence of greater peer sanctioning in more segmented movements. While not common, I observe 72 instances where one SMO criticized another (i.e., peer sanctioning), collected using the method employed for cooperative ties between SMOs (i.e., coding of archival documents). Using SMO-movement panel count models of peer sanctioning, and panel logistic regression (where peer sanctioning is a dummy of 0 or 1), I find that the intensity (count model; $p=0.002$) and probability (logistic; $p=0.005$) of peer sanctioning is higher if the SMO is part of more segmented movements. Moreover, the probability of peer sanctioning is positively associated with the number cooperative interactions (e.g., collaborations, donations) the SMO has had with firms ($p=0.005$) on the issue in the previous year.

Second, I investigate whether movement segmentation has a more pronounced effect on those SMOs for whom peer sanctioning risks are more salient. Peer sanctioning risks are most salient for SMOs that are in more precarious financial positions, because public peer criticisms could endanger their survival, as in the case of Pollution Probe and Greenpeace. Conversely, financially stable SMOs may be able to absorb peer criticism with less fear of dissolution. I calculate annual z-scores for each SMO, relying on (Keating *et al.*, 2005) adaptation of Altman's z-score to nonprofits, which they found to be a good predictor of insolvency risk. A split sample

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analysis indicates that for SMOs in poorer financial health, the attenuating effect of movement segmentation is significantly higher than for SMOs in good financial health (p=0.0074).[13]

Third, I investigate whether firm preferences for less segmented movements may be driving the results. For example, firms may be motivated to form collaborations with moderate activists with more ties to radicals (i.e., those in less segmented movements) which they could indirectly exploit to quell conflict. I investigate this by including in my models the number of cooperative ties the focal activist has to radicals in the movement, as well as ties to radicals in any movement, and my results remain unchanged. Another possibility is that firms avoid collaborations on issues where there is more polarization amongst consumers (e.g., the public). To the degree that movement segmentation represents broader public polarization on an issue, this could bias my results. As such, I look for evidence that movement segmentation has a more pronounced attenuating effect on collaborations in the face of contention from radicals rather than moderates, which is consistent with activists' fearing retribution from radicals, but shouldn't affect a firm's proclivity for more or less polarized issue areas. I compare results from two models, one with contentious challenges from radicals against the firm interacted with movement segmentation, and the other with contentious challenges from moderates similarly interacted. The attenuating effect of movement segmentation on contention is more significant and larger if the contention is from radical activists (LPM: beta=-0.258; p=0.000) than if moderate activists are the source of the contentious challenges against the firm (LPM: beta=-0.016; p=0.048).

In the absence of an exogenous shock to movement social structures, my results may be biased due to the non-random assignment of SMOs into environmental issues and their choices in respect of which other SMOs to cooperate with on that issue (i.e., movement segmentation). One

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[13] I employ the *suest* command in STATA that allows for correlated errors across models allowing for cross-model hypothesis testing, followed by *test* to test the null that the coefficient for the interaction term of contentious challenges and movement segmentation is higher for SMOs with greater insolvency risk (i.e., lower z-scores).

unobservable that may be biasing my results, is the possibility that in more socially cohesive movements, radicals and moderates may be cooperating to bring about positive radical flank effects. Baron et al. (2016) propose that given that moderates have greater bargaining power when firms experience contentious targeting, moderate activists have an incentive to fund their radical peers' campaigns. It is plausible that in less segmented movements, moderates and radicals are more likely to exploit this positive externality either because of their pre-existing ties or because radicals are not opposed to their peers' collaborations with firms. If such coordination exists, this would undermine the theoretical mechanism I advance. I look for evidence that moderate activists provide support to radical activists by reading their annual IRS tax filings,[14] which I obtain from NCCS and other sources, available from 2001 onwards. In the subsample of SMOs that ever had a collaboration with a firm, I find no evidence that they provided cash or in-kind support to more contentious SMOs for contentious targeting campaigns. In the rare instances such grants do occur, they are described as research activities, federal award (i.e., grant disbursed as part of a broader program), or conservation activities. The absence of moderates funding radicals' campaigns is consistent with Haines' (2013) argument that purposeful cooperation between SMOs to bring about the radical flank effect is a risky strategy if exposed. Given the reliance of SMOs on donations, if such cooperation were exposed, donors may pull their support. As such, it is much more likely that "positive radical flank effects are almost always *unintended*." (*ibid*., :1049)

Another potential concern is that movements segment for reasons other than ideology that could also correlate with the propensity of activists or firms to collaborate. As such, I explore robustness of my results during a time when researchers have documented that is was ideological differences between moderates and radicals that created a split in the environmental movement. I do so by comparing SMO-firm collaborations formed during the negotiation of the North American

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[14] In Part IV of their 990 forms to the IRS, non-profits are required to disclose the name and amount of cash and non-cash assistance and its purpose to other organizations if the amount exceeds $5,000.

Free Trade Agreement (NAFTA) which produced a split between more ideologically radical and moderate SMOs (Dreiling and Wolf, 2001), in comparison to other periods in the panel. The ideological split began in 1993 when leaders of six moderate environmental organizations[15] publicly announced their support for NAFTA, and ended in 1999 with the Seattle protests against the World Trade Organization. Organizations opposing NAFTA were described as "activists who bear a deep distrust of corporations and regulators," and included Greenpeace, Friends of the Earth, and the Sierra Club (Behr, 1993). The NAFTA split in the environmental movement spilled over into multiple environmental issues (Dreiling and Wolf, 2001), and represents a quasi-exogenous shock to social movement relational structures that fractured on ideological lines. A t-test of means in movement segmentation confirms that between 1993 and 1998, movement segmentation was significantly higher than the preceding and following periods (p=0.000). Splitting the sample into the period representing the NAFTA split, and other periods, I rerun the baseline model and find that the number of contentious challenges and firm receptivity are insignificantly associated with collaborations during the NAFTA split. The null result, however, cannot be interpreted as evidence that ideological segmentation in the movement reduced the positive radical flank effect, because very few SMO-firm collaborations were formed during the NAFTA split. However, of those that were formed, none involved a firm that was contentiously targeted in the previous year. In comparison, in the post-NAFTA split period nearly 40% of firms that formed SMO collaboration had experienced contentious targeting. These results by no means establish causality in the effect of movement segmentation, but provide anecdotal evidence that during a period where movement segmentation was high due to ideological differences with few ties between radical and moderates, SMOs never partnered with previously contentiously targeted firms.

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[15] The Audubon Society, World Wildlife Fund, National Wildlife Federation, National Resources Defense Council, Environmental Defense Fund and Conservation International.

DISCUSSION

Prior work in movements and markets focuses on features of a targeted firm that are exogenous to a social movement driving selection of firms for contentious targeting. While this argument is straightforward as applied to contentious tactics, its import into selection for collaboration is limited by the fact that firm-activist collaborations require a willing firm partner, and can result in allegations of activist co-optation and greenwashing. On the other hand, the analytical focus of emergent research examining firm-activist collaborations are the implementation activities underlying collaborations (Selsky and Parker, 2005), and the motivation of firms and activists to enter collaborations (den Hond *et al.*, 2015). Importantly, both research streams tend to set to the background "the structural embeddedness of interactions in fields and networks" (de Bakker *et al.*, 2013: 580). In this paper, I argue and find that the embeddedness of firm-activist collaborations in different movement structures is an important determinant of the degree to which collaborations can form against a backdrop of contention (Haines, 1984, 2013).

This paper speaks to several streams of research. First, it complements existing research at the intersection of social movements and markets by exploring the selection of partners for cross-sector collaborations, a heretofore understudied phenomenon. In my theoretical development, I incorporate the objectives of both the firm and activist, with a particular focus on how contention between firms and social movements drive the respective costs and benefits they face in engaging in collaborations. In doing so, this paper answers a call made by Rucht (2004: 197) that activists' cooperative alliances "and their interplay with conflict-ridden relationships, should become part and parcel of social movement studies." I propose that while firms may be motivated to seek collaborations with activists to quell conflict, the disparate risks their potential partners' face in collaborating with 'enemies' of the broader movement, can dampen the formation of such collaborations. In a 25-year panel of movement networks, and contentious and collaborative interactions between 118 social movement organizations and 300 of the largest firms in the U.S., I

find the formation of firm-activist collaborations is driven by both the pattern of contentious challenges by the movement more broadly and firms' receptivity to activism, but is diminished in movements with few cooperative ties between radical and moderate factions of a movement. As such, contrary to existing research on target selection for contention, which focuses on firm characteristics exogenous to the movement, I find that partner selection for collaboration is driven by the dynamics and structure of the social movement itself.

In accounting for both contention and collaboration, this paper is one of the first empirical tests of the positive radical flank effect in the context of movements and firms (see Hiatt *et al.*, 2015 for an exception). By problematizing firm-activist collaborations as potentially contested practices, this research uncovers an important boundary condition on a concept regaining popularity in both movements research (Hiatt *et al.*, 2015; Schifeling and Hoffman, 2018) and organizational theory more broadly (Truelove and Kellogg, 2016). Building on the idea that the legitimacy of practices is context bound (Ingram and Yue, 2008) and fields have a shared understanding of what practices are legitimate (Fligstein and McAdam, 2012), I highlight that the relational configurations of movement fields can constrain activists from collaborating with contentiously targeted firms. Specifically, in the absence of social bonds between radical and moderate activists, where open conflict is more likely and inter-activist negotiation is hampered by few prior ties, the positive radical flank does not materialize and social movements and firms fail to "transform contestation into collaboration" (O'Mahony and Bechky, 2008: 422). This does not challenge past findings on the positive radical flank where firms' responses to contention are unilateral (McDonnell 2016), but instead suggests that complications arise where firms respond with bilateral efforts that require the voluntary cooperation of activists.

In focusing on partner selection, a central question in cooperative strategy, this paper also complements an emerging stream of research on firms' cooperative strategies with nonmarket stakeholders (Bhanji and Oxley, 2013; Dorobantu, Kaul, and Zelner, 2017; Dorobantu and

Odziemkowska, 2017; King, 2007). While a considerable body of evidence points to firms actively managing threats from nonmarket stakeholders through unilateral actions, such as concessions to boycotts (King 2008) or prosocial claims (McDonnell and King, 2013), one strategic response that has garnered considerably less scholarly attention is the use of bilateral formal cooperative relationships. This is surprising given one of the best ways for firms to actively manage threats in their external environments is by establishing a formal relationship with sources of that threat (Pfeffer and Salancik, 1978). This paper highlights that firms' use of formal relationships to manage stakeholder threats is complicated by conflict crowding out subsequent collaboration (Sytch and Tatarynowicz, 2014), not only within a dyad, but also the broader field of stakeholders that the counterparty is a member of. While building cooperative relationships with well-connected stakeholders is valuable (Dorobantu *et al.*, 2017a), those same networks can constrain the stakeholder in engaging in cooperation.

To cooperative strategy research, the findings draw attention to a unique risk that counterparties can face – peer sanctioning – when counterparties are embedded in broader organizational fields with their own understandings of what is appropriate or common enemies. This has implications for interorganizational relationships in market settings where members of an organizational field define their identity in opposition to another field, or where there is a history of acrimonious relations between two organizational fields. The ability of a microbrewer to contract with Budweiser, for example, may be constrained by its membership in the microbrewery organizational field, which not only resembles a social movement but whose members define their identity in opposition to macro-brewers (Carroll and Swaminathan, 2000). In such organizational fields, the logic underlying partner selection may not be focused on partner capabilities or bargaining power, but instead driven by the social acceptability of the partner to the organizational field.

That said, the scope of the research question and reliance on a large quantitative data set has also exposed the paper to certain limitations. Chief among these, firm-activist collaborations have been conceptualized without attention to the political opportunity structures (Kitschelt, 1986) in which these interactions take place. While I empirically control for public policy openness to environmental issues, the significant positive association between policy openness and collaborations suggests opportunities for future research to shed light on how political opportunity structures and regulatory threats (Hiatt *et al.*, 2015; Maxwell, Lyon, and Hackett, 2000) influence collaboration between firms and activists. Additionally, in focusing on partner selection, this paper does not consider the outcomes of collaborations that do materialize. It is unclear, therefore, if firms succeed in quelling contention from the broader movement, or if activists achieve their goal of changing the firms' practices and broader institutional change. This offers opportunities for future research to explore the performance outcomes of cross-sector collaborations, for the firm, activist, and more broadly, society. As the advancement of firms' social and environmental performance is a product of both contention and collaboration, this paper is a first step in eliminating blind spots in our understanding of institutional change.

CHAPTER 2: Co-opting Contention: Field-level Effects of Firm-Activist Collaborations

(This chapter is co-authored with Mary-Hunter McDonnell)

Market contention, or private politics, refers to the efforts of social activists to promote corporate reform by targeting firms directly with tactics like protests, boycotts, and negative media campaigns (Eesley and Lenox, 2006; King and Pearce, 2010; Reid and Toffel, 2009; Soule, 2009). Prior work has demonstrated that contentious campaigns can reduce a targeted firm's profits (Luders, 2006), damage its reputation (King, 2008; McDonnell and King, 2013), provoke shareholder divestment (King and Soule, 2007), and degrade its relationship with core nonmarket constituencies (Hiatt and Park, 2012; McDonnell and Werner, 2016). Recognizing the considerable damage that contention can do, a growing body of research explores how firms defend themselves from the threats of contentious challenges. Targeted firms might attempt to allay contention by taking curative steps through concession and reform (Bartley, 2003; King, 2008; McDonnell *et al.*, 2015) or employ more aggressively defensive tactics like attempting to co-opt threatening activists through cross-sector collaborations or alliances (McDonnell, 2016). Co-optation refers to a firm's attempt to "manage an external threat by establishing a formal relationship… that to some extent internalizes the threat…" (McDonnell, 2016; Pfeffer and Salancik, 1978; Selznick, 1949). Providing activists a voice in the firm's decision-making process or activities may reduce contentious threats by demobilizing social movements (Piven and Cloward, 1979; Utting, 2005). As direct empirical evidence of this, McDonnell (2016) found that firms that allied with activists by co-sponsoring a social campaign experienced an average 56% reduction in the number of times they were targeted by contentious activists in the following year.

While collaborations with social activists appear to reduce the threat of contentious challenges, the precise pathways by which this occurs remain unclear. To date, co-optation in this context has typically been conceptualized as a direct, or dyadic phenomenon: firms ally with potentially hostile activists in order to avoid being targeted by those same activists. In response to

Greenpeace's hydrofluorocarbon campaign waged against it in the late 1990s for example, Coca-Cola began working collaboratively with Greenpeace on refrigeration technology. Coca-Cola's collaboration resulted in an end to Greenpeace's mobilization against it on issues of air emissions and climate change. Coca-Cola's experience is echoed in scholarly research on elite-sponsorship of movements (Coy and Heeden, 2005; Jenkins, 1998; Mohavi, 1996) and cross-sector collaborations (Baur and Schmitz, 2012; Burchell and Cook, 2013b; Trumpy, 2008), which points to the demobilizing effects of such ties on the focal activist through the moderation of its goals, tactics, and independence.

However, in its dyadic focus, existing literature has largely ignored the potential indirect effects of firms' co-optive tactics on the broader activist field. For instance, one untold story about Coca-Cola's collaboration with Greenpeace, is that following its announcement, Coca-Cola saw a dramatic decrease in contention from other activist organizations including the Earth Island Institute, Friends of the Earth, the Natural Resources Defense Council and the Sierra Club, all of whom had mobilized against it in preceding years. Given growing evidence of the indirect effects of mobilization on untargeted organizations (Briscoe and Gupta, 2016), in this paper, we seek to uncover the pathways by which firm-activist collaborations indirectly co-opt or demobilize activists outside the collaboration. Does a firm's collaboration with one social activist ameliorate contentious threats from other activists in the field? And if so, how? This research question is particularly important to explore given that direct co-optation may not always be an option, such as when a firm's strained relationship with a particular activist raises the cost of, or prevents, a collaboration (Gargiulo, 1993).

Further, given social activists' sensitivity to the risks of co-optation, it is not clear that the broader activist field should always evaluate firm-activist collaborations as positive. In fact, the use of such tactics by firms has from time to time resulted in criticisms of cross-sector collaboration (Lucea, 2010), and increased mobilization. So while in Coca-Cola's case its collaboration with

Greenpeace reduced the contentious challenges it faced from other environmental activists from an annual average of four to one-half, in the four years preceding and following its collaboration, not all firms have been so lucky. Weyerhaeuser's collaboration with the Nature Conservancy and Conservation International to conserve forests produced no drop in contention (see Figure 5). In fact, while on average firms with collaborations experience a drop from an average of 0.96 contentious challenges in the four years preceding a collaboration to 0.81 in those after collaboration, considerable variation exists. Even in the presence of a firm-activist collaboration, therefore, other activists' propensity to be indirectly co-opted is likely to vary, but the factors that determine this variation are not well understood.

Figure 5: Contentious challenges against firms with activist collaborations
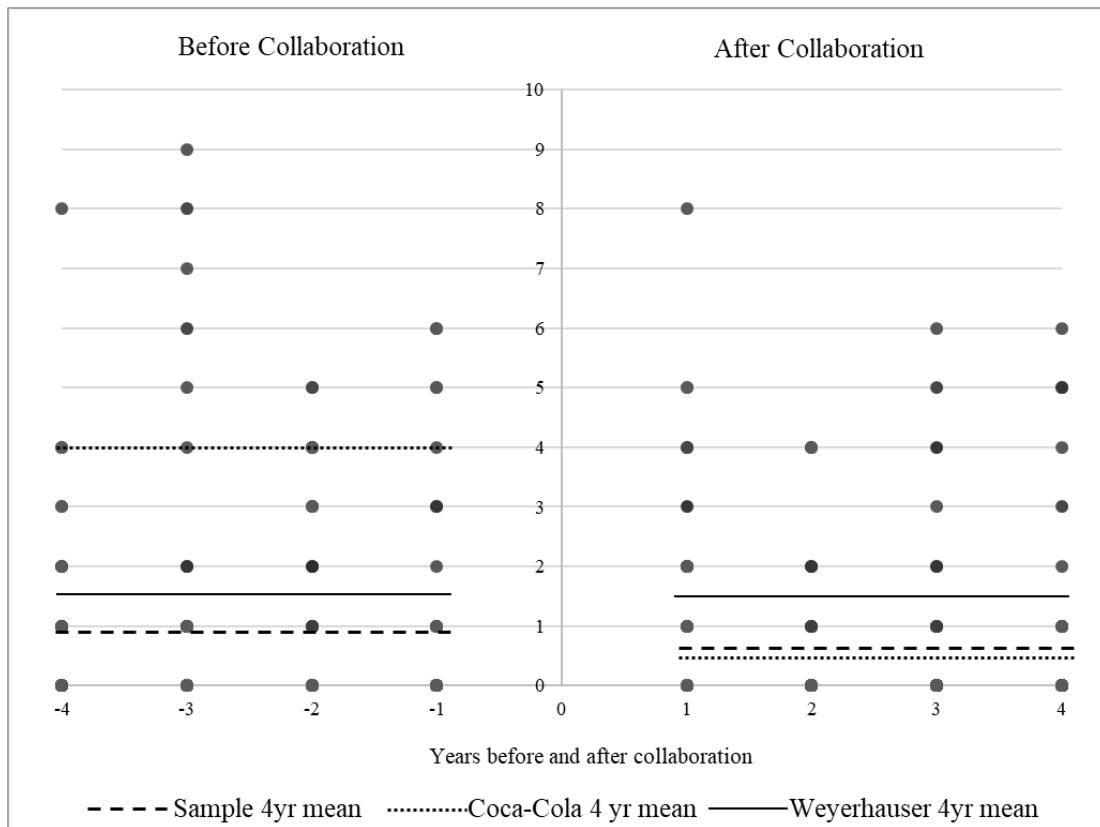
Note. Number of contentious challenges faced by firms with collaborations (y-axis) in the four years preceding the collaboration, and the four years after a collaboration is formed (i.e. 1 on x-axis denotes the first year of the collaboration). Extreme values above 10 excluded to ease readability. Firms with activist collaborations experience an average of 0.96 contentious challenges in the four years preceding a collaboration, in comparison to 0.81 contentious challenges on average after the collaboration is formed.

We seek to address this gap in the literature by drawing from research on interorganizational networks to theorize two mechanisms by which firm-activist collaborations lead to indirect co-optation, or demobilization, of the broader activist field. Given our focus on the effects of interorganizational collaborations on actors outside the collaborating dyad, this perspective is particularly useful because of its emphasis on the embeddedness of actors and ties within broader structures of social relations (i.e., fields). From this perspective, the outcomes of interorganizational collaborations are a function of the fields in which they are embedded (Gulati, 1998). Interorganizational collaborations wield influence on the broader field through their role as pipes (conduits of information and resources) or prisms (signals that influence the perceptions of field participants) (Podolny, 2001). We adapt and extend these mechanisms to build theory about the indirect effects of firm-activist collaborations on the broader activist field.

We conceive of inter-activist networks as pipes of information that can reduce contentious threats from individual members of the movement field that are indirectly tied to the firm via a collaborating activist. As information flows are dependent on the sender of information being motivated and perceived as reliable (Ghosh and Rosenkopf, 2014), we propose that bilateral collaborations, where activists have more information about the firm and are more motivated to use it, to have the greatest impact. Further, we propose that contentious threats from the broader movement field can be reduced even in the absence of inter-activist ties. Firm-activist collaborations also act as public signals for belief updating by the broader field where the firm associates with activists with more desirable characteristics such as legitimacy or those most likely to prompt belief updating such as activists for whom collaboration deviates from their normal repertoire. We test our theorized mechanisms using a unique, large-scale and self-constructed quantitative panel analysis of 1,823 contentious and collaborative interactions between 110 environmental social movement organizations (SMOs) and a sample of 179 of the largest firms in the United States. Using variation in the types of collaborations formed by firms and activists, we

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also show that our results are unlikely to be driven by collaborations acting as a promise of future improvements in firms' environmental performance, but instead the mechanisms we propose.

Our paper contributes to social movement and organizational theory by crafting an account of how firm-activist collaborations lead to the indirect co-optation of the members of the broader activist field. Our findings complement a burgeoning research stream on the indirect effects of activism on organizational fields (Briscoe and Gupta, 2016) by being the first to consider the field-level effects of cooperative interactions between activists and firms. In the same way that social activists influence each other's mobilization and tactics (Strang and Soule, 1998), our research highlights that they can also influence each other's de-mobilization. We additionally contribute to non-market strategy research by shedding light on the mechanisms by which firms can allay market contention, not by force or coercion, but by exploiting the social networks and identity of a collaborating social activist. In so doing, our research provides insight into the mechanisms by which organizations exploit ties across fields as they attempt to foster more favorable environments.

FROM DIRECT TO INDIRECT CO-OPTATION

In her typology of strategic responses to institutional pressures, Oliver (1991: 157) notes that an "intended effect of co-optation tactics is to neutralize institutional opposition." A long-running body of research in non-profit and social movement research has concerned itself with how elites can co-opt non-profits and social movement organizations (Coy and Hedeen, 2005; Jenkins, 1998; Modavi, 1996). Collaborating with elites or external sponsorship (e.g., elite grants via foundations) is thought to moderate social movement organization (SMO) goals and tactics, thus reducing disruptive forms of activism (Haines, 1984; McAdam, 1982; Piven and Cloward, 1979), effectively demobilizing the movement.

Accordingly, firms' increasing collaboration with and support of activist organizations may be associated with "a decline in confrontational activism and advocacy for radical alternatives"

(Utting, 2005: 382). Researchers of firm-activist collaborations (i.e., cross-sector social partnerships or alliances) have suggested that collaborations can compromise an activist's independence (Baur and Schmitz, 2012), distract it from its ultimate goals (Trumpy, 2008), and dissuade it from challenging its partnering firm (McDonnell, 2016). To date, most discussion of co-optation in the context of firm-activist collaborations focuses on the dyad (Baur and Schmitz, 2012; Burchell and Cook, 2013b; Trumpy, 2008). Co-optation in the dyadic setting is direct: firms support or ally with potentially hostile activists in order to avoid being targeted by them. However, the growing attention paid by research on the indirect effects of movements onto untargeted organizations (Briscoe and Gupta, 2016) orients our attention to the complementary question of whether firm-activist collaborations can have indirect co-optation effects on the broader activist field.

While co-optation has clear, direct effects on the actor immediately targeted, a review of the literature suggests that it also has more diffuse effects insofar as the co-opted actor holds sway over others in the environment. For instance, Selznick (1948: 34) notes that cooptation usually brings in actors that possess the confidence of the relevant public to "lend respectability or legitimacy" to the organization. Similarly, Oliver (1991:158) suggests that relational ties "demonstrate the organization's worthiness and acceptability to other external constituents." Scholars of interorganizational relations point out that an allies' ties can produce diffuse legitimation effects (Baum and Oliver, 1991; Galaskiewicz, 1985) as well as indirect access to resources and leverage over external sources of constraint (Burt, 1983; Gargiulo, 1993; Mizruchi, 1996).

There are a number of reasons to believe that indirect co-optation might be a particularly useful strategy in the context of firms' management of contentious social activism. First, relationships between firms and activists have historically been strained and some activists will never collaborate with firms, which limits the availability of direct co-optation (Baron *et al.*, 2016;

Bertels *et al.*, 2014). Further, a strained relationship between two actors is likely to raise the cost of building a direct co-optive tie (Gargiulo, 1993). Therefore, direct co-optation may be restrained to activists that are already positively pre-disposed to firms, limiting its additive effects. Indirect co-optation, on the other hand, offers the firm the possibility of exploiting the status (Oliver, 1991) and social networks (Mizruchi, 1996) of its activist partners to block the capacity of dissidents to actively oppose it (Gargiulo, 1993). The idea of indirect co-optation has not gone unnoticed by private sector and public sector leaders. For example, Steven W. Percy, former chairman and CEO of BP America Inc., notes that one of the key things companies want from their association with activists is "the halo effect that the NGO's reputation brings to a partnership," (Percy, 2010: 235). A representative of the World Wildlife Fund (WWF) noted that Procter & Gamble "needed WWF to ensure that they're not attacked by NGOs," in their pulp purchasing program (Stecklow, 2006). And an executive quoted in McDonnell (2016:56) suggests that firms seek out collaborations with activists to increase their social capital and networks within the activist arena to ensure that "when the rocks get hurled, they'll be hurled at someone else and not at us."

While a review of extant literature suggests that interorganizational collaborations may have spillover effects outside the collaborating dyad, and may be a particularly effective strategy in the context of firm-activist relations, it is not clear that such a strategy will always effectively allay ongoing contention. Similar to other organizational practices, interorganizational linkages are subject to evaluations of their legitimacy and authenticity (Baum and Oliver, 1991). Although firm-activist collaborations are growing in prevalence (Yaziji and Doh, 2009), for some they continue to be an emergent practice that has not achieved a taken for granted status. Some activists' collaborations with firms are dismissed by peer activists as 'greenwashing,' resulting in criticism of the collaboration (Lucea, 2010) and ostracism of the participating activist by its peers (Baur and Schmitz, 2012). The Organic Consumers Association, for instance, dismisses Starbucks' work with groups like Conservation International as "greenwash" (Maitland, 2002). The acceptance of a

donation by Sierra Club from Chesapeake Energy drew criticisms from other environmentalists who criticized it for "sleeping with the enemy" on Twitter (Barringer, 2012). In some instances, firm-activist collaborations have been met with mobilization rather than demobilization of other activists. A collaboration between environmental activist Pollution Probe and a Canadian grocery retailer to certify its products, was met with a public attack from Greenpeace shortly after its announcement. Rather than demobilizing Greenpeace, the announcement galvanized Greenpeace to hold demonstrations and distribute satirical leaflets at the retailer's outlets (Stafford and Hartman, 1996). Thus, despite both theoretical and empirical support for indirect co-optation in this context, the relationship between firm-activist collaborations and co-optation of the broader movement remains unclear.

To understand that relationship better, we draw from the broader literature on interorganizational networks, which suggests that ties have dispersed effects across organizational fields through two mechanisms that are summarized in two metaphors: pipes and prisms (Podolny, 2001). The former emphasizes the role of interorganizational relations as pipes for information and resource flows, while the latter highlights their role as prisms through which the qualities of actors are inferred by others (ibid.). We use these two pathways of influence to conceptualize firm-activist collaborations as providing private information (pipes) and public signals (prisms) for belief updating by SMOs within the activist field. In evaluating which firms to target contentiously, SMOs have prior beliefs about the degree to which a firm presents a good opportunity for targeting (e.g., the firm's social and environmental performance, the probability that the firm will concede, or the probability other SMOs will support the action). We propose that SMOs' prior beliefs about a firm may be updated through private information gleaned from activists that collaborate with the firm (pipes) or through inferences made about the firm from its public association with other activists (prisms). Viewed from this perspective, firm-activist collaborations have more dispersed effects on activists outside of the collaboration by providing information that activists use when making their

assessment of the firm and deciding whether to contentiously target it. We elaborate on each of these mechanisms below.

INDIRECT CO-OPTATION THROUGH RELATIONAL PIPES

In his critique of the dyadic focus of early alliances research, Gulati (1998) asserts that the performance effects on organizations of an alliance are a function of the network in which the alliance is embedded. As such, the departure point for our inquiry into indirect co-optation is the role played by the inter-activist network in which a firm-activist collaboration is embedded.

Research that characterizes networks as pipes focuses on social networks as "influential information conduits because they provide salient and trusted information" (Brass *et al.*, 2004: 805), particularly where the sender of information is both motivated and reliable (Ghosh and Rosenkopf, 2014). While most 'networks as pipes' research has explored information sharing about organizational practices (e.g., poison pills), interorganizational ties can also be conduits of information about other organizations. Galaskiewicz and Wasserman (1989: 454) first brought attention to the fact that managers use information gleaned from interorganizational ties "to make decisions on how to relate to other organizations in their task environment." They found that interlocked directors at non-profit organizations were conduits of information about prospective private-sector funders (*ibid*.). Despite there not being a direct relationship between the private-sector funder and the focal non-profit, the focal non-profit was able to learn about the firm due to its directors sitting on the board of another non-profit that *did* have a relationship with the firm. Indirect ties (two parties connected via a third) enable information gleaned from one interorganizational relationship to transfer to a third party outside the relationship.

Similarly, inter-activist networks can act as pipes of information that demobilize indirectly linked activists in one of two ways. First, in the same way that narratives of mobilization can energize other activists (Polletta, 1998), we expect that narratives of collaborations with a firm may quell contention. That is, an activist with which the firm collaborates can transfer private

information about the firm that it gleans from its collaboration to other activists, which can influence their perceptions of the firm's motives and the authenticity of its support for their cause. Secondly, activists that are collaborating with a firm may protect it by reaching out to their connections to advocate on its behalf. One executive quoted in McDonnell (2016:57) illustrates this mechanism, saying:

> "[T]he Greenpeace guys, they know the PETA guys… [I]f we are working with PETA on something that might make a big difference in the animal rights world, and then, if we get a call from Greenpeace threatening to put the heat on us, well, we'd expect PETA to call and say 'back off, they are one of the good guys.'"

Activists might attempt to advocate on the firm's behalf in this way in order to ensure its continued dedication to their collaboration and to protect its reputation, given that their open association with the firm could expose them to adverse reputational spillovers if it is scandalized (McDonnell and Pontikes, 2017).

All this suggests that firms should benefit more from collaborating with activists that are embedded in a highly connected network of activists, as these activists can reach a broader population of activists in the field to share positive information about the firm and intervene on its behalf when necessary. Accordingly, we expect that a firm that collaborates with an activist is likely to reap the benefits of fewer contentious challenges not just from its activist partner, but also from those to whom they are connected.

> *Hypothesis 1: A firm that collaborates with a social activist will face fewer contentious challenges from activists directly tied to their partner activist.*

Recent research on interorganizational networks also highlights that the actual transmission of information via networks varies and may depend on the sender of information (Ghosh and Rosenkopf, 2014). Because information is more likely to flow when senders are more motivated and perceived as reliable (*ibid.*), we expect bilateral collaborations between a firm and activist to have a greater impact on the calculus of indirectly tied activists than multilateral collaborations.

Bilateral collaborations refer to collaborations that include only a focal firm and focal activist, whereas multilateral collaborations involve consortiums of activists and firms. Ring and Van de Ven's process model of cooperative interorganizational relationship formation suggests that trust and goodwill of other parties is a cumulative product of repeated past interaction (1994). Bilateral firm-activist collaborations offer greater opportunities for the repetitive sequences of negotiation, commitment and execution events that underlie the building of goodwill between actors (Ring and Van De Ven, 1994). Conversely, in a multilateral alliance, reciprocal exchange events are supplanted with generalized social exchange (Li *et al.*, 2012). The removal of the reciprocity between the exchange partners will undermine the building of goodwill. As such, the information that an activist relays to its network about its corporate collaborator is likely to be more specific and affirming in the case of bilateral collaborations, and may be perceived as more reliable due to the depth of interaction in a bilateral collaboration. Secondly, bilateral collaborations involve a more overt and clear connection between an activist and a firm, given that both had to willingly enter the collaboration in order for it to exist. Accordingly, the associative reputational risks are likely greater for an activist engaged in a bilateral collaboration with a firm, such that their reputations are more tightly coupled. Thus bilateral, as opposed to multilateral, collaborations produce greater incentives for an activist to intervene to discourage its peers from targeting its ally.

> *Hypothesis 2. The decrease in contention in H1 will be more pronounced for bilateral collaborations.*

INDIRECT CO-OPTATION THROUGH RELATIONAL PRISMS

An alternative pathway by which a tie between two organizations influences other actors in the field is the informational cue the tie provides "on which others rely to make inferences about the underlying quality of one or both of the [tied] actors." (Podolny 2001:34). This notion of interorganizational relations as 'prisms' has received support in numerous contexts ranging from investment banking syndicates (Podolny, 1994), to entrepreneurial ventures (Stuart, Hoang &

Hybels 1999), to day care centers (Baum and Oliver, 1991). The perspective holds that actors in an organizational field can be influenced by relationships between two organizations even when they are not directly tied to either actor in the relationship. This is because salient signals like the category (Zuckerman, 1999) or status (Podolny 1994; Stuart et al. 1999) of one party to the relationship heuristically inform the inferences that field participants make about the characteristics and quality of the other party to the relationship. We propose that the perceptual consequences of firm-activist collaborations operate through the activist partner's differentiation on vertical orderings (e.g., legitimacy, status) and along horizontal categories. Differentiation of activists in the field influence the degree to which other field member's update their beliefs about the firm as a result of its tie to an activist. We begin by discussing how the categorization of activists based on their tactical repertoire influences indirect co-optation, and conclude with the influence of vertical orderings of activists in the field.

Perhaps one of the most salient and observable dimensions on which social activists are typically categorized is their tactical repertoire (Clemens, 1993), or the degree to which they employ contentious tactics like protests or boycotts versus more collaborative tactics like cross-sector partnerships (Bertels *et al.*, 2014). Reflecting this distinction, organizations comprising a social movement field are referred to variously by scholars as 'radicals' versus 'moderates' (Haines, 1984), 'confrontational' versus 'cooperative' (Baron *et al.*, 2016), or 'dark greens' versus 'light greens,' in the environmental movement (Hoffman and Bertels, 2010). Such cognitive classifications are based on the actions of activists in the context of prior movements, and have been shown to be salient signals to field participants where relational ties between activists are thin (Briscoe and Safford, 2008; McAdam and Rucht, 1993). Repertoire-based categorizations are not only constructed implicitly from media reports of activist tactics, but also explicitly in media reports and by the organizations themselves. Greenpeace, for instance, has a fairly strong reputation for using a contentious repertoire when interacting with firms. It has been described in the media as

"known for its over-the-top efforts to draw attention to various causes," (Bostedt, 2017) and self-describes its work as "us[ing] peaceful protest" and is careful to note that it "never takes any money from corporations or government" in order to stay independent (Greenpeace 2017). Conversely, the Environmental Defense Fund (EDF), whose collaborations with firms such as McDonald's and Walmart have received much media attention, describes its work as "partner[ing] with leading companies to achieve environmental results." (Environmental Defense Fund 2017).

Categorization of activists as 'confrontational' or 'cooperative' create heuristic expectations amongst observers, including other activists, about the means by which an activist engages firms. These heuristic expectations will, in turn, inform how observers interpret the firm-activist collaboration as a signal. The announcement of a firm's collaboration with a 'cooperative' activist such as the EDF conforms to existing expectations, and as such, is likely to produce little new information. Conversely, a firm's collaboration with a 'confrontational' activist violates expectations and creates a strong stimulus for observers to re-evaluate their own beliefs (Kernahan, Bartholow, and Bettencourt, 2000).

The public actions of activists provide valuable information to other activists because they reveal "something about their private information and beliefs" (Dorobantu *et al.*, 2017: 565). Because confrontational activists don't often engage firms collaboratively, other activists are likely to infer a large swing in the private information or beliefs the confrontational activist has about the firm. This information is used by other activists to update their beliefs about which firms to target and how, and should have a particularly pronounced effect on activists that are similarly contentious, insofar as these activists are likely to be more attuned to the actions of activists that they see as peer referents (DiMaggio and Powell, 1983; Marquis and Tilcsik, 2016). Thus, a collaboration with a primarily contentious activist not only creates a stronger signal by violating expectations, but it also may be particularly important in reducing contention through its effect on the most contentious segments of a movement. As one director at Coca-Cola said of its

collaboration with Greenpeace: "It's very powerful for a company to be associated with an NGO, *especially if it's an activist one*," (Financial Times, 2007). Greenpeace's recognizable brand as a contentious campaigner acts as a strong stimulus for belief updating, suggests a change in its beliefs about the firm, and is likely to be most influential with the subset of activists who are most prone to employ contentious tactics.

In summary, the tactical repertoires of movement activists delineate lines within social space that become salient boundaries or categories that are used by others in the movement when interpreting firm-activist collaborations as informational cues. Firm collaborations with historically contentious activists provide a strong stimulus for belief updating, relay information about the collaborating activist's private beliefs, and are influential on the most contentious segments of a movement. Therefore, we propose:

> *Hypothesis 3. A firm that collaborates with a social activist will face fewer contentious challenges from other activists the more their partner activist has a history of using contentious tactics.*

Another way in which a firm-activist collaboration may demobilize other activists is through the firm's symbolic association with respected activists (Dowling and Pfeffer, 1975; Galaskiewicz, 1985; Oliver, 1991; Suchman, 1995). Interorganizational relationships can serve a 'legitimating function' with audiences (Dacin *et al.*, 2007), and organizations facing a legitimacy deficit can benefit by borrowing from the legitimacy of their more esteemed partners (Eisenhardt and Schoonhoven, 1996; Oliver, 1990; Stuart, Hoang, and Hybels, 1999; Stuart, 2000). This holds even when the entities to a partnership are categorically distinct, as audience members transpose their affective response to one organization when making intuitions about its associates (Haack, Pfarrer, and Scherer, 2013). In the context of firm-activist collaborations, moral legitimacy reflects a prosocial logic (Suchman, 1995) that for-profit firms may struggle to build on their own, but may nevertheless be endowed with, through their association with organizations reflecting such logic.

Accordingly, firms facing contention seek out collaborations with social activists in order to "borrow from the superior social legitimacy of these organizations" (Yaziji and Doh, 2009).

Of course, the symbolic value of an alliance depends on the legitimacy of the alliance partner. Activists vary in their legitimacy, and accordingly in their ability to provide external legitimacy to a partnering firm as a function of their credibility within the broader field (Baron, 2012). Suchman (1995:588) implies this notion by characterizing co-optation as a moral strategy "to associate the organization with *respected* entities in its environment." (emphasis added). A firm can only benefit from positive affective legitimacy spillovers in the broader field to the extent that its activist partner is itself seen as legitimate by field participants. Thus the extent to which a collaboration results in indirect co-optation depends on the legitimacy of the activist partner to the collaboration. A collaboration with an estimable activist may win the firm positive affect and legitimacy in the eyes of other activists, decreasing their likelihood of targeting it in the future, but firms are unlikely to reap significant legitimacy spillovers from collaborations with lesser-known or lesser-respected activists in the field. Therefore, we propose:

> *Hypothesis 4: A firm that collaborates with a social activist will face fewer contentious challenges from other activists the greater the legitimacy of its partner activist.*

DATA AND METHODS

Sample

We test our hypotheses using a unique panel database that tracks all contentious and collaborative interactions between 110 U.S.-based environmental SMOs and a random sample of Fortune 500 companies in the United States between 2002 and 2012. We begin our in panel in 2002 because it is the first year when SMOs' IRS tax filings are available consistently, from which we construct SMO board interlocks. The sample of SMOs was created by analyzing Factiva archives of US newspapers for all organizations described in media as an "environmental activist organization," "conservation activist organization," "environmental activist group," or "conservation activist

group," and matching the organization names that this search produced with formal nonprofit tax filings made available by the National Center for Charitable Statistics (NCCS). Because we are interested in the indirect effects of one type of tactic (collaboration) on the use of another (contention) by other SMOs, we define the boundary of the movement around an issue (environment) rather than sampling on tactics. We employ the term 'activist' in the searches because activism is a key function of an SMO and is necessary to classify an organization as belonging to a social movement (Soule and King, 2008). This enables us to distinguish 'activist' SMOs from other non-advocacy non-profits listed in the NCCS database (e.g., non-profits that are more service oriented).[16]

We generated the company sample by randomly drawing 250 companies from the pool of all companies that appeared in the Fortune 500 at any point during the sample period. The Fortune 500 list was sampled because prior research has shown that activists tend to contentiously target large, high-status firms (King, 2008; McDonnell *et al.*, 2015). Similarly, large, visible firms are more likely to be selected for collaborations because they are most likely to propagate new practices to bring about field-level change, the ultimate goal of activists (den Hond and Bakker, 2007). In commenting on the increasing prevalence of firm-SMO collaborations, the head of EDF's corporate partnerships suggested that they are especially common amongst Fortune 500 companies (Economist, 2010).

Data on SMO-Firm Interactions

Following common practice in social movements research (Earl *et al.*, 2004), we rely on media reports to code contentious and collaborative interactions between an SMO and firm. Our list of possible sources includes all North American English-language sources included in Factiva's

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[16] We also considered archival directories such as the *Encyclopedia of Associations* (Minkoff, 1999) or the *Yearbook of International Associations* (e.g., (Smith and Wiest, 2005), however, were concerned that such sampling would lead to underrepresentation of protest organizations (Minkoff, 1999) and small organizations (Larson and Soule, 2009) because such directories rely on self-reporting by the SMO.

categories of major news and business publications and press release wires[17], which includes major wire sources providing corporate press releases. Relying on media reports can create two forms of bias: selection bias (i.e., ideological biases, over-reporting of negative events) and description bias (i.e., the veracity of the coverage) (Earl *et al.*, 2004). Our sample mitigates ideological selection biases by including multiple major news and business publications rather than relying on one media outlet. We also mitigate the selection bias introduced by the media's over-reporting of negative events (e.g., protests may be over-reported in comparison to collaborations), by including press releases in our source list, which tend to report more positive news. To mitigate description bias, we rely only on the "hard facts" of the event (e.g., who, what, when), which is relatively accurate in media reports (Earl et al. 2004: 65).

We restrict our search to North America for two reasons. First, the impact of SMOs and their tactics vary by institutional setting (Durand and Georgallis, 2018), therefore, SMOs' decision-making on campaign strategy is often geography specific. Secondly, the environmental performance of firms, which we expect to be one driver of contentious targeting, may vary across countries (e.g., due to the pollution haven hypothesis) and comparable environmental performance data is not available across countries for the same firm. Within this source list, we searched for any articles or press releases where the firm name and SMO name appear in the same report.[18] In total, this search yielded approximately 34,720 unique media articles and press releases. Each resulting article or press release was read by undergraduate student coders, and then reviewed again by the authors,[19] selecting instances where the SMO contentiously interacted with a firm (e.g., protests,

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[17] The major news and business publications category includes over 100 print and online sources from outlets such as ABC News, The Boston Globe, and the Wall Street Journal, while the press release wire category includes over 200 press release wires such as Business Wire, Canada Newswire and Nasdaq/Globenewswire.

[18] To ensure comprehensiveness, we searched using multiple spellings of the same SMO (e.g., ForestEthics or Forest Ethics) and firm name (e.g., Walmart or Wal-mart).

[19] During the training period, which spanned one month and approximately 2,000 articles coded by each coder, we read every article that the undergraduate students coded and provided feedback. Once each coder was trained to a performance level of at least 95% correct coding, we continued to read and enter into a database every article that was coded as containing either a contentious or cooperative interaction, but not

boycotts, shareholders' proposals, lawsuits), or cooperatively interacted with a firm (e.g., monetary or in-kind donations, board interlock, collaboration). All contentious and cooperative interactions between a firm-SMO dyad are recorded by the authors with unique identifiers, allowing for deduplication of a single event (e.g., SMO A protested against firm B) reported multiple times in the media.

Consistent with past research, the greatest number of contentious challenges are concentrated amongst several large firms operating in environmentally sensitive industries (e.g., extractives or energy). Table 6 lists the top 10 most contentiously targeted firms, and the SMOs that engaged in the greatest number of contentious challenges over the sample period. On the opposite end of the distribution, over half of the firms in our sample have never been contentiously targeted, while 45 of the SMOs have never mobilized against any firm in our sample.

Table 6: Top 10 firms contentiously targeted and SMOs using contentious tactics

Firm	No. of contentious challenges	Social Movement Organization	No. of contentious challenges
Monsanto	63	Sierra Club	130
Exxon Mobil	62	Greenpeace	92
ChevronTexaco	56	People for the Ethical Treatment of Animals	70
Entergy	48	Ceres	43
American Electric Power	30	Rainforest Action Network	43
Smithfield Foods	27	Natural Resources Defense Council	39
Procter & Gamble	22	Amazon Watch	38
Occidental Petroleum	19	Friends Of The Earth	30
ConocoPhillips	18	Earthjustice	20
Ameren	17	Environmental Integrity Project	19

Identifying Firm-SMO Collaborations. In identifying firm-SMO collaborations we concentrate on relationships aligned with Selznick's (1949: 34) conception of elements absorbed into "into the leadership or policy-determining structure of an organization," through "a formal relationship or alliance …" (McDonnell, 2016: 4). We define a collaboration between an SMO and

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those that were coded as containing neither. Inter-coder reliability tests conducted half-way through the coding exercise demonstrated a high rate of agreement (95 percent average, three coders, random sample of 3,465 articles).

firm as 'organizations working together by committing resources to produce a common set of outcomes.' Included are what Rondinelli and London (2003) describe as interactive collaborations and intensive environmental management alliances. Intensive environmental management alliances are collaborations aimed at improving environmental performance within the firm, such as when the EDF and McDonald's created a task force to study ways in which McDonald's can reduce waste in its operations. Interactive collaborations are similarly purposeful and interactional but are more externally focused and include: targeted project support (e.g., development of eco-preserves on company property); environmental awareness and education collaborations (e.g., co-sponsorship of education programs, producing research in support of policy change); and interactive certification of practices or products.[20] Excluded from our definition of collaboration are any arms-length interactions or transactions such as corporate contributions and gifts to the SMO, marketing affiliations (e.g., licensing of SMO name or logo), support for employee participation in SMO activities, or market transactions such as the purchasing of the SMOs products or services (e.g., airlines purchasing Carbonfund's carbon credits).

Firm-SMO collaborations were identified from the broader population of cooperative interactions found in the Factiva media and press release search described above. Each resulting media report and press release was read carefully by the first author, to code only those interactions that conformed with the definition of 'collaboration' as such. Each report was used to code the collaboration as bilateral (i.e., one SMO and one firm) or multilateral (i.e., one or more firms or SMOs), as well as the year in which the collaboration began.

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[20] We classify SMO's certification of firm products as collaborations only instances where we observe evidence of the SMO and firm having worked together in a purposeful way with a commitment of resources. For example, some certification processes involve a preliminary period where the SMO advises the firm on changes needed in its processes for it to obtain certification, and the firm consults the SMO on its changes. In the absence of such evidence, we treat SMO certification of products as arms-length transactions that do not constitute collaborations, akin to logo licensing (Rondinelli and London 2003).

Similar to the concentration of contention, we find that firms engaging SMOs in collaborations are concentrated in consumer facing industries (e.g., retail and consumer products). Table 7 lists the firms and SMOs with the greatest number of cross-sector collaborations in our sample. A comparison of the population of SMOs appearing in Table 6 and 7 suggests that the most contentious SMOs (e.g., Sierra Club, Greenpeace) have fewer collaborations with firms than their more moderate counterparts.

Table 7: Top 10 firms and SMOs with cross-sector collaborations

	No. of collaborations			No. of collaborations	
Firm	Bilateral	Multilateral	Social Movement Organization	Bilateral	Multilateral
Coca-Cola	8	7	Environmental Defense Fund	15	11
WalMart	9	5	Nature Conservancy	8	15
General Electric	1	10	Conservation International	11	7
Starbucks	6	3	World Wildlife Fund	10	7
DuPont	1	6	World Resources Institute	1	10
Entergy	2	3	Natural Resources Defense Council	2	6
Alcoa	1	4	Global Green	3	1
McDonald's	4	0	Rainforest Alliance	1	3
Johnson & Johnson	1	3	National Recycling Coalition	1	2
Whole Foods	1	3	Ceres	0	3
Staples	0	4	National Wildlife Federation	0	3

Note. Number of organizations may exceed ten where two or more organizations have the same number of cross-sector collaborations (i.e., a tie).

Modeling Approach

To test our hypotheses of indirect co-optation resulting from firm-SMO collaborations we use count models of contentious challenges against a firm by all SMOs that have no collaboration with the firm. We exclude SMOs that have directly collaborated with the firm since we are interested in indirect, rather than direct, co-optation. In all our models we control for a one-year lagged version of the dependent variable (*contentious challenges*) to account for the serial correlation between past and present activist contention.[21] By controlling for the previous year's contentious challenges, we are estimating the effect of firm-SMO collaborations on changes in contentious targeting from the previous year.

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[21] Our results are substantively unchanged with the exclusion of the lagged dependent variable.

Because our two hypothesized pathways of indirect co-optation, relational and signaling, operate at different levels of analysis, firm-SMO dyad, and SMO field, respectively, we estimate their effects using separate models. We test our relational indirect co-optation hypotheses (H1 and H2) at the firm-SMO-year level to test the effects of indirect ties between the firm and SMO. Our signaling hypotheses (H3 and H4) are tested using a firm-year panel, as we expect signaling to operate at the SMO field level, regardless of whether the firm has indirect links to SMOs. In additional analyses presented below, we also consider the interactive effects of these two pathways, but we believe them to be theoretically different mechanisms that operate at different levels, and so we model them separately in our main models.

Dependent Variable

Our dependent variable is the number of times a firm has been contentiously challenged via protests, boycotts, lawsuits, etc. by an SMO in a given year (*contentious challenges*). We sum the number of contentious challenges from the previously described coding of media articles and press releases.

Independent Variables

We test our relational co-optation hypotheses using board interlocks because they serve as "conduits for the flow of information and norms" (Davis and Greve, 1997: 12) between organizations, and have been repeatedly shown to influence organizational behavior (Mizruchi, 1996). In a setting similar to ours, Galaskiewicz and Wasserman (1989) showed interlocked directors at non-profit organizations were conduits of information about private-sector funders. We obtain SMO board of directors data from their IRS tax filing. The names of each board member appearing in Part VII of each SMO's Form 990 was recorded for each filing year and then matched computationally on last name and first initial to directors of other SMOs in that year. Each resulting match was inspected visually using additional information such as the full given name and other identifiers such as "Jr.", to remove any false matches. In instances of ambiguity (e.g., different

spellings of given names) further internet and media searches were used to confirm that the board interlock existed.

To test whether a firm faces fewer contentious challenges from SMOs directly tied to the SMO with whom they are collaborating (H1), we capture each *indirectly tied SMO* with a variable coded as 1 for any SMO-firm dyad in which the SMO is connected via a board interlock to an SMO that is directly collaborating with a focal firm, and 0 for all other firm-SMO dyads. For example, Starbucks' 2007 collaboration with Global Green results in an indirect tie to the National Recycling Coalition because the two organizations share a director (Scott Seydel) in 2007. Figure 5 depicts the 2007 interlock network of the SMOs in our sample that shared directors. To test whether the decrease in contention is more pronounced for bilateral firm-SMO collaborations, we create two corresponding dummy variables. *Indirectly tied SMO bilateral collaboration*, is coded 1 for all firm-SMO dyads that are indirectly connected via a bilateral collaboration, and 0 otherwise. Correspondingly, *indirectly tied SMO multilateral collaboration*, is coded 1 for all firm-SMO dyads that are indirectly connected via a multilateral collaboration, and 0 otherwise.

To test hypothesis 3, we use the number of contentious challenges mounted against any firm in the previous year by the SMO with which the firm collaborates (*SMO contentious repertoire*). Because some firms collaborate with more than one SMO in a given year, we take the maximum value of contentious challenges across all SMOs with which the firm collaborates, as the maximum is theoretically consistent with our 'signal' mechanism.

Figure 6: SMO board interlock network graph from 2007
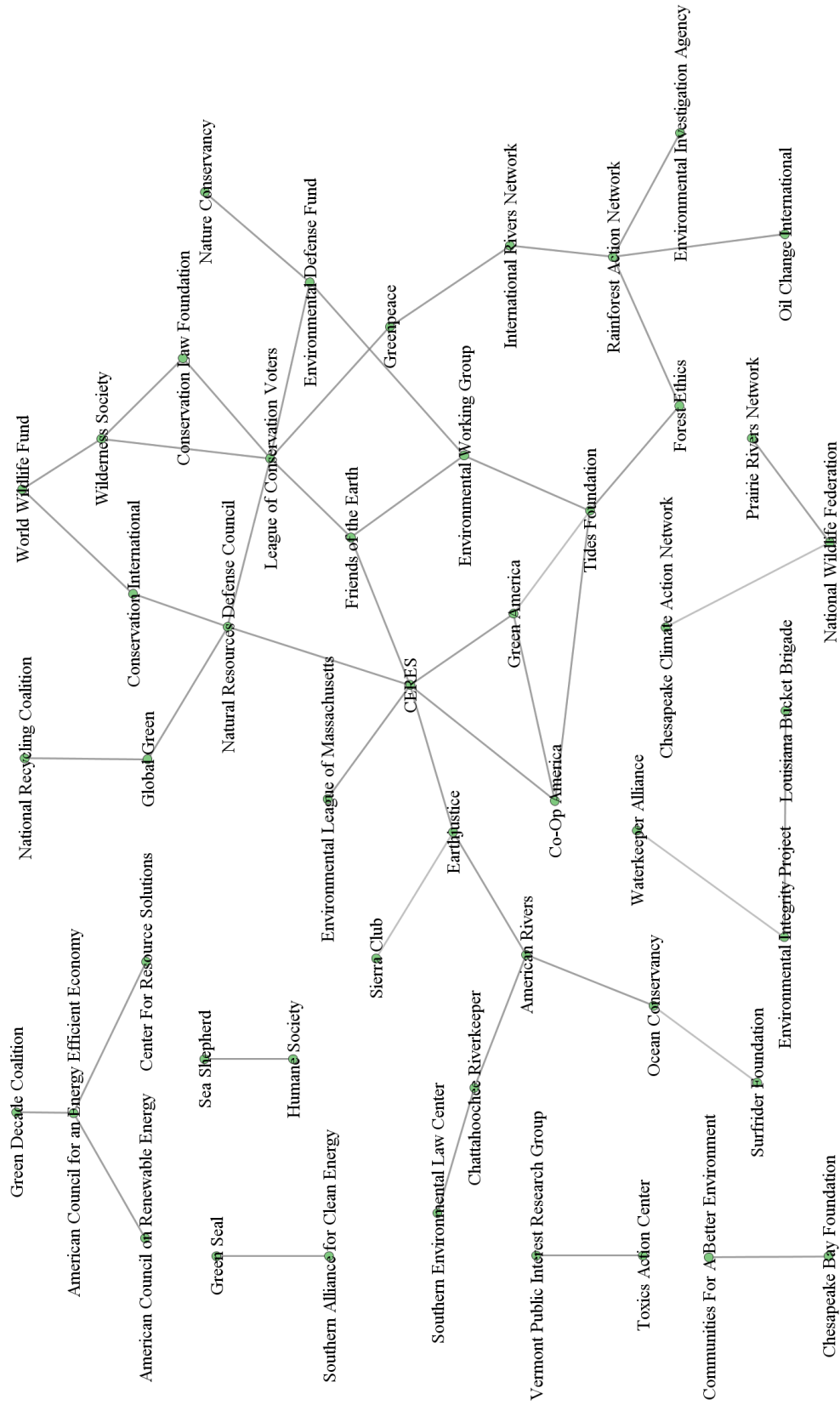
Note. Isolates not shown (i.e., SMOs with no board interlocks).

To test the effect of the collaborating SMO's legitimacy (H4) we use the number of appearances an SMO made before congressional committee hearings (*SMO legitimacy*). Unfortunately, ratings commonly used as proxies for the status or legitimacy of private sector organizations, such as the Fortune America's Most Admired Companies list, are unavailable for SMOs. Further, using the emotional valence of media coverage as others have done for firms (McDonnell, 2016) to capture general public approval is unlikely to get at the underlying construct when applied to SMOs, as the linguistic coding of articles would be confounded by the tactical repertoire of the SMO (e.g., articles mentioning Greenpeace are likely to have relatively high negative valence due to its use of contentious tactics). We therefore instead rely on congressional committee hearing appearances, as invitations extended to an organization is driven by public policy makers' evaluations of that organization's sociopolitical reputation (Werner 2015), an indirect proxy for an SMO's legitimacy. We collect data on SMOs' invited appearances before congressional committee hearings using ProQuest's Congressional Hearings data archives, searching for each SMO and hand-collecting and aggregating the number of times that a representative of a given SMO testified in congressional hearings in a given year. Similar to the approach used for the collaborating SMO's contentious repertoire, *SMO legitimacy* is the maximum value of congressional appearances among all SMOs with which the firm collaborates in a given year.

Control Variables

We control for the previous year's *contentious challenges* against the firm in all our models, to account for the serial correlation between past and present activist contention. This is the dependent variable lagged by one year in each of the respective panels: contentious challenges against a firm by an SMO in the firm-SMO-year panel; and, sum of all contentious challenges against the firm by any SMO in the firm-year panel. We also include time-varying firm-level controls that may drive

contentious challenges in the following period, as well as SMO and dyad-level controls, in our relational co-optation models.

At the firm-level, we control for a firm's environmental performance, media attention, size, market performance, and receptivity, based on past findings on the characteristics of firms contentiously targeted by activists (Lenox and Eesley 2009; McDonnell 2016). We control for a firm's *environmental performance*, as activists are more likely to target firms with poor environmental records, and commitments to environmental performance may also drive which firms collaborate with SMOs (den Hond *et al.*, 2015). In doing so, we also effectively control for the improvements in environmental performance that may follow collaboration which could demobilize other activists. We rely on Kinder, Lydenberg, Domini Research & Analytics (KLD) environmental concerns rating to measure a firm's environmental performance. In an assessment of the KLD environmental ratings, Chatterji *et al.* (2009: 25) find that KLD "concern" ratings are "fairly good summaries of past environmental performance", and are predictive of future pollution and regulatory compliance violations. A firm's *environmental performance* is the sum of seven environmental "concern" variables provided by KLD in the prior year (i.e., hazardous waste, regulatory problems, ozone-depleting chemicals, substantial emissions, agricultural chemicals, climate change, and other concern).

We also expect the degree of media attention a firm receives, and its size, to be a driver of both collaborations and contentious targeting. *Firm media attention* is the sum of all articles containing the firm's name that appeared in the six largest U.S. newspapers—*the New York Times, the Washington Post, the Wall Street Journal, the Chicago Tribune, USA Today, and the Los Angeles Times*—in the prior year (divided by 1,000 articles).[22] We control for firm size by including a firm's *logged assets* and its *logged employees* in the previous year, obtained from the Compustat

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[22] We focus on the six largest newspapers to reduce variability due to organizational survival of newspapers and changes in coverage of media outlets in Factiva over time.

database. We control for a firm's *market-to-book value,* because we expect firms competing on more differentiated products to have higher environmental performance (Ioannou and Serafeim, 2012; McWilliams and Siegel, 2001), which could influence contention. Additionally, managerial willingness to engage in novel pro-social strategies like collaborations with SMOs, might be greater in firms with higher market valuations.

We control for the possibility that firm 'receptivity' to contentious challenges not only drives contention (McDonnell 2016), but also more contentious or legitimate SMOs' propensity to collaborate with such firms. Consistent with past research (Briscoe and Safford, 2008; McDonnell and King, 2013; McDonnell *et al.*, 2015), we rely on a firm's history of responses to activists' targeting them to identify 'receptive' firms as those that seek to address activists' concerns. We use firms' responses to social-issue shareholder proposals, because this provides an observable and unambiguous indicator of receptivity to social activism (McDonnell *et al.*, 2015). Firms respond to shareholder proposals in three distinct ways: positively (when the firm voluntarily cedes to the proposal leading to its withdrawal), neutrally (when the firm does nothing and the proposal is put to a vote at its annual meeting), or negatively (when the firm petitions the U.S. SEC to exclude the proposal). We obtained data on firm responses to social-issue shareholder proposal from the Interfaith Center on Corporate Responsibility (ICCR) and Institutional Shareholder Services (ISS)[23]. We follow McDonnell *et al.* (2015) in measuring *firm receptivity* to activists using the Janis-Fadner (JF) coefficient of imbalance,[24] where a JF coefficient of -1 (minimum value), indicates that a firm challenged all proposals in a given year, while a firm with a JF coefficient of

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[23] ISS has data available as far back as 1997, therefore, we supplemented with ICCR data from 1993 to 2007. A preliminary investigation indicated that coverage of firms in our sample was inconsistent between the two sources (i.e., ICCR had some companies that ISS didn't in early years, and vice versa), therefore, we rely on both sources and manually de-duplicat observations in overlapping years (1997 to 2007).

[24] JF coefficient = $(P^2-PN)/V^2$ if P>N; 0 if P=N; and $(PN-N^2)/V^2$ if N>P where P is the number of positive firm responses to social-issue proxy proposals (i.e., withdrawals), N is the number of negative responses (i.e., challenges), and V is the total number of social-issue proxy proposals submitted to a firm in a given year.

1 (maximum value) indicates that it voluntarily implemented all proposals it received.[25] After

observations with missing values (e.g., privately-held companies, KLD measures) were dropped,

179 companies comprised our final sample.

We include in our specification an indicator variable capturing the presence of an *SMO collaboration* in the previous year. In so doing, we seek to isolate our hypothesized mechanism as operating through the micro-level effects of the characteristics of a specific collaborating SMO on indirect co-optation as distinct from the more macro-level impact of the mere presence of an SMO collaboration. We also control in our firm level models for the *collaborating SMO degree centrality* in the SMO board interlock network to ensure our results capture effects above and beyond those resulting from indirect co-optation via relational channels.

In addition to the above, in our firm-SMO-year models testing our relational indirect co-optation hypotheses (H1 and H2) we control for the contentious repertoire and legitimacy of the SMO with whom the firm has a collaboration to isolate the effect of board interlocks above and beyond the field-level effects of hypothesis 3 and 4 (i.e., *collaborating SMO contentious repertoire* and *collaborating SMO legitimacy*). Additionally, we include several SMO controls that may correlate with contentious challenges against the firm by the non-collaborating SMO. First, we control for the *contentious repertoire of SMO*, or the number of contentious challenges mounted against any firm in the previous year by the focal SMO. We control for the *size of the SMO,* using the SMOs assets (logged) at the end of the prior fiscal year from their tax filings data. We control for the focal *SMO's legitimacy*, using the number of appearances a SMO made before congressional committee hearings. We also control for the *degree centrality* of the SMO in the board interlock network, because highly connected SMOs may be less likely to succumb to indirect co-optation. We include a control for *SMO media attention*, constructed identically to a firm's media attention,

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[25] If a firm did not receive a shareholder proxy proposal in a given year, we carry over the firm's past receptivity, and run robustness checks omitting firm-years in which no social proxy proposals were received by a given firm.

or the sum of all articles containing the SMO's name that appeared in the six largest U.S. newspapers listed previously.

Finally, the inclusion of year fixed effects accounts for time-specific events, such as dramatic changes in government policy, which may affect SMO targeting in a given year. The inclusion of industry fixed effects accounts for industry-specific characteristics, such as greater environmental externalities, that may drive greater contention. We also check the robustness of our results to firm fixed effects models that control for firm-level time invariant unobservables. Across all models, all independent and control variables are lagged one year to avoid temporal endogeneity.

Tables 8, and 9, present summary statistics and correlations for all variables in the dyad-level, and firm-level, models, respectively.

Table 8: Descriptive Statistics and Correlations (Firm-SMO Dyad Panel, N= 131,921)

Dyad panel variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1 Contentious challenges	0.004	0.084	1																		
2 Indirectly tied SMO	0.009	0.093	0.003	1																	
3 Indirectly tied SMO bilateral collab.	0.001	0.032	-0.002	0.343	1																
4 Indirectly tied SMO multilateral collab.	0.005	0.073	0.003	0.787	-0.002	1															
5 Contentious challenge (lagged DV)	0.004	0.088	0.372	0.005	-0.002	0.004	1														
6 Environmental performance	0.893	1.270	0.050	0.029	-0.014	0.034	0.052	1													
7 Firm media attention	1.565	2.940	0.011	0.038	0.016	0.025	0.009	0.041	1												
8 Logged assets	9.937	1.521	0.021	0.041	0.001	0.032	0.021	0.167	0.510	1											
9 Logged employees	3.562	1.279	0.013	0.062	0.043	0.033	0.011	-0.030	0.336	0.451	1										
10 Market-to-book value	2.881	11.337	0.000	-0.005	0.009	-0.010	0.000	-0.044	-0.023	-0.045	0.015	1									
11 Receptivity to activism	0.313	0.626	-0.011	-0.029	-0.001	-0.026	-0.007	-0.146	-0.104	-0.192	-0.143	-0.010	1								
12 SMO collaboration	0.181	0.385	0.027	0.199	0.068	0.156	0.026	0.169	0.192	0.155	0.319	0.016	-0.096	1							
13 Collaborating SMO contentious repertoire	0.346	1.291	0.002	0.131	0.013	0.096	0.001	0.096	0.110	0.085	0.195	-0.002	-0.072	0.569	1						
14 Collaborating SMO legitimacy	1.566	5.326	0.010	0.180	0.023	0.144	0.006	0.153	0.153	0.186	0.186	-0.013	-0.120	0.625	0.616	1					
15 SMO contentious repertoire	1.018	2.087	0.096	0.009	0.001	0.008	0.131	0.003	-0.001	0.002	-0.001	-0.001	0.001	0.003	0.000	0.004	1				
16 SMO size - logged assets	14.077	2.416	0.036	0.093	0.050	0.073	0.034	-0.002	-0.011	0.001	-0.009	-0.004	0.006	-0.003	0.000	0.007	0.219	1			
17 SMO legitimacy	0.742	2.378	0.031	0.085	0.063	0.064	0.026	-0.003	-0.006	-0.006	-0.008	0.002	0.007	-0.014	-0.013	-0.011	0.196	0.467	1		
18 SMO degree centrality	0.975	1.495	0.025	0.155	0.065	0.121	0.022	-0.001	-0.008	-0.002	-0.008	-0.001	0.005	-0.008	-0.008	-0.009	0.159	0.468	0.401	1	
19 SMO media attention	0.624	1.700	0.090	0.053	0.042	0.042	0.081	-0.002	-0.002	-0.005	-0.005	-0.001	0.003	-0.017	-0.017	-0.019	0.565	0.518	0.626	0.311	1

Table 9: Descriptive Statistics and Correlations (Firm Panel, N=1,412)

Firm panel variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1 Contentious challenges	0.438	1.366	1										
2 Collaborating SMO contentious repertoire	0.347	1.296	-0.002	1									
3 Collaborating SMO legitimacy	1.569	5.351	0.073	0.613	1								
4 Contentious challenges (lagged DV)	0.450	1.381	0.625	0.007	0.057	1							
5 Environmental performance	0.894	1.273	0.347	0.099	0.155	0.374	1						
6 Firm media attention	1.584	2.953	0.067	0.110	0.152	0.067	0.044	1					
7 Logged assets	9.935	1.524	0.153	0.083	0.186	0.153	0.169	0.512	1				
8 Logged employees	3.568	1.278	0.078	0.193	0.185	0.084	-0.028	0.340	0.453	1			
9 Market-to-book value	2.897	11.091	-0.001	-0.001	-0.013	-0.004	-0.045	-0.023	-0.046	0.015	1		
10 Receptivity to activism	0.311	0.626	-0.076	-0.072	-0.121	-0.058	-0.147	-0.103	-0.193	-0.144	-0.010	1	
11 SMO collaboration	0.182	0.386	0.183	0.568	0.622	0.184	0.175	0.194	0.154	0.319	0.016	-0.098	1

RESULTS

The dependent variable, *contentious challenges*, is a count variable that ranges from 0 to 7 in the dyad-level models, with the vast majority of firms never experiencing contention from a given SMO. We use zero-inflated negative binomial (ZINB) regression in our dyad-level models of indirect cooptation via inter-activist board interlocks because there is theoretical reason to believe that there is a certain (probably large) proportion of firm-SMO dyads that would never experience contention, and some other proportion that might or might not, depending on circumstances (Greene, 2014). Although zero contentious challenges occurs frequently (Lenox and Eesley, 2009; McDonnell, 2016), it may be that a given SMO will never mobilize against a firm, and so zero values do not necessarily mean indirect co-optation, but may instead be constrained by the tactical repertoire of the SMO. For example, an SMO that has never protested or boycotted any firm, is very unlikely to do so in the future. Therefore, we use ZINB regression which allows for the realization of zeros in the outcome variable from two separate processes, the first from a logistic model of the binary process, and a negative binomial count model if the binary process takes on a value of 1 (Cameron and Trivedi, 2010). A comparison of Akaike's information criterion (AIC) and Bayesian information criterion (BIC) likelihood-based measures of model fit, and the Vuong statistic for nonnested models (Vuong, 1989) confirmed that a ZINB model better fit our data than a negative binomial model. We also show robustness of our results to a negative binomial (NB) model. We model firm fixed effects in the NB model using dummies, in line with the approach recommended by Allison and Waterman (2002) in their assessment of solutions to the inability of the conditional fixed effects estimator for NB to control for stable covariates.

Results for models testing indirect co-optation, or the reduction of contentious challenges against a firm by an SMO, via relational means (H1 & H2) are shown Table 10. Consistent with past research (McDonnell, 2016), we observe among the control variables that a firm faces greater contentious challenges from an SMO if that SMO has targeted it in the previous year (Model 1).

An SMO with a more contentious repertoire, greater degree centrality in the interlock network and greater media attention is also associated with a greater number of challenges against the firm.

Turning to our hypothesized pathways of indirect co-optation, we find that firms do not face significantly fewer contentious challenges from SMOs directly tied to their collaborating activist (Model 2, p=0.214). Instead, in line with H2, we observe that indirect relational co-optation only operates in instances where the firm-SMO collaboration is bilateral (Model 3, p=0.000). Marginal effects analysis shows that a firm that has experienced one contentious challenge from the focal SMO faces 0.20 fewer contentious challenges (p=0.000) the following year if that SMO is indirectly tied to it via a bilateral collaboration (all other variables held at their means). Conversely, indirect co-optation is not significant for multilateral firm-SMO collaborations (p=0.307). In Model 4, we show the robustness of our results to a firm fixed effects specification. Absent firm-specific effects, there may be some unobserved attribute that varies across firms and leads firms with an ability to indirectly link to SMOs to also have a disproportionate drop in contention (e.g., social skill of its managers). The effect size is commensurate in the firm fixed effects estimation; a firm faces 0.16 fewer contentious challenges (p=0.000) from an SMO that has targeted it once previously if that SMO is indirectly tied to it via a bilateral collaboration. Finally, in Models 5, and 6, we show robustness of our results to a negative binomial model with industry, and firm fixed effects, respectively.

Table 10: Regressions Exploring the Relationship Between Board Interlocks to SMOs with a Firm Collaboration and Future Activist Challenges Against the Firm

	Zero-inflated negative binomal regression of activist challenges				Negative binomial regression of activist challenges	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Independent variables						
Indirectly tied SMO (H1)		-0.621				
		(0.499)				
Indirectly tied SMO bilateral collab. (H2)			-16.08***	-16.44***	-19.45***	-18.00***
			(0.328)	(0.424)	(0.346)	(0.393)
Indirectly tied SMO multilateral collab. (H2,			-0.644	-0.556	-0.488	-0.383
			(0.630)	(0.696)	(0.651)	(0.661)
Dyad Control						
Contentious challenge (prev. yr)	1.495***	1.495***	1.494***	1.285***	0.359***	0.392***
	(0.174)	(0.177)	(0.177)	(0.147)	(0.089)	(0.101)
Firm control variables						
Environmental performance	0.0445	0.0405	0.0392	0.0959	0.0231	0.0798
	(0.115)	(0.116)	(0.116)	(0.131)	(0.103)	(0.128)
Firm media attention	0.0731	0.0749	0.0757	0.0854	0.0868*	0.0788
	(0.047)	(0.047)	(0.047)	(0.052)	(0.040)	(0.052)
Logged assets	0.287	0.285	0.283	-0.262	0.485*	-0.131
	(0.239)	(0.240)	(0.240)	(0.408)	(0.218)	(0.391)
Logged employees	0.435	0.437	0.438	1.019+	0.384+	0.824
	(0.271)	(0.272)	(0.272)	(0.597)	(0.218)	(0.529)
Market-to-book value	0.00877	0.00879	0.00906	0.0114	0.00809	0.00914
	(0.013)	(0.013)	(0.013)	(0.007)	(0.009)	(0.007)
Receptivity to activism	0.0888	0.0897	0.0878	-0.182	0.0148	-0.183
	(0.151)	(0.151)	(0.151)	(0.161)	(0.163)	(0.161)
SMO collaboration	0.101	0.131	0.140	-0.0944	0.222	0.0213
	(0.197)	(0.205)	(0.202)	(0.155)	(0.168)	(0.175)
Collaborating SMO contentious repertoire	-0.0910	-0.0893	-0.0911	-0.173+	-0.130	-0.178+
	(0.091)	(0.088)	(0.089)	(0.097)	(0.091)	(0.092)
Collaborating SMO legitimacy	-0.00489	-0.00393	-0.00462	0.0134	0.0144	0.0196
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
SMO control variables						
SMO contentious repertoire	0.0426**	0.0413**	0.0413**	0.0463**	0.0701***	0.0763***
	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
SMO size - logged assets	-0.0761*	-0.0727*	-0.0725*	-0.0699+	0.111***	0.106***
	(0.032)	(0.032)	(0.032)	(0.036)	(0.027)	(0.027)
SMO legitimacy	-0.0801***	-0.0791***	-0.0778***	-0.0794***	-0.0837***	-0.0880***
	(0.023)	(0.023)	(0.023)	(0.024)	(0.025)	(0.026)
SMO degree centrality	0.155***	0.160***	0.160***	0.168***	0.278***	0.279***
	(0.045)	(0.045)	(0.044)	(0.047)	(0.048)	(0.048)
SMO media attention	0.190***	0.190***	0.190***	0.193***	0.281***	0.277***
	(0.028)	(0.028)	(0.028)	(0.030)	(0.027)	(0.027)
Fixed effects	Yr, Ind	Yr, Ind	Yr, Ind	Yr, Firm	Yr, Ind	Yr, Firm
Constant	-25.33***	-24.92***	-24.40***	-8.452*	-32.72***	-12.75***
	(1.504)	(3.733)	(2.697)	(3.506)	(4.835)	(3.660)
N	131921	131921	131921	131921	131921	131921
ll	-2037.4	-2036.3	-2035.2	-1934.0	-1996.5	-1923.7

Note. Robust standard errors, clustered by firm, are in parentheses. Models 1 through 3, and 5 include year and industry fixed effects, while Models 4 and 6 include year and firm fixed effects.
∗p<0.05; ∗∗ p<0.01; ∗∗∗ p<0.001.

Table 11 presents firm level models of indirect co-optation via signals or relational prisms (H3 and H4). The dependent variable, *contentious challenges*, ranges from 0 to 17 at the firm-year level and exhibits overdispersion (variance=1.867; mean=0.438). Therefore, we use a negative binomial model.[26] Models 7 to 10 are estimated using year and industry fixed effects with standard errors clustered at the firm level. We check the robustness of our results to a firm fixed effects negative binomial model (Model 11) to ensure firm-level, time-invariant potential sources of endogeneity are not biasing our random effects estimation results.

We find support for our hypothesis that a firm that collaborates with a social activist will face fewer contentious challenges from other activists if their SMO partner has a history of using contentious tactics (Models 8, 10 and 11). An increase of one contentious challenge in the repertoire of the collaborating activist is significantly associated with a 0.17 decrease in the expected count of contentious challenges against the firm (p=0.024 in Model 10). Overall in our sample, firms collaborating with activists that had a non-contentious repertoire (i.e., no contentious challenges in the previous year), experienced on average 1.38 contentious challenges themselves, compared to 0.62 contentious challenges against firms collaborating with an activist with 1 or more contentious challenges in the previous year.

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[26] While being contentiously targeted remains a rare occurrence for most companies, nearly half of the companies in our sample (48.6%) have been contentiously targeted at least once, and a comparison of Akaike's information criterion (AIC) and Bayesian information criterion (BIC) likelihood-based measures of model fit suggest that the negative binomial model is a better fit than a zero-inflated model. Our results are robust to a zero-inflated negative binomial (results available from authors).

Table 11: Regressions Exploring the Relationship Between Collaborating SMO's Characteristics and Future Activist Challenges Against the Firm

	Negative binomal regression of total activist challenges				
	Model 7	Model 8	Model 9	Model 10	Model 11
Independent variables					
Collaborating SMO contentious repertoire (H3)		-0.134*		-0.188*	-0.233**
		(0.054)		(0.082)	(0.082)
Collaborating SMO legitimacy (H4)			0.00417	0.0235	0.0280
			(0.013)	(0.018)	(0.018)
Control variables					
Contentious challenge (prev. yr)	0.0993***	0.0965***	0.0992***	0.0951***	0.0618***
	(0.022)	(0.022)	(0.022)	(0.023)	(0.015)
Environmental performance	0.0311	0.0347	0.0300	0.0294	0.0551
	(0.103)	(0.109)	(0.105)	(0.116)	(0.114)
Firm media attention	0.0625*	0.0619*	0.0626*	0.0621*	0.0784
	(0.027)	(0.026)	(0.026)	(0.026)	(0.055)
Logged assets	0.511**	0.507**	0.512**	0.512**	0.283
	(0.187)	(0.188)	(0.187)	(0.185)	(0.198)
Logged employees	0.265	0.264	0.266	0.263	-0.202
	(0.200)	(0.198)	(0.200)	(0.197)	(0.243)
Market-to-book value	0.00446	0.00433	0.00445	0.00428	0.0103
	(0.009)	(0.009)	(0.009)	(0.009)	(0.026)
Receptivity to activism	0.0281	0.0178	0.0305	0.0203	-0.0609
	(0.116)	(0.114)	(0.115)	(0.113)	(0.160)
SMO collaboration	0.298	0.273	0.295	0.249	0.291
	(0.299)	(0.298)	(0.295)	(0.284)	(0.371)
Collaborating SMO degree centrality	-0.0329	0.0138	-0.0401	-0.00889	-0.0109
	(0.076)	(0.081)	(0.088)	(0.087)	(0.096)
Fixed effects	Yr, Ind	Yr, Ind	Yr, Ind	Yr, Ind	Yr, Firm
Constant	-3.828**	-3.738**	-3.831**	-3.744**	-1.931
	(1.332)	(1.328)	(1.323)	(1.279)	(1.608)
N	1412	1412	1412	1412	1412
ll	-830.8	-828.5	-830.8	-827.4	-552.9

Note. Robust standard errors, clustered by firm, are in parentheses. Models 7 through 10 include year and industry fixed effects, while Model 11 includes year and firm fixed effects.
*p<0.05; ** p<0.01; *** p<0.001.

Conversely, we find the legitimacy of the activist with which the firm collaborates has no significant effect on the contentious challenges it receives from other activists (p=0.201). We explored two possible explanations for this insignificant finding. First, we explored if the legitimacy of the collaborating activist matters more for firms with little media attention because

legitimacy spillovers are most likely where there is little knowledge of the entity (Kostova and Zaheer, 1999). Interacting the firm's media attention with the legitimacy of the collaborating activist yielded no significant results. Secondly, we explored an alternative measure of activist legitimacy since our measure of legitimacy reflects public policy makers' evaluations rather than that of field peers. To the extent that our proxy is uncorrelated with the legitimacy of the activist in the eyes of other activists, our results may be biased. We relied on scores from Charity Navigator, an independent charity watchdog organization, which evaluates non-profits on financial health and accountability. Once again, we observe no significant difference in the contention that firms face following a collaboration with a more legitimate SMO.

Additional Analyses

We perform several supplemental analyses to investigate possible interactions between our hypothesized effects and alternative explanations for our results. First, while we believe indirect co-optation through relational pipes and prisms operate via theoretically different mechanisms, we also explore the possibility of their interactive effects. We investigate how the repertoire of the collaborating SMO affects indirect relational co-optation via the inter-SMO interlocks. While the contentiousness of the collaborating SMO is associated with a marginally significant fall in the number of challenges the firm faces from the focal SMO (p=0.076, Model 4), its interaction with relational co-optation produces an attenuating effect (p=0.053, results available from authors). Specifically, as the contentiousness of the collaborating SMO increases, the influence of indirect ties to the focal SMO in reducing contention is decreased. This suggests that indirect co-optation via relational pipes and prisms may be partial substitutes.

We also conduct supplementary analyses to attempt to rule out other possible explanations for our findings. While the inclusion of lagged contentious challenges against the firm as well as firm fixed effects help us to rule out bias resulting from firm-level time invariant unobservable variables or those changing in the preceding year, our indirect relational co-optation results may

suffer from simultaneity bias. Specifically, if some SMOs chose to leave the boards of SMOs that are mulling a collaboration with a firm, our relational co-optation effects may be a result of SMOs selecting out of board-interlocks. While the fact that multilateral firm-SMO collaborations do not result in indirect co-optation gives us some confidence in our results, we explore the possibility of SMOs selecting out of boards by comparing the number of board interlocks that SMOs with a bilateral firm collaboration have before and after the collaboration is announced. While we do observe a differences in means between the board interlocks of SMOs with bilateral firm collaborations before and after the announcement of the collaboration (t=-5.9631 for two-tailed test of means, p=0.000), that difference is in the opposite direction than would suggest simultaneity bias (i.e., the number of board interlocks is higher in the first year of the bilateral firm-SMO collaboration).

We also investigate the possibility that our results are driven by activists' belief that the firm is more likely to improve its environmental performance in the future if it collaborates with a more contentious SMO (H3) or one with whom it has a bilateral collaboration (H2). To do so, we re-estimate our models disaggregating our key independent variables across two different types of collaborations: intensive collaborations, aimed at improving environmental performance within the firm; and, interactive collaborations, which are more externally focused (Rondinelli and London, 2003). If our results are driven by the belief that firms will improve in the future, our results should be more pronounced for intensive collaborations which focus on improving the firm's environmental performance, and attenuated for interactive collaborations. In our relational prisms models, we find that firms face fewer contentious challenges from other activists the greater the contentious repertoire of their SMO in interactive collaborations (p=0.035, and p=0.045 in cross-firm and within-firm models). Conversely, the repertoire of SMO partners in intense collaborations is not significantly associated with a drop in contentious challenges against the firm. We also find that overall, SMOs involved in intense alliances are on average less contentious than those that

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participate in interactive collaborations. This suggests that our results are likely driven by the identity of the partner SMO as contentious rather than that identity providing an assurance of better environmental performance by the firm in the future.

In our dyad-level models where we test the effects of indirect ties between the firm and SMO, we find that firms face significantly fewer contentious challenges from SMOs directly tied to their collaborating activist in both bilateral intensive and interactive collaborations. Further, the magnitude of the effects are similar across intensive and interactive collaborations (t-test of equality of coefficients yields a p=0.667). A firm that has experienced one contentious challenge from the focal SMO faces 0.201 fewer contentious challenges (p=0.000) the following year if that SMO is indirectly tied to it via a bilateral intense collaboration, and 0.200 fewer contentious challenges if they are indirectly tied via a bilateral interactive collaboration (p=0.000).

DISCUSSION

A growing body of research is concerned with the indirect effects of social movements on firms (Briscoe and Gupta, 2016) showing that activists can influence change beyond the organization they target. In this article, we shift the directionality of inquiry to the indirect effects of interactions between activists and firms on the broader social movement in which activists participate. We expand on a long-standing concept in social movements research, co-optation, and draw on interorganizational network research to theorize and develop two mechanisms by which firm-activist collaborations lead to the indirect co-optation of the movement. Our theoretical framework suggests firms can indirectly co-opt the broader activist field by exploiting the social networks and identity of their partner activist.

Using data on both contentious and collaborative interactions between 19,690 dyads representing annual interactions between 110 environmental SMOs and 179 of the largest firms in the United States over 10 years, we find support for our theorized mechanisms of indirect co-optation. Specifically, we find that the activists who share directors with an activist that collaborates

bilaterally with a firm are less likely to mobilize against that firm. This adds a new perspective on the interconnectedness of stakeholders in the firm's environment, which has been conceptualized as a source of pressure and mobilization against the firm (Rowley, 1997; Wry *et al.*, 2013). Our findings suggest that an interconnected stakeholder environment may be more susceptible to indirect influence by a firm that succeeds in allying with a well-connected stakeholder.

Secondly, we find that the collaborating activist's identity as a 'contentious' activist helps demobilize others. This is correlative to Briscoe and Safford's (2008) finding that identities of target organizations affect activists' likelihood of indirectly affecting other organizations in the field. We argue that this operates via inferences activists make about the private information or beliefs the confrontational activist has about the firm. We find no evidence for the alternative mechanism of the collaborating activist's contentious identity acting as an assurance mechanism that the firm will improve its environmental performance in the future via the collaboration.

This paper contributes to both social movements research as well as organizational theory. First, our findings inform a long-running stream of literature exploring the tactical repertoire of activists. Although the role of networks in social movement mobilization and tactic choice has long been acknowledged (e.g., Larson and Soule, 2009; Osa, 2003; Diani, 2003), movements, and their tactics, have typically been studied as self-contained fields or in relation to the state. Our paper highlights that networks are equally operative as pathways by which the tactical repertoire of activists can be altered by actors outside the field (Fligstein and McAdam, 2012). Moreover, in tracing how firm-activist collaborations impact contentious private politics, our research highlights the importance of accounting for cooperative private politics in future research on interactions between social activists and firms. By taking account of both contentious and cooperative private politics, as well as the interconnections between the activists, we respond to the need articulated by McAdam and Scott (2005: 12) that a "field-level conception becomes indispensable to tracing the

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complexities of contemporary changes" as the boundaries of fields blur and new linkages across fields form.

Further, by theorizing and empirically testing the concept of indirect co-optation, we highlight an alternative strategy by which firms can manage threats from their environment, a question central to organizational theory (Pfeffer and Salancik, 1978). Indirect co-optation is likely to be a theoretically and empirically meaningful oversight, as managing constraint via direct co-optation may be limited where firm-stakeholder relations are strained by prior conflict (Gargiulo 1993). However, this does not negate the possibility of co-optation, or blocking the capacity of dissidents to actively oppose the firm, of a broader swathe of stakeholders by exploiting the social networks and identity of a collaborating stakeholder. By theorizing the mechanisms underlying indirect co-optation, our framework complements and extends prior work showing firms' cooperative engagement of one stakeholder produces positive spillovers onto others (Dorobantu *et al.*, 2017; Werner, 2015).

Despite its potential contributions, our research has several limitations that offer opportunities for future research. First, we only observe the indirect effects of firm-activist collaborations within a single movement (i.e., environmental movement), rather than between multiple movements. However, McDonnell (2016) suggests that movements can effect each other and McDonnell, King and Soule (2015) find that firms' interactions with one movement can be used as signals by other movements. Future research could explore whether indirect co-optation can operate across movement fields, or on other stakeholders central to firm performance, such as the state. Secondly, our inquiry stops short of evaluating the degree to which the firm-activist collaboration results in changes in the firm's operations and strategy. In line with Selznick's (1949) original conceptualization of co-optation as bi-directional, Van Wijk *et al.* (2013) find that co-optation may be mutual. Therefore, an important question remains to what extent and under what circumstances firm-activist collaborations result in changes within the firm. Finally, despite our

findings on co-optive effects of firm-activist collaborations, such cross-sector collaborations are not always viewed favorably by external observers. Negative evaluations may be particularly acute when new interorganizational forms first emerge, as was the case in the early 1990s for cross-sector collaborations, when it was "heresy to say that companies and NGOs could work together" (Economist, 2010). Constrained by the availability of SMO board interlock data dating back to 2002, we were unable to consider how the legitimacy of cross-sector collaborations may attenuate co-optation. We believe this is an important, and largely overlooked, direction for future research. Despite the ubiquity of the 'legitimacy' construct in organizational theory, few studies have considered how the legitimacy of interorganizational relationships or linkages (Baum and Oliver, 1991; Dacin *et al.*, 2007) impacts interorganizational strategies and outcomes.

CHAPTER 3: Webs of Influence: National Stakeholder Fields and Corporate Social Performance

(This chapter is co-authored with Witold J. Henisz)

In the past decade, corporate social responsibility (CSR) has received increasing attention among practitioners and academics, with more than 8,000 companies from more than 150 countries now signatories to the United Nations' Global Compact, covering human rights, labor standards, and the environment (Wang *et al.*, 2016b). Despite this globalization of CSR, large differences remain across countries in the magnitude and efficacy of firms' CSR activities. Recent research analyzing heterogeneity in corporate social performance (CSP) across countries (Ioannou and Serafeim, 2012; Matten and Moon, 2008), has relied on either comparative legal or comparative institutional analysis (Williams and Aguilera, 2008). For example, cross-country differences in corporate governance arrangements (Aguilera *et al.*, 2006) and political, labor and cultural institutions (Ioannou and Serafeim, 2012) have been shown to explain differences in firms' CSP across countries.

At the same time, stakeholders occupy a central role in many single-country studies of CSR as catalysts for corporate investment in environmental and social performance improvement (Arenas, Lozano, and Albareda, 2009; Henriques and Sadorsky, 1996, 1999; Kim and Lyon, 2015). Non-governmental organizations (NGOs) uncover and publicize environmental or labor violations; workers picket for fair wages; governments legislate, regulate and disseminate best practices; investors demand 'social impact' funds or funds focused on strong Environmental, Social and Governance (ESG) performers; and inter-governmental organizations (IGOs) set up voluntary organizations such as the UN Global Compact where companies pledge to principles. From a stakeholder theory perspective, CSP is a strategic response to pressure from stakeholders (McDonnell *et al.*, 2015; McWilliams and Siegel, 2001; Murillo-Luna *et al.*, 2008; Yang and Rivers, 2009). Improvements in CSP may be farsighted attempts by firms to pre-empt or mitigate stakeholders' pressure which may otherwise result in institutional change forcing even higher or

more costly CSP or, alternatively, stakeholders' direct threats to the firm (Jones, Harrison, and Felps, 2018).

In this article, we bring stakeholders into comparative of accounts of CSP by drawing on field theory, which explains how change is effected by social actors, such as stakeholders, in circumscribed social arenas, such as countries (Fligstein and McAdam, 2011, 2012). Moving beyond dyadic treatments of stakeholder pressure and influence, we conceptualize stakeholder pressure within a country emanating from the set of interconnected government actors, IGOs, labor unions, NGOs, and communities, that populate a stakeholder field within that country and seek to influence corporate practices (Fligstein and McAdam, 2012; Rowley, 1997). The stakeholders that populate a country's stakeholder field, their engagement with other socio-political actors within a country, and their use of direct pressure tactics on a country's private sector jointly determines corporate practices by influencing managerial perceptions of their salience (Mitchell *et al.*, 1997), and in turn, responsiveness to issues advocated by the stakeholder field. In countries where stakeholder fields are populated by prominent stakeholders which can wield influence on regulations or norms, and draw on a heterogeneous base of adherents, managers are more likely to be responsive to the issues advocated by the field. Managers are equally attuned to extra-institutional mobilization (King and Pearce, 2010) by influential stakeholders on peer firms in their country, responding with expressions of the organization's commitment to socially acceptable norms and activities (McDonnell and King, 2013) in the hopes that they can avoid becoming a target. Further, the characteristics of stakeholder and business fields vary across countries which alters firms' susceptibility to direct or indirect stakeholder channels of influence.

Our work thus represents a significant theoretical shift in comparative CSP research, stakeholder theory, as well as in research on organizational fields. Cross-national variation in institutions has been shown to strongly influence CSP (Ioannou and Serafeim, 2012; Jackson and Apostolakou, 2010; Matten and Moon, 2008), and cross-national variation in internal stakeholder

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(i.e., shareholders, creditors, employees) influence has been shown to influence corporate governance and reputation (Schneper and Guillen, 2004; Soleimani, Schneper, and Newburry, 2014). Conversely, cross-national variation in external stakeholder (i.e., governments, NGOs, IGOs, communities) influence has not previously been linked to CSP, arguably due to an inability to objectively compare external stakeholders' influence across nations. A stakeholder field perspective can enrich comparative CSP research by addressing this gap and incorporating mechanisms shown to impact firm behavior within the stakeholder literature. It also offers a more dynamic view of how once 'latent' stakeholders can quickly transform into 'definitive' stakeholders (Mitchell *et al.*, 1997) through their relational ties, raising the salience of CSR issues and performance across countries. Secondly, conceptualizing stakeholder influence as operating more broadly via country-level business fields in which firms are embedded, relaxes the assumption that firms are responsive to direct stakeholder pressures alone. Instead a field-theory perspective on stakeholder influence recognizes that stakeholders strive to "bring about field-level change" (den Hond and Bakker, 2007: 918) and answers calls to include non-targeted firms in research on stakeholder influence (Briscoe *et al.*, 2015). Relative to existing work in organizational fields, we broaden the scope of inquiry beyond the treatment of fields as "self-contained, autonomous worlds" (Fligstein and McAdam, 2012: 18), highlighting that changes in a focal field can emanate from changes in the dynamic structural and compositional characteristics of the complex webs of fields surrounding it.

Finally, our work represents an important empirical contribution to the literature on CSP, stakeholder networks, and fields. Using 250 million machine-coded media-reported interactions among economic, political and social actors, we introduce to management a novel source of data capturing the shifting structure of interconnected fields within which organizations operate (Pfeffer and Salancik, 1978). While manual coding of media-reported events have been employed within social movement scholarship (King, 2008; King and Soule, 2007; McDonnell and King, 2013), the

dataset we employ expands the scope of media coverage by several orders of magnitude, and allows us to study not just contentious interactions but the full scope of interactions related to environmental and social issues in each country for a decade. From this corpus, we collect directed and valued networks of relations between CSP stakeholders (de Bakker, 2012; Lucea and Doh, 2012; Rowley, 1997), and other business and socio-political actors within a country. To our knowledge, our construction of stakeholder, business, and socio-political fields across 42 countries, represents the first cross-national study of fields of this scale.

STAKEHOLDER THEORY AND FIELD THEORY

Stakeholder theory posits that strategic management involves consideration of stakeholders who can affect, or are affected by, the accomplishment of an organization's purpose (Freeman, 1984; Freeman, Wicks, and Parmar, 2004). However, not all stakeholders are created equal. Stakeholder influence on corporate practices is mediated by the salience of stakeholder groups, or the degree to which managers give priority to stakeholder claims (Mitchell *et al.*, 1997). Hence, one prominent area of inquiry in stakeholder theory is how managerial perceptions of stakeholder attributes (Eesley and Lenox, 2006; Yang and Rivers, 2009) or their relationship with the organization (Agle *et al.*, 1999) can "explain to whom and to what managers actually pay attention," (Mitchell *et al.*, 1997: 854). Most research on stakeholder salience has focused on arguments derived from dyadic resource dependence (Frooman, 1999; Mitchell *et al.*, 1997).

However, resource dependence theory also emphasizes the interconnectedness of actors as an important structural characteristic of environments in which an organization is embedded (Pfeffer and Salancik, 1978). The interconnectedness of organizations and actors creates "webs of power" that affect the level of influence associated with different interests (Pfeffer and Salancik, 1978: 65–71; Wry *et al.*, 2013). In other words, organizations are not perceiving, and responding to, atomistic stakeholders, but rather the interaction of multiple inter-connected influences from their entire stakeholder environment (Rowley, 1997). Therefore, a growing stream of research

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argues for a relational perspective on stakeholder salience that takes account of inter-stakeholder ties (Rowley, 1997) and of ties to other actors in an organization's external environment.

More recently, stakeholder influence on firm's practices has been further complicated by findings that managers take action on issues in response to stakeholder pressure on other firms in the business field (Briscoe *et al.*, 2015). In other words, in making judgements on stakeholder salience, managers are attuned not only to stakeholder pressure directed at them but, more broadly, stakeholder interactions with other firms (Yue *et al.*, 2013). This perspective is particularly important for secondary stakeholders (e.g. NGOs, regulators) which are typically interested in effecting field-level change (den Hond and Bakker, 2007; Van Wijk *et al.*, 2013). As such, researchers have called for research to acknowledge stakeholders wield influence beyond a single point of interaction (Briscoe and Gupta, 2016) and adopt a field level perspective because "substantial economic change does not stay contained within organizational or industry boundaries," (Davis and Marquis, 2005: 341).

We bring together and extend these three perspectives to develop a theoretical framework of stakeholder influence operating through managerial perceptions of country-level stakeholder fields to explain differing levels of firm responsiveness to stakeholder interests which manifest in observable patterns of practices across countries (i.e. CSP). Field theory suggests that social actors are embedded in fields, or meso-level social orders, where actors interact with knowledge of one another under a set of common understandings about the field's purposes, the relationships in the field, and the field's rules (Fligstein and McAdam, 2011). Fields can form around issues (Hoffman, 1999; Zietsma *et al.*, 2017), specific industries or sectors (e.g. state field), or geographies (Fligstein and McAdam, 2012; Zietsma *et al.*, 2017). Critically, the field of which an organization is a member is, in turn, embedded in complex webs of other fields (Fligstein and McAdam, 2012) which influence practices in the focal field. For example, the European Union (EU) moratorium on genetically modified (GM) products which affected firms across a multitude of industries (e.g.

agriculture, biotechnology, retail) was the product of complex interactions between NGOs, producers, policy makers and consumers. Doh and Guay (2006) contrast the EU outcome with that of the U.S. where no such consensus on GM products emerged as the issue failed to gain prominence because of a lack of news-grabbing biotechnology accidents that would create political space, NGOs' failure to use the judicial system, and elite capture by the biotech industry. In a separate case, the comparatively lower involvement of U.S. firms in the Publish What You Pay initiative in comparison to their U.K. peers has been attributed to considerably less NGO, institutional investor, and policy maker's pressure in the U.S on revenue transparency (Aguilera *et al.*, 2007).

We thus share with field theory a conception of a set of stakeholders concerned with collective strategic action to achieve tangible change in CSP outcomes in the business field, working or embedded within a broader societal field (Bansal, 2005). CSP stakeholders can include regulatory or government agencies whose mandates comprise environmental, labor, or human rights issues (Aguilera *et al.*, 2007; Henriques and Sadorsky, 1996; Murillo-Luna *et al.*, 2008), IGOs (Aguilera *et al.*, 2007; Williams and Aguilera, 2008), NGOs (Arenas *et al.*, 2009; Doh and Guay, 2006; Eesley and Lenox, 2006), and communities and residents (Henriques and Sadorsky, 1996; Maignan and Ralston, 2002; Murillo-Luna *et al.*, 2008) identifying or concerned with those same issues. A field perspective on stakeholder influence and salience relaxes the focus on stakeholder power as a discrete organizational characteristic operating at the organization-stakeholder dyad level. Instead, it shifts analytical focus to how the constellation of interconnected stakeholders with interests in bringing about field-level change (den Hond and Bakker, 2007) in corporate performance on environmental, human rights and labor issues, and their relations with other fields within countries condition firm responsiveness to their interests. Re-conceptualizing stakeholder salience across countries as operating through cross-field influence acknowledges that stakeholder influence is not limited to, or even focused on, any one firm (Briscoe and Gupta, 2016).

A framework that brings to the fore the interconnectedness of heterogeneous stakeholders interested in field-level change is particularly important in the context of CSP, where some of the greatest pressure for firms to adopt environmentally or socially responsible practices have come from interconnected networks of activists, inter-governmental efforts, or cross-sectoral efforts.

STAKEHOLDER FIELDS

We propose that stakeholder salience in a given country, and in turn CSP, is informed by managerial perceptions of the stakeholder field's ability to leverage two mechanisms to influence practices in the business field: institutional change and extra-institutional tactics (Aguilera *et al.*, 2007; Hiatt *et al.*, 2015; King and Pearce, 2010). The first focuses on stakeholders as institutional entrepreneurs that effect change by leveraging the state to exert coercive influence (Hiatt *et al.*, 2015), providing normative support for alternative practices (Durand and Georgallis, 2018), or propagating cognitive frames regarding appropriate behavior for corporations. A stakeholder field whose members are prominent within the broader socio-political network and one composed of heterogeneous actors, signals to managers that CSP has gained legitimacy with a broad constituency within their country and that stakeholders can draw on a multitude of sources of influence (i.e., regulative, normative, and cognitive) to foster institutional change. In countries where the business field does not enjoy privileged access to elites to impede institutional change, managers will be particularly responsive to these stakeholder field characteristics.

The second mechanism for cross-field influence emphasizes the role of secondary stakeholders as 'extra-institutional entrepreneurs' (King and Soule, 2007) that employ direct, contentious targeting of select firms to bring about change in the broader business field (Briscoe *et al.*, 2015; den Hond and Bakker, 2007). Contentious targeting of firms in a country attunes managers to issues advocated by the stakeholder field, and may result in practice change where stakeholders articulate specific proscriptions for alternative practices and can mobilize in a coordinated and repeated manner. The mechanisms underlying our framework of stakeholder

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salience find parallels in Zietsma *et al.'s* (2017) review of literature on field-level change, where business field members are drawn into issues when the state field imposes a change or a social movement pressures for one. Importantly, our framework does not address the determinants of different stakeholder and business field structures that emerge across countries nor how they evolve.

Stakeholder Field Prominence

Prominent actors within and across fields disproportionately "influence the rules of the game and the cultural norms and belief systems" (King and Walker, 2014: 135) that govern corporate practices. The prominence of members of a stakeholder field within the broader socio-political network is material to observers because it is associated with potential subsequent shifts in formal state policies, informal norms or values influencing perceptions of appropriate behavior (Bansal, 2005; Briscoe *et al.*, 2015; Sharfman, Shaft, and Tihanyi, 2004) or cultural-cognitive belief systems as to practices that must be followed (i.e. institutional change). Mitchell *et al.* (1997: 865) suggest that a stakeholder "has power to the extent it has or can gain access to coercive, utilitarian, or normative means, to impose its will." Prominent stakeholders are more likely to be perceived as being able to gain access to influence over the business field via indirect channels afforded by other fields to which the business field is connected. For example, influence in domestic policy networks and ties to legislators are important to CSR outcomes (Hiatt *et al.*, 2015), as stakeholders often turn to the state because of its capacity to regulate industry (King and Pearce, 2010).

Generally, "actors with greater access to authority, resources, and discursive legitimacy" (Hardy and Phillips, 1998: 219) are those with the best chance of influencing other fields. In countries where members of the stakeholder field are more prominent they are more likely to have a larger impact either on government policy or on norms, values and cultural-cognitive beliefs that influence behavior. In policy networks consisting of many different actors, actors with prominent positions can "set agendas, frame debates, and promulgate policies that benefit them," (Beckfield,

2003: 404). In cultural networks, prominent actors are key influencers that define attributes of products or practices that are desirable for or expected of peers and lead cascades of adoption (Centola, 2015). The prominence of Greenpeace in the solar photovoltaics industry, for example, increased private sector commitment to this 'greener' technology because it acted as a signal of shifting public preferences, reflected active advocacy for an alternative technology, and defined new contours for reputation building (Durand and Georgallis, 2018). Being well-connected within the socio-political network allows stakeholders to leverage the network to propagate their ideas and "may even create the actual or virtual 'space' for the creation of new norms." (Aguilera *et al.*, 2007: 853). The foregoing suggests that managerial attention and action will be most attuned to issues advocated by prominent stakeholders because such stakeholders can draw on a multitude of sources of influence (i.e., regulative, normative and cognitive) to foster institutional change. Therefore, we propose that managers' evaluations of stakeholder salience, and in turn their CSP, will be greater in countries where the members of the stakeholder field are prominent within the broader socio-political network.

> *Hypothesis 1: The prominence of members of the stakeholder field within a country is positively associated with a firm's corporate social performance.*

Relative Strength of Business Ties to Elites

Characteristics of the business field can alter managerial perceptions of the likelihood that a given level of stakeholder prominence will generate institutional change (King and Walker, 2014). In some countries, the business field may enjoy a blocking position between even prominent environmental or social stakeholders and their goals of regulative, normative or cultural-cognitive institutional change. Of particular importance in any process of institutional change whether through policy, norms and values or culture, is the support of elites (Greenwood and Suddaby, 2006; Seo and Creed, 2002).

In many institutional change processes, shifting positions among elites play a critical role in the process of transformation from one set of rules, values and norms or culture to another.

Where businesses enjoy privileged or superior access to these elites relative to public sector or civil society stakeholders, they are more likely to be able to use lobbying, framing battles or cultural tropes to impede the passage of new laws, push back against the growing acceptance of new norms and prevent any change in what environmental and social practices are seen as expected. Prakash and Kollman (2003), for example, highlight the critical role played by the relative connectedness of the biotechnology industry to key U.S. regulators in attenuating regulative and normative threats to GM products.

Businesses with strong ties to elites can use their resources to impact legislation or regulation directly by controlling or shaping the agenda of legislative debate and regulatory implementation. Their advertising or discourse also shapes stakeholders' perceptions of the appropriateness of improved environmental or social practices. In cases where incumbent business interests are particularly well connected, it is hard to imagine how a cultural-cognitive belief that strong environmental and social practices are expected could emerge. Even in cases where environmental and social stakeholders are actively influencing regulation, values and norms and culture, the relative strength of business ties to elites will undermine the efficacy of such efforts at institutional change, sowing competing forms of targets for regulation, alternative interpretations of causal mechanisms underlying beliefs, and even confusion over the facts themselves. Given this ability to block, confuse or obfuscate, business fields that enjoy relatively strong connections to national elites should be less sensitive to stakeholder prominence.

> *Hypothesis 2: The positive relationship between stakeholder prominence and a firm's corporate social performance decreases in the relative strength of business ties to elites.*

Stakeholder Field Heterogeneity

Fields are constructed on a situational basis, as shifting collections of actors come to define new issues and concerns as salient (Fligstein and McAdam, 2012). The constellation of actor types (e.g. international NGOs, local NGOs, regulators) that identify with a particular issue is material to

observers assessing the likelihood of institutional change. Where a stakeholder field includes NGOs, government, IGOs, organized labor etc., managers see that the issue has gained legitimacy with a broad base of constituents within their country. Such diversity in support enhances the receptivity of policymakers to regulative policy change (Henisz and Zelner, 2005) as well as the pressure for conformity with norms, values and beliefs guiding appropriate or necessary behavior (Oliver, 1991) through the reduction of complexity in the external environment (Greenwood *et al.*, 2011). Organizations surrounded by fields where the constellation of stakeholders identifying with an issue is heterogeneous are more likely to acquiesce to institutional pressures because stakeholder field heterogeneity suggests that an institutional expectation has diffused more widely (Oliver, 1991).

Heterogeneity of stakeholders also enhances the sources of influence and resources that stakeholders can wield in support of these objectives (Marwell, Oliver, and Prahl, 1988). Political or regulatory stakeholders can deploy coercive pressure via legislation or regulation. NGOs can exert normative pressures through issue framing. Organized labor has avenues for pressure directly into firms through its membership. Similarly, levers for institutional change may vary by the geographic breadth of stakeholders. Stakeholders with international reach, for example, may have greater access to financial or political resources than national or more regional groups (Eesley and Lenox, 2006), and can make issues more visible to a geographically broader swath of audiences (Lucea and Doh, 2012).

For both these reasons, we expect managers to perceive a stakeholder field composed of connected heterogeneous actors, each possessing different influence tactics, levers and resources, and representing broad-based issue support to be more likely to influence political actors' deliberations and the shared construction of values, norms and beliefs, increasing a firm's CSP.

> *Hypothesis 3: The heterogeneity of members in the stakeholder field within a country is positively associated with a firm's corporate social performance.*

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While managers are in tune with the potential material impact of institutional change resulting from the prominence and heterogeneity of stakeholder fields, the influence of stakeholder fields can also be more direct. Stakeholders can also deliver "an exogenous shock to change the frame of discussion and potentially shift norms of acceptable social conduct" (Aguilera *et al.*, 2007: 857) by directly mobilizing against the business field in a country. In other words, stakeholder fields can also influence CSP where members of those fields apply direct pressure on business through extra-institutional tactics (e.g., boycotts, protests).

Proselytizing Stakeholder Pressure

Stakeholders can promote corporate reform by pressuring firms directly with tactics like protests, boycotts, and negative media campaigns (Eesley and Lenox, 2006; King and Pearce, 2010; Soule, 2009). Firms respond by adopting new policies and practices and increasing prosocial disclosures (McDonnell and King, 2013). The responsiveness of firms to contentious targeting is not limited only to instances when they are targets. Firms are responsive to contentious targeting of other firms in the business field (Briscoe and Gupta, 2016; Briscoe *et al.*, 2015; Yue *et al.*, 2013) including, but not limited to, those operating in sectors to whom they are linked through supply chains (Bartley and Child, 2014). Protests and boycotts send informational signals to non-targeted firms about the preferences of stakeholders (e.g. proscriptions for practices) and increase the risk of them becoming targets in the future. If non-targeted firms fail to proactively change practices they risk becoming targets themselves. PETA's campaign for improved treatment of animals in the U.S. in the early 2000s, for instance, began with McDonald's, but spread quickly to others, including Burger King, Wendy's, and key suppliers (e.g. Smithfield Foods). While contentious targeting typically focuses on a select few, visible firms in a country, it must be understood in light of stakeholders' ambitions "to bring about field-level change," (den Hond and de Bakker, 2007: 901). As such, following contentious targeting of the business field by stakeholders, the salience of issues they advocate is heightened for all firms in the country.

Stakeholders that frame the discussion of acceptable social conduct (Aguilera *et al.*, 2007) are most likely to elicit concrete responses in CSP because they articulate proscriptions for practices that replace existing frames rather than just deinstitutionalizing existing frames (den Hond and Bakker, 2007). Den Hond and Bakker (2007), illustrate this point with the animal rights movement, which is populated by organizations that categorically oppose raising animals for consumption, as well as those that focus their campaigns on improving conditions under which animals are raised. Practice change in response to pressure from the former is circumscribed by their challenge to the very existence of an industry, while response to the latter is enabled by their championing of concrete proscriptions for practice change. Powell et. al. (2017) refer to actors who champion proscriptions as proselytizers. Within a stakeholder field, proselytizing stakeholders are those actors who organize and champion information about an alternative means of engaging with environmental and social challenges, providing guidance and orientation to both corporate targets of their efforts at conversion as well as corporate (and government) observers.

When proselytizers engage not only in verbal framing within their field but also apply direct pressure on the business field through extra-institutional tactics, they send an important signal to managers. Such behavior highlights a focus not only on institutional change, but also extra-institutional change where success depends upon perceptions of a material risk to organizational performance. Such a strategy may directly target the performance of the manager's firm or simply attune the manager to a threat of future stakeholder attacks. In either event, pre-emption or mitigation of the emergent threat can be achieved through increasing CSP.

> *Hypothesis 4: Pressure from proselytizing stakeholders towards the business field*
> *in a country is positively associated with a firm's corporate social performance.*

Proselytizing Stakeholder Density

Not all contentious targeting of the business field by proselytizers is equally salient to managers. Isolated one-off incidents by unconnected or peripheral proselytizing stakeholders will elicit less responsiveness than contentious targeting of members of the business field by a tightly connected

group of mainstream organizations. In general, managers will look for indications of the ease with which stakeholders can deploy pressure directly (as opposed to indirectly through institutional change) against them in a coordinated and repeated manner. Such stakeholders pose a more credible and sustained threat to the firm (Coff, 1999). Therefore, we propose that managerial responsiveness to proselytizing stakeholder pressure will be informed by their evaluations of the degree to which proselytizing stakeholders can coordinate for future collective action.

Stakeholders face substantial collective action challenges in achieving their objective of changing firms' environmental, human rights, or labor practices. Dense social relations or ties among actors deter free-riding in collective action, and facilitate the diffusion of norms and expectations (Rowley and Moldoveanu, 2003), both of which increase the probability of future collective action. Dense networks of ties between proselytizing stakeholders can also reduce variation in their evaluation and framing of issues and the number of competing issue resolution coalitions that form (Mahon *et al.*, 2004), translating into more sustained efforts at issue resolution. The sustainability of pressure is also more likely within dense networks where there are limits on firms' ability to use 'divide-and-conquer' tactics (Mahon *et al.*, 2004), and relational ties enable the sharing of resources, frames and tactics (Soule, 2012). Given the link between dense social relations and sustained collective action, it is perhaps unsurprising that protesting organizations that participate in coalitions are also more likely to have higher levels of success (Larson and Soule, 2009). Scholars studying the influence of social movements on public policy also emphasize cross-organizational ties, suggesting success in influencing policy depends on the strength and density of the network (Keck and Sikkink, 1999).

The preceding suggests managerial attention to contentious targeting by proselytizing stakeholders, and therefore a firm's CSP, will increase with the density of cooperative ties among proselytizers in the country in which the firm is headquartered.

Hypothesis 5: The positive relationship between pressure from proselytizing stakeholders towards the business field and a firm's corporate social performance increases in the density of cooperative ties between proselytizing stakeholders.

DATA AND METHODS

Constructing Stakeholder Fields

Since the salience of CSP issues is determined by managerial perception of stakeholders (Mitchell *et al.*, 1997) within the corresponding field, our operationalization of these fields must be readily observable by managers. Consistent with this objective, we identify membership based upon the population of stakeholders identified with CSP issues in a country (e.g., environmental, human rights and labor issues) connected by actions or statements reported in the media. Media is an information intermediary that provides stimuli that affect impression formation (Pollock and Rindova, 2003) and "influences decision makers by identifying the topics, issues, activities, and events that are perceived as notable and salient," (Aharonson and Bort, 2015: 313). Acknowledging sources of bias in media-reported events (e.g. ideological biases, over-reporting of negative events), we do not claim all stakeholder ties will be reported by media. Instead, we suggest an approach that relies on media conforms with stakeholder salience being a 'socially constructed' reality (Mitchell *et al.*, 1997). Organizational researchers have shown what stakeholders know about organizations is largely shaped by what the media reports about them (Deephouse, 2000; Petkova, Rindova, and Gupta, 2013; Pollock and Rindova, 2003). Therefore, while other studies have relied on archival data, such as the financial resources at the disposal of an NGO, to measure stakeholder salience (Eesley and Lenox, 2006), we believe studying media-reported stakeholder fields better reflects the limited perceptual energy managers can devote to understanding their stakeholder environment (Mitchell *et al.*, 1997).

Archival media data has been used in analyses of firm response to stakeholder pressures (Eesley and Lenox, 2006), and social movement research to identify boycotts, the size of protests, the number of organizations involved and issues (King, 2008; King and Soule, 2007; McDonnell

and King, 2013). In political science, scholars leverage automated linguistic coding algorithms and exponentially increasing computational power to construct geographically coded datasets of media-reported events. An "event" is a discrete interaction between two actors that can be located at a single time and geography (Leetaru and Schrodt, 2013). We introduce one such dataset, the Global Database on Events, Location and Tone (GDELT) to the management literature and use it to construct stakeholder fields, business fields, as well as the broader national socio-political networks in which they are embedded (http://www.gdeltproject.org/). GDELT is arguably the largest event data collection in social science with over a 250 million events reported in print, broadcast, and web news media across the world. GDELT data are coded using the Textual Analysis by Augmented Replacement Instructions (TABARI) system. GDELT's reliance on both domestic and international news sources reduces the likelihood of bias due to varying levels of domestic press freedom because an event is likely to be reported to the extent that foreign correspondents representing foreign news wires are present in the country. In Appendix A.3, we provide a description of media sources included in GDELT, and tests we conducted to address concerns regarding media bias.

Each event record in GDELT includes information on the time and location of a media-reported event, the "source" (i.e., who said the expression or took the action) and "target" (i.e., towards whom the expression or action was directed or taken) actors, and the characteristics of the interaction between them. The interactions vary from cooperative, such as "express intent to cooperate" or "engage in material cooperation," to conflictual, such as "demand," "threaten," and "protest" and are coded according to whether the interaction was verbal or material. GDELT de-duplicates events by collapsing multiple references to the same event across one or more articles into a single event record (Leetaru and Schrodt, 2013), while separately recording the number of articles carrying the event.

Using GDELT allows us to address Rowley's (1997) recommendations for constructing stakeholder networks or fields. First and foremost, events capture (media-reported) interactions (i.e., ties) between actors that are both directed and classified according to positive versus negative affect. Second, ties can be valued by number of occurrences and media mentions, which is important for understanding the intensity of each relation as represented by the number of possible media impressions. Finally, event databases capture the census of actors that appear in the media and, by geographically locating where the event took place, enable construction of national stakeholder fields, business fields, as well as socio-political networks. Despite the advantages in using event databases, mindful of their documented shortcomings, we take several steps to minimize possible bias due to measurement error. Efforts at validating GDELT against other event databases like the Integrated Conflict Early Warning System (ICEWS) and the Dynamics of Collective Action dataset, have yielded two cautions: over-reporting of false positives (i.e. more events) and increase over time in events (Ward *et al.*, 2013). Although high cross-sectional correlations between protests events in GDELT in comparison to ICEWS (r=0.84) (Ward *et al.*, 2013) and DCA (r=0.83) (Claassen and Gibson, 2018), give us confidence in GDELT's reliability, we still normalize our key constructs by corresponding country-level measures for all actors to account for any changes in over-reporting of events over time. In Appendix A.3, we discuss in greater detail the issue of event count bias, how we address it in the calculation of our measures, and additional validation tests we perform.

All actors in GDELT are assigned role codes, which indicate broader functional categories to which they belong (e.g. government, NGO, business, media) and their specialty or area of interest (e.g. actors whose primary area of operation or expertise is human rights) (Leetaru and Schrodt, 2013). Actor role and specialty codes facilitate our categorization of GDELT actors as CSP stakeholders. First, we used GDELT role codes to identify stakeholders classified as national or international political or regulatory actors (including government, judiciary, opposition, or

legislative role codes), labor organizations, IGOs, NGOs and communities or residents. We chose this subset of roles (i.e., excluding such roles as insurgents, military, rebels and intelligence services) due to their association with advocacy for environmental and social issues of relevance to firms. Second, we used GDELT specialty codes to identify actors with interests or mandates in issues corresponding to our outcome of interest, CSP. Specifically, CSP stakeholders are all actors in roles described above whose primary, secondary, or tertiary specialty code is ENV (i.e., environment), HRI (i.e., human rights) or LAB (i.e., labor). Appendix A.3 describes the process of stakeholder identification, and provides a mapping of GDELT role and specialty codes to stakeholder categories, as well as illustrative examples of actors included in each category. The population of these actors then constituted the members of the CSP stakeholder field. GDELT role codes also enabled us to identify the business field within a given country as all private sector actors, both domestic and multinational, that participated in events occurring in a given country. Business fields consist of both prominent organizations identified by name (e.g. Starbucks, Toyota and Boeing) and organizations identified by the sector in which they operate (e.g. computer maker, car manufacturer, and airline).

Sample

The initial sample of firms used in our analysis is defined by the coverage of the ASSET4 database (Thomson Reuters), which provides CSP scores on 4,600 companies headquartered in 58 countries, from 2004 to 2013, for which we obtained accounting data from Thomson Reuters WorldScope. After case-wise deletion of observations with missing data at the firm-level (e.g. accounting measures) and country-level (e.g. laws encouraging competition), we are left with 20,047 firm-year observations from 3,566 firms, headquartered in 42 countries over ten years.

Dependent Variable

Our dependent variable is firm-level CSP, which we obtain from ASSET4. With growing importance placed on CSP, several independent organizations provide firm-level CSP metrics or

rankings (e.g. Kinder, Lydenberg and Domini). We follow others (Hawn and Ioannou, 2016; Ioannou and Serafeim, 2012) in choosing the ASSET4 database due to the breadth of coverage across firms and time as well as the methodological rigor it employs drawing information from "objective, comparable and transparent data" sources and subjecting each data point to a "multi-step verification and quality control process" (Ioannou and Serafeim, 2012: 846), and most importantly, the geographic breadth of the companies it evaluates.

CSP scores are calculated based on a firm's performance on several key environmental, human rights and labor performance indicators gathered from public sources. The indicators evaluate the policies or principles to which the firm subscribes (e.g. emissions reduction policy or employment quality policies), the implementation of those policies (e.g. environmental R&D spending or employment awards), and finally, the observable outcomes (e.g. CO_2 emissions or employee turnover). We follow Ioannou and Serafeim (2012) in constructing the CSP composite as the equally weighted average of social (i.e., human rights and labor) and environmental performance for each firm-year observation (scale of 0 to 100) as well as separately analyzing results for the two sub-indexes.

Independent Variables

Stakeholder prominence. In hypothesis 1, we propose managers' evaluations of stakeholders' influence on regulative, normative and cognitive institutions will increase in the prominence of those stakeholders in the country socio-political network. We equate stakeholder prominence with the number of media-reported out-going and in-coming ties stakeholders have with other actors within the country. Actors with high prominence enjoy influence and access to resources via their plentiful relations (Mahon *et al.*, 2004). We calculate prominence using both cooperative and conflictual ties, since stakeholder influence bases include coercive and normative power. While a stakeholder's number of cooperative ties provides managers with signals as to how many possible alters an actor can influence or get resources from, conflictual ties are salient to managers because

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they are an indicator of the exercise of stakeholders' voice and power against enemies. In calculating prominence, we also weight ties by the number of media mentions each tie garnered (Durand and Georgallis, 2018). We calculate *stakeholder prominence* by summing the mentions-weighted prominence of all members of the stakeholder field, and then normalize this sum by the sum of mentions-weighted prominence of all actors in the country's socio-political network. This ensures we are not privileging stakeholder fields in countries with greater media coverage, while accounting for any changes in the universe of source documents and, by extension, media-reported events over time.

Business ties to elites. To capture the relative extent of business ties to elites, we compare the network constructed from the full set of media-reported events in a given country-year to the sub-network constructed from media reported events in which a member of the business field undertakes the action on another actor or speaks about another actor. Specifically, we follow Neal (2008) in using the Herfindahl index of stakeholder degree centrality as a measure of hierarchy in the two networks and then compare (normalizing for the relative size of the two networks), the degree of hierarchy in business outbound events to that in the overall network:

$$H_{it} = \sum_{n=1}^{N} \left(\frac{e_{nit}}{w_{it}} \right)^2$$

Where:
e_{nit} = # of media mentions of ties between stakeholder n and other stakeholders within country i in year t
w_{it} = # of media mentions of ties between stakeholders within country

At the extreme, if each business were connected to a single actor, that network would form a perfect hierarchy. The greater the concentration of connections among business actors to different alters within the business outbound network as compared to the overall network, the stronger are the business field's relative ties to elites.

Stakeholder heterogeneity. We classify heterogeneous stakeholders based upon differences in the organizational forms or purposes (e.g. government versus non-governmental organization), issue interests (e.g. environmental versus labor issues), and locations (e.g., domestic, foreign or multinational) of the members of each country-year stakeholder fields. We use the raw

count of unique actor types in each stakeholder field to measure heterogeneity. Although we explored more complex heterogeneity measures such as Blau's (1977) index, these measures reward equal balance of actors in each category while our arguments center on variety in stakeholders.

Proselytizing stakeholder pressure. We follow Powell *et al.* (2017) in identifying proselytizing stakeholders as those whose ties to other stakeholders (i.e., outbound) are twice their incoming ties (i.e., inbound). These stakeholders proselytize new practices and ideas by spreading to others the attention that they receive (ibid.). After identifying proselytizers in the stakeholder field, we count the number of times proselytizer stakeholders engaged in material conflict (e.g., protests, boycotts) aimed at the business field in a given year. *Proselytizing stakeholder pressure* is the sum of proselytizer material conflict directed at the business field in a country-year, normalized by the relative number of media-reported conflictual events to all media-reported events in the country to account for differing degrees of media bias across countries (e.g., media in some countries may over-report negative news).

Proselytizing stakeholder density. We calculate the relative density of cooperative ties among proselytizer stakeholders as a ratio of the density of cooperative ties in the socio-political network of the country as a whole. The density of media-mentions-weighted cooperative ties between proselytizing stakeholders is calculated as follows:

$$D_{it} = \frac{\sum p_{it}}{n_{it}(n_{it} - 1)}$$

Where:
p_{it} = # of media mentions of cooperative ties between proselytizing stakeholders within country i in year t
n_{it} = # of proselytizing stakeholders in country i in year t

Since our network is directed, our denominator (number of possible ties) is not divided by two as in an undirected network. We then divide by the analogous measure of density in the national socio-political network as a whole to ensure we account for the secular increase in the corpus of source documents and resulting increase in density of media-reported events over time.

Country institutional controls. While our arguments are stakeholder-centered, we acknowledge a country's institutions condition firm behavior, and control for those shown to influence CSP. We control for institutions encouraging competition in a country (*competition laws*), laws protecting minority shareholders (*anti-self-dealing index*), the political ideology of legislators (*left/center ideology*), and perceptions of corruption (*absence of corruption*) (Ioannou and Serafeim, 2012). We control for cultural institutions (Williams and Aguilera, 2008) with measures of *power distance* and *individualism* (Hofstede 1997 2001). CSP improves firms' attractiveness to employees (Aguinis and Glavas, 2012), therefore we control for the competitiveness of the country's labor market (*skilled labor availability*). Similarly, we control for *union density*, as unions typically advocate for health and safety related performance included in our CSP measure and may influence practices at non-unionized firms (McWilliams and Siegel, 2001). Financial institutions influence companies' CSP because capital providers are important stakeholders, therefore we control for the degree to which the financial system is credit- or market-based (*country debt over assets*), the size of the capital market (*market capitalization*) and whether a socially responsible market index exists (*SRI index*). We also control for the competitiveness and openness of the national economy (*balance of trade* and *trade*) and the quality of its *basic infrastructure* (Ioannou and Serafeim, 2012). We control for the degree of *press freedom* because our stakeholder field measures are based on media reports and media may improve institutional compliance (Marquis, Toffel, and Zhou, 2016) by increasing firm and issue visibility to stakeholders. Finally, an alternative explanation for cross-country heterogeneity in CSP may be that firms experience varying degrees of external pressure from the degree of attention given to environmental, human rights and labor issues across countries (Flammer, 2013). To the extent this correlates with the attention media gives stakeholders interested in such issues, our results would be biased. Therefore, following Flammer (2013), we control for the percent of media articles mentioning "environment" or "human rights" or "labor" and "corporate social responsibility" in a

given country-year (*issue prevalence*), and rely on Factiva media reports to construct this measure, to reduce single-source bias.

   Firm-level controls. We control for several firm characteristics shown to be associated with CSP. We expect more profitable (*ROA*) firms (Ioannou and Serafeim, 2012; Jackson and Apostolakou, 2010), larger firms (*firm size*) (Campbell, Eden, and Miller, 2011; Chih, Chih, and Chen, 2010; Ioannou and Serafeim, 2012) and those competing on more differentiated products (*market to book ratio* and *R&D expenses*) to have higher CSP (Ioannou and Serafeim, 2012; McWilliams and Siegel, 2001). CSP may also be higher in more diversified firms (*number of segments*), those more visible, proxied by whether the firm trades an American Depository Receipt (*ADR company*) (Ioannou and Serafeim, 2012), and multinational enterprises (*foreign assets*). We also control for a firm's *stock volatility* as CSP may change with firm risk, as well as the degree to which shares are closely held (*closely held shares*), and its leverage (*leverage*) (*ibid.*). Table 12 describes all independent and control variables in detail and their sources. All independent and control variables are lagged one year, unless otherwise noted.

   We include industry fixed effects to account for systematic differences in CSP across industries (McWilliams and Siegel, 2001) and year fixed effects to account for patterns of institutionalization of CSR norms (Flammer, 2013). Appendix A.3 presents the distribution of observations by country, the average CSP score of firms headquartered in the country, and the prominence and heterogeneity of stakeholder fields, and proselytizing stakeholder pressure across all years. Summary statistics and correlations are presented in Table 13.

Table 12: Variable Definition and Source

Variable	Measurement (annual unless noted otherwise)	Source
Independent Variables		
Stakeholder prominence (H1)	Sum of all stakeholder outgoing and incoming ties divided by outgoing and incoming ties of all actors (ties weighted by media mentions); measure is logged due to skewness	GDELT
Business ties to elites (H2)	The ratio of the herfindahl index of degree centrality for actors in the sub-network of business initiated statements or actions to that of the overall socio-political network	GDELT
Stakeholder heterogeneity (H3)	Count of unique actor types in the stakeholder field	GDELT
Proselytizing stakeholder pressure (H4)	Frequency-weighted material conflict brought by proselytizing stakeholders against business field. Proselytizer stakeholder are those with outdegree twice their indegree in the stakeholder field. Measure normalized by relative number of conflictual events in country.	GDELT
Proselytizing stakeholder density (H5)	Mentions-weighted cooperative ties between proselytizers as a ratio of number of possible ties, normalized by the density (calculated in the same manner) of all actors	GDELT
Controls: Country		
Competition laws	Laws encourage competition in the country	World Competitiveness Report
Anti-self-dealing index	Laws limit self-dealing of insiders (measured as of 2001)	La Porta et al. (2006)
Left/center ideology	Chief executive and largest party have left/center political orientation (% of years between 1928 and 1995)	Botero et al. (2004)
Absence of corruption	Inverse of average corruption perceptions score	World Bank
Power distance	"The extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally"	Hofstede (1997, 2001)
Individualism	"The degree to which individuals are integrated into groups"	Hofstede (1997, 2001)
Skilled labor availability	Skilled labor is readily available in a country	World Competitiveness Report
Union density	Employees are densely organized in unions (measured as of 1997)	Botero et al. (2004)
Country debt over assets	Average debt over assets ratio for all firms within a country-year pair	Worldscope
Market Capitalization	Log of total market capitalization	World Competitiveness Report
SRI index	Indicator variable for country-years where a socially responsible stock market index exists (1/0)	World Federation of Exchanges
Balance of trade	(Exports-Imports)/Gross Domestic Product	World Competitiveness Report
Trade	(Exports+Imports)/Gross Domestic Product	World Competitiveness Report
Basic infrastructure	Quality of basic infrastructure in a country	World Competitiveness Report
Press freedom	Composite score of the legal, political and economic environment for press freedom (0 to 100, where lower values indicate more freedom)	World Press Freedom Index, Freedom House
Issue prevalence in media	Percent of articles in a country mentioning environmental, human rights, labor issues in a given year.	FACTIVA
Controls: Firm		
ROA	Net income over total assets - logged due to skewness	Worldscope
Firm size	Logarithm of total assets	Worldscope
Market to book ratio	Market value of equity over book value calculated at fiscal year-end	Worldscope
R&D expenses	Research and development expenses over sales	Worldscope
Number of segments	Logarithm of number of four-digit SIC codes the firm operates in	Worldscope
ADR company	Company trades an American Depositary Receipt	Worldscope
Foreign assets (%)	Percentage of assets in foreign (non-headquarters) countries	Worldscope
Stock volatility	Daily stock return volatility over the fiscal year	Worldscope
Closely held shares (%)	Percentage of shares held by investors owing more than 5%	Worldscope
Leverage	One minus the ratio of shareholder's equity over total assets	Worldscope

Table 13: Descriptive Statistics and Correlation Matrix

	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
1 CSP index	50.571	29.550	1.00																															
2 Stakeholder prominence (H1)	1.437	0.373	0.07	1.00																														
3 Business ties to elites (H2)	0.226	0.170	-0.01	0.30	1.00																													
4 Stakeholder heterogeneity (H3)	7.663	4.141	-0.03	-0.11	-0.15	1.00																												
5 Proselytizing stakeholder pressure (H4)	0.226	0.291	-0.05	-0.24	-0.10	0.72	1.00																											
6 Proselytizing stakeholder density (H5)	0.004	0.018	0.03	0.04	0.03	0.18	0.09	1.00																										
7 Competition laws	6.178	0.675	0.02	0.17	-0.10	-0.01	-0.16	0.08	1.00																									
8 Anti-self-dealing index	0.639	0.187	-0.11	0.16	0.17	0.12	0.14	-0.01	0.05	1.00																								
9 Left/center ideology	0.433	0.287	-0.09	-0.12	0.16	0.55	0.52	0.07	0.02	0.03	1.00																							
10 Absence of corruption	-1.414	0.604	0.01	-0.04	0.03	0.13	0.09	0.02	-0.61	-0.23	-0.04	1.00																						
11 Power distance (Hofstede)	46.373	13.740	-0.02	0.07	0.23	-0.31	-0.30	-0.08	-0.43	-0.12	-0.33	0.56	1.00																					
12 Individualism (Hofstede)	70.417	24.736	0.01	-0.03	-0.23	0.59	0.52	0.14	0.28	0.22	0.57	-0.38	-0.77	1.00																				
13 Skilled labor availability	6.332	0.932	-0.10	-0.36	-0.08	0.18	0.13	0.01	0.08	-0.28	0.25	-0.21	-0.05	0.06	1.00																			
14 Union density	0.228	0.130	0.08	0.24	0.07	-0.45	-0.36	-0.03	0.27	-0.08	-0.24	-0.34	-0.32	-0.10	-0.15	1.00																		
15 Country debt over assets	2.380	4.303	-0.07	-0.32	-0.12	0.61	0.77	-0.02	-0.20	0.04	0.50	0.05	-0.25	0.45	0.24	-0.36	1.00																	
16 Market capitalization	8.068	1.436	-0.07	-0.38	-0.27	0.71	0.60	0.05	-0.05	0.08	0.40	-0.05	-0.29	0.55	0.40	-0.56	0.57	1.00																
17 SRI index	0.760	0.427	0.00	-0.27	-0.12	0.46	0.34	0.01	-0.05	0.15	0.03	0.10	-0.25	0.24	0.03	-0.21	0.29	0.59	1.00															
18 Balance of trade	-0.023	0.058	-0.01	0.02	-0.30	-0.35	-0.30	-0.03	0.17	-0.29	-0.31	-0.03	0.17	-0.37	0.04	0.36	-0.25	-0.41	-0.35	1.00														
19 Trade	32.548	39.737	-0.07	0.20	0.56	-0.47	-0.27	-0.02	-0.05	0.33	-0.20	-0.15	0.41	-0.52	-0.02	0.17	-0.24	-0.47	-0.35	0.01	1.00													
20 Basic infrastructure	14.254	12.398	0.11	0.26	0.20	-0.32	-0.34	0.03	-0.32	-0.05	-0.43	0.54	0.35	-0.41	-0.55	0.17	-0.37	-0.53	-0.04	-0.02	0.08	1.00												
21 Press freedom	22.198	11.264	-0.07	0.11	0.14	-0.21	-0.19	-0.06	-0.31	0.21	-0.19	0.50	0.72	-0.62	-0.27	-0.17	-0.22	-0.38	-0.20	0.26	0.42	0.35	1.00											
22 Issue prevalence in media	0.022	0.021	-0.05	0.20	0.29	-0.20	-0.14	-0.02	-0.16	0.08	-0.13	0.21	0.53	-0.48	-0.06	-0.05	-0.12	-0.36	-0.24	0.08	0.49	0.21	0.50	1.00										
23 ROA	1.636	1.025	-0.02	0.06	0.10	0.08	0.08	0.03	0.03	0.18	0.19	-0.03	-0.08	0.13	-0.07	-0.02	0.06	0.01	0.00	-0.10	0.07	-0.05	0.02	0.01	1.00									
24 Firm size	22.583	1.605	0.39	-0.10	-0.04	0.05	0.03	0.01	-0.07	-0.19	0.05	0.11	0.11	-0.05	0.13	-0.12	0.13	0.11	0.00	-0.03	-0.04	-0.05	0.02	0.01	-0.45	1.00								
25 Market to book ratio	2.697	7.162	0.11	0.05	0.14	-0.09	-0.08	-0.03	-0.18	0.15	-0.02	0.21	0.27	-0.24	-0.10	-0.06	-0.10	-0.13	-0.06	0.02	0.19	0.11	0.37	0.25	0.10	0.20	1.00							
26 R&D expenses	1.805	4.573	0.09	-0.11	-0.08	0.09	0.09	0.00	0.00	0.00	0.04	-0.02	-0.05	0.06	0.13	-0.06	0.13	0.15	0.09	-0.01	-0.09	-0.10	-0.09	-0.08	0.11	-0.10	0.00	1.00						
27 Number of segments	1.132	0.662	0.22	-0.02	-0.01	-0.11	-0.02	-0.02	0.00	0.03	-0.24	0.09	0.15	-0.18	0.06	0.02	-0.18	-0.19	-0.15	0.14	0.21	0.17	0.12	0.05	-0.18	0.32	0.06	-0.11	1.00					
28 ADR company	0.151	0.358	0.26	0.14	0.12	-0.27	-0.22	-0.02	0.00	0.03	-0.03	-0.03	0.11	-0.19	-0.15	0.14	-0.22	-0.27	-0.14	0.06	0.21	0.12	0.08	-0.04	0.21	0.17	0.00	0.12	1.00					
29 Foreign assets (%)	16.291	25.739	0.17	0.11	0.08	-0.10	-0.08	0.03	0.10	0.06	-0.05	-0.17	-0.10	0.04	-0.05	0.18	-0.10	-0.14	-0.12	0.05	0.10	-0.02	-0.07	0.00	0.07	-0.01	0.01	0.02	-0.02	0.15	1.00			
30 Stock volatility	28.518	9.516	-0.16	0.01	0.15	0.00	0.00	0.00	-0.12	0.05	0.03	0.09	0.08	-0.10	-0.04	0.03	0.00	-0.07	0.06	0.00	0.12	0.09	0.11	0.07	0.00	-0.07	0.00	0.06	-0.13	-0.04	0.05	1.00		
31 Closely Held Shares (%)	24.072	23.159	-0.09	0.14	0.23	-0.36	-0.29	-0.07	-0.17	-0.06	-0.24	0.21	0.44	-0.47	-0.15	0.04	-0.25	-0.43	-0.22	0.13	0.34	0.30	0.41	0.30	0.02	-0.09	0.18	0.04	0.09	-0.02	0.12	0.12	1.00	
32 Leverage	58.989	22.048	0.13	-0.03	-0.05	0.01	0.03	0.02	-0.06	-0.07	0.04	0.07	-0.01	0.04	-0.01	0.00	0.01	0.01	-0.02	-0.03	-0.07	0.04	-0.01	-0.03	-0.43	0.49	0.07	-0.29	0.22	0.04	-0.03	-0.13	-0.07	1.00

Note. 20,047 firm-year observations

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RESULTS

We use panel linear regression to estimate our models with heteroscedasticity robust standard errors clustered at the firm level, and industry and year fixed effects (Table 14). In line with past research on institutional determinants of CSP (Ioannou and Serafeim, 2012), in Model 1, laws promoting shareholder protection, a leftist political ideology, and skilled labor availability are negatively and significantly associated with CSP. Conversely, firms in countries with lower corruption, higher union density, and higher power distance and individualism indices have higher CSP. Turning to financial institutions, credit-based financial systems and a socially responsible market index are positively and significantly associated with CSP, while the size of a country's capital market has the opposite effect. We also obtain results consistent with past findings that more profitable, larger, more diversified and visible firms have higher CSP, while those with higher stock volatility have lower CSP.

We focus our discussion of results on Model 2, the fully saturated industry and year fixed effects model with robust standard errors (Table 15 contains results with each hypothesis added individually in Models 4 to 8). The prominence of members of the stakeholder field in the national socio-political network is positively and significantly associated with CSP (p=0.000), as predicted in hypothesis 1. Comparisons across countries suggest that, all else equal, a firm that is headquartered in a country in the 25th percentile of stakeholder prominence, relative to the 75th percentile, will have 4.1% higher CSP. This equates to between 40% and 5% of a standard deviation difference in CSP, depending on the year and industry in which the firm operates. To put the magnitude of the effect of stakeholder prominence in context, the impact on CSP of a one standard deviation increase in stakeholder prominence is greater than a one standard deviation increase in firm profitability (*ROA*). Past research has repeatedly shown firm profitability to be a significant predictor of CSP (Campbell *et al.*, 2011; Chih *et al.*, 2010; Hartmann and Uhlenbruck, 2015; Ioannou and Serafeim, 2012). We also find support for hypothesis 2, that the effect of stakeholder

centrality is attenuated in countries where the business field is well connected to elites (p=0.008). In countries two standard deviations below the mean in business ties to elites, a one standard deviation increase in the relative prominence of stakeholders is associated with a 5.5% increase in CSP (p=0.000), while in countries two standard deviations above the mean in business ties to elites, stakeholder centrality is not significantly associated with CSP (p=0.419). In support of hypothesis 3, we find that heterogeneity of stakeholders is positively associated with CSP (p=0.011). All else equal, a firm that is headquartered in a country in the 25th percentile of stakeholder heterogeneity, relative to the 75th percentile, will have almost 3.8% higher CSP. This equates to between 38% and 5% of a standard deviation difference in CSP, depending on the year and industry.

Turning to the direct influence wielded by stakeholders via extra-institutional tactics on CSP, we find that proselytizing stakeholder pressure is positively and significantly associated with CSP (p=0.002). All else equal, a firm that is headquartered in a country in the 25th percentile of proselytizing stakeholder pressure, relative to the 75th percentile, will have almost 5.7% higher CSP. This equates to between 62% and 8% of a standard deviation difference in CSP, depending on the year and industry in which the firm operates. We also find support for hypothesis 5, that the effect of proselytizing stakeholder pressure is higher in countries where proselytizing stakeholders are densely connected (p=0.008). The positive impact of proselytizing stakeholder pressure on CSP more than triples between those countries two standard deviations below and above the mean of proselytizing stakeholder density. In countries where proselytizing stakeholder density is two standard deviations above the mean, a one standard deviation increase in proselytizing stakeholder pressure is associated with an increase of 14.4% in CSP (p=0.000).

In Model 3, we replicate our results controlling for time-invariant, firm-level unobserved heterogeneity with the inclusion of firm fixed effects, in addition to year fixed effects, with robust standard errors. A firm fixed effects model provides the most stringent test of our propositions by reducing the impact of difficult to observe firm and country level variables influencing CSP.

Evidence suggests firms vary in their stakeholder responsiveness (Henriques and Sadorsky, 1996) for various reasons that are not easily measurable, such as dynamic capabilities (Holburn and Zelner, 2010; Julian *et al.*, 2008) or the issues' alignment with organizational and individual values (Bansal, 2003) and perceptions (Crilly, Zollo, and Hansen, 2012). As none of the firms in our sample change their headquarters country, a firm fixed effects estimation also controls for time-invariant country characteristics, such as differences in managerial responsiveness across countries due to sticky cultural institutions (Williams and Aguilera, 2008). Our hypothesized results are robust to firm fixed effects estimation, suggesting stakeholder field characteristics have explanatory power with respect to CSP across countries, as well as within countries over time. While several country and firm level controls become insignificant, stakeholder prominence (p=0.000), heterogeneity (p=0.020) and proselytizing stakeholder pressure (p=0.005) remain positively and significantly associated with CSP, as does the attenuating effect of business ties to elites (p=0.004) and increased effect of pressure where proselytizing stakeholders are more densely connected (p=0.003).

Table 14: Panel Regression Models of Corporate Social Performance

		Model 1		Model 2		Model 3	
Stakeholder prominence	H1			3.254 ***	(0.673)	3.005 ***	(0.696)
Stakeholder prominence x Business ties to elites	H2			-4.809 **	(1.799)	-5.269 **	(1.834)
Stakeholder heterogeneity	H3			0.155 *	(0.061)	0.146 *	(0.063)
Proselytizing stakeholder pressure	H4			3.098 **	(1.010)	2.887 **	(1.019)
Proselytizing stakeholder pressure x Proselytizing stakeholder density	H5			84.763 **	(31.034)	96.272 **	(32.246)
Country control variables							
Business ties to elites		4.082 *	(1.678)	10.630 ***	(3.016)	8.460 **	(3.037)
Proselytizing stakeholder density		7.375	(4.133)	1.843	(4.459)	0.803	(4.168)
Competition laws		0.546	(0.343)	0.373	(0.362)	0.291	(0.388)
Anti-self-dealing index		-7.588 *	(3.059)	-8.810 **	(3.081)		
Left/center ideology		-13.681 ***	(1.901)	-12.807 ***	(1.918)		
Absence of corruption		2.244 **	(0.841)	0.420	(0.852)	1.296	(1.270)
Power distance (Hofstede)		0.172 **	(0.062)	0.181 **	(0.062)		
Individualism (Hofstede)		0.318 ***	(0.038)	0.258 ***	(0.039)		
Skilled labor availability		-1.533 ***	(0.314)	-1.823 ***	(0.312)	-1.464 ***	(0.348)
Union density		14.531 **	(4.613)	14.444 **	(4.586)		
Country debt over assets		0.163 ***	(0.046)	0.187 ***	(0.048)	0.251 ***	(0.050)
Market capitalization		-3.239 ***	(0.441)	-3.463 ***	(0.448)	0.654	(0.934)
SRI index		2.317 ***	(0.647)	2.410 ***	(0.650)	3.074 ***	(0.739)
Balance of trade		-9.729	(6.556)	-14.194 *	(6.480)	-13.609	(8.690)
Trade		-0.038 *	(0.016)	-0.048 **	(0.017)	-0.051	(0.037)
Basic infrastructure		-0.038	(0.032)	-0.018	(0.034)	-0.043	(0.039)
Press freedom		-0.135 *	(0.056)	-0.138 *	(0.056)	0.065	(0.133)
Issue prevalence in media		21.452 *	(10.694)	28.050 **	(10.726)	24.366 *	(11.276)
Firm-level controls							
ROA		0.911 ***	(0.176)	0.916 ***	(0.176)	0.598 ***	(0.177)
Firm size		7.585 ***	(0.355)	7.639 ***	(0.355)	3.189 ***	(0.619)
Market to book ratio		0.167 ***	(0.036)	0.167 ***	(0.036)	0.119 **	(0.041)
R&D expenses		0.106	(0.074)	0.102	(0.073)	0.010	(0.090)
Number of segments		1.394 ***	(0.422)	1.352 **	(0.420)	0.854	(0.489)
ADR company		11.728 ***	(1.178)	11.563 ***	(1.177)		
Foreign assets (%)		0.008	(0.007)	0.008	(0.007)	0.003	(0.007)
Stock volatility		-0.185 ***	(0.037)	-0.179 ***	(0.037)	-0.139 **	(0.049)
Closely Held Shares (%)		-0.017	(0.010)	-0.016	(0.010)	-0.009	(0.011)
Leverage		0.015	(0.017)	0.015	(0.017)	-0.017	(0.020)
Constant		-97.224	(10.855)	-98.996	(10.887)	-20.302	(15.872)
Observations		20,047		20,047		20,047	
R-squared		0.436		0.439		0.193[a]	

Note. Heteroscedasticity robust standard errors clustered at the firm level in parentheses. Models 1 and 2 include year and industry fixed effects; Model 3 includes year and firm fixed effects.* $p<0.05$; ** $p<0.01$; *** $p<0.001$. [a] denotes within firm R-squared.

Table 15: Individual Hypotheses Panel Regression Models of Corporate Social Performance

		Model 4	Model 5	Model 6	Model 7	Model 8
Stakeholder prominence	H1	1.816***	3.238***			
		(0.419)	(0.652)			
Stakeholder prominence x Business ties to elites	H2		-5.676**			
			(1.785)			
Stakeholder heterogeneity	H3			0.205***		
				(0.058)		
Proselytizing stakeholder pressure	H4				2.080*	1.849
					(0.996)	(0.964)
Proselytizing stakeholder pressure x Proselytizing stakeholder density	H5					78.66**
						(29.934)
Country control variables						
Business ties to elites		4.108*	12.44***	3.903*	3.712*	3.888*
		(1.657)	(3.030)	(1.660)	(1.657)	(1.657)
Proselytizing stakeholder density		7.857	8.126	4.847	8.089	2.948
		(4.172)	(4.178)	(4.200)	(4.169)	(4.443)
Competition laws		0.331	0.101	0.515	0.769*	0.703
		(0.340)	(0.337)	(0.343)	(0.370)	(0.371)
Anti-self-dealing index		-8.915**	-7.843*	-8.416**	-7.353*	-7.709*
		(3.077)	(3.089)	(3.061)	(3.065)	(3.063)
Left/center ideology		-13.68***	-12.67***	-13.97***	-13.35***	-13.62***
		(1.896)	(1.921)	(1.901)	(1.892)	(1.899)
Absence of corruption		2.080*	1.878*	1.815*	1.776*	1.414
		(0.850)	(0.858)	(0.866)	(0.807)	(0.805)
Power distance		0.140*	0.154*	0.168**	0.188**	0.196**
		(0.062)	(0.062)	(0.062)	(0.062)	(0.062)
Individualism		0.302***	0.288***	0.308***	0.304***	0.303***
		(0.038)	(0.038)	(0.038)	(0.038)	(0.038)
Skilled labor availability		-1.660***	-1.708***	-1.645***	-1.542***	-1.549***
		(0.313)	(0.313)	(0.313)	(0.313)	(0.314)
Union density		13.80**	13.42**	14.77**	14.99**	15.12***
		(4.617)	(4.619)	(4.617)	(4.595)	(4.592)
Country debt over assets		0.187***	0.186***	0.170***	0.127***	0.173***
		(0.046)	(0.046)	(0.046)	(0.038)	(0.047)
Market capitalization		-3.030***	-3.124***	-3.377***	-3.296***	-3.467***
		(0.441)	(0.444)	(0.441)	(0.442)	(0.448)
SRI index		2.257***	2.230***	2.222***	2.342***	2.540***
		(0.646)	(0.646)	(0.647)	(0.645)	(0.645)
Balance of trade		-11.83	-11.06	-9.495	-10.44	-12.10
		(6.545)	(6.503)	(6.541)	(6.546)	(6.548)
Trade		-0.0365*	-0.0415*	-0.0329*	-0.0425**	-0.0461**
		(0.016)	(0.017)	(0.016)	(0.016)	(0.016)
Basic infrastructure		-0.0390	-0.0442	-0.0206	-0.0244	-0.0344
		(0.032)	(0.032)	(0.032)	(0.032)	(0.033)
Press freedom		-0.119*	-0.146**	-0.132*	-0.142*	-0.133*
		(0.056)	(0.056)	(0.056)	(0.056)	(0.056)
Issue prevalence in media		21.32*	21.26*	24.33*	23.79*	24.59*
		(10.686)	(10.673)	(10.677)	(10.721)	(10.746)
Table continued on next page						

Table 15 (Continued): Individual Hypotheses Panel Regression Models of
Corporate Social Performance

	Model 4	Model 5	Model 6	Model 7	Model 8
Firm control variables					
ROA	0.903***	0.906***	0.899***	0.923***	0.922***
	(0.176)	(0.176)	(0.176)	(0.177)	(0.177)
Firm size	7.594***	7.591***	7.585***	7.612***	7.615***
	(0.355)	(0.355)	(0.354)	(0.355)	(0.354)
Market to book ratio	0.165***	0.166***	0.167***	0.168***	0.168***
	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)
R&D expenses	0.109	0.107	0.108	0.103	0.102
	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)
Number of segments	1.371**	1.366**	1.381**	1.390***	1.394***
	(0.421)	(0.421)	(0.421)	(0.421)	(0.421)
ADR company	11.60***	11.67***	11.69***	11.71***	11.69***
	(1.179)	(1.179)	(1.178)	(1.178)	(1.178)
Foreign assets (%)	0.00727	0.00736	0.00768	0.00828	0.00845
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Stock volatility	-0.185***	-0.183***	-0.187***	-0.182***	-0.182***
	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)
Closely held shares (%)	-0.0177	-0.0179	-0.0173	-0.0175	-0.0161
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Leverage	0.0165	0.0170	0.0160	0.0143	0.0133
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Constant	-96.53***	-96.18***	-96.75***	-99.97***	-98.84***
	(10.832)	(10.830)	(10.832)	(10.863)	(10.912)
Year fixed effects	YES	YES	YES	YES	YES
Industry fixed effects	YES	YES	YES	YES	YES
N	20047	20047	20047	20047	20047
R-squared	0.437	0.437	0.437	0.437	0.437

Note. Heteroscedasticity robust standard errors clustered at the firm level in parentheses. All models include year and industry fixed effects. * $p<0.05$; ** $p<0.01$; *** $p<0.001$.

Robustness Checks

We perform additional analysis to check the robustness of our results to alternate specifications, sub-samples, and disaggregated environmental and social performance scores. The full results of these analyses are presented in Table 16. First, we replicate our results controlling for time-invariant, country-level unobserved heterogeneity with the inclusion of country dummies, in addition to year and industry fixed effects, with robust standard errors (Model 9). Our results remain substantively unchanged. We also replicate our full model excluding the United States (Model 10), to address any potential bias in our results due to the over-representation of the United States, which

accounts for 33% of our observations. Again, our results remain substantively unchanged except for the influence dense ties between proselytizing stakeholders no longer exerts an upward effect on the influence of proselytizer pressure. We also explore the robustness of our results for the subsample of firms that are multinational. While we control for *foreign assets* in our main models, our models identify stakeholder field effects off the country in which a firm is headquartered. For firms operating in multiple countries and subject to the influence of multiple national-level stakeholder fields and institutions, the influence of the headquarters country may be attenuated. Replicating our model only on the subsample of firms whose foreign assets constitute at least 5 percent of total assets, we find our hypothesized effects are consistent for multinational firms (Model 11).

Further, past research suggests that the responsiveness of firms to extra-institutional mobilization may vary in the size of the firm (Bartley and Child, 2012; King, 2011) or its financial performance (King, 2008). We explore this in Model 12 (Table 16) by interacting proselytizing stakeholder pressure with *firm size* and the change in net sales from two years prior (*2-period decline in net sales*). In line with King's (2008) finding that performance declines make firms more responsive to extra-institutional mobilization, we find that the effect of mobilization by proselytizing stakeholders against the business field is greater for firms that have experienced sales declines (p=0.000). Conversely, for larger firms the effect is attenuated (p=0.011). Although our theoretical inquiry focuses on stakeholder field characteristics, the preceding suggest opportunities for future research on how firm-level characteristics may moderate the effects of stakeholder fields.

Finally, we disaggregate our dependent variable into its respective component environmental and social scores from ASSET4, and estimate the models constructing our stakeholder variables on only environmental or social stakeholders (Table 16, Models 13 and 14). The prominence and heterogeneity of environmental and social stakeholders are positively and significantly associated with the disaggregated social and environmental scores, and the

magnitudes of the stakeholder field effects are higher for the social performance score. The attenuating effect of business ties to elites on stakeholder prominence is only marginally significant (p=0.083) for environmental performance. Turning to the direct influence wielded by stakeholders, proselytizing stakeholder pressure is positively associated with environmental performance (p=0.000), but is not significantly associated with social performance of a firm (p=0.129). In supplementary analysis (not shown) we find that a 2-year lag of proselytizing social stakeholder pressure in a country is positively and significantly (p=0.003) with a firm's social performance score. It is plausible that the social performance score is temporally less responsive than the environmental score to extra-institutional mobilization as it includes several indicators related to the firm's supply chain where it may take longer for the firm to implement changes (while the environmental score does not). Particularly, indicators measuring performance on issues where extra-institutional mobilization is common, such as child labor and human rights, all include an assessment of supplier performance.

Table 16: Robustness of Panel Linear Regression Models of Corporate Social Performance

		Model 9	Model 10	Model 11	Model 12	Model 13 Enviro Score	Model 14 Social Score	Model 15
Stakeholder prominence	H1	2.960***	2.839***	3.873***	3.197***	1.045*	3.806***	3.255***
		(0.700)	(0.697)	(0.930)	(0.674)	(0.489)	(0.687)	(0.677)
Stakeholder prominence x Business ties to elites	H2	-5.614**	-3.871*	-4.946*	-4.680**	-2.055	-4.814*	-4.815**
		(1.855)	(1.843)	(2.350)	(1.803)	(1.186)	(1.894)	(1.826)
Stakeholder heterogeneity	H3	0.130*	0.176**	0.221*	0.152*	0.223*	0.405***	0.155*
		(0.063)	(0.066)	(0.089)	(0.061)	(0.104)	(0.098)	(0.061)
Proselytizing stakeholder pressure	H4	2.783**	2.763**	5.827***	29.53**	8.418***	1.702	3.093**
		(1.019)	(1.261)	(1.620)	(10.429)	(2.226)	(1.120)	(0.981)
Proselytizing stakeholder pressure x Proselytizing stakeholder density	H5	106.8***	-24.02	162.3***	98.95**	76.90	64.88	84.25***
		(32.299)	(30.857)	(46.878)	(31.094)	(87.184)	(38.875)	(24.725)
Proselytizing stakeholder pressure x Firm size					-1.152*			
					(0.451)			
Proselytizing stakeholder pressure x 2-period decline in net sales					0.688***			
					(0.188)			
Country control variables								
Business ties to elites		9.296**	5.441	12.25**	10.49***	4.819*	8.001**	10.65***
		(3.068)	(3.125)	(3.966)	(3.021)	(1.898)	(2.911)	(3.128)
Proselytizing stakeholder density		-0.0474	8.017	-4.786	1.219	0.439	-2.530	1.858
		(4.402)	(8.092)	(3.828)	(4.507)	(0.681)	(4.863)	(4.432)
Competition laws		0.484	0.644	0.492	0.440	-0.397	1.046**	0.372
		(0.386)	(0.378)	(0.532)	(0.362)	(0.412)	(0.396)	(0.361)
Anti-self-dealing index		266.7***	-9.357**	-20.42***	-8.670**	-6.741*	-9.031**	-8.806**
		(48.837)	(3.206)	(3.916)	(3.085)	(3.212)	(3.328)	(3.081)
Left/center ideology		217.2***	-5.491*	-16.48***	-12.91***	-16.35***	-10.29***	-12.81***
		(51.544)	(2.183)	(2.645)	(1.919)	(2.059)	(2.088)	(1.943)
Absence of corruption		0.893	0.820	-2.333	0.569	1.183	0.151	0.417
		(1.265)	(0.985)	(1.195)	(0.855)	(0.900)	(0.974)	(0.863)
Power distance		3.701***	0.182**	0.218**	0.180**	0.133*	0.245***	0.181**
		(0.792)	(0.062)	(0.077)	(0.062)	(0.064)	(0.067)	(0.062)
Individualism		-0.359	0.281***	0.243***	0.256***	0.231***	0.314***	0.258***
		(0.187)	(0.040)	(0.054)	(0.039)	(0.039)	(0.042)	(0.039)
Skilled labor availability		-1.350***	-1.614***	-1.570***	-1.892***	-1.424***	-2.132***	-1.822***
		(0.349)	(0.338)	(0.432)	(0.313)	(0.355)	(0.360)	(0.313)
Union density		381.7***	9.072	21.39***	14.76**	16.04***	12.12*	14.44**
		(90.206)	(4.764)	(5.502)	(4.589)	(4.831)	(4.972)	(4.587)
Country debt over assets		0.266***	0.558	0.290***	0.203***	-0.0354	0.268***	0.186***
		(0.050)	(0.354)	(0.074)	(0.048)	(0.047)	(0.061)	(0.044)
Market capitalization		-0.605	-1.443*	-2.076***	-3.472***	-2.867***	-4.489***	-3.467***
		(0.928)	(0.561)	(0.618)	(0.449)	(0.481)	(0.507)	(0.471)
SRI index		2.483***	2.851***	2.323**	2.348***	1.554*	3.645***	2.413***
		(0.723)	(0.670)	(0.870)	(0.650)	(0.769)	(0.745)	(0.650)
Balance of trade		-7.016	-16.27*	-23.60**	-13.24*	-0.898	-25.19***	-14.23*
		(8.474)	(7.102)	(8.640)	(6.500)	(7.449)	(7.052)	(6.735)
Trade		-0.0282	-0.0308	-0.0740***	-0.0467**	-0.0465**	-0.0490**	-0.0479**
		(0.036)	(0.019)	(0.021)	(0.017)	(0.017)	(0.018)	(0.017)
Basic infrastructure		-0.0618	-0.0208	0.00809	-0.0220	-0.0391	-0.0110	-0.0183
		(0.039)	(0.036)	(0.047)	(0.034)	(0.036)	(0.037)	(0.034)
Table continued on next page								

	Model 9	Model 10	Model 11	Model 12	Model 13 Enviro Score	Model 14 Social Score	Model 15
Country control variables							
Press freedom	0.0325	-0.170**	0.0656	-0.142*	-0.231***	-0.0598	-0.138*
	(0.132)	(0.062)	(0.094)	(0.056)	(0.061)	(0.062)	(0.057)
Issue prevalence in media	25.37*	25.95*	16.40	28.44**	28.63	44.49	28.04**
	(11.267)	(10.787)	(16.360)	(10.737)	(17.537)	(26.833)	(10.719)
GDELT media-reported events							0.0019
							(0.000)
Firm control variables							
ROA	0.847***	0.735***	0.765**	0.929***	0.780***	1.140***	0.916***
	(0.176)	(0.204)	(0.267)	(0.179)	(0.213)	(0.194)	(0.176)
Firm size	7.527***	7.633***	7.589***	7.865***	8.373***	7.604***	7.641***
	(0.355)	(0.445)	(0.505)	(0.379)	(0.369)	(0.370)	(0.355)
Market to book ratio	0.200***	0.119**	0.194***	0.163***	0.160***	0.176***	0.167***
	(0.038)	(0.038)	(0.049)	(0.036)	(0.041)	(0.039)	(0.036)
R&D expenses	0.105	0.0634	0.00497	0.0961	0.118	0.130	0.102
	(0.073)	(0.079)	(0.088)	(0.073)	(0.083)	(0.082)	(0.073)
Number of segments	1.335**	1.098*	1.030	1.352**	1.794***	1.079*	1.353**
	(0.420)	(0.490)	(0.642)	(0.420)	(0.477)	(0.449)	(0.420)
ADR company	9.618***	11.33***	11.89***	11.46***	9.681***	12.43***	11.56***
	(1.133)	(1.229)	(1.335)	(1.180)	(1.222)	(1.235)	(1.177)
Foreign assets (%)	0.00423	0.00399	-0.00806	0.00800	0.0113	0.00731	0.00815
	(0.007)	(0.007)	(0.008)	(0.007)	(0.008)	(0.007)	(0.007)
Stock volatility	-0.186***	-0.151***	-0.206***	-0.175***	-0.147***	-0.225***	-0.179***
	(0.037)	(0.045)	(0.052)	(0.036)	(0.042)	(0.040)	(0.037)
Closely held shares (%)	-0.0193*	-0.00205	-0.0314*	-0.0149	-0.0135	-0.0229*	-0.0163
	(0.010)	(0.011)	(0.014)	(0.010)	(0.011)	(0.011)	(0.010)
Leverage	0.0000208	-0.00560	0.0303	0.0139	0.0400*	-0.00381	0.0147
	(0.017)	(0.022)	(0.025)	(0.017)	(0.020)	(0.018)	(0.017)
2-period decline in net sales				-0.152			
				(0.087)			
Constant	-610.8***	-113.1***	-112.1***	-103.5***	-106.1***	-101.3***	-99.02***
	(100.674)	(12.940)	(14.855)	(11.161)	(11.509)	(11.586)	(10.886)
Year fixed effects	YES	YES	YES	YES	YES	YES	YES
Industry fixed effects	YES	YES	YES	YES	YES	YES	YES
Country fixed effects	YES	NO	NO	NO	NO	NO	NO
N	20047	13333	8938	20047	20047	20047	20047
R-squared	0.495	0.432	0.460	0.437	0.445	0.409	0.439

Note. Heteroscedasticity robust standard errors clustered at the firm level in parentheses. Model 9 includes country fixed effects. Model 10 excludes firms headquartered in the United States. Model 11 includes only firms with greater than 5% of total assets in foreign countries (i.e., multinational firms). In Model 12, we interact proselytizing stakeholder pressure with firm size and the change in net sales from two years prior. The dependent variable in Model 13 is the firm's environmental score, and all stakeholder field covariates are constructed using environmental stakeholders. The dependent variable in Model 14 is the firm's social score, and all stakeholder field covariates are constructed using social stakeholders. Model 15 includes the sum of all GDELT reported events in a given country-year as a control. * $p<0.05$; ** $p<0.01$; *** $p<0.001$.

DISCUSSION

Our study was motivated by the desire to explicitly incorporate stakeholders and stakeholder theory in comparative analysis of corporate social performance (CSP), which to date has largely advanced institutional explanations. Our conceptualization of stakeholder influence moves beyond dyadic resource dependence to stakeholder influence operating through cross-field influence mechanisms, drawing and building upon calls for a field theory perspective that accounts for the interconnectedness of actors and fields in driving organizational behavior (Davis and Marquis, 2005; McAdam and Scott, 2005; Rowley, 1997). We develop field-level constructs that embody two mechanisms by which stakeholders influence corporate behavior: institutional vs. extra-institutional change. In the former case, stakeholders influence corporate behavior by increasing the likelihood of government legislation or regulation, the diffusion of values or norms regarding appropriate behavior for corporations or the cultural-cognitive belief that certain behaviors or actions by corporations are necessary. In the latter case, managers respond to the threat of protests or boycotts that threaten to directly impact business revenues or costs. We hypothesize that managers perceive the risk of institutional change to increase in stakeholder field prominence and heterogeneity while the adoption of direct material pressure by proselytizing stakeholders increases perceptions of a risk of extra-institutional change. The relative ties the business field enjoys with elites moderates the threat of institutional change whereas proselytizer density aggravates the risk of extra-institutional change.

Using a panel dataset of firms headquartered in 42 countries between 2004 and 2013, we find support for each of these arguments. The impact of stakeholder prominence within a country on CSP reinforces the importance of indirect influence strategies for stakeholders (Frooman and Murrell, 2005), whereby stakeholders who target change via indirect avenues (i.e., public politics) can dramatically affect corporate practice adoption (Hiatt *et al.*, 2015). In line with Oliver's (1991) prediction that firms acquiesce to consistent demands and pressures exerted by multiple means, we

also find that in countries where stakeholder fields are composed of heterogeneous actors, each possessing different means of influence and representing broad issue support, firms' CSP is higher. The positive association between CSP and proselytizing stakeholder pressure against the business field in a country complements past findings that non-targeted firms are often responsive to stakeholder extra-institutional influence tactics (Briscoe and Safford, 2008; Julian *et al.*, 2008). The strength of institutional and extra-institutional pathways are themselves influenced by field characteristics within a country which alter managerial perceptions of the efficacy of business field resistance to institutional pressure and stakeholder field mobilization. Our empirical results are robust to identification on within country differences in business and stakeholder field characteristics over time. We therefore show that, as the prominence and heterogeneity of stakeholder fields or proselytizing stakeholder pressure increase, firms make substantive improvements in CSP conditional upon the time varying levels of relative business ties to elites and proselytizer density. Similar to a country's political or legal institutional environment, its landscape of stakeholder fields is a source of risks and opportunities for firms that conditions the salience of stakeholders and firm responsiveness.

Our study has implications for several areas important to theory and research on institutional change and stakeholders, beyond comparative CSP research. First, our use of stakeholder fields and field-level change from field theory (Fligstein and McAdam, 2011, 2012; Zietsma *et al.*, 2017) offers new ways of seeing corporate practices as emanating from field-level change influenced by stakeholder fields (in addition to country institutions). We believe this answers calls for a more blended institutional perspective (Kostova, Roth and Dacin, 2008), where the social embeddedness of organizations is intertwined with ideas of social agents, social construction, and power and politics. Second, a field theory perspective challenges the notion that stakeholder power and influence is primarily derived from individual attributes or operates in an atomistic firm-stakeholder dyad. Instead, the dynamic structural perspective provided by field

theory highlights that stakeholder salience and influence is related to the composition and ties within a stakeholder field as social actors coalesce around issues, as well as between that field and the broader socio-political network and business field.

Both stakeholder and social movement theory have long included calls for a more holistic approach to the socio-political environment in which firms compete (Diani and McAdam, 2003; Rowley, 1997). Despite these calls, empirical progress has been limited with a few exceptions which rely on painstakingly constructed ego networks of firms and stakeholders (Dorobantu *et al.*, 2017a), rather than more comprehensive systems in which these partial networks are embedded. We draw upon an exciting new data source to overcome the challenge of constructing national-level socio-political networks that are directed, valued, and include every organization or individual actor involved in over 250 million media-reported events. Although used extensively in political science, machine-coded event databases are new to management (see Zelner, Henisz, and Holburn, 2009), and offer new empirical avenues for exploring how the dynamic interconnectedness of an organization's environment (Pfeffer and Salancik, 1978) impacts organizational practices and outcomes.

Limitations and Future Research

Our work stops short of considering the position of the focal firm within the socio-political network and its direct ties to the stakeholder field, which Rowley's (1997) arguments suggest is important. Future work could explore whether specific firms in our analysis are proactively connected to, or attacked by, specific members of stakeholder fields and how the prominence of individual stakeholders, the heterogeneity of peers to which they are directly tied and the ties to elites of individual firms influence a given firm's responsiveness to pressures from different stakeholders who are more or less densely tied to their peers (Rowley, 1997). Such analysis would allow for greater attention to the moderating or mediating role of firm- or stakeholder-specific characteristics within a country. Further, following other studies of changes in corporate practices

within a country, we conceptualize firms as embedded in business fields at the country level, controlling for the industry in which a firm operates. Future research could explore how stakeholder field influence may vary with the structure and composition of industry fields and position of the firm within the industry field (King and Walker, 2014). Our conception of stakeholder fields is also relatively coarse at the level of environmental and social issues broadly, whereas issues may potentially be sub-divided into discrete issue fields such as drinking water, waste disposal, hazardous waste, air pollution, etc. Future work could explore variation in how well stakeholder fields are embedded within the state field which itself could be broken down into different fields and levels of power (Fligstein and McAdam, 2012). At present, our use of GDELT precludes such additional granularity at the firm-, stakeholder- and state-level across 42 countries. Subsequent research should explore narrower and deeper sampling strategies possibly combining GDELT with richer qualitative sources in a mixed method design. Such methodology may better illuminate the underlying causal mechanisms of influence generating the patterns of association we have identified in our cross-national comparative design.

Finally, our arguments and analysis focus on what are commonly referred to as 'secondary stakeholders' (Clarkson, 1995; Eesley and Lenox, 2006), who typically do not have a formal contractual bond with the firm (as is the case with employees and shareholders). While the inclusion of firm fixed effects and a proxy for the importance of CSP to equity markets (e.g. social responsibility market index dummy) may absorb some of the effects of these primary stakeholders in our analysis, we cannot observe ties between primary and secondary stakeholders likely to influence firm responsiveness (Briscoe and Gupta, 2016). Future work could explore how the degree of connectivity between primary and secondary stakeholders influences primary stakeholders (e.g. managers) readings of their interconnected environments (Crilly *et al.*, 2012), and correspondingly, firm responses to stakeholder pressures. Finally, the process by which managerial perceptions of salience actually form in response to primary and secondary stakeholder

pressure and the mechanisms by which such perceptions lead to variation in responsiveness are both omitted from our analysis but important topics for future research.

CONCLUSION

This dissertation provides evidence that the relationships, norms and actor identities that characterize stakeholder fields play an important role in firms' strategic management of non-market stakeholders and the outcomes of those efforts. Whereas prior research has focused on stakeholder characteristics, organizational characteristics and institutions as explanatory factors in non-market strategy, the studies presented herein demonstrate the value of a more socially embedded view of stakeholder influence and firm action. In the first two chapters, I explored the antecedents and outcomes of cooperative non-market strategy, an understudied phenomenon (Heyes and King, 2018) where firms attempt to allay threats by establishing formal collaborations with stakeholders. In chapter 1, I show that firms seeking collaborations with social activists are circumscribed in forming collaborations when the field in which the activist is embedded is relationally segmented across contentious and collaborative factions. In chapter 2, I show that the efficacy of formal stakeholder relationships in quelling threats is contingent on the ties that an allied stakeholder has, and their identity within the stakeholder field. In chapter 3, I provide evidence that stakeholder fields are equally important to more unilateral efforts by firms to address stakeholder interests through improvements in corporate social performance. I find that the composition of stakeholder fields, their connectedness to broader socio-political networks and direct mobilization against firms, are associated with considerably different corporate social performance (CSP) profiles of firms across 42 countries.

In addition to establishing that stakeholder fields matter to non-market strategy, the chapters in this dissertation suggest that the mechanisms underlying their impact are multi-faceted. Embeddedness in fields can constrain stakeholders from engaging firms in novel ways (chapter 1) because fields are characterized by a shared understanding of the rules in the field, or "what tactics are possible, legitimate, and interpretable," (Fligstein and McAdam, 2012: 11). While building cooperative relationships with well-connected stakeholders is a valuable non-market strategy, those

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same networks can constrain the stakeholder in cooperating with firms. The relationships and identities that stakeholders have in their fields are also pathways of influence for those firms successful in establishing a formal cooperative relationship with a stakeholder to foster more advantageous stakeholder environments (chapter 2). Finally, who participates in a stakeholder field, their ties to the broader socio-political network and direct action they take against firms (chapter 3) matter for non-market strategy because they influence managerial perceptions of the salience of issues advocated by the field. In sum, stakeholder fields matter to firms' strategic management of non-market stakeholders because field norms can constrain stakeholder action, fields are susceptible to influence through their relational structures and member identities, and fields influence issue salience.

Moreover, the intersection of the findings across the studies suggests important ways in which stakeholder fields and cooperative and unilateral non-market strategy may interact. First, the role that the density of inter-stakeholder ties plays in increasing the salience of mobilization to managers (chapter 3) complements the role that inter-SMO density plays in enabling collaboration. While I cannot empirically distinguish whether increases in CSP are a product of firm-stakeholder collaboration, the overlap in the findings suggest that it could be. Second, proselytizing stakeholders (chapter 3) are those that have specific proscriptions for how firms can address social or environmental issues, and conceptually correspond to those SMOs that I have classified as 'moderate' in the first two chapters based on their repertoire in respect of firms. Combined, this suggests that stakeholder issue fields and movements that accommodate moderate members with solutions to intractable social and environmental problems are most likely to be successful in expanding the frontiers of corporate social and environmental change practices.

Important interactions are also evident across the first two chapters where both the antecedents and outcomes of cooperation non-market strategy are investigated. Given the evidence on indirect co-optation via relational ties (chapter 2), I find in supplementary analysis that firms are

more likely to collaborate with moderates that have ties to SMOs that targeted the firm in the previous year. This results in a considerable number of imbalanced triads between SMOs and firms (i.e., SMO A is cooperative with SMO B and firm X, while SMO A has conflict with firm X). The inclusion of imbalanced triads in the collaboration formation regression models (chapter 1) does not alter the negative correlation of movement segmentation, but *ceteris paribus*, collaborations are more likely to materialize in imbalanced triads. While some of this may be driven by the greater interconnectedness of moderates and radicals in less segmented movements, chapter 2 suggests it may also be driven by firms' anticipation of the indirect co-optation effects via relational ties. That is, firms may be strategically seeking out collaborations with moderates that have greater ties to radicals. From the perspective of more radical SMOs, who may be aware of the co-optive effects of collaborations, this also raises the question of whether they are more likely to criticize moderate peers they are connected to for fear of being co-opted, or seen as such. Finally, taken together the first two chapters highlight how the composition and relational configuration of stakeholder fields changes over time with incursions by firms through collaboration. As the number of collaborations increases, and therefore co-optation of the SMOs in various movements, there is simultaneous growth in the proportion of the movement that is moderate over time. As the number of moderates grows, the segmentation of the movements also appear on average to decreases over time, which, in turn, makes the social conditions for further collaborations more favorable. The interplay between strategic collaborations co-opting movement fields and field structures enabling subsequent collaboration may explain why firm-SMO collaborations have grown exponentially over the past 25 years.

Empirical Note

This dissertation draws on two different data sets that contain interactions between firms and stakeholders, as well as inter-stakeholder relationships. The first is data that is hand-coded from news media, press releases, congressional hearings, legal alerts and firm and SMO financial filings.

The second, GDELT, relies instead on natural language processing (NLP) of millions of articles from hundreds of media sources around the world. Each data set has a different data collection methodology applied to publicly available information, and as a result offers different benefits and shortcomings to the researcher. While I have not conducted an analysis comparing the two data sets, I offer some observations on the benefits and shortcomings of each based on my experience and some cautions for future research.

Comparatively, the clear benefit of using NLP-based data sets like GDELT is the magnitude of the data that can be processed and obtained, versus hand-coded data. In this dissertation, GDELT allowed me to expand the scope of the stakeholder fields to include governments, intergovernmental organizations, non-governmental organizations, SMOs and communities that coalesce around environmental and social issues, and the networks of media reported verbal and material, cooperative and conflictual interactions between them and businesses and other socio-political actors in 42 different countries over a decade. Relying on a secondary source of NLP-based interactional data, however, has two major shortcomings that cannot be overcome unless the researcher has access to open code. First, the researcher is circumscribed in the dictionaries on which the data set relies. Because GDELT has its origins in political science, and conflict studies particularly, the dictionaries it employs for coding firms are limited. As such, strategy researchers interested in firm-level data are challenged in finding it in GDELT as just over 100 of the most prominent firms in the world are coded by name with remaining firms being coded with generic terms such as "business" or "auto manufacturer." Second, the researcher is circumscribed in the data sources on which the data set relies, in the case of GDELT, that is media-based data. Leaving aside issues of media-bias (Earl *et al.*, 2004), the researcher must be mindful of what media reports and captures. I employed GDELT's media-based data in a study that argues that stakeholder salience is the mechanism by which CSP is affected by stakeholder field composition and ties. Given that stakeholder salience is defined as socially constructed perceptions

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of managers, the media-based measures I employed conformed with the construct's definition. The threshold for justifying the use of media-based data will be higher for research that extends its use to non-perceptual constructs. Both these cautions may be overcome or mitigated where the researcher can construct their own actor dictionaries and corpuses of text if the NLP code is open source.

Conversely, the benefits and limitations of the hand-collected data are the exact obverse. The researcher is able to specify company or stakeholder samples *ex ante*, as well as the corpus of publicly available sources to be coded. While the first is obvious, the latter is particularly important in the context of inter-organizational interactions or ties. Specifically, I found that collaborations between SMOs and firms are considerably underreported in news media, but instead figure prominently in press releases. This echoes past work on media being biased towards negative news. As such, future research interested in cooperative non-market strategy will have to expand the scope of publicly available data beyond that contained in media alone to include press releases and company financial filings. This is in line with the approach taken to data collection in alliances research (Schilling, 2009). It is similarly important to consider what type of ties are of interest in inter-stakeholder relationships. Co-organization of, or participation in, extra-institutional tactics like protests are likely well covered by media. However, I found that a considerable number of inter-SMO collaborations were actually reported in Congressional Proceedings and legal alerts, and in some cases were not reported on by media. Additionally, SMOs also issue press releases which detail campaigns in which they are participating with others and those press releases are not always subsequently reported in the media. This would suggest that past research that has relied on media-reported co-location at a protest event to create inter-activist ties, may be underestimating the ties of those SMOs whose tactics are not exclusively focused on extra-institutional mobilization but instead rely also on institutional channels like courts to mobilize. Finally, some inter-stakeholder ties, like board interlocks, are never reported in the media, press releases or any other sources other

than financial statements and therefore necessarily require hand-collecting. The ability to specify the sample of relevant actors and the publicly available data sources and considerable increase in the granularity of data that is offered by hand-coding is offset by the resources, both financial and time, involved in such an effort. As such, the sample of organizations and geographies are necessarily circumscribed by the sheer effort it takes to collect this data – I employed 14 research assistants that assisted in the collection of the inter-stakeholder and stakeholder-firm interactions data over the course of two years.

Future Research

In developing a socially embedded perspective on non-market strategy this dissertation speaks to, and complements, research at the intersection of social movements and markets (chapter 1), social movements and organizational theory (chapter 2), and comparative analysis of corporate social performance and stakeholder theory (chapter 3). Simultaneously, the findings and limitations of this dissertation, reveal several questions left unanswered that offer opportunities for future research. First, this dissertation provides evidence that cooperative stakeholder strategy (e.g., firm-activist collaborations) has indirect co-optive effects on stakeholders outside the focal dyad, however, the scope of these effects were investigated within a single stakeholder field (i.e., one social movement). Insofar as stakeholders and firms are simultaneously embedded in multiple fields, the scope and pathways of possible indirect effects on other fields merit exploration in future research. Secondly, in the same way that stakeholders and firms are simultaneously embedded in multiple fields, so are the individuals that populate these organizations. As such, inquiries into how individual level characteristics may interact with organizational level determinants of non-market strategy offer opportunities to build a more integrative multilevel perspective on non-market strategy. Finally, evidence that firms' cooperative non-market strategy can alter stakeholder fields suggests several opportunities for exploring how firms' actions shape the composition, relations

and norms in stakeholder fields. The remainder of my discussion focuses on these three broad research opportunities.

Indirect effects across market and non-market fields

Recent evidence that contentious interactions between activists and firms have spillover effects onto firms' relationships with politicians (McDonnell and Werner, 2016) suggests a complementary inquiry into the indirect effects of cooperative firm-activist interactions. Can firms leverage their collaborations with activists that are well-regarded by, or well-connected to, politicians, for influence in policy-making? The central role that activist identities plays in my context (chapter 2) also suggests that spillover effects may depend on the identities of politicians. While in my context I focus on field members' tactical repertoires and ideologies about whether corporations can be part of the social change that activists seek, such ideological differences also manifest amongst policy markers or regulators. For example, regulators may have different beliefs about the capacity of firms to self-regulate versus the need for coercive regulation, which may moderate the degree to which collaborations with activists influence their calculus in respect of firms.

Further, an extension of the indirect effects of firm-activist interactions into market settings is also warranted given evidence that firms with cooperative stakeholder relationships benefit from superior market returns (Dorobantu and Odziemkowska, 2017; Henisz *et al.*, 2014). Are firms with cooperative stakeholder relationships seen similarly more valuable to potential acquirers or alliance partners? While there is some evidence that acquirers consider corporate social and environmental performance when evaluating targets (Berchicci *et al.*, 2012), a firm's connections to broader stakeholder fields via cooperative stakeholder ties has not been previously considered by corporate strategy nor alliances research. The embeddedness of firms in value chain networks, also offers possibilities for investigating the indirect effects of firm-activist interactions on firms along a value chain. Given the selection of firm targets for contention is informed by their position and power in

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global commodity chains (Bartley and Child, 2014), we might expect that the effects of contentious targeting of downstream consumer-facing firms travel through value chain networks to produce collaborations upstream of the original point of contention. Such inquiries would extend a burgeoning body of work investigating the indirect effects of activism against firms on their industry peers (Briscoe and Gupta, 2016) to a broader set of firms that may be equally susceptible to indirect effects by way of their inter-firm relationships (i.e., production networks).

Individual-level embeddedness in fields

In the same way that stakeholders and firms are simultaneously embedded in multiple fields that affect non-market strategy, so are the individuals that populate these organizations. Given the macro-level focus on firms, social movement organizations, and other non-market stakeholders of this dissertation, non-market strategy research would be enriched by lowering the level of analysis to the individuals that shape firms' non-market strategies and those shaping stakeholder influence tactics. How does the embeddedness of individuals, such as board members, across multiple fields (e.g., private versus non-profit sectors) shape firms' non-market strategy? Evidence abounds in the domain of public government experience, where the 'revolving door' between government and firms influences regulatory outcomes (Katic and Kim, 2013) and market returns (Faccio, 2006). We know considerably less about the 'revolving door' between firms and other non-market stakeholders, such as social movement organizations or other non-profit organizations. Are firms with board interlocks to social movement organizations or former employees from those organizations less likely to be contentiously targeted because individual level ties act as substitutes for formal organization-level ties? Future research that considers how individual-level characteristics and embeddedness interacts with organization- and field-level characteristics is critically important to advancing multilevel perspectives on non-market strategy.

Stakeholder field structure and tactics

Finally, this dissertation focuses on the stakeholder field as the explanatory variable, however, to offer a more strategic view of non-market strategy, it is equally important to understand how firm characteristics or actions may alter stakeholder fields in their favor (or disfavor). Therefore, another area that merits further consideration is what determines stakeholder field structures and the tactics employed by field members in engaging firms. Extending past work that takes a network perspective on social movements (Diani, 2013; Wang and Soule, 2012), future research could explore if social activists are more likely to mobilize collectively against more stalwart firm targets or industries with closed opportunity structures. Insofar as collaborations with firms garner criticisms of social activists by their peers, it is likely that the structure of movement and other stakeholder fields change in response to changes in the tactics of their members as some organizations may distance themselves from stigmatized entities. Finally, comparative research that explores the drivers of differences in stakeholder fields across countries, and their evolution is another area ripe for inquiry. While I find considerable variance in the composition and prominence of stakeholder fields across and within countries, it remains unclear the extent to which these are attributable to relatively stable institutional characteristics of countries, such as cultural or political institutions, or more dynamic factors such as transnational advocacy networks.

APPENDIX

A.1 DEFINITION AND IDENTIFICATION OF FIRM-ACTIVIST COLLABORATIONS

This appendix provides details on the definition of a firm-activist collaboration used in this research. It includes a description of the key defining features of a firm-activist collaboration, as well as firm-activist interactions that do not meet the criteria for classification as a collaboration. Below I use the term social activist and social movement organization (SMO) interchangeably.

What is a firm-activist collaboration?

Definition: A collaboration between a social activist and firm is defined as 'organizations working together by committing resources to achieve mutually relevant outcomes.' The outcomes can be focused on improving performance within the firm by changing its practices, or externally focused, where the outcome has a more 'public good' character, such as educational programs or habitat protection. The key defining features are that the interorganizational relationship is interactive, involves the commitment of resources by each party, and is purposeful. Importantly, evidence must be available that *all three key features* are present in order for the firm-activist relationship to qualify as a collaboration.

Key features:

1. Interactive (i.e., working together) – Interactive denotes that the collaboration involves an interactive process where a "change-oriented relationship of some duration exists and that all participating stakeholders are involved in that relationship." (Wood and Gray, 1991: 148). This means that interactions mediated by third parties or an umbrella organization are excluded in that the firm and activist must participate in the relationship. For instance, a trade association that includes firm A, working on a project with an SMO, does not constitute a collaboration between firm A and that SMO. Participation suggests the interaction of the parties, meaning staff or representatives of their respective organizations interact directly as part of the collaboration. Further, 'change-oriented' suggests that the

parties are working together for an outcome (see Purpose below) that involves a change in the status-quo. As such, arms-length transactions such as licensing of SMO logos are excluded.

2. <u>Commitment of resources by both parties</u> (rather than simple exchange) – A collaboration involves the commitment of resources, understood broadly to include human, financial, or capital resources. The broad definition of 'resources' to include human resources, means collaborations can include advisory roles (e.g., SMO advising firm on its sustainable purchasing policy) where no financial commitment of resources is made by the parties. Further, the commitment needs to be by both parties, meaning, a mere exchange or flow of resources by one party to another does not qualify (e.g., donations, employees volunteering at SMO).

3. <u>Purpose</u> – The collaboration has an articulated objective or outcome. Outcome articulation is typically in a particular problem domain, such as water use at a firm's facility or climate change awareness amongst students. This does not necessarily imply that the firm and activist have identical goals in the collaboration (e.g., firm may want to repair its reputation, and the activist may be seeking funds for a pet project). However, it does imply that there is a desired outcome that is relevant to both (i.e., both want to achieve it). Further, because a collaboration is directed toward an outcome, the participants must intend to act to pursue that outcome. In other words, the realization of the outcome does not define a collaboration, but instead the engagement of the actors in a process intended to result in action on the outcome (Wood and Gray, 1991).

Exclusions

The following arms-length relationships are not considered firm-activist collaborations:

1. Corporate contributions and gifts, examples include:

   a. Grants or monetary donations to SMOs

b. In-kind, material, equipment or technology gifts to SMOs

2. Corporate support for employee participation in SMOs activities, examples include:

   c. Corporate outreach

   d. Release time for employee volunteers

   e. Compensation for employee participation

   f. Corporate matching of employee gifts

   g. Corporate awards for employee volunteers

3. Corporate–SMO marketing affiliations, examples include:

   h. Licensing of SMOs name or logo (e.g., certification without interactive component or Sierra Club's logo on GreenWorks line of products and donations resulting)

   i. Purchase of SMOs endorsement

   j. Joint fund-raising campaigns

   k. Product price supplements as donations

4. SMO-firm interactions mediated by a larger body or third party

5. SMO-firm market interactions, examples include:

   l. SMO sells the company its products or services (e.g., Carbonfund's carbon credits)

   m. Firm sells the SMO its products or services (e.g., Greenpeace purchases advertising space from the New York Times)

A.2 DESCRIPTION OF ENVIRONMENTAL ISSUE CATEGORIES

Table 17: Environmental Issue Categories

Code and Topic	Description
701: Drinking Water Safety	Domestic drinking water safety, supply, polution, fluridation, and conservation (e.g. Clean Water Act, pesticides in groundwater)
703: Waste Disposal	Disposal and treatment of wastewater, solid waste and runoff (e.g. federal management of municipal waste, municipal sewage problems)
704: Hazardous Waste and Toxic Chemicals	Hazardous waste and toxic chemical regulation, treatment, and disposal (e.g. hazardous waste sites cleanup, hazardous materials transportation, pesticide regulation)
705: Air pollution, Global Warming, and Noise Pollution	Air pollution, climate change, and noise pollution (e.g. Clean Air Act, EPA regulation of chemical plant emissions)
707: Recycling	Recycling, reuse, and resource conservation (e.g. beverage container recycling)
708: Indoor Environmental Hazards	Indoor environmental hazards, indoor air contamination (including on airlines), and indoor hazardous substances such as asbestos (e.g. lead exposure reduction, EPA regulation of indoor disinfectants)
709: Species and Forest Protection	Species and forest protection, endangered species, control of the domestic illicit trade in wildlife products, and regulation of labratory or performance animals (e.g. endangered species protection act, marine mammal protection, old growth forest protection)
710: Pollution and Conservation in Coastal & Other Navigable Waterways	Land and water conservation in coastal and navigable waterways (e.g. pollution from cruise ships, plastic pollution/invasive species control, oil spills)
711: Land and Water Conservation	Land and water conservation other than coastal and navigable waterways (e.g. watershed protection, pollution/invasive species in small lakes, rivers, and streams)
806: Alternative and Renewable Energy	Alternative and renewable energy, biofuels, hydrogen and geothermal power (e.g. promotion of solar and geothermal power, promotion of alternative fuels for automobiles, issues of ethanol gasoline, biomass fuel and wind energy programs)
807: Energy Conservation	Energy conservation and energy efficiency, including vehicles, homes, commerical use and government (e.g. home energy efficiency programs, energy conservation standards for household appliances, motor vehicle fuel efficiency)
405: Animal and Crop Disease, Pest Control, and Domesticated Animal Welfare	Animal and crop disease, pest control and pesticide regulation, and welfare for domesticated animals (e.g. welfare of domesticated animals or animals under human control, use of animals for research, sale or transportation of animals)
408: Fisheries and Fishing	Fishing, commercial fishery regulation and conservation (e.g. fisheries conservation and management; fish hatchery development)
498: Agricultural Research and Development	Agricultural research and development (e.g. organic farming research, potential uses of genetic engineering in agriculture)

Note. The above includes issues codes from the Comparative Agendas Project's sub-category of 'Environment', as well as issue topics that fall under other sub-categories but which are applicable to the broader environmental movement (e.g., alternative & renewable energy; energy conservation; pesticide regulation; fishery conservation; and GMOs).

A.3 DESCRIPTION OF GDELT SOURCES, DATA AND MEASURES

This appendix provides additional information on the Global Database on Events, Language and Tone (GDELT) including its sources and potential biases therein as well as in its coding thereof, the steps we took to identify environmental and social stakeholders relevant to corporate social performance (CSP) to facilitate replication and summary statistics of the underlying data. We begin with a discussion of the media sources from which GDELT collects event and actor data, and our efforts to minimize potential sources of bias and validate our measures. In the second section we describe how the actor codes in GDELT were employed to classify individuals and organizations appearing in GDELT into our social and environmental stakeholder categories, as well as providing illustrative examples of actors included in each category. We conclude with descriptive statistics by country.

GDELT Sources & Bias

GDELT data are based on both international and translated local news sources coded using the Textual Analysis by Augmented Replacement Instructions system (Leetaru and Schrodt, 2013). Sources include all international news coverage from AfricaNews, Agence France Presse, Associated Press Online, Associated Press Worldstream, BBC Monitoring, Christian Science Monitor, Facts on File, Foreign Broadcast Information Service, United Press International, and the Washington Post; all national and international news coverage from the New York Times, all international and major US national stories from the Associated Press, and all national and international news from Google News with the exception of sports, entertainment, and strictly economic news (*ibid.*)

Media bias

GDELT's reliance on not only domestic (via the BBC and the Central Intelligence Agency's Foreign Broadcast Information Service) but primarily international news sources attenuates the likelihood of bias due to varying levels of domestic press freedom because an event

is likely to be reported to the extent that foreign correspondents representing foreign news wires are present in the country. Nevertheless, we explore whether media bias influences any of the measures we derive from GDELT. In order to do so, we rely on a measure compiled annually by the V-Dem Project (Coppedge *et al.*, 2017) of the extent to which the media in a given country is "(a) un-biased in their coverage (or lack of coverage) of the opposition, (b) allowed to be critical of the regime, and (c) representative of a wide array of political perspectives?" Pairwise correlations between the V-Dem media bias measure and our independent variables did not exceed 0.100, with the highest correlation of 0.097 reported for stakeholder heterogeneity. Bivariate regressions confirmed no significant association between this measure of domestic media bias and freedom and any of the measures we derive from GDELT to test our hypotheses.

While the heavy reliance on international media coverage may bias coverage away from small peripheral stakeholders and rural areas, arguably corporations headquartered in a given country are going to be most heavily influenced by stakeholders in the major urban areas and those represented in the domestic and international media.

Event count bias

Two additional concerns regarding the use of GDELT are the shifting scope of coverage of source material over time (i.e., users are unable to choose specific common sources across a panel of data), and the potential for over-counting of single events (Wang *et al.*, 2016a; Ward *et al.*, 2013). Variation across time in certain measures can therefore be driven by both change in the underlying construct and change in sources. Within a given year, over-counting of events may bias any measures based on discrete counts of events.

In order to address these two concerns, we normalize the stakeholder field and business field variables we calculate using either the equivalent measures for all actors in a given country-year, or the count of all reported events as appropriate. For example, in the construction of our measure of stakeholder prominence in the overall socio-political network, we are assessing the

relative prominence of environmental and social stakeholders as compared to the prominence of other actors. Any changes in the scope of coverage over time or over-reporting of single events should impact both the numerator (i.e., stakeholder prominence) and denominator (i.e., actor prominence). The same argument holds for our measure of the relative strength of business ties to the elite which is a ratio of the distribution of centrality in the sub-network of interactions initiated by business actors as compared to the distribution of centrality in the overall network. Our measure of material pressure by proselytizers is also normalized by the overall level of conflictual events in the country's socio-political network. Our measure of proselytizer density is similarly normalized by the country's overall level of density. Only our measure of stakeholder heterogeneity is a raw count. To further explore whether the scope of media coverage, which is strongly increasing over time, could be biasing this measure, as well as the other four ratios, we performed a bivariate regression and found that both stakeholder heterogeneity and proselytizing stakeholder pressure were positively and significantly associated with the number of GDELT reported events across countries (p=0.000 in bivariate regression results). However, a within country bivariate regression analysis (i.e. with country fixed effects) indicated no significant association between the number of events and either stakeholder heterogeneity (p=0.391) or proselytizing stakeholder pressure (p=0.147). This suggests that time trends in GDELT reported events are less problematic for our country and firm fixed effects analyses than for analyses whose primary focus is tracking the incidence of events of a certain type over time. To address the potential bias in our comparative analyses (i.e., those without country or firm fixed effects), we test the robustness of our results by including the sum of all GDELT reported events in a given country-year, and our results remain substantively the same (Table B2 Model 15).

Ideally, we would have liked to reconstruct each of our measures using a data source such as King and Lowe (2003) that draws only on Reuters Business Briefing albeit using an alternative natural language parsing algorithm. Unfortunately, this data is only available from 1990-2004 and,

more importantly, does not incorporate sufficient detail on the role codes we use to classify the stakeholder fields. However, authors' analyses comparing GDELT to this alternative source not subject to the criticism of shifting scope of coverage, reveals correlations of the average ordinal measure of conflict and cooperation directed at stakeholders in high-level sectors (e.g., Government or Business) ranging from 0.49 to 0.76 across 1990-1999 increasing our confidence in the validity of GDELT for the purposes of our analysis. Furthermore, the highest correlations are found in the earliest time period when the scope of coverage was the most similar. The declining correlations over time are likely due to more expansive media coverage by GDELT.

Alternatively, we could have used the International Crisis Early Warning System (ICEWS) data which makes a more stringent effort to de-duplicate events and confirm that each event record reflects an actual event. As noted by Ward *et al.* (2013), however, such a focus on eliminating false positives comes at the cost of reducing coverage:

> "GDELT has many more events per country per unit time, since it does not winnow stories extensively. GDELT has about 68,000 country-months (34 years by 167 countries) compared to about 24,000 in ICEWS. Yet, GDELT has an order of magnitude more events. Importantly, the volume of data being harvested by GDELT is growing exponentially, as are the base level of events therein–the density of data is about 100 Giga bytes in 1997 and has grown to over 600 Gb in 2011." (Ward *et al.*, 2013: 5)

As our focus is on the development of a comprehensive structure of stakeholder fields and their interactions with the full socio-political network in a country rather than a precise count of certain types of events for the purposes of predicting changes therein (e.g., escalations of time series patterns in protest events), we believe the benefits in terms of coverage offered by GDELT dominate the costs in terms of false positives and duplicated events which we use normalization procedures to partially address.

GDELT Actor Codes & Stakeholder Mapping

In order to identify CSP stakeholders in GDELT we took the following steps. We began with a careful review of what policies and initiatives are evaluated by Thompson Reuters' analysts

in determining environmental and social performance scores for firms. We were interested in mapping the topics or issues reflected in our outcome variables to actors within GDELT with mandates over (e.g. government agencies), or interests in (e.g. NGOs) the same issues. Environmental performance evaluates the efficiency of natural resource use in production processes, emission reduction, eco-efficiency of products and services, as well firms' past environmental controversies. Social performance reflects the quality of both labor-related issues such as employee benefits, past strikes, HIV/AIDS programs, as well as human rights issues such as human rights policies and monitoring, policies on indigenous peoples and child labor.

The second step in our stakeholder identification was a literature review of research on stakeholder pressure for environmental, human rights and labor issues, including surveys of managerial perceptions of their importance in these issues, to identify stakeholders most commonly associated with the issues and firm policies captured in our CSP measure. From this review, we identified five broad categories of actors external to the firm or its value chain typically associated with stakeholder pressure on CSP: governments and regulators (Aguilera *et al.*, 2007; Henriques and Sadorsky, 1999; Murillo-Luna *et al.*, 2008); intergovernmental organizations (Christmann, 2004; Lim and Tsutsui, 2012); NGOs and activists (Doh and Guay, 2006; Keck and Sikkink, 1999; Lim and Tsutsui, 2012); organized labor groups (Briscoe and Safford, 2008); and community stakeholders (Henriques and Sadorsky, 1999; Maignan and Ralston, 2002).

The third and final step in our stakeholder identification was to map the stakeholder categories identified in the literature review and the issues captured in our dependent variable onto the actors contained in the GDELT database of actor-event triads. All actors in GDELT are assigned multiple role and specialty codes based on the Conflict and Mediation Event Observations Event and Actor Codebook (Schrodt, 2012). An actor can be assigned up to 5 role codes indicating broader role categories to which the actor belongs (e.g. government, media, NGO) and the actor's specialty (e.g. actors whose primary area of operation or expertise is human rights). For example, Greenpeace

is coded as NGOENV or an NGO for whom environmental and ecological issues (ENV) are their primary focus (ibid.).

In order to identify GDELT actors as 'environmental' or 'social' stakeholders, we mapped the CAMEO role codes in combination with the CAMEO actor specialty codes. We read the names of the actors contained in each role and specialty code to ensure we were correctly identifying stakeholders based on the CAMEO codes. Environmental stakeholders are all actors whose primary, secondary, or tertiary specialty code is ENV, and whose primary, secondary, or tertiary role code represents any of the five stakeholder categories previously identified (e.g. government or regulatory includes government, judiciary, opposition, or legislature). Social stakeholders include actors whose primary, secondary, or tertiary specialty code is HRI (human rights) or LAB (labor), and whose primary, secondary, or tertiary role code represents any of the five stakeholder categories previously identified (e.g. international governmental organizations). We make adjustments to account for the fact that GDELT uses the LAB specialty code to denote both organizations concerned with labor issues as well as actors that are employees of organizations (e.g. LABAGR are agricultural workers). First, we identify organized labor groups based on the actor names recorded in GDELT rather than the specialty code (e.g. labor union, trades union). Secondly, we only classify actors whose secondary or tertiary specialty codes are LAB, excluding those whose primary code is LAB because these are workers rather than organizations or individuals with interests in labor issues.

Table 18 presents CSP stakeholder categories, the GDELT codes included in each category, and examples of actor names that appear in GDELT in these categories. Table 19 presents the distribution of observations by country, the average CSP score of firms headquartered in the country, and stakeholder prominence, heterogeneity of the stakeholder field, and proselytizing stakeholder pressure, across all years.

Table 18: CSP Stakeholder to GDELT Mapping

Stakeholder	Issue	GDELT Codes included in category	Examples of GDELT actor names
Regulatory or government			
	Environment	GOVENV; COPENV; LEGENV; ENVGOV; ENVJUD; ENVLEG; ENVCOP; GOVGOVENV; MEDGOVENV; ELIGOVENV; COPGOVENV	Minister or Ministry of the Environment; Maria Mutagamba (Ugandan Minister of Water and Environment)
	Human rights	GOVHRI; JUDHRI; GOVGOVHRI; COPGOVHRI; LEGGOVHRI	Human Rights Commission; Minister for Women
	Labor rights	GOVLAB; GOVGOVLAB	Labor Minister; Labor and Employment Ministry; Minister of Employment and Vocational Training; Rosalinda Dimapilis-Baldoz (Secretary of the Department of Labor and Employment of the Philippines)
Intergovernmental organizations (IGOs)			
	Environment	IGOENV; IGOGOVENV; IGODEVENV	Asia Pacific Partnership on Clean Development; Intergovernmental Panel on Climate Change
	Human rights	IGOHRI; IGOGOVHRI; IGOREFLAB; IGODEVHRI	UN High Commission for Human Rights; Louise Arbour (UN High Commissioner for Human Rights)
	Labor rights	IGOLAB; IGODEVLAB; IGOGOVLAB	International Labor Organization
NGOs and activists			
	Environment	NGOENV; ENV	Greenpeace; Sierra Club; Friends of the Earth; La Sociedad Peruana de Derecho Ambiental; activists unassociated with a named organization denoted with 'conservationist' or 'environmentalist'
	Human rights	HRI; HRILAB; NGOHRI; NGOJUDHRI; NGODEV	American Civil Liberties Union; Transparency International; Shirin Ebadi (Nobel Peace Prize winner from Iran); activists unassociated with a named group are denoted with terms such as 'rights group' or 'rights activist'
	Labor rights	NGOLAB; NGODEVLAB	International Trade Union Confederation; World Federation of Trade Unions
Labor organizations			
	Labor rights	LAB, where actor name corresponds to an organized labor organization or workers with labor issues (e.g. striking worker)	union, organized labour, workers federation; labor activist; striking worker
Communities and residents (incl. local authorities)			
	Environment	CVLENV; ENVCVL; CVLGOVENV	community, residents, villagers, civil society, landowner, voter, citizen
	Human rights	CVLHRI; REFHRI; OPPHRI	immigrant, migrant worker, voter, peasant
	Labor rights	CVLLAB; OPPLAB	community, village, civil society, immigrant, peasant

Note. Specialty code HRI corresponds to human rights, LAB to labor issues, and ENV to environment.

Table 19: Descriptive Statistics by Country

Country	Firms	Obs.	CSP index	Stakeholder prominence	Stakeholder heterogeneity	Proselytizing stakeholder pressure
Australia	277	1,186	42.60	1.638	6.335	0.123
Austria	14	89	60.90	1.318	1.663	0.004
Belgium	15	61	55.72	1.483	3.197	0.029
Brazil	33	86	52.38	1.886	5.465	0.336
Canada	221	1,052	39.80	1.864	7.676	0.116
Chile	20	81	44.10	1.635	1.247	0.053
China	56	195	33.93	1.404	9.897	0.250
Colombia	3	4	70.05	1.059	2.750	0.054
Czech Republic	4	18	58.18	1.781	3.944	0.007
Denmark	16	115	52.54	1.741	3.139	0.005
Finland	20	121	74.02	1.855	2.099	0.007
France	83	559	76.13	1.818	5.925	0.077
Germany	55	274	68.35	1.397	5.898	0.074
Greece	13	40	48.60	1.712	2.575	0.017
Hong Kong	132	650	35.13	1.763	1.286	0.027
Hungary	4	16	79.02	1.906	3.000	0.005
India	80	304	57.03	1.887	10.299	0.080
Indonesia	14	51	51.79	1.888	7.686	0.031
Ireland	13	77	41.21	1.919	3.831	0.022
Israel	13	47	47.97	0.927	7.298	0.060
Italy	34	211	52.95	1.546	3.251	0.038
Japan	412	3,172	52.75	1.334	5.424	0.020
Korea, South	90	289	61.67	0.853	4.727	0.084
Malaysia	40	152	42.55	1.812	3.934	0.051
Mexico	11	20	42.40	1.353	6.250	0.055
Netherlands	32	187	72.95	1.574	3.610	0.049
New Zealand	10	73	48.45	1.541	2.575	0.064
Norway	16	106	55.47	1.440	2.208	0.003
Peru	1	4	32.00	1.515	2.250	0.021
Philippines	20	69	36.63	1.388	5.464	0.073
Poland	20	69	41.15	1.273	3.116	0.000
Portugal	9	64	75.52	1.369	1.688	0.006
Singapore	46	310	37.74	1.344	2.129	0.018
South Africa	119	316	60.12	2.380	7.753	0.085
Spain	47	180	72.58	1.499	3.206	0.018
Sweden	19	123	66.88	1.753	2.317	0.033
Switzerland	35	202	58.87	1.644	3.649	0.035
Taiwan	118	436	38.21	0.996	2.913	0.000
Thailand	7	26	53.86	1.736	6.731	0.004
Turkey	23	94	53.92	0.996	5.670	0.000
United Kingdom	325	2,204	62.22	1.591	7.503	0.199
United States	1,046	6,714	45.82	1.215	11.827	0.515

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