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# Which corporations are likely to engage in LGBTQ+ activism?

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## Abstract

**Title:** ‘Which Corporations are likely to engage in LGBTQ+ Activism?’

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**Keywords:** LGBTQ+ Activism, Upper – Echelon Theory, Corporate Activism, CEO Activism, CEO Ideology, CEO Political Orientation, CEO Gender, CEO Age, CEO Ethnicity

In the past decade corporations have increasingly engaged in social activism, even if it does not relate to their core business. Similarly, CEOs have used their influence to publicly address social issues, such as public policy decisions. Therefore, this paper examines the questions which companies engage in social activism, specifically LGBTQ+ activism. Since CEOs have been more vocal, Upper-Echelon Theory, which states that the values and characteristics of CEOs affect the way an organization behaves, served as the motivation for the research design. The paper looks at LGBTQ+ activism in the form of tweets as the dependent variable, made by the companies in the S&P 500 between 2012 and 2019, in relation to the CEOs leading them. Their age, gender, ethnicity, and political orientation served as the demographic characteristics described in Upper-Echelon Theory and as the independent variables tested. The analysis revealed that there is a significant positive relationship between corporate LGBTQ+ activism and liberal CEOs, revealing that the personal politics of the CEOs are an indication for which companies are likely to engage in LGBTQ+ activism. Due to the growing divide between Democrats and Republicans in US politics as well as the partisan approach to social issues this provides insight into where corporate and CEO activism might be headed.

## Resumo

Título: “Que corporações são mais prováveis de se comprometer com o ativismo LGBTQ+?”

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Palavras-chave: Ativismo LGBTQ+, Teoria Upper – Echelon, Ativismo Corporativo, Ideologia CEO, Orientação Política de CEOs, Género de CEOs, Idade de CEOs, Etnia de CEOs.

Na última década, as empresas têm-se empenhado cada vez mais no ativismo social, mesmo que não se relacione com o objetivo principal do seu negócio. De igual modo, os CEOs têm usado a sua influência para responder publicamente a assuntos do foro social, tais como decisões de políticas públicas. Assim, esta tese examina as questões com as quais as empresas lidam, em relação ao ativismo social, especificamente o ativismo LGBTQ+. Desde que os CEOs se tornaram mais vocais, a teoria Upper-Echelon – que afirma que os valores e características dos CEOs afetam a forma como uma organização se comporta – serviu de motivação para o *design* da pesquisa. Este documento olha para o ativismo LGBTQ+ na forma de *tweets*, como variável dependente, feitos pelas empresas no S&P 500, entre 2012 e 2019, e em relação aos CEOs que as lideram. A sua idade, género, etnia, e orientação política serviram como as características demográficas descritas na teoria Upper-Echelon, e como as variáveis independentes testadas. A análise revelou que existe uma relação positiva significativa entre o ativismo LGBTQ+ corporativo e CEOs liberais, revelando que as políticas pessoais dos dirigentes constituem um fator indicativo de que as empresas são mais prováveis de se empenhar no ativismo LGBTQ+. Devido à divergência cada vez maior entre o Partido Democrático e o Partido Republicano nas políticas dos Estados Unidos, bem como a abordagem partidária a assuntos sociais, tal fornece uma observação sobre onde o ativismo corporativo e de CEO se estará a dirigir.

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## Contents

Abstract .....	2
Resumo .....	3
Acknowledgements .....	4
List of Figures .....	7
List of Tables .....	7
1. Introduction .....	8
1.1. Academic and Managerial relevance .....	9
1.2. Problem Statement .....	9
1.3. Research Questions .....	9
2. Literature Review .....	10
2.1. Introduction .....	10
2.2. CEO Activism .....	11
2.3. Upper-Echelon Theory .....	13
2.4. LGBTQ+ Activism in Public and in Companies .....	16
3. Hypotheses Development .....	18
4. Methodology .....	22
4.1. Variables .....	23
4.1.1. Dependent Variable .....	23
4.1.2. Independent Variables .....	23
4.1.3. Control Variables .....	25
4.2. Statistical Technique .....	25
5. Analysis .....	26
5.1. Results .....	26
6. Discussion .....	31
7. Conclusion .....	33
8. Limitations & Future Research .....	34
Bibliography .....	35
List of abbreviations .....	38
Appendices .....	39
Appendix I - Full Model 1 .....	39
Appendix II – Full Model 2 .....	41
Appendix III – US States .....	43

Appendix IV – SIC Codes..... 44

## List of Figures

Figure 1: Strategic Choice under Conditions of Bounded Rationality (Hambrick & Mason, 1984).....	14
Figure 2: Infographic 'A Growing Divide' (Chatterji & Toffel, 2018) .....	31

## List of Tables

Table 1: Visualization of Data Set .....	22
Table 2: Correlation Table with Pearson Correlation highlighted at $p < 0.05$ and $p < 0.01$ .....	26
Table 3: Omnibus Test Model 1.....	27
Table 4: Omnibus Test Model 2.....	27
Table 5: Model 1 Summary.....	27
Table 6: Model 2 Summary.....	27
Table 7: Classification Table Model 1 .....	28
Table 8: Classification Table Model 2 .....	28
Table 9: Cropped Binary Logistic Model 1, industry dummies are included but not reported .....	29
Table 10: Cropped Binary Logistic Model 2, industry dummies are included but not reported ...	30
Table 11: Full Model 1 .....	40
Table 12: Full Model 2.....	42
Table 13: US States divided into 3 Categories.....	43
Table 14: Standard Industry Classification Code Categories.....	44

## 1. Introduction

Corporate activism whether social or political has long been an area of interest in the academic world. From shareholder primacy theory that credits corporate activism and decision-making fully to the interest of its shareholder (Friedman, 1970) evolving to stakeholder theory, where corporations go beyond their shareholders and act in the interest of all their stakeholder groups (Freeman, 2010). Both represent important theories in the field of Corporate Social Responsibility and lay the groundwork for what CSR is considered today. Though, it is regarded common practice today for a company to practice CSR and even put out an annual CSR report, it is still largely considered positive imaging that benefits the bottom line and whose absence would hurt the corporation.

Political activism such as lobbying, donations, or taking a public stand to exert pressure on elected officials to sway decision making in their interest, has long been a practice and accredited to benefiting the bottom line. Thus, companies have historically stayed away from divisive topics, such as abortion, gun control or LGBTQ+ rights, that could hurt their bottom line, offend their shareholders or stakeholders, or alienate certain customer groups.

However, this has changed in recent years with corporations taking a stand on gun control after mass shootings or supporting the LGBTQ+ community during pride, actively making their stance known. This of course poses some questions: What has changed? Why are companies taking a stand? Which corporations are taking a stand? For the purpose of this thesis the latter question will be examined, focusing more on the corporation rather than the environment (and its changes) in which it operates. Recently, CEOs have spoken out and made their voices heard on topics or political moves that they felt strongly about. Whether it is for higher corporate purpose that goes beyond maximizing shareholder value or their own personal convictions and beliefs, CEOs have used their voices to raise awareness and sometimes even their economic power to influence change (Chatterji & Toffel, 2018).

CEOs inserting their own values and experiences onto the corporation they are managing is not an entirely new concept. It is known as upper – echelon – theory and was first proposed by Hambrick



and Mason in 1984, stating that the decision – making in a corporation is filtered through the lens of the senior executives and their values, experiences and personalities (Hambrick & Mason, 1984).

A study conducted by Briscoe, Chin and Hambrick (2014) between 1984 – 2004 already provides insight that employee activist groups are more likely to form under CEOs that have a liberal ideology. While CEOs here are more of a passive force, providing a beneficial structure for activism rather than being the active driver of it, it still echoes the importance and relevance of upper – echelon – theory (Briscoe, Chin, & Hambrick, 2014).

Therefore, this paper aims to combine these two concepts and examine which companies engage in LGBTQ+ activism under the Upper-Echelon Theory; examining the personal values of the CEOs by looking at their political ideology, gender, ethnicity and age and exploring them as the driving force behind the activism.

### 1.1.Academic and Managerial relevance

As presented above this thesis aims to build on existing theory and provide further academic insight into CEO activism and what corporations engage in activism on divisive topics, LGBTQ+ in this case. It will also provide valuable insights to activism groups, other CEOs, employee groups and others in regards to managerial relevance.

### 1.2.Problem Statement

This thesis aims to understand which corporations engage in LGBTQ+ activism in relations to CEO activism and the upper – echelon theory. Are the CEOs and their personal values and attributes the driving force behind LGBTQ+ activism and therefore, the explanation why corporations engage in LGBTQ+ activism?

### 1.3.Research Questions

PS: Which corporations are likely to engage in LGBTQ+ Activism?

SRQ1: Why do corporations engage in Corporate Social Responsibility and Corporate Political Activity?

SQR2: What is CEO activism and what does it entail?

SQR3: What is Upper-Echelon Theory?

SQR4: How does CEO's political ideology, gender, ethnicity, and age influence the likelihood of firm LGBTQ+ activism

## 2. Literature Review

### 2.1. Introduction

Plenty of theories have been developed to aim to understand why companies behave the way they do and how their decision-making process works. One of the earliest widely adapted theories was the shareholder primacy concept developed by Friedman (1970). This theory credited the interest of the shareholders as the main driver for all the company's action (Friedman, 1970). An evolution from Friedman came through Freeman (2010) who developed the stakeholder theory, which takes into consideration and acts in the interest of its various stakeholders.

CSR is concerned with meeting societal standards and implementing ethical behavior through self-regulating mechanisms and standards. While it does improve the ethical practices of a company it is largely regarded as a ploy to improve the brand and image of a company and where its absence would hurt the bottom line of a corporation (McWilliams, Siegel, & Wright, 2006).

Similarly, CPA is engaging in political action in order to improve the situation and the environment a company is operating in. Many companies have whole departments dedicated to CPA in the form of lobbyists or company Political Action Committees. CPA tries to actively influence politicians and policymakers to create favorable conditions for the company (Hilman, Keim, & Schuler, 2004).

Neither of these theories, however, really explain why companies engage in social activism that is not directly related to their core business or stakeholders. One paper has tried to explain activism through the engagement of employees. Drewry and Marks-Solomon (2019) examined the question 'Why do Corporations engage in Activism on LGBT Issues?'. In their paper the researchers chose to focus on employee groups and test the theory of employee advocacy. They looked at instances of activism a company took, as their dependent variable and found strong evidence that a company is more likely to engage in activism if their workforce is highly educated and has organized LGBT employee groups that are able to persuade management. They have furthermore found evidence that the force of these groups shaping the corporate activism on moral issues is greater than traditional reasons such as political strategy, the bottom line or the external social context (Drewry & Maks-Solomon, 2019).

However, if we look for further explanations, other than employees being a driving force for activism, CEOs quickly emerge as a group that has long been regarded as influential on the company's behavior through applying their own values. In the last decade this has been reinforced through a new phenomenon called 'CEO Activism'.

## 2.2.CEO Activism

Neither CSR nor CPA led by the CEO are new. However, they were long seen as a mean to positively affect the bottom line. CEO Activism, which is neither directly related to the bottom line nor the core business of the company, is a new phenomenon though. Chatterji and Toffel (2018), two of the leading researchers in this field explain this development of CEOs taking a public stand on divisive social issues with a growing frustration with the current political climate and turmoil. While the field is still largely undiscovered, Chatterij and Toffel (2018) predict this trend to grow among CEOs, not just in the US but potentially worldwide. This will in return trigger an even bigger response, forcing more CEOs to speak out as staying silent can be seen as suspicious in the age of Twitter.

Chatterji and Toffel (2018) group activism into two main categories: Raising awareness and leveraging economic power. Raising awareness often involves the media, making public statements or writing an open-ed. Another commonly used medium is Twitter. CEOs sometimes also chose collective action in co-signing open letters or an amicus brief. CEOs can also leverage their economic power through moving locations, rethinking expansion, or funding social/activist groups. This can lead to states having to revise their public policies.

One of the most prominent examples of CEO Activism is the pushback on Indiana's 'religious exemption bill' that would have allowed businesses to refuse serving LGBTQ+ customers and reject potential hires for religious reasons. Tim Cook, the CEO of Apple spoke out publicly against the law, alongside former Goldman-Sachs CEO Lloyd C. Blankfein who has been a longtime proponent of LGBTQ+ rights. All together this resulted in multiple businesses rethinking their investments and expansion in the state of Indiana, to the extent that the state quickly lost almost \$60 million dollars. This ultimately led to the law being overturned. This repeated itself when North Carolina tried to pass a 'bathroom bill' which tried to regulate which bathrooms transgender people could access (Shortall, 2019).

Another example of how CEO Activism can be extremely effective is when companies band together and show strengths in numbers. Merck's CEO Kenneth Frazier resigned from President Trump's Manufacturing Jobs initiative after the President responded to the events in Charlottesville. Many CEOs followed his example (Gaines-Ross, What CEO Activism looks like in the Trump Era, 2017).

CEO Activism has become all the more important in recent years as politics become further divided and partisan. The changing workforce, which is now largely made up by Millennials and Gen Z is another reason why speaking out becomes slowly the norm (Chatterji & Toffel, 2018). With a culture that is more and more demanding for people in power to use it to affect change, remaining silent can be the bigger threat (Gaines-Ross, 2017).

To assess how CEO activism looks like in the current political climate, Weber Shandwick (2017) conducted a study that analyzed how corporations responded to five major policy actions in 2017 and found that CEOs prefer to make statements themselves and not to outsource it to spokespersons. It also found that technology companies often take the lead, followed by the finance sector. In order to be more effective, the study observed that activism is best voiced in terms of values and not partisanship. Twitter is the most popular tool for companies to clearly voice their stand, but they still rely on traditional channels to spread the message. Lastly, one strategy for CEOs is to get personal and share their own stories that might be directly related to the issue they are taking a stand against (Gaines-Ross, 2017).

there is also a downside to CEO activism. While it can increase Brand loyalty by 40% among customers that agree with the CEO's position, it can decrease by 45% for customers who disagree (Gaines-Ross, 2017). One example where CEO Activism was regarded as a failure, is the 'race together' campaign created by Howard Schulz, the former CEO of Starbucks. Schulz encouraged the Starbucks Baristas to write 'race together' on the cups and engage customers in a conversation about race and racial inequality. While only 20% of Americans thought this campaign was a good Idea (Gaines-Ross, 2016) Chatterji and Toffel (2015) argue that the action of that campaign deserves greater praise even if one might not agree with the sentiment of it, as it pulls CPA out of the dark and into the eye of public (Chatterji & Toffel, Starbucks 'Race together' Campaign and the Upside of CEO Activism, 2015).

Overall CEO Activism is on the rise and will likely grow more popular in future years. Some guidelines should probably be considered for companies to come across authentically and to strengthen their position. Companies should use their core values as a guideline when deciding to take a stand. A good indicator for core values could be employee interest groups which are often a company's most influential interest group. Re-evaluating one's core values and those of the stakeholders can also help guiding decision making. When Uber made a traditional financially-driven decision to keep serving J. F. K. International Airport during Trump's Travel ban in 2017, even though New York Taxis were on strike, customers quickly called the company out and deleted their accounts (Taylor, 2018).

In their 2019 study 'Assesing the impact of CEO Activism' Chatterji and Toffel attempted to measure the effectiveness of CEO Activism through two framed field experiments. They aimed to assess how CEO activism can influence consumers attitudes towards the company or on a specific public policy that the CEO has spoken about. In their first study they found evidence that a CEO could sway public opinion towards their stand, which indicates that there is considerable power if the issue is framed and how media attraction supports them. Contradictory, they found that a group of unnamed CEOs did not influence the publics opinion in their second study. This indicates that a well-known individual might have greater influence than a group. It is also important to note that the first study was concerned with a discriminative religious law while the second study examined climate change. While LGBTQ+ rights are still a considerable divisive issue, Climate change has become a partisan issue. This could also be an indicator on how far CEO Activism can reach and in which areas it might be more effective (Chatterij & Toffel, 2016).

### 2.3. Upper-Echelon Theory

Upper-Echelon Theory explores the decision-making process within a company through the lens of its top executives, stating that their values, experiences and personalities significantly influence the way a corporation operates (Hambrick & Mason, 1984). They Based the paper on an argument made by theorists from the Carnegie School, which stated that behavioral factors play a larger role over economic optimizing in the outcome of complex decisions. Through this Hambrick & Mason (1984) conceptualized a 3-tier model to explain how values, personality and experience influence decision making. The three tiers consist of (1) a limited field of vision at the start, (2) the selective perception of that field, and (3) the unique interpretation of the perceived field. Values influence

all of these three tiers but also have direct influence on the strategic decision made at the end (Hambrick & Mason, 1984). Figure 1 below visualizes their concept.

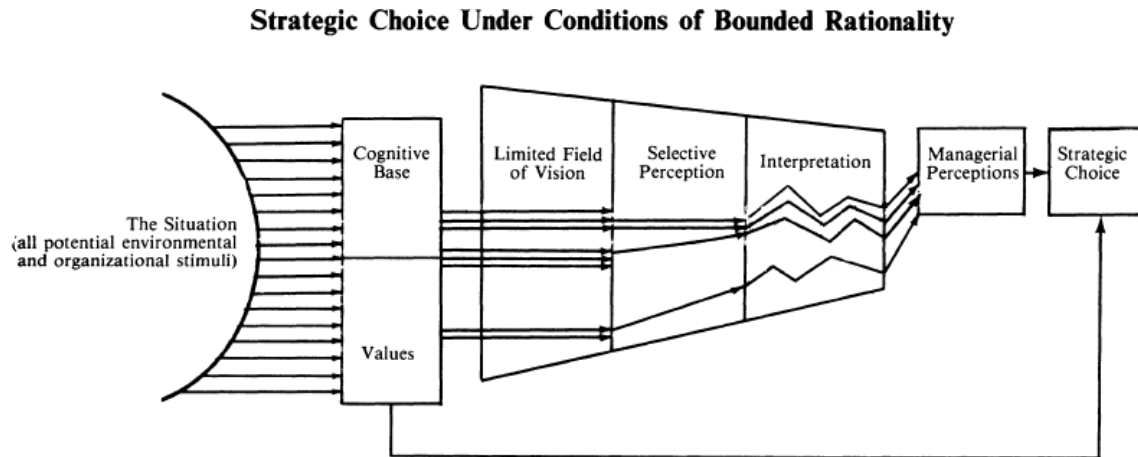


Figure 1: Strategic Choice under Conditions of Bounded Rationality (Hambrick & Mason, 1984)

The first step in the model is the limited field of vision. This step refers to the initial information scanning and where attention is directed. It is limited, as it is nearly impossible to comprehend and analyze all information in a complex situation. Rather, one can only bring attention to some areas which leaves the field of vision incomplete from the beginning. In the second step the limited field of vision is analyzed through a selective perception, which will automatically filter out some information over others. Lastly, the perceived information is interpreted through a complex net made up by one's own values, experiences, background, and cognitive biases. Therefore, a managerial decision can largely vary from person to person according to that person's traits, which is where Upper-Echelon Theory is grounded (Hambrick & Mason, 1984).

Even though this model puts focus on values and there is a strong argument for personality made within upper-echelon theory (Hambrick D. C., 2007), Hambrick and Mason (1984) focus on observational characteristics in their original paper. These characteristics include demographics such as age, gender, ethnicity, and tenure, education, socioeconomic background, and financial position. Their argument for these variables over psychological measures is simple; cognitive bases such as values and perceptions are hard to measure to begin with but are also inconvenient to measure in regards to CEOs, as it would imply them participating in psychological examinations for scholarly purposes.

With this understanding in mind upper-echelon theory was explored by numerous papers and substantial evidence for its importance within managerial theory was found. In 2007 Hambrick reviewed his own theory and found that the ‘black box problem’, the psychological and sociological factors that go into decisions making are still largely unexplored due to the complexity it would take to properly apply them. He also stated that considerable evidence had been found by fellow researchers that demographic profiles of CEOs are highly related to strategy and decision making (Hambrick D. C., 2007). This proves upper-echelon theory to be relevant and a possible predictor for firm behavior.

This theory has served as the base of numerous papers and has been cited as a possible exploration from Financial to operative to CSR decision making processes.

Bayat and Goergen (2020) explored the relationship of CEOs’ political orientation and their likeliness to pay dividends to shareholders. They found that conservative shareholders are more likely to pay out dividends than their liberal counterparts which indicates a greater focus on shareholders. This in return could mean that liberal CEOs put greater significance on stakeholders (Bayat & Goergen, 2020).

A study by Briscoe et al. (2014) found that the personal values of CEOs also influence the corporate opportunity structure. In their paper they examined the relationship between political ideology and the opportunities for employees wanting to engage in activism. Specifically, they looked at the formation of lesbian gay, bisexual and transgender employee groups at a time where having such was considered risky. They found that activism such as the one examined is more likely to occur when the CEO leans towards liberalism (Briscoe, Chin, & Hambrick, 2014).

Furthermore, research indicates that there is a strong relationship between CEO characteristics and CSR. One paper found that the political orientation of the CEO is embodied in the companies’ CSR practices. Liberal CEOs typically examine greater progress in CSR, especially when they have more power. They also tend to be less influenced by the recent performance of the firm than their conservative counterparts (Chin, Hambrick, & Treviño, 2013).

Lastly Upper-Echelon Theory served as the base to examine the relationship between diversity in the C-Suite and a diverse workforce, the adoption of diversity practices, and their influence on the organizational performance of a firm. It was found that a diverse C-Suite is positively related to

the tested factors, which indicates that if companies wish to adapt these practices they are advised to diversify their C-Suite, further indicating the importance and relevance of Upper-Echelon Theory (Nishii, Gotte, & Raver, 2007). A study conducted in Colombian businesses focused on gender in relation to Upper-Echelon Theory. It sampled 54 Colombian public businesses in a period from 2008 – 2015 to test the relationship between gender diversity and business performance. It found that gender diversity and performance were positively related. Having a female CEO was found to have a positive effect on performance measured in business operations (ROA), while diversity in the board led to a positive effect on performance measured via shareholder metrics (ROE) (Moreno-Gomez, Lafuente, & Vaillant, 2018) . A similar result was found in a study conducted analyzing the healthcare sector in Canada. The study found that Upper-Echelon Theory serves a good predictor for organizational performance and it was concluded that performance was enhanced when the composition of a board room included women (Frankl & Roberts, 2018).

Overall, this shows that Upper-Echelon-Theory has substantial relevance in various elements of a company and is a good indicator for CSR practices, activism, diversity, and decision-making processes.

#### 2.4. LGBTQ+ Activism in Public and in Companies

LGBTQ+ activism has come a long way and probably still has a long way to go, especially in regards to transgender rights. Up until the 21<sup>st</sup> century homosexuality was criminalized, and homophobia was widely spread throughout the US. In the 1940's, during World War II, Gay men were banned from joining the military and a large campaign embarked to seek out queer people holding government jobs, resulting in over 1,200 people losing their jobs. This law lasted until 1975 when the state department announced that homosexuals would no longer be excluded from government jobs. Even though these actions were discouraging, it is also during this time that gay bars started popping up in major US cities and the first gay activist groups were founded. The first milestone was finally reached in 1962 with Illinois becoming the first state in the US to decriminalize consensual homosexual relationships between adults. Then, in 1969, after continuous, targeted raids of gay bars by the police, an act of activism that is now known as 'stonewall' occurred and brought with it the first large scale activism campaign for queer people. However, just as everything started moving forward and queer activism gained ground, the queer community took a hit with the surfacing AIDS epidemic. First, incorrectly referred to as GRID,



Gay Related Immune Deficiency, the disease becomes known as a 'Gay disease'. However, the queer community banded together and embarked on a campaign of coming out, hoping that speaking up publicly and living openly will change the perception the public has about queer people. In the 1990's two major legislations were brought forward by Bill Clinton. Firstly, the 'don't ask, don't tell' policy was established that aimed to give queer people the chance to serve in the military free from harassment by forbidding them from enclosing their sexual orientation to anyone. This policy was viewed as a compromise and a step up from the ban of queer people in the military but was also quickly outdated and ultimately overturned in 2011 during the Obama administration. Now, queer people are able to serve freely in the military while being open about their sexuality. Clinton's second policy was the 'Defense of Marriage Act', which defined marriage as a union between one man and one woman on a federal level but gave states the chance to allow and recognize same-sex marriages if they wanted to. Massachusetts was the first state to follow through on that after its supreme court decided in 2003 that prohibiting queer people from marrying would violate the state's constitution, thus legalizing it in 2004. Other states followed suit over the next ten years. In 2015 the US supreme court heard the case *Obergefell vs. Hodges* and ruled, denying queer people the right to marry to be unconstitutional, resulting in the legalization of same-sex marriage in all 50 states (GSAFE, 2020).

This court decision of 2015 was accompanied by an amicus brief in support of same-sex marriage signed by 379 major businesses and business organizations (Socarides, 2015). This reflects the commitment US corporations pledged to this court decision arguing that failing to recognize same-sex marriage would hurt businesses as it could keep them from appealing to and retaining the best work force. However, a commitment in LGBTQ+ rights to this extent had not been the norm in the past decades. During the Clinton administration when many of the above-mentioned policies were initiated CEOs were very little interested in endorsing them or joining the White House in a meeting about them. The Human Rights Campaign got involved in assessing companies on their LGBTQ+ policies in 2002 when they published their first index rating. In 2002 only thirteen out of 319 received a perfect score of 100%. Since then the index has become a measure that has led companies to adapt better policies and in 2015 out of 781 received a perfect score of 100%. This reflects the development that LGBTQ+ rights and activism in corporations have gone through in the 2000's and 2010's; whether it was aiding supreme court decisions or stopping discriminative policies such as the religious exemption act, the bathroom bill or the transgender ban in the military

(Socarides, 2015). The most recent decision of the supreme court in June 2020 decided in favor of a transwoman who was fired from her job after coming out as transgender, thus protecting LGBTQ+ worker rights further.

### 3. Hypotheses Development

As observed above both CEO Activism and Upper-Echelon Theory present additions to the traditional Stakeholder and Shareholder Primacy theories and provide further reasoning and practices of why companies engage in CSR and CPA. Therefore, both could be a great indicator for why and which companies engage in Social Activism, especially in relation to LGBTQ+ activism. The surge in CEO Activism and the increased reporting of it in academic writing suggest that CEOs do hold considerable power and influence, even beyond company borders, and suggest that CEOs are not merely enactors of their various share- and stakeholders. Therefore, it only makes sense to explore company LGBTQ+ activism under Upper – Echelon Theory. In Upper-Echelon Theory the predominant variables that are reviewed in literature are still of demographic nature.

One of the more easily observable variables and one of the most explored in literature is the variable gender. Despite there being more than two gender identifications, this paper will focus only on male and female as no CEO in the sample has publicly identified as anything else. While women are still severely underrepresented in the C-Suite, one paper found that increasing female representation from 0% to 30% in top management correlates with increased firm profitability by 15% on average (Noland & Moran, 2016). Another paper found that firm performance with female leadership increases with the share of female workers. The authors found that female CEOs are able to better understand signals of productivity in a female workforce (Flabbi, Macis, Moro, & Schivardi, 2019). By the time women do advance to leadership positions they face different challenges than their male counterparts. For example, female CEOs are 50% more likely to be targeted by Investor Activists and 60% more likely to be targeted by multiple activists (Gupta, Mortal, & Turban, 2018). A 2018 article in the Harvard Business Review summarized the results of interviewing 64 senior female leaders and presented four paradoxes that women have to maneuver. It found that women must navigate their leadership approach much more carefully than their male counterparts, walking a fine line between being warm and nice, and competent and

tough. (Zhang, Kark, & Meister, 2018). Despite these challenges, research also found that gender diversity in the C-Suite has a direct effect on diversity in the rest of the company (Nishii, Gotte, & Raver, 2007). These few examples show that women in leadership have an effect on the bottom line, stakeholders, shareholders and even their own behavior. In order to get to the C-Suite, women often undergo unique struggles and are ultimately faced with a glass ceiling. The glass ceiling is an invisible barrier that prevents women from rising past a certain level in the hierarchy (Ragins, Townsend, & Mattis, 1998). To help women, break said glass ceiling companies must understand the unique barriers they face, the strategies they use and the organizational climate they operate in. A study found that women in senior positions credited persistently exceeding expectations and adapting a leadership style that would be comfortable for the men they worked with as critical for their achievements (Ragins, Townsend, & Mattis, 1998). The study also revealed a great disparity between the genders when describing the barriers. Male CEOs mainly blamed a lack of relevant managerial experience and women only ‘recently’ entering the workforce for the underrepresentation. Female executives, however, thought that stereotyping and the preconceptions of their male co-workers and managers as well informal networks from which they are excluded from as the main barriers. Furthermore, male CEOs thought that time would play an important factor in weighing out the imbalance in leadership between the genders while female executives were more skeptical (Ragins, Townsend, & Mattis, 1998). Considering these findings, it is reasonable to think that these experiences, values, and backgrounds would alter the perception and interpretation in Hambrick & Mason’s model. Women who have broken the glass ceiling, might recognize struggles and an environment that men do not, which could make them more discerning for other minorities’ struggles and barriers. Clearly, gender seems to have an influence on values, perspective, and decision-making, which is why the first hypothesis will focus on it.

**H1: Companies with Female CEOs are more likely to engage in LGBTQ+ activism.**

Secondly, age is an important demographic characteristic. As stated earlier, Chatterji & Toffel (2018) credit part of the increased CEO activism to Millennials entering the workforce. Both Millennials and Gen Z show an increased interest for activism (Chatterji & Toffel, 2018). Even though neither make up a considerable part of the C-Suite yet, it indicates that newer generations, aka younger people, may have different priorities compared to the elderly. A paper from 2014 found that risk – taking behavior decreases when the age of CEOs increases (Serfling, 2014). It

showed evidence that riskiness of corporate policies and firm risk was highest when the CEO and the next most influential person both were younger, and in return, lowest when both agents were older (Serfling, 2014). As engaging in activism, especially one that is not directly related to the core business, is considered a risk factor to the company it begs the question, whether companies with younger CEOs might be more likely to engage in activism.

## **H2: Companies with younger CEOs are more likely to engage in LGBTQ+ activism.**

Third, it is important to address another important variable in the C-Suite which would be ethnicity. As stated above diversity breeds diversity. Considering that sexual orientation is also a minority group it will be interesting to examine whether another minority, non-white CEOs, are more likely to lead companies that engage in LGBTQ+ activism. The more obvious choice would be to explore the relationship between CEOs that are members of the LGBTQ+ community and their efforts in LGBTQ+ activism, however since only one CEO in the S&P 500 is publicly out, this sample is not worth testing. Nishii et al. (2007) found a positive relationship between a diverse in ethnicity C-Suite and a diverse in ethnicity workforce, increased organizational performance and the adoption of diversity practices of a company (Nishii, Gotte, & Raver, 2007). These diversity practices could extend to sexual orientation. Furthermore, similarly to the first hypotheses the glass ceiling plays a role here as well. While (male) minorities might face different barriers than females they still deal with their own set of struggles that might make them more perceptive of the existing barriers for others. East Asian Americans or American born Asians even have given their barriers the name 'bamboo ceiling' in an homage to the glass ceiling.

## **H3: Companies with non-white CEOs are more likely to engage in LGBTQ+ activism.**

All former three demographic characteristics are static and immediately observable. The literature in Upper-Echelon Theory often includes one that is not, namely political orientation. Many papers include a conservative – liberalism scale in their research to see how personal politics influence the decision making of a CEO. This also relates a little more to the original idea of Upper-Echelon, where values are influencing the field of vision, the perception and interpretation of information (Hambrick & Mason, 1984). Political orientation is a good indicator of the personal values someone holds. In the US, conservative values equal the Republican party and liberal ideas are represented by the democratic party. In an age where politics become increasingly partisan and CEOs are more likely to take a clear stand on policies and practices in public, political orientation is even more

relevant. The divide between both parties has grown tremendously since the year 2004 (Figure 2, to be found in the discussion chapter) and the average democrat is now the furthest from the average republican, in at least the past 25 years. Partisanship has reached a new high in the Trump era and forces companies and its leaders to adapt new strategies (Gaines-Ross, 2017). In the context of this research it is important to note that many of the largest achievements in regards to LGBTQ+ rights in recent history have been led by democrats. The marriage equality act was decided by a supreme court that was considered liberal leaning in 2015, during a democratic administration under President Obama. In contrast, the religious freedom restoration act, which allowed store owners to discriminate against LGBTQ+ people, was signed by then governor, now Vice President Mike Pence, a member of the republican party. These decisions already indicate different ideologies by the two parties. Republicans tend to prefer small scale government and little interference in the economy. In addition, social conservatism is important in the republican ideology; it favors upholding traditional values, which are often grounded in Christianity. This means policing abortion, contraception, and same-sex marriage. On the other hand, democrats follow a liberal ideology which places an emphasis on social services, the well-being and equality of all members of society. This includes not regulating private social or sexual behavior. Having such a deep-rooted disagreement in values one can easily see how this might affect the perception and interpretation of the information and possible outcomes when deciding whether a company should engage in LGBTQ+ activism. There is already evidence that the opportunity structure for LGBTQ+ employee groups is better under liberal CEOs (Briscoe, Chin, & Hambrick, 2014), so the same might be true for activism.

**H4: Companies with liberal CEOs are more likely to engage in LGBTQ+ activism.**

#### 4. Methodology

In order to gain a deeper understanding and solve the problem stated a descriptive approach involving secondary data will be used. As Upper-Echelon Theory serves a base for reasoning in this paper, CEOs of companies that have and those who have not engaged in activism will be analyzed to conclude if there is a common trait that might be influencing that behavior. A quantitative approach is preferable as a larger sample can be constructed and the metrics tested are publicly available. A data set consisting of the S&P 500 in the years of 2012– 2019 will serve as a base for identifying the CEOs and recording the social activism. The S&P 500 has been chosen as all the companies in it are publicly traded which means the needed information both on activism and CEOs will be publicly available. In addition, investigating the S&P 500 over a period of 8 years ensures a sample that is large enough, yet comparable as all companies are similar in size and bear similar risk. The sample was obtained through Compu Stat, using the Fundamentals Annual file in the North America Daily Database. The sample presented 677 unique companies. Each company was then duplicated 8 times to record the CEO and Activism of each year from 2012 – 2019 which produced 5,417 unique outputs.

<i>Company name</i>	<i>year</i>	<i>CEO of the given year</i>	<i>CEO's age of the given year</i>	<i>Female CEO (dummy)</i>	<i>Caucasian CEO (dummy)</i>	<i>Liberal CEO (scale 0-1)</i>	<i>LGBTQ+ Activism (dummy)</i>
<i>A</i>	<i>2012</i>	<i>CEO</i>	<i>Age</i>	<i>Gender</i>	<i>Ethnicity</i>	<i>Etc.</i>	<i>Tweets</i>
<i>A</i>	<i>2013</i>	<i>CEO</i>	<i>Age</i>	<i>Gender</i>	<i>Ethnicity</i>	<i>Etc.</i>	<i>Tweets</i>
<i>•</i>							
<i>A</i>	<i>2019</i>	<i>CEO</i>	<i>Age</i>	<i>Gender</i>	<i>Ethnicity</i>	<i>Etc.</i>	<i>Tweets</i>
<i>B</i>	<i>2012</i>	<i>CEO</i>	<i>Age</i>	<i>Gender</i>	<i>Ethnicity</i>	<i>Etc.</i>	<i>Tweets</i>

Table 1: Visualization of Data Set

## 4.1. Variables

### 4.1.1. Dependent Variable

#### *LGBTQ+ Activism*

In order to measure activism, there are a few different options that could have been used such as supreme court briefs, congressional lobbying efforts, press releases, newspaper articles, and speeches, however a lot of these proved to be hard to obtain or limited in numbers. Ultimately, Twitter was the medium of choice, as it is widely used, easily accessible and researchable and companies are in full control of their messaging. This proved successful as out of the 677 unique companies 649 had official twitter accounts and 178 used it to tweet about LGBTQ+ matters. The 178 accounts produced a total of 1262 tweets. It is important to note that all of these instances were in support of the LGBTQ+ community. The official Twitter account of each company was searched for tweets containing the words or hashtags “Love wins”, “same sex”, “LGBT”, “LGBTQ”, and Pride within the timeframe. The tweets were recorded for each year and the results can be observed in the table below.

2012	2013	2014	2015	2016	2017	2018	2019	Total
107	136	225	214	237	107	124	112	1262

They were then coded into a dummy variable that serves as the dependent variable, 0 if, a firm did not tweet in a given year and 1, if they did tweet in a given year, regardless of number of tweets. This left us with a total of 453 instances of LGBTQ+ activism.

### 4.1.2. Independent Variables

As the focus of this research relies on Upper-Echelon Theory and therefore, the CEOs and their demographic characteristics, their Gender, Age, Ethnicity and Political Orientation make up the independent variables.

1171 CEOs were identified for the 677 companies in the years 2012 to 2019. A public search engine served to identify each CEO, their age, gender, and ethnicity.

### *Female CEO*

The gender variable is coded as a dummy variable, 1 for female and 0 for male. For the purpose of simplification only two genders are recorded. This variable should indicate whether there is an indication that a company led by one gender is more likely to engage in social activism than the other. The sample contained 1,171 unique CEOs, 1,114 male CEOs and 57 female CEOs.

### *CEO Age*

The age of a CEO in the given year was recorded to test whether there was an indication for whether a younger CEO might be more likely to tweet than an older one. The mean was at 56.75 years, with median and mode both at 57 years. The youngest CEO in the sample was 28 and the oldest 89.

### *Caucasian CEO*

Ethnicity was recorded to see if there is an indication for greater LGBTQ+ activism for White or Non-White CEOs. Ethnicity was only grouped into two categories 1 (White/Caucasian) and 0 (Non-White) to gain enough instances for Non-White CEOs, in total 74 out of 1,171.

### *Liberal CEO*

In order to observe the political orientation of a CEO a scale of conservative-to-liberalism was created through observing the campaign contributions of each CEO. The publicly funded database [opensecrets.org](https://www.opensecrets.org) was used to identify and match campaign and PAC contributions to each CEO. Contributions were only counted when the CEO name matched the place of employment. To calculate a score between 0 (conservative) to 1 (liberal) the following formula was used:

$$(\text{Total Democratic Contributions in US\$} + 0.1) / (\text{Total Democratic Contributions in US\$} + \text{Total Republican Contributions in US\$} + 0.2)$$

This formula was applied for each year in the sample (2012-2019), recording the first donation they made up until t-1 for t = year listed. This approach was adapted from Chin, Hambrick and Trevino, from their paper on the political ideologies of CEOs (Chin, Hambrick, & Treviño, 2013). Political Orientation was recorded as a scale from 0 (Republican) to 1 (Democratic) to conclude whether Political Orientation is an indicator for LGBTQ+ activism. 40.4% were recorded <0.5 and



22.2% >0.5. 37.4% were exactly at 0.5 which usually indicated that they either did not donate to a specific party or that their names were not in the database.

#### 4.1.3. Control Variables

##### *Industry*

The industry a company was operating in was recorded through their Standard Industry Classification code. For better comparison only the first two digits of their four were used. A list of the broad SIC code categories can be found in Appendix IV. In order to include them in the logistic regression model they had to be coded into individual dummy variables which produced 60 industry variables

##### *Location*

In order to control for location, the US states of the headquarters were recorded. In order to include them into the analysis they were coded into three dummy variables: Democratic states, Republican States, and Swing States. If a headquarter was outside of the US, it was recorded as Outside US. The categorization of each state can be found in Appendix III.

##### *Firm Size*

Firm size is represented by the log of the total assets of a company.

##### *Firm Performance*

Firm Performance is represented by  $ROE = \text{Net Income (loss)} / \text{Stockholder's Equity}$

#### 4.2. Statistical Technique

The different CEO attributes described in Sub - Research Question 4 will serve as independent variables that will be tested in a standard panel regression against the dependent variable, LGBTQ+ activism, while geographic location and the industry of the corporation will be used as control variables, as well as the size and performance of the company. A binary logistic regression was applied. It is preferable over a multiple linear regression model, which is used when the dependent variable is continuous, however since the dependent variable is categorical, a binary logistic regression will provide better insights. (Elliot & Tranmer, 2008). Model 1 includes only the control variables and in model 2 the independent variables were added.

## 5. Analysis

### 5.1. Results

To begin the analysis a simple correlation table is shown below to gain an overview of the variables involved and their correlation to each other.

		Correlations										
		LGBTQ+ Activism	Female CEO	CEO Age	Liberal CEO	Caucasian CEO	sic	Firm Size	Firm Performance	Democraticstates	RepublicanStates	SwingStates
LGBTQ+ Activism	Pearson Correlation	1	.029*	.022	.063**	.001	.082**	.263**	.131**	.065**	-.086**	.030*
	Sig. (2-tailed)		.036	.116	.000	.934	.000	.000	.000	.000	.000	.026
	N	5416	5157	5055	5416	5170	5213	4746	4784	5416	5416	5416
Female CEO	Pearson Correlation	.029*	1	-.027	.086**	-.071**	-.012	.044**	-.014	.022	-.064**	.026
	Sig. (2-tailed)			.036	.000	.000	.398	.003	.356	.114	.000	.061
	N	5157	5157	5049	5157	5155	5157	4571	4603	5157	5157	5157
CEO Age	Pearson Correlation	.022	-.027	1	-.101**	.056**	.044**	.145**	-.048**	-.031*	.023	.059**
	Sig. (2-tailed)		.116	.052	.000	.000	.002	.000	.001	.027	.098	.000
	N	5055	5049	5055	5055	5053	4498	4525	5055	5055	5055	5055
Liberal CEO	Pearson Correlation	.063**	.086**	-.101**	1	-.130**	.083**	-.030*	.030*	.189**	-.225**	-.005
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.037	.038	.000	.000	.733
	N	5416	5157	5055	5416	5170	5213	4746	4784	5416	5416	5416
Caucasian CEO	Pearson Correlation	.001	-.071**	.056**	-.130**	1	.017	.038*	.017	-.087**	.105**	-.002
	Sig. (2-tailed)		.934	.000	.000		.232	.011	.260	.000	.000	.883
	N	5170	5155	5053	5170	5170	5170	4584	4616	5170	5170	5170
sic	Pearson Correlation	.082**	-.012	.044**	.083**	.017	1	.114**	.002	.100**	-.151**	.062**
	Sig. (2-tailed)		.000	.398	.002	.000	.232	.000	.877	.000	.000	.000
	N	5213	5157	5055	5213	5170	5213	4620	4654	5213	5213	5213
Firm Size	Pearson Correlation	.263**	.044**	.145**	-.030*	.038*	.114**	1	.031*	-.011	.029*	.001
	Sig. (2-tailed)		.000	.003	.000	.037	.011	.000	.031	.429	.044	.939
	N	4746	4571	4498	4746	4584	4620	4746	4730	4746	4746	4746
Firm Performance	Pearson Correlation	.131**	-.014	-.048**	.030*	.017	.002	.031*	1	.017	-.011	-.004
	Sig. (2-tailed)		.000	.356	.001	.038	.260	.877	.031	.227	.455	.784
	N	4784	4603	4525	4784	4616	4654	4730	4784	4784	4784	4784
Democraticstates	Pearson Correlation	.065**	.022	-.031*	.189**	-.087**	.100**	-.011	.017	1	-.532**	-.378**
	Sig. (2-tailed)		.000	.114	.027	.000	.000	.429	.227		.000	.000
	N	5416	5157	5055	5416	5170	5213	4746	4784	5416	5416	5416
RepublicanStates	Pearson Correlation	-.086**	-.064**	.023	-.225**	.105**	-.151**	.029*	-.011	-.532**	1	-.244**
	Sig. (2-tailed)		.000	.098	.000	.000	.000	.044	.455	.000		.000
	N	5416	5157	5055	5416	5170	5213	4746	4784	5416	5416	5416
SwingStates	Pearson Correlation	.030*	.026	.059**	-.005	-.002	.062**	.001	-.004	-.378**	-.244**	1
	Sig. (2-tailed)		.026	.061	.000	.733	.883	.000	.939	.784	.000	
	N	5416	5157	5055	5416	5170	5213	4746	4784	5416	5416	5416

\*. Correlation is significant at the 0.05 level (2-tailed).  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 2: Correlation Table with Pearson Correlation highlighted at  $p < 0.05$  and  $p < 0.01$

As shown the dependent variable ‘Tweets Dummy’ (LGBTQ+ Activism) is positively correlated with each other variable in the model at either  $p < 0.05$  or  $p < 0.01$ , except Age and Ethnicity.

To further examine the data a binary logistic model was used. Model 1 included the control variables and in Model 2 the independent variables Gender, Age, Ethnicity and Political Orientation were added. The full Model 1 + 2 can be found in Appendix I + II. Below is a cropped version of both models and the most important tables related to it.

### Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	593,960	64	,000
	Block	593,960	64	,000
	Model	593,960	64	,000

Table 3: Omnibus Test Model 1

### Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	17,581	4	,001
	Block	17,581	4	,001
	Model	611,541	68	,000

Table 4: Omnibus Test Model 2

As observable in the tables above there is an indication that both of the models tested are a significant improvement over the null model.

### Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	2171,199 <sup>a</sup>	,124	,270

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Table 5: Model 1 Summary

### Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	2153,618 <sup>a</sup>	,128	,277

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Table 6: Model 2 Summary

Looking at the Nagelkerke R Square for Model 2 which includes the independent variables it is .277 which is an ever so slight improvement of Model 1 which had a Nagelkerke R square of .270. This pseudo R-square indicates the amount of variance explained by the model.

**Classification Table<sup>a</sup>**

Observed		Predicted		Percentage Correct
		LGBTQ+ Activism 0	1	
Step 1	LGBTQ+ Activism 0	4049	17	99,6
	1	365	50	12,0
Overall Percentage				91,5

a. The cut value is ,500

Table 7: Classification Table Model 1

**Classification Table<sup>a</sup>**

Observed		Predicted		Percentage Correct
		LGBTQ+ Activism 0	1	
Step 1	LGBTQ+ Activism 0	4043	23	99,4
	1	353	62	14,9
Overall Percentage				91,6

a. The cut value is ,500

Table 8: Classification Table Model 2

The classification Table in a binary logistic regression shows which percentage is correctly predicted by the model. In the case of model 2 the accuracy rate is 91.6% for correctly predicting the outcome, a 0.1% increase over Model 1. The model almost perfectly predicts if a company will not engage in LGBTQ+ activism but only correctly predicts if a company will engage in LGBTQ+ activism by 14.9%.

### Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Firm Size	1,533	,119	164,938	1	,000	4,632
	Firm Performance	,006	,001	24,577	1	,000	1,006
	Democraticstates	,146	,181	,653	1	,419	1,158
	RepublicanStates	-,564	,238	5,609	1	,018	,569
	SwingStates	,309	,221	1,956	1	,162	1,361

Table 9: Cropped Binary Logistic Model 1, industry dummies are included but not reported

The first model only includes the control variables. Firm Size is statistically significant at the  $p < 0.01$  value. This indicates that for every positive change in unit in Firm Size the odds of a company engaging in LGBTQ+ activism increase by 4.275. Firm Performance is also significant at the  $p < 0.01$  value, which indicates that for every positive change in unit the odds increase by 1.006.

After coding all represented industries into individual dummy variable the model indicates that only 7 industries seem to have a significant relationship with the dependent variable. Tested against all other variables, industry 70 is the only industry that is statistically significant at  $p < 0.05$  and has a positive slope. This indicates that companies in the hotels & and other lodging places industry have 4.035 higher odds of engaging in LGBTQ+ activism.

Neither Democratic States nor Swing States seem to have a significant relationship with the dependent variable. Republican states however are significant at  $p < 0.05$ , which indicates that with every negative change in unit the odds of a company engaging in LGBTQ+ activism increases by 0.569, meaning that companies are more likely to engage in activism if their headquarters are not located in a Republican state.

### Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Female CEO	,293	,228	1,640	1	,200	1,340
	CEO Age	,006	,009	,474	1	,491	1,006
	Caucasian CEO	,045	,220	,042	1	,837	1,046
	Liberal CEO	,745	,194	14,822	1	,000	2,107
	Firm Size	1,549	,120	166,817	1	,000	4,707
	Firm Performance	,006	,001	26,208	1	,000	1,006
	Democraticstates	,123	,185	,445	1	,505	1,131
	RepublicanStates	-,467	,244	3,663	1	,056	,627
	SwingStates	,330	,224	2,176	1	,140	1,391
	Constant	-9,247	,941	96,654	1	,000	,000

Table 10: Cropped Binary Logistic Model 2, industry dummies are included but not reported

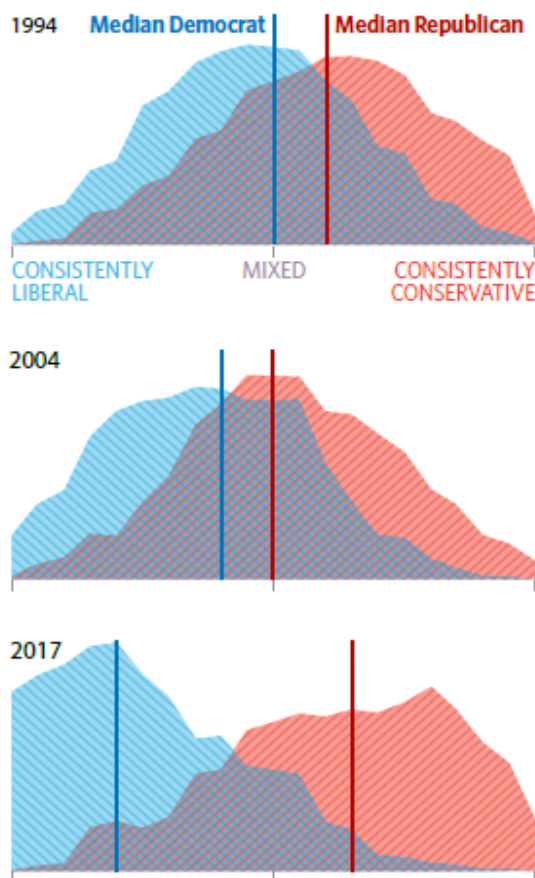
The 2<sup>nd</sup> model gives information on which of the independent variables have a significant relationship to the dependent variable.

Political Orientation is the only CEO related variable that tests significant at the  $p < 0.05$  and even at the  $p < 0.01$  level. This indicates that the political orientation of a CEO, tested against all other variables in the model has a significant relationship to whether a company will engage in LGBTQ+ activism. With every positive change in unit for Political Orientation the odds of a company engaging in LGBTQ+ activism increase by 2.107. Therefore, activism is more likely if the CEO is more liberal. The Age, Gender and Ethnicity of a CEO tested against all other variables in the models show no significant relationship to the dependent variable. Therefore, we can assume that none of these variables influence whether a company is more likely to engage in LGBTQ+ activism. It might be interesting to point out though that Gender is positive so if it was statistically significant there would be a 1.340 increase in odds for every positive change in unit, which indicates that a company with a female CEO might be more likely to engage in LGBTQ+ activism. A reason for the statistical insignificance could be the small sample size of only 57 female CEOs compared to 1,114 male CEOs. A similar point can be made for ethnicity. It might not be significant as there are only 74 ‘Non-White’ CEOs in the sample. After reviewing the results only ‘H4: Liberal CEOs are more likely to engage in LGBTQ+ activism’ holds true. H1, H2, and H3 all do not hold true.

## 6. Discussion

After reviewing the results from the analysis, it has become clear that the leading indicator of corporate LGBTQ+ activism is the political ideology of the CEO. This is consistent with what has been found in the literature (Briscoe, Chin, & Hambrick, 2014). Political Ideology seems to be the best indicator when applying Upper-Echelon Theory. Therefore, in order to predict whether a company will engage in LGBTQ+ activism we should look at the CEOs and their political leaning.

While this is instrumental in answering which companies engage in LGBTQ+ activism it is also foreshadowing to where activism might be headed. Since CEO activism has grown increasingly popular over the last decade, there is a good chance it will continue to do so (Chatterji & Toffel, 2018). Especially, since millennials seem to put value on companies expressing their stands, them entering the workforce, and companies wanting to attract and retain them as employees has been



one explanatory variable.

Next to the generational change within the workforce there is another cultural shift that cannot be ignored: the growing political divide between Democrats and Republicans.

As observable in figure 2 to the left, the median democrat and median republican have moved apart dramatically from each other in the past 13 years. More and more issues have become partisan, in part due to the beginning of the Trump era. Alone in 2017 there were several CEOs speaking out against various policies his administration instigated (Gaines-Ross, 2017). The planned abandonment of DACA led multiple leaders to speak out. Microsoft took a clear stance by saying they would protect their employees if Congress

Figure 2: Infographic 'A Growing Divide' (Chatterji & Toffel, 2018)

failed to do so, offering legal counsel to anyone that was threatened to be deported. It is no surprise that companies that have political interest feel the need to get involved when even cultural events such as award shows and the Oscars are becoming gradually more politicized.

A new study tracked the stock prices of companies that were involved in CEO activism for a 2-month-period prior to the event and 2 months post. It found that there is little evidence that CEO activism hurts the stock price, especially long-term (Chatterji & Toffel, 2018). This is another indicator that social activism by CEOs and companies is just getting started. If the political landscape continues to grow divided there is a possibility that companies will follow that trend and keep exerting their power to act as a countervail to politics, through traditional actions and newfound activism.

As mentioned earlier, a study also posed the question which companies engage in LGBTQ+ activism and tested the possibility of employees as a stakeholder group being the driving factor. They found that in a highly educated workforce, LGBTQ+ ERGs persuade management to take a public stand (Drewry & Maks-Solomon, 2019). This offers a counter theory to what has been tested in this paper. It would be interesting to run an analysis in which the political ideology of the CEO would be tested against the findings by Drewry and Maks-Solomon (2019) to gain a clearer picture and explore a possible relationship between the two. For now, their findings can be included as an extension to answer the research question for this paper more thoroughly.

For most of the companies run by the trailblazers of CEO activism such as Howard Schultz (Starbucks), Lloyd C. Blankfein (Goldman-Sachs), and Kenneth Frazier (Merck) LGBTQ+ activism in the form of tweets was recorded, matching their CEOs public positions. Marc Benioff (Salesforce) and Tim Cook (Apple) were both instrumental in the repeal of the religious freedom bill in Indiana, however, neither of their companies tweeted about LGBTQ+ and thus they were not recorded as activism in this sample. This is indication that CEO activism does not have to result in the company engaging in activism, though the two might still be associated. One reason for not extending the activism on company level could be to not further alienate certain customer groups.

As for the other variables that were tested, age, gender, and ethnicity, that didn't show a significant relationship to activism, it can be assumed that this is largely due to homogeneity within the sample and a general lack of diversity among CEOs. Hopefully, this is due to change in the future.



## 7. Conclusion

CSR and CPA have been a popular reason for why companies engage in activism, act more sustainable or get involved in politics. However, the main reason for them to do so was still always the bottom-line. Engaging in CSR is a necessary step to prevent backlash from internal stakeholders and customers. Omitting CSR could hurt the company. CPA, whether in the form of donations or lobbying has been essential to ensure the company is operating in the best possible environment and is remaining competitive. Both are evolutions of Shareholder Primacy and Stakeholder theory and have become elementary to the decision-making process. Neither of them explains though why companies would engage in social activism that does not directly affect their core business or stakeholders. One explanation for this could be educated and organized employees as a driving force. However, recent developments and the rise of CEO activism point to a different driver. Upper-echelon has often been explored and repeatedly showed that the politics of CEOs are an important variable that will indicate how they lead and make decisions (Chin, Hambrick, & Treviño, 2013). After testing LGBTQ+ Activism against the Age, Gender, Ethnicity and Political Orientation of CEOs, Political Orientation seems to be the best indicator for whether a company will engage in LGBTQ+ activism. The more liberal the CEO, the more likely the company is to engage in LGBTQ+ activism. Therefore, to answer the research question ‘Which companies are likely to engage in LGBTQ+ activism?’ is larger companies with a liberal leaning CEO.

## 8. Limitations & Future Research

The main limitations of this analysis were time and access. Due to those factors' careful consideration of the existing research on Upper-Echelon Theory and pragmatic research possibilities led to choosing the dependent, independent and control variables. For example, more instances of activism such as amici briefs or newspaper articles could be collected for future research. Furthermore, restricted access to databases allowed for only the recorded control variables to be used. Further control variables such as public opinion, representation in media coverage or the Human rights index score could have been interesting additions to the model for the future. In addition, more characteristics of the CEOs could be explored in future research, such as CEO power, tenure, or education level. Gender, age, and ethnicity are all easier to observe and compare than the above characteristics and literature suggests political orientation to be the most important indicators which is why those were chosen over the others. Another interesting point could have been to compare corporate political action committees and their campaign contribution with the political orientation of the CEOs to examine a possible relationship. One technical limitation was opensecrets.org. After 10 pages of results for a name the 11<sup>th</sup> page for that person could not be accessed. This is however a minor inconvenience as the general political leaning of a person was at that point established and was probably unlikely to drastically change. It also only affected very few CEOs who had common names, which produced a large number of search results.

As social activism by corporations as well as CEO activism are still fields that are relatively new a lot is left to be discovered. It will be interesting to explore how the two relate and if CEO activism automatically results in social activism by a corporation or if the two exist separately.

Lastly, it would be interesting to repeat the study with a more heterogeneous sample in which there are greater representations of gender and ethnicity to observe if the variables still remain insignificant.

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## List of abbreviations

**LGBTQ+** - Lesbian, Gay, Bisexual, Trans, Queer, and plus. Other versions of this include A (Asexual) and I (Intersex)

**CEO** – Chief Executive Officer

**CSR** – Corporate Social Responsibility

**CPA** - Corporate Political Action

**PAC** – Political Action Committees

**ROA** – Return on Assets

**ROE** – Return on Equity

**S&P 500** – Standard and Poors 500

**SIC** – Standard Industrial Classification

**DACA** – Deferred Action for Children Arrivals

**ERG** – Employee Resource Group

## Appendices

### Appendix I - Full Model 1

#### Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Firm Size	1,533	,119	164,938	1	,000	4,632
	Firm Performance	,006	,001	24,577	1	,000	1,006
	Democraticstates	,146	,181	,653	1	,419	1,158
	RepublicanStates	-,564	,238	5,609	1	,018	,569
	SwingStates	,309	,221	1,956	1	,162	1,361
	Industry10	-19,038	8220,205	,000	1	,998	,000
	Industry12	-18,629	11523,272	,000	1	,999	,000
	Industry13	-2,555	,895	8,147	1	,004	,078
	Industry14	-18,231	10019,478	,000	1	,999	,000
	Industry15	-19,132	9043,041	,000	1	,998	,000
	Industry16	-18,290	15189,625	,000	1	,999	,000
	Industry17	-18,073	14200,290	,000	1	,999	,000
	Industry20	-,540	,597	,820	1	,365	,583
	Industry21	-1,749	1,159	2,276	1	,131	,174
	Industry22	-18,400	14187,692	,000	1	,999	,000
	Industry23	-,900	,911	,976	1	,323	,407
	Industry24	-19,047	8890,715	,000	1	,998	,000
	Industry25	-18,315	11271,327	,000	1	,999	,000
	Industry26	,068	,689	,010	1	,922	1,070
	Industry27	-18,983	10312,424	,000	1	,999	,000
	Industry28	-,220	,553	,158	1	,691	,803
	Industry29	-1,587	,834	3,620	1	,057	,205
	Industry30	-19,144	8050,180	,000	1	,998	,000
	Industry31	-18,619	14179,451	,000	1	,999	,000
	Industry33	-,179	,823	,047	1	,828	,836
	Industry34	,087	,746	,014	1	,907	1,091
	Industry35	-1,853	,668	7,691	1	,006	,157
	Industry36	-,895	,606	2,180	1	,140	,409
	Industry37	-1,934	,718	7,255	1	,007	,145
	Industry38	-,868	,595	2,128	1	,145	,420
	Industry39	,107	,909	,014	1	,906	1,113
	Industry40	-19,661	6932,282	,000	1	,998	,000

Industry42	,103	,926	,012	1	,911	1,109
Industry44	-1,781	1,162	2,348	1	,125	,168
Industry45	,700	,640	1,197	1	,274	2,014
Industry47	-18,903	9873,358	,000	1	,998	,000
Industry48	-,995	,613	2,638	1	,104	,370
Industry49	-1,041	,577	3,257	1	,071	,353
Industry50	-,707	,892	,628	1	,428	,493
Industry51	-1,259	,902	1,950	1	,163	,284
Industry52	-18,891	7945,094	,000	1	,998	,000
Industry53	-2,625	1,143	5,279	1	,022	,072
Industry54	-19,302	10094,236	,000	1	,998	,000
Industry55	-1,390	1,147	1,469	1	,226	,249
Industry57	-18,832	8219,859	,000	1	,998	,000
Industry58	,695	,663	1,098	1	,295	2,004
Industry59	-,423	,686	,380	1	,538	,655
Industry60	-,646	,584	1,224	1	,269	,524
Industry61	,094	,638	,022	1	,883	1,099
Industry62	-,859	,597	2,068	1	,150	,424
Industry63	-1,198	,589	4,134	1	,042	,302
Industry64	1,202	,639	3,540	1	,060	3,328
Industry65	-,679	1,161	,342	1	,558	,507
Industry67	-2,088	,729	8,192	1	,004	,124
Industry70	1,395	,705	3,912	1	,048	4,035
Industry72	-17,593	23196,191	,000	1	,999	,000
Industry73	-,264	,557	,224	1	,636	,768
Industry75	-19,325	14198,659	,000	1	,999	,000
Industry78	-19,293	14016,506	,000	1	,999	,000
Industry79	,674	,761	,784	1	,376	1,963
Industry80	-1,798	1,142	2,477	1	,116	,166
Industry82	-18,431	8695,811	,000	1	,998	,000
Industry87	,547	,694	,622	1	,430	1,728
Industry99	-21,011	7880,582	,000	1	,998	,000
Constant	-8,377	,698	144,045	1	,000	,000

Table 11: Full Model 1



Appendix II – Full Model 2

**Variables in the Equation**

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Female CEO	,293	,228	1,640	1	,200	1,340
	CEO Age	,006	,009	,474	1	,491	1,006
	Caucasian CEO	,045	,220	,042	1	,837	1,046
	Liberal CEO	,745	,194	14,822	1	,000	2,107
	Firm Size	1,549	,120	166,817	1	,000	4,707
	Firm Performance	,006	,001	26,208	1	,000	1,006
	Democraticstates	,123	,185	,445	1	,505	1,131
	RepublicanStates	-,467	,244	3,663	1	,056	,627
	SwingStates	,330	,224	2,176	1	,140	1,391
	Industry10	-19,019	8240,129	,000	1	,998	,000
	Industry12	-18,407	11490,917	,000	1	,999	,000
	Industry13	-2,475	,901	7,542	1	,006	,084
	Industry14	-17,939	10012,380	,000	1	,999	,000
	Industry15	-19,266	8905,820	,000	1	,998	,000
	Industry16	-18,064	15189,229	,000	1	,999	,000
	Industry17	-17,940	14158,512	,000	1	,999	,000
	Industry20	-,564	,604	,870	1	,351	,569
	Industry21	-1,533	1,160	1,745	1	,186	,216
	Industry22	-18,133	14183,688	,000	1	,999	,000
	Industry23	-,729	,918	,630	1	,427	,483
	Industry24	-18,858	8890,930	,000	1	,998	,000
	Industry25	-18,265	11232,642	,000	1	,999	,000
	Industry26	,101	,695	,021	1	,884	1,107
	Industry27	-19,004	10237,246	,000	1	,999	,000
	Industry28	-,156	,559	,078	1	,780	,856
	Industry29	-1,359	,836	2,642	1	,104	,257
	Industry30	-19,164	8061,996	,000	1	,998	,000
	Industry31	-18,627	14189,010	,000	1	,999	,000
	Industry33	,005	,833	,000	1	,995	1,005
	Industry34	,109	,753	,021	1	,885	1,115
	Industry35	-1,749	,672	6,775	1	,009	,174
	Industry36	-,941	,621	2,293	1	,130	,390
	Industry37	-2,144	,728	8,667	1	,003	,117
	Industry38	-,817	,605	1,825	1	,177	,442

Industry39	-,074	,917	,006	1	,936	,929
Industry40	-19,749	6936,292	,000	1	,998	,000
Industry42	,251	,936	,072	1	,788	1,286
Industry44	-1,815	1,174	2,392	1	,122	,163
Industry45	,732	,646	1,283	1	,257	2,078
Industry47	-19,081	9813,454	,000	1	,998	,000
Industry48	-1,093	,620	3,109	1	,078	,335
Industry49	-1,063	,582	3,328	1	,068	,346
Industry50	-,709	,898	,623	1	,430	,492
Industry51	-1,165	,907	1,649	1	,199	,312
Industry52	-18,654	8021,489	,000	1	,998	,000
Industry53	-2,478	1,145	4,687	1	,030	,084
Industry54	-19,045	10200,876	,000	1	,999	,000
Industry55	-1,274	1,151	1,224	1	,269	,280
Industry57	-18,837	8217,617	,000	1	,998	,000
Industry58	,608	,678	,806	1	,369	1,838
Industry59	-,571	,696	,674	1	,412	,565
Industry60	-,556	,590	,890	1	,345	,573
Industry61	-,001	,642	,000	1	,998	,999
Industry62	-,830	,607	1,874	1	,171	,436
Industry63	-1,177	,595	3,913	1	,048	,308
Industry64	1,419	,649	4,778	1	,029	4,131
Industry65	-,411	1,166	,125	1	,724	,663
Industry67	-2,081	,735	8,014	1	,005	,125
Industry70	1,446	,720	4,038	1	,044	4,245
Industry72	-17,507	23178,312	,000	1	,999	,000
Industry73	-,272	,570	,227	1	,634	,762
Industry75	-19,154	14200,476	,000	1	,999	,000
Industry78	-19,571	13985,345	,000	1	,999	,000
Industry79	,578	,771	,562	1	,453	1,783
Industry80	-1,771	1,146	2,388	1	,122	,170
Industry82	-18,337	8669,978	,000	1	,998	,000
Industry87	,584	,702	,693	1	,405	1,793
Industry99	-21,233	7876,868	,000	1	,998	,000
Constant	-9,247	,941	96,654	1	,000	,000

a. Variable(s) entered on step 1: Female, Age, Political Orientation, White.

Table 12: Full Model 2

Appendix III – US States

Republican States	Democratic States	Swing States
Alabama	California	Colorado
Alaska	Connecticut	Florida
Arizona	Delaware	Indiana
Arkansas	District of Columbia	Iowa
Georgia	Hawaii	Michigan
Idaho	Illinois	Nevada
Kansas	Maine	New Mexico
Kentucky	Massachusetts	North Carolina
Louisiana	Minnesota	Ohio
Mississippi	New Hampshire	Pennsylvania
Missouri	New Jersey	Virginia
Montana	New York	Wisconsin
Nebraska	Oregon	
North Dakota	Rhode Island	
Oklahoma	Vermont	
South Carolina	Washington	
South Dakota		
Tennessee		
Texas		
Utah		
West Virginia		
Wyoming		

Table 13: US States divided into 3 Categories

Appendix IV – SIC Codes

Range of SIC Codes ↕	Division ↕
0100-0999	Agriculture, Forestry and Fishing
1000-1499	Mining
1500-1799	Construction
1800-1999	not used
2000-3999	Manufacturing
4000-4999	Transportation, Communications, Electric, Gas and Sanitary service
5000-5199	Wholesale Trade
5200-5999	Retail Trade
6000-6799	Finance, Insurance and Real Estate
7000-8999	Services
9100-9729	Public Administration
9900-9999	Nonclassifiable

Table 14: Standard Industry Classification Code Categories

