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**Essays on the Role and Influence of Top Managers on Firm Interactions With Secondary
Stakeholders**

BY

François Neville

A Dissertation Submitted for Partial Fulfillment of the Requirements for the Degree

Of

Doctor of Philosophy

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2016

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ACCEPTANCE

This dissertation was prepared under the direction of the François Neville Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

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ABSTRACT

Essays on the Role and Influence of Top Managers on Firm Interactions With Secondary Stakeholders

BY

François Neville

July 7th, 2016

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Major Academic Unit: Department of Managerial Sciences

Firm behavior and performance has become increasingly susceptible to the influence of secondary stakeholders—namely community activists, advocacy groups, religious organizations, and other non-governmental organizations that often represent a broader social movement.

Despite recent suggestions that secondary stakeholder demands trigger an important two-sided interactive process between secondary stakeholders and their targeted firms, little theoretical or empirical attention has been placed on firm-sided factors that influence the dynamics and outcomes of these interactions, especially the role and influence of the firm's top managers during these interactions. In this three-essay dissertation, I theorize about and examine the influential role that the firm's top managers expectedly occupy within the interactions that occur

between secondary stakeholders and the firms that are the targets of their demands. My dissertation contributes to advancing strategic management and organization research by (1) examining influential managerial attributes that influence their firm's responsiveness toward secondary stakeholder activism, and (2) examining certain important consequences of managerial responses for secondary stakeholder behavior and the targeted firm.

Pour Joëlle, avec amour...

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Several members of my extended family, and close family friends, have also always been an important source of encouragement along the way. Most notably, I believe this dissertation also reflects some of the influence that my maternal grandparents had on me, as active figures in my life, especially during my formative years. Ma grand-maman Colette is one of the most intelligent people I have ever known, and mon grand-papa Bernard is one of the most ingenious

and creative people I have ever known (however, no pinecones or electrical cords were harmed during the development of this dissertation); I hope small pieces of each of you shine through in this work.

I also had the good fortune of meeting great people in my time as a doctoral student at GSU, who provided much of the intellectual support necessary for the completion of this dissertation and my doctoral studies.

I am highly indebted to my advisor, Pam Barr, for the exceptional quality of guidance and mentoring she provided; while juggling numerous hats, you always managed to give me your full attention. You also pushed me to strive for higher standards, and I hope that is reflected in the caliber of this dissertation and the development of my career as a scholar, more generally. I also benefitted from the active participation and amazing feedback of my committee: Jay O'Toole, Elizabeth Lim, and Mark Keil. Your suggestions and important questions proved pivotal and most helpful. I also had the opportunity to work on research projects with other (past and present) faculty members in the MGS department that have had a positive impact on my development as a scholar, specifically: Nikos Dimotakis, Kris Byron, and Rajiv Nag.

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Chapter 1

MOTIVATING AND POSITIONING THE DISSERTATION

“You can please some of the people all of the time, and all of the people some of the time, but you can’t please all of the people all of the time...” —Abraham Lincoln

Firms have found themselves increasingly susceptible to being challenged by *secondary stakeholders* such as community activists, advocacy groups, religious organizations, and other non-governmental organizations (see: Barr, 2014; Eesley & Lenox, 2006; King, 2008; Soule, Swaminathan, & Tihanyi, 2014); noted for their usage of threatening performance tactics such as boycotts and protests (Downey & Rohlinger, 2008; Lipsky, 1968; Soule, 2009). Although the firm’s survival may not entirely depend on receiving continued support from these groups *per se* (Clarkson, 1995), secondary stakeholders have the capacity to disrupt firm routines and impose costs on the firm, create impediments for the firm in obtaining resources, and mobilize public opinion against the firm to potentially damage its reputation (den Hond & de Bakker, 2007; Eesley & Lenox, 2006; King, 2008; McDonnell & King, 2013). How a firm copes with—and responds to—secondary stakeholder demands therefore implies important strategic and performance-related consequences. Indeed, Greenpeace succeeding in forcing Shell Oil to terminate its Arctic drilling operations, and People for the Ethical Treatment of Animals (PETA) successfully halting Abercrombie & Fitch’s usage of Australian merino wool serve as powerful examples of how firm responses to secondary stakeholders implicate broad reaching consequences for firm strategies, competitive behavior, and performance (Glaser, 2015; PETA, 2004).

In this regard, academic research and popular media accounts demonstrate that considerable heterogeneity exists in firm responsiveness to secondary stakeholder demands.

While some firms concede entirely to secondary stakeholder demands, others appear to not respond at all (Eesley & Lenox, 2006; King, 2008). Some firms issue prosocial claims as a way to offset any potentially negative attention that a secondary stakeholder thrusts onto the firm (McDonnell & King, 2013), and others issue symbolic responses as a way to appease secondary stakeholder activists without committing to making any substantive strategic or policy-related changes (Bundy, Shropshire, & Buchholtz, 2013). By extension, because target firms may respond to secondary stakeholder demands in many different ways, this introduces very different consequences for the subsequent behaviors and actions of secondary stakeholders and for the outcomes of the interactions between these entities and their target firms.

To date, most of the work that contributes toward our understanding of the interactions between secondary stakeholders and their target firms has primarily focused on understanding the antecedents of secondary stakeholder group formation and mobilization (den Hond & de Bakker, 2007; Rowley & Moldoveanu, 2003), or which secondary stakeholder attributes and tactics yield concessions from target firms (Eesley & Lenox, 2006; King, 2008; Weber, Thomas, & Rao, 2009). However, despite a recent acknowledgement that secondary stakeholder group challenges ‘trigger’ an important two-sided interactive process in which both secondary stakeholders and their target firm “are engaged in public performances” (McDonnell & King, 2013: 409), little theoretical or empirical attention has been placed on firm-sided factors, especially with regards to the role and influence of the firm’s top managers as the foremost actors that influence these interactions. This is an important omission, as logical and theoretical grounds both dictate that the targeted firm’s top managers occupy two important and related functions that ought to bear considerable influence over the interactions between secondary stakeholders and their target firms, as well as over the outcomes of these interactions.

First, a core insight in upper-echelons and strategic leadership research contends that the firm is a reflection of its top managers (Hambrick & Mason, 1984); the characteristics of the firm's managers drive the interpretation of environmental stimuli and firm actions in response to these. Firm responsiveness toward secondary stakeholder demands can therefore be seen as contingent on how the target firm's top managers interpret such an uncertain strategic issue, consider potential courses-of-action, and ultimately shape firm actions in accordance with these interpretations (Barr, 1998). Second, a key function of top managers lies in managing the firm's external environment, through representing the firm to a range of external stakeholders (Fanelli & Misangyi, 2006; Pfeffer, 1981; Pfeffer & Salancik, 1978). In this regard, prior work demonstrates that the type of language managers utilize, in order to rally support from the external environment and obtain resources, has considerable influence on the behavior of external stakeholders (Fanelli, Misangyi, & Tosi, 2009). As such, whether a targeted firm's top managers decide to respond to a secondary stakeholder's demands and/or the manner in which they articulate a response (i.e. language used, tone of the response) would be expected to influence subsequent secondary stakeholder behavior and the outcomes of the ongoing interactions between this group and the target firm.

1.1. Guiding Research Questions

In this dissertation, I build on the above considerations and focus on the influence of the role of top managers within the context of firm interactions with secondary stakeholders, in order to develop a more complete understanding of firm responsiveness to secondary stakeholders, and the consequences of interactions between these groups and their target firms more generally. To accomplish these objectives, I first focus on the socio-cognitive attributes of a targeted firm's top managers and how these attributes influence these managers' evaluations of secondary

stakeholder demands, which subsequently shape their responsiveness toward these demands. Secondly, I focus on the attributes of top managers' responses to a secondary stakeholder demand to understand how responses may differently influence secondary stakeholders group behavior. As such, the dissertation is guided by two general research questions:

- 1. What managerial attributes influence firm responsiveness to secondary stakeholders?*
- 2. What are the consequences of managers' response rhetoric for secondary stakeholders and the target firm?*

1.2. Overarching Contributions

Although each chapter within the dissertation makes more pointed contributions in its own fashion, the findings of the dissertation make three noteworthy overarching theoretical contributions to strategic management and organization research. First, the dissertation contributes to stakeholder theory and to the literature on firm management of stakeholders by examining the cognitive challenges that secondary stakeholder demands present to the firm's top managers. Although researchers have recently pointed to the importance of managerial cognition for understanding firm responsiveness toward stakeholder concerns (Bundy et al., 2013), theoretical development and empirical investigations related to the role of top managers cognition and cognitive attributes in such situations remain sparse.

Second, in focusing on the role of top managers within the context of secondary stakeholder demands, the dissertation contributes to research on upper echelons and strategic leadership. In particular, the dissertation emphasizes the role of executives' personal values in evaluating secondary stakeholder demands and subsequently shaping their responses to these demands. Thus, the dissertation heeds a call for greater attention to understanding the causal linkages between managers' personal values and cognition, and to examine how managers'

values and specific situations interact to influence choice (see: Finkelstein, Hambrick, & Cannella, 2009). In addition, by also examining how secondary stakeholder group actions and behavior may change in light of differences in the responses that a targeted firm's managers issue, the dissertation adds to the emergent area of research that focuses on the various ways in which top managers may manage the firm's external environment and interact with its constituents through an array of substantive and symbolic actions (e.g. Barnard, 1938; Fanelli et al., 2009; Finkelstein et al., 2009; Westley & Mintzberg, 1989).

Finally, because secondary stakeholders often represent a broader social movement (den Hond & de Bakker, 2007), the dissertation also contributes to the literature on social movements. Specifically, interactions between social movements and firms have recently drawn an increased amount of interest from social movement scholars, but this stream of research remains in its early stages of development (see: King, 2008). Much of the work that seeks to understand interactions between social movements and firms is primarily concerned with explaining how a *movement* may challenge a targeted firm to influence its behavior. Consequently, much more is known about the movement-side aspects of the interaction than the firm-side of it (McDonnell & King, 2013). The dissertation not only sheds additional light on firm-side explanations of the interaction between social movements and their targeted firms, it also places a focus on the targeted firm's top managers as influential actors within this interaction.

The dissertation is organized into three distinct, yet related, essays. A summarized description of these essays is presented in Table 1. In the first essay (Chapter 2), I develop a theoretical model that advances top managers' personal values and passion as concepts that can advance our understanding of firm responsiveness to secondary stakeholder demands. Building on previous developments in upper-echelons research and cognitive and social psychology, I

illustrate how top managers’ personal values trigger a cognitive process that are associated with the posture of a firm’s response to secondary stakeholders and how top managers’ passion influence the degree of commitment to the chosen response posture. In the second essay (Chapter 3), I conducted an archival study to investigate whether and how top managers’ political ideologies (a proxy for values) influence firm responsiveness to secondary stakeholder demands. Finally, in the third essay (Chapter 4), I conducted an experiment to investigate how variations in responses to secondary stakeholder demands influence subsequent secondary stakeholder group behavior. Table 1 summarizes these essays.

TABLE 1
Organization of the Dissertation

Chapter	Research Question(s)	Description
Chapter 2	What top manager attributes influence firm responsiveness toward secondary stakeholders?	Theoretical essay that focuses on managers’ values and passion as concepts to advance our understanding of firm responsiveness to secondary stakeholder demands.
Chapter 3	To what extent do top managers’ values influence firm responsiveness to secondary stakeholders?	Archival study to investigate how managers’ political ideologies (a proxy for values) influence firm response strategies to secondary stakeholder activism.
Chapter 4	<ol style="list-style-type: none"> 1. How and why do different responses to secondary stakeholder demands influence the subsequent behavior and actions of secondary stakeholders? 2. To what extent can top managers strategically frame their responses to influence secondary stakeholder behavior and actions? 	Two-by-two experiment in which participants, assuming the role of secondary stakeholders report their intentions to execute additional threatening actions toward the firm, and form beliefs regarding the firm’s corporate opportunity structure.

Chapter 2

A TOP MANAGER-DRIVEN PROCESS MODEL OF FIRM RESPONSIVENESS TO SECONDARY STAKEHOLDERS: THE ROLE OF PERSONAL VALUES AND PASSION

“It’s not hard to make decisions when you know what your values are.”—Roy Disney

“Better pass boldly into that other world, in the full glory of some passion, than fade and wither dismally with age...”—James Joyce

As contemporary notions of firm effectiveness and performance have progressively implicated deeper considerations for how firms impact public welfare (see: Freeman, 1984; Lamin & Zaheer, 2012), many firms—namely, large publicly-traded corporations—have become increasingly susceptible targets of *secondary stakeholder* demands (den Hond & de Bakker, 2007). Secondary stakeholders are those external constituents of the firm who are not engaged in transactions with it, and are not considered essential for its survival, but who may affect it in strategic and/or performance-related ways; for instance, community activists, advocacy groups, religious organizations, and other non-governmental organizations (Clarkson, 1995; Eesley & Lenox, 2006; Su & Tsang, 2015). A firm’s degree of responsiveness to a secondary stakeholder’s demands is, therefore, considered centrally important to its strategy because it entails substantial resource commitments and policy changes (Markman, Waldron, & Panagopoulos, 2016; McDonnell, King, & Soule, 2015; Pacheco & Dean, 2015; Waldron, Navis, & Fisher, 2013).

Recognizing that a firm’s degree of responsiveness is equivalent to that of its top managers, strategic management and organizational scholars have become increasingly interested in understanding the mechanisms that influence top managers’ interpretations of, and responses to, secondary stakeholder demands (e.g. Eesley & Lenox, 2006; Julian, Ofori-Dankwa,

& Justis, 2008; King, 2008; Waldron et al., 2013; Weber et al., 2009). Much of this research has leveraged Mitchell and colleagues' (1997) *stakeholder salience* framework, which emphasizes key stakeholder attributes of power, legitimacy, and urgency, as primary drivers of stakeholder salience, and hence firm response (e.g. David, Bloom, & Hillman, 2007; Eesley & Lenox, 2006; Julian et al., 2008). More recently, others have placed theoretical attention more closely on the firm's top managers by expanding upon the process(es) through which these individuals interpret secondary stakeholder demands, while still focusing on factors external to the firm's top managers themselves that influence managerial interpretations (e.g. Waldron et al., 2013; see also: Bundy, Shropshire, & Buchholtz, 2013). As such, current research has little to offer in the way of a theoretical framework that focuses on the firm's top managers themselves, or of one that attempts to link key top manager socio-cognitive attributes to their responsiveness to secondary stakeholder demands.

I propose a top manager-driven perspective of firm responsiveness to secondary stakeholder demands, which I define as the degree to which the firm's top managers are willing to accept secondary stakeholder demands and commit to continued work on the issues forming a basis for these demands (Bundy et al., 2013; IRRC, 1993; Waldron et al., 2013). Firms, *per se*, do not respond to secondary stakeholder demands. Rather, it is the firm's top managers that have the ultimate decision-making authority over the degree to which they—and by extension, the firm—will be responsive to such demands (Agle, Mitchell, & Sonnenfeld, 1999; Mitchell et al., 1997; Waldron et al., 2013). As Briscoe and colleagues note: “responses are not generated by amorphous ‘organizations,’ but instead emanate from debates and deliberations by living, breathing decision makers. In many cases, these decision makers will include, perhaps integrally, the company's CEO.” (2014: 1802; emphasis in original).

Concretely, I develop a dual process model that positions top managers' personal values and passion as central, yet hitherto unconsidered, drivers of firm responsiveness to secondary stakeholder demands. In developing my perspective, I build on prior research demonstrating that secondary stakeholders coalesce around values-laden, emotionally charged social issues, and adopt positions and tactics that are often times initially considered radical or illegitimate (Davis, McAdam, Scott, & Zald, 2005; den Hond & de Bakker, 2007; McDonnell & King, 2013; Rowley & Moldoveanu, 2003; Soule, 2009). For the firm's top managers, such demands implicate potential courses-of-action that are far from obvious; they are weak situations relative to primary stakeholder demands (Mischel, 1968). Under such circumstances, top managers' interpretations and eventual responses are perhaps better conceptualized as a boundedly rational process that inescapably reflects these individuals' own cognitive limitations in some fashion (Daft & Weick, 1984; Hambrick & Mason, 1984; March & Simon, 1958; Mischel & Shoda, 1995). In this regard, recent social psychological argumentation suggests, given the coalescence of secondary stakeholders around values-laden and emotional positions, top managers to be reliant on their own personal values as important cognitive reference points or filters, whereby they are "likely to be value-biased whether or not [they are] clearly aware of or overtly display such bias" (Stolte & Fender, 2007: 60; see also: Rohan, 2000). I elaborate on the values-driven cognitive process through which top managers' personal norms are activated pertaining to secondary stakeholder demands (Harland, Staats, & Wilke, 2007; Schwartz, 1973, 1974; Stern, 2000), in order to determine the posture of the firm's response. Further, I expand upon how passion toward the issues that form the basis of secondary stakeholder demands can be expected to have considerable influence over the self-regulation processes that will determine top managers' level of commitment to their response (Cardon, Wincent, Singh, & Drnovsek, 2009; Vallerand et al.,

2003). In developing this framework, I provide four principal contributions to strategic management and organizational research.

The first contribution is to the upper-echelons and strategic leadership literature by emphasizing the specific role of top manager personal values in processing secondary stakeholder demands and subsequently shaping their response to these entities' demands. Scholars have acknowledged that, "values are undoubtedly important factors in executive choice, [which] have not been the focus of much systemic study" (Finkelstein et al., 2009: 57). In this essay I enrich upper-echelons research by outlining the intervening cognitive and psychological mechanisms through which top managers' personal values come to be reflected in an increasingly important strategic action: responding to secondary stakeholder demands. Moreover, by articulating these arguments within the scenario of a secondary stakeholder demand, I heed a call for further understanding and examination of how executives' personal values and specific situations interact to influence choice (Finkelstein et al., 2009). This is also consistent with recent suggestions that scholars apply a more configurational approach to studying the firms' top managers; for instance, by accounting for how attributes of top managers as individuals interact with features of their environment (Busenbark, Krause, Boivie, & Graffin, 2016). My theoretical framework also contributes to an emergent stream of research interested in understanding how top managers, and specifically the firm's CEO, may mold the firm to reflect their own personal values and ideologies (e.g. Berson, Oreg, & Dvir, 2008; Chin, Hambrick, & Trevino, 2013; Hutton, Jiang, & Kumar, 2014; Petrenko, Aime, Ridge, & Hill, 2016) by examining how their personal values are ultimately reflected in their firm's response to secondary stakeholder demands, which can be seen emblematic of breadth of the firm's approach to managing its array of current and potential stakeholders.

Second, this work contributes to stakeholder theory by specifying the means by which top managers' personal values influence both these individuals' interpretations of secondary stakeholder salience. Within stakeholder theory, the stakeholder salience framework (Mitchell et al., 1997) has long been used to explain why certain stakeholders garner the attention of—and are prioritized by—the firm's top managers, and has since been extended to understand secondary stakeholder salience as well as firm responsiveness to secondary stakeholder demands (e.g. David et al., 2007; Eesley & Lenox, 2006; Julian et al., 2008). The stakeholder salience framework draws primarily on resource dependence theory and institutional theory to argue that stakeholder salience is a function of three attributes: power, legitimacy, and urgency. However, as noted by Mitchell and colleagues, stakeholder attributes are variable and socially constructed, and their “presence or absence [...] shapes or is shaped by CEO values” (Agle et al., 1999: 510). By providing a sharper focus on top managers' personal values, my model advances this field's understanding of how and why top managers' personal values affect the relative influence of each stakeholder attribute seen to comprise stakeholder salience. Further, in focusing on understanding firm responsiveness to secondary stakeholder demands specifically, I expand on the wealth of prior research in stakeholder theory to draw a sharper theoretical distinction between primary stakeholder demands and secondary stakeholder demands. Specifically, I highlight the relative situational weakness inherent in secondary stakeholder demands as well as several additional characteristics of these demands, which, altogether further motivate the need for a top manager-driven perspective of firm responsiveness to such demands.

Third, this work contributes to social movement theory by highlighting the characteristics of the firm's top managers as important elements that influence firm interactions with secondary stakeholders. Because secondary stakeholders typically represent a broader social movement

(den Hond & de Bakker, 2007), researchers building on social movement theory have focused extensively on understanding the various aspects of a firm's *opportunity structure* (King, 2008; McDonnell et al., 2015; Schneiberg & Lounsbury, 2008; Soule, 2009), which refers to the features of individual firms that make them more (or less) attractive to activists, and hence, predict the likelihood of activist campaign success or of secondary stakeholders even mobilizing in the first place. The model developed in this paper draws attention to the firm's top managers and their responses to secondary stakeholder demands as a potentially strong element of the firm's opportunity structure. Moreover, by outlining how and why top managers' personal values and passion are reflected in their response and, hence, potential receptiveness to activist campaigns, I provide scholars conducting work at the intersection of social movements and firms with starting points to build on recent calls and trends in this literature to refocus energy on identifying elements of firm's opportunity structure that are *internal* to the firm itself (see: Briscoe et al., 2014; McDonnell & King, 2013).

Finally, by demonstrating how top managers' personal values and passion may come into play when they consider certain types of strategic issues, the arguments presented in this paper also connect with theories related to managers' general interpretation and labeling of strategic issues (e.g. Dutton & Jackson, 1987; Jackson & Dutton, 1988). While the labeling and categorization of strategic issues has traditionally been depicted as a process that accounts for how issues may imply various consequences for the firm, the developments within this work open the possibility of considering that the labeling and categorization of certain strategic issues involves much more fundamental cognitive and psychological processes that are primarily driven by managers' individual personal values and passion.

2.1. THEORETICAL BACKGROUND

The question of what determines whether and how firms will respond to secondary stakeholder demands has become a matter of considerable scholarly attention and practical importance. Researchers concerned with understanding the interactions between secondary stakeholders and firms have usually leveraged theoretical perspectives that emphasize factors *external* to the firm itself. This emphasis on external or stakeholder-sided mechanisms finds its roots most prominently in stakeholder theory. The basic premise underlying this general research orientation is that secondary stakeholders play a part in shaping a firm's domain (Freeman, 1984), and have the ability to provide it with important performance-related resources as well as to take these resources away, impose important costs on the firm, and disrupt established practices and routines (Eesley & Lenox, 2006; Julian et al., 2008, Su & Tsang, 2015; Waldron et al., 2013).

Mitchell and colleagues' (1997) theory of stakeholder identification and salience features prominently in most inquiries focused on how firms respond to secondary stakeholder demands. Stakeholder salience is defined as the degree to which a stakeholder and its demands resonate with and are prioritized by management (Bundy et al., 2013; Mitchell et al., 1997). According to the framework, stakeholder salience, *in general* (i.e. for primary and secondary stakeholders alike) is driven by three inter-related stakeholder attributes: power, legitimacy, and urgency. Power contributes to salience because it indicates the relative access to resources for the stakeholder group with respect to the firm being targeted, and consequently, determines the extent to which the relationship between the firm and the stakeholder group is one that is firm or stakeholder dominant, or one of mutual dependence. Legitimacy, defined as the generalized perception that stakeholder group conduct is “desirable, proper or appropriate within some

socially constructed system of norms, values, beliefs, and definitions” (1997: 866; see also: Suchman, 1995), contributes to salience because it influences the extent to which the stakeholder presents a credible threat in its ability to influence other potentially important firm stakeholders such as customers and labor supply (Eesley & Lenox, 2006). Finally, urgency also influences stakeholder salience because it refers to the degree to which stakeholder claims call for immediate attention and hence, places some pressure on the firm’s top executives to act. Building on these arguments, Eesley and Lenox (2006) found that secondary stakeholders with greater power relative to the target firm in terms of resources, and whose requests are deemed more legitimate in the eyes of the general public are considered more salient to the firm. Likewise, in related work on investor activism, which included many secondary stakeholder-initiated shareholder proposals, David and colleagues (2008) demonstrated that managerial receptivity was positively associated with proposals filed by more salient shareholder activists; those with larger ownership stakes, affiliations to the Council of Institutional Investors and the Interfaith Center of Corporate Responsibility, and presenting demands affecting primary stakeholders.

This external focus is also found in related work outside of the stakeholder theory domain. For instance, because secondary stakeholders often represent a broader social movement (den Hond & de Bakker, 2007), findings from research leveraging social movement theories also offer some support for the role of stakeholder-sided mechanisms in shaping firm responses. For example, research in this stream suggests that the degree to which secondary stakeholders draw media attention increases the chances of firm concessions because media attention may be viewed as an indicator of potential consumer support for secondary stakeholders’ demands and as “a conduit of negative images and grievances brought by activists against the company”

(King, 2008: 400; see also: King & Soule, 2007). Others have focused on other external drivers of response, such as whether a firm's competitors respond or the degree to which the firm is dependent on the market targeted by a social movement (Pacheco & Dean, 2015).

More recently, scholars have denoted the importance of re-balancing our understanding of the factors that drive firm response to secondary stakeholders toward a deeper consideration of influential factors *internal* to the firm (McDonnell & King, 2013; Waldron et al., 2013). As Julian and his colleagues remark: "variations across firms targeted by specific secondary stakeholder groups were not fully considered" (2008: 977). As such, alternative conceptions of firm response to secondary stakeholders have increasingly implicated ideas of strategic decision-making, just as Freeman (1984) and others originally conceived during the stakeholder theory's nascent stages of development. As Clarkson stated, "a company and its management are free to decide the extent to which they will acknowledge, recognize, or pursue obligations and responsibilities to their stakeholders" (1995: 105). Even Mitchell and colleagues note that the determinants of stakeholder salience are variable, as well as socially constructed (not objective realities), and that "managers are the only group of stakeholders with direct control over the decision-making apparatus of the firm" (1997: 871). More recently, others remark, "activists cannot change industry practices unless the managers of each type of firm type decide to comply" (Waldron et al., 2013: 398).

Despite these suggestions, only limited research has focused on influential factors *internal* to the firm, or firm-sided mechanisms, to better understand firm responsiveness to secondary stakeholder demands. Yet, this emerging vein of research does suggest that the firm's top managers are central drivers of the firm's response; specifically, the firm's response is regarded as commensurate to that of its top managers (Julian et al., 2008; Waldron et al., 2013;

see also: Bundy et al., 2013). In this regard, recent theorization suggests that top managers consider the meaningfulness of activist-contested practices to their firm's defining qualities, and the extent to which social movement activism is aligned with their firm's stakeholder culture (i.e. social [moralist] vs. economic [egoist]), in order to determine the degree to which an activist campaign threatens the firm and warrants substantive strategic changes (Waldron et al., 2013). In related research on firm responsiveness to stakeholders, *in general*, Bundy and his colleagues (2013) outline a strategic cognition framework of stakeholder issue salience, that suggests that managers consider stakeholder demands through the dual lenses of their firm's identity and strategic frame, in order to evaluate stakeholder issues and determine an appropriate firm response strategy. However, these authors still "position issue salience as a central driver of firm responsiveness" (2013: 353). In the only empirical study to date considering firm-sided mechanisms, Julian and colleagues (2008) found that top managers' urgency and manageability assessments of interest group pressures were each positively associated with the extent to which firms accommodated these entities demands.

The dearth of theory as to the attributes of the firm's top managers themselves and the *processes* through which these attributes affect firm responsiveness to secondary stakeholder demands is apparent. Stakeholder-sided research, with its almost exclusive focus on the attributes of the stakeholders, provides an important perspective through which to further understand firm response to secondary stakeholder demands. However, argumentation in this tradition is limited by the presumption that top managers, and by extension their firms, differ in their responses only to the extent that the attributes and behaviors of secondary stakeholders they encounter differ. Firm-sided research does highlight the role of managerial decision-making but focuses on top managers' perceptions of firm-level cognitive structures and filters (e.g. organizational identity,

strategic frame, stakeholder culture) in determining response, and provides little understanding of the relationship between the attributes of top managers themselves and the how these translate toward response to secondary stakeholder demands in particular. However, as I proceed to expand upon, there is reason to believe that response to secondary stakeholders is significantly influenced by factors related to the top managers themselves, specifically their personal values and passion. In order to further substantiate this argument, I now turn my attention to examining some of the key differences between primary stakeholder demands and secondary stakeholder demands.

2.1.1. Primary Stakeholders, Secondary Stakeholders, and the Firm's Top Managers

In order to motivate the need for a top manager-driven model of firm responsiveness to secondary stakeholders, it is important to understand some of key distinctions that differentiate primary stakeholders and their demands from secondary stakeholders and their demands. As Table 2 summarizes, primary and secondary stakeholders and their demands differ along four main dimensions; the first two reflects differences in the nature of primary and secondary stakeholders themselves, and the last two reflect distinctive manners in which their respective interpretation varies for top managers.

TABLE 2
Differences Between Primary and Secondary Stakeholder Demands

Dimension	Primary Stakeholders	Secondary Stakeholders
Relationship to the firm	Permanent and necessary	Ad-hoc and unnecessary
Issues forming basis for demands	Routinized, within the scope of the firm's domain and operations	Socio-political, values-laden, and emotional
Situational strength	High → Low to moderate managerial discretion	Low → High managerial discretion
Cognitive basis	Cold, deliberate and analytical, reliant on objective and external cognitive frames and filters	Hot, intuitive and affective, reliant on individual cognitive frames and filters

The first row of Table 1 suggests a critical difference between primary and secondary stakeholders: their relationship to the firm. A primary stakeholder group is essential for the firm to continue surviving, one that the firm is often beholden to as a result of legal or contractual mechanisms. “Primary stakeholder groups typically are comprised of shareholders and investors, employees, customers, and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due.” (Clarkson, 1995: 106). In contrast, firms are not dependent on—and in all but very rare cases, legally or contractually beholden to—secondary stakeholders in the same fashion as they are on primary stakeholders such as investors, employees, customers, and suppliers (Clarkson, 1995; den Hond & de Bakker, 2007; Eesley & Lenox, 2006). As Clarkson explains, “if any primary stakeholder group, such as customers or suppliers, becomes dissatisfied and withdraws from the corporate system, in whole or in part, the corporation will be seriously damaged or unable to

continue as a going concern” (1995: 106). Correspondingly, there is no obvious way in which the firm’s top managers may understand the strategic and performance-related implications of secondary stakeholder demands in a similar manner to the way in which they may understand the consequences of primary stakeholder demands. In this regard, Bundy and colleagues note the following:

Consider stakeholder activists such as PETA or Greenpeace, which often use extreme smear campaigns against companies they perceive as violating animal or environmental rights. Often lacking legitimacy in the eyes of the public (Mitchell et al., 1997), such campaigns generally have little impact on a target firm’s strategic performance. Without a solid connection to strategic outputs or goals, these issues are unrelated to strategic frames (2013: 367).

The second row of Table 1 highlights a key distinction between the issues forming a basis for primary and secondary stakeholder demands. Secondary stakeholder demands are often emotionally charged and revolves around broader socio-political issues. For example, McDonnell and King examined secondary stakeholder activists’ boycott activity from 1990-2005 and noted that these boycotts “contest a remarkable range of issues that span the political spectrum, from animal rights issues to environmental issues; labor rights issues to moral or religious issues like support of abortion or gay marriage” (2013: 396). Secondary stakeholders emerge as a result of collective action, typically predicated on some level of *discontent* with the firm eventually targeted by the request (Rowley & Moldoveanu, 2003; Tilly, 1978). Work on social movements also speaks to the importance for such entities to establish emotional connections with other individuals and groups otherwise initially unrelated to the focal movement (Dunn, 2004). Secondary stakeholders, therefore, often attempt to create situations to “not-think, not-question, not-calculate, only to feel and ultimately to act on the ‘truth’ that has been presented” (Bailey, 1996). A key implication resulting from the emotional, ambiguous, and

complex nature of secondary stakeholder activism is that it makes top managers' task of determining how to formulate an adequate response extremely challenging and complicated.

Building on the first two distinguishing features of primary and secondary stakeholder demands, the third and fourth rows of Table 1 demonstrate that primary and secondary stakeholder demands vary in the degree to which they contribute to situational strength and the cognitive basis that top managers may leverage to interpret such demands. Mischel (1968) first proposed that different situations vary in their capacity to enable or constrain human agency; situations can be categorized as being strong or weak. Strong situations are characterized by the presence of obvious norms and rigid roles, which tend to constrain the manifestation of individual differences and the potential for human agency to shape situational outcomes. In contrast, weak situations allow for more latitude or opportunity for the human agency to bear a strong influence on outcomes. Consistent with these insights, Hambrick and Finkelstein (1987) developed the concept of *managerial discretion* in an attempt to reconcile various viewpoints regarding the overall influence that the firm's top managers have over firm-level actions and outcomes. It is argued that managerial discretion is determined by three inter-related factors: the firm's environment, the firm's industry, and characteristics of the focal executive. The influential combination of the three factors that determine discretion is liable to vary situationally; weak situations foster high managerial discretion and strong situations foster low levels of managerial discretion. In scenarios characterized by relatively weak situational strength, firm actions are argued to be increasingly reflective of top managers own cognitive limitations in some fashion (Finkelstein et al., 2009).

Finally, the last row of Table 1 distinguishes primary and secondary stakeholder demands in relation to the degree to which top managers are reliant on their individual cognitive bases to

interpret such demands. Given executives' well-known cognitive limitations and their operating under conditions of bounded rationality, top managers can rely on a number of cognitive filters and concrete reference points to engage in deliberate, reflective, and orderly processing of a range of uncertain, ambiguous, and potentially emotional issues (see: Hodgkinson & Healey, 2007; Narayanan, Zane, & Kemmerer, 2011; Porac & Thomas, 2002). Extant theory in strategic leadership and cognitive and social psychology conclusively indicates that decision makers tend to cope with emotional, ambiguous, and complex scenarios in part by relying on heuristic and intuitive processes that are based largely on subjective representations distilled from prior personal experiences (Fiske & Taylor, 1991; Hambrick & Mason, 1984; Kahneman, 2011; Kahneman & Frederick, 2002). More specifically, cognitive and social psychologists generally agree that when faced with stimuli encapsulating many of the characteristics of secondary stakeholder demands, individuals become increasingly reliant on dispositional interpretation or appraisal tendencies (Lerner & Keltner, 2010), heuristics (Forgas, 1995), or "prewired action patterns" (Frijda, Kuipers, & ter Schure, 1989). Moreover, individuals have been shown to become increasingly reliant on their personal values as important cognitive reference points or filters, whereby they are "likely to be value-biased whether or not [they are] clearly aware of or overtly displays such bias" (Stolte & Fender, 2007: 60; see also: Rohan, 2000). This 'hot' cognitive dimension (Bernheim & Rangel, 2004; Hodgkinson & Healey, 2011) often leads to an outcome or action that is different from what would otherwise have been envisioned under conditions of deliberate, structured and rational decision-making (Gaudine & Thorne, 2001), which typifies the process by which top managers interpret primary stakeholder demands .

In light of the expectation that firm responses to secondary stakeholder demands is likely to be influenced by top manager-level factors, the remainder of this essay is devoted to

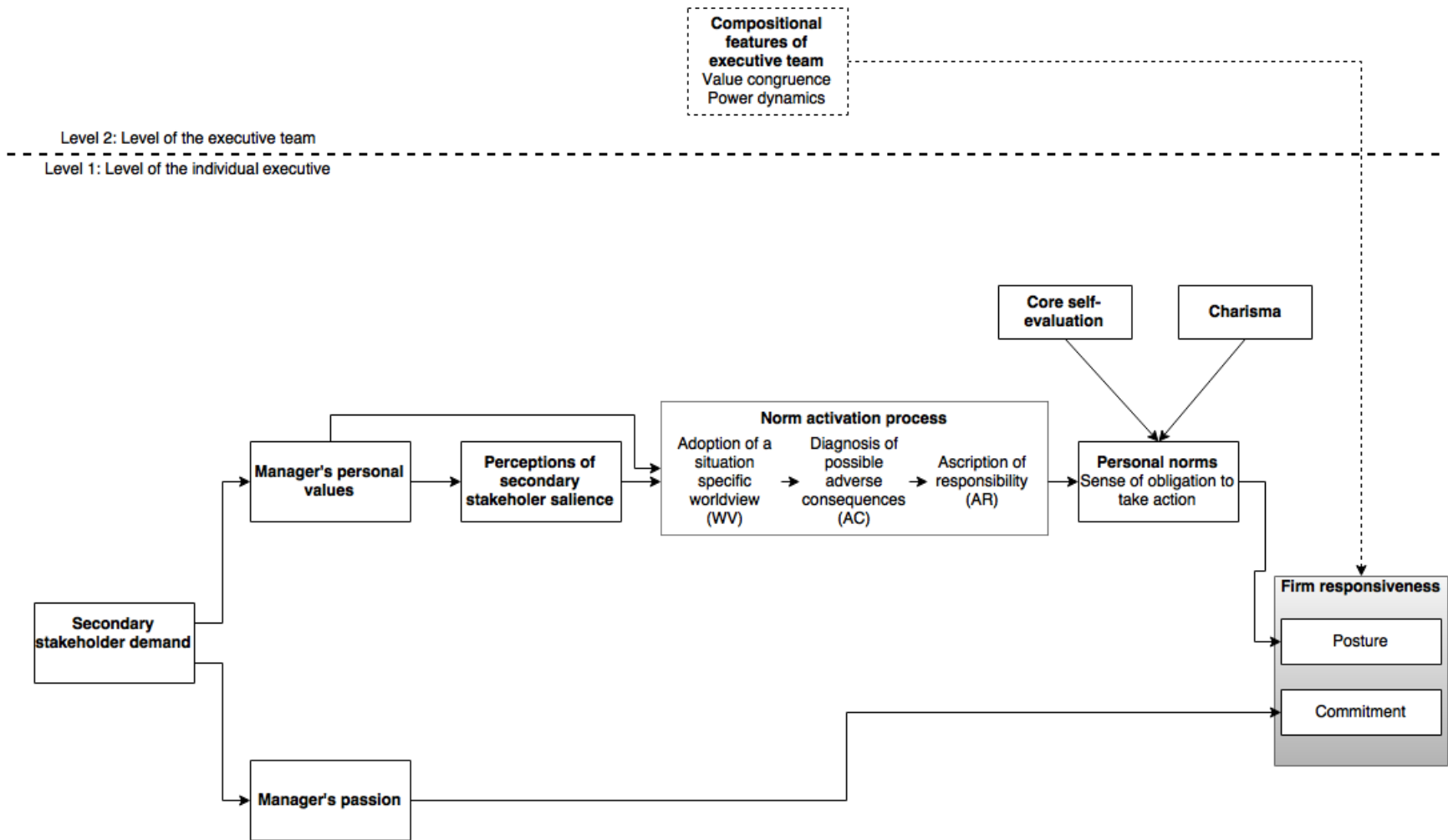
developing a model that outlines a theoretically grounded process through which important top manager attributes influence firm response to secondary stakeholder demands.

2.2. A TOP MANAGER-DRIVEN MODEL OF RESPONSIVENESS TO SECONDARY STAKEHOLDERS

My conceptualization of top manager responsiveness adopts an upper-echelons perspective and focuses on key attributes of top managers as predictors of firm responsiveness, which I define as the degree to which the firm's top managers are willing to accept secondary stakeholder demands and commit to continued work on the issues forming a basis for these demands (Bundy et al., 2013; IRRC, 1993; Waldron et al., 2013). This perspective is consistent with the recent shift of scholarly attention toward understanding the role of the firm's top managers' socio-cognitive interpretation of secondary stakeholder demands as an important driver of firm response to those demands (Bundy et al., 2013; King, 2008; Waldron et al., 2013). However, I suggest a novel focus by moving away from firm-level factors that influence those interpretations toward individual-level factors. In line with prior social psychological theory and research, I develop my framework in accordance with the causal process depicted in social psychological theories of planned behavior, in which cognition influences intentions, which in turn influence actions (Ajzen, 1991; Fishbein, 1975). Specifically, I build on a foundation of value-driven theories (e.g. value theory, norm-activation theory, value-belief-norm theory) and passion-driven theories of behavior (Rohan, 2000; Schwartz, 1973, 1977; Stern, Dietz, Abel, Guagnano, & Kalof, 1999; Vallerand et al., 2003). From this perspective, social actors execute actions and engage in behaviors based on personal norms that are activated by beliefs they form about environmental stimuli as a result of their worldviews, presumptions about the possible consequences of the issues under consideration, and the consequences of their actions (see:

Harland et al., 2007; Stern, 2000). I argue that managers response to secondary stakeholder demands originates from a dual process rooted in a sense of obligation—given what firm’s top managers perceive and understand about a particular secondary stakeholder demand—to take action, and in the degree of passion that a top managers have toward the focal issues that form the basis for a given secondary stakeholder demand. Figure 1 depicts the overall framework developed in this paper.

FIGURE 1
Process Model of Top Manager-Driven Responsiveness to Secondary Stakeholder Demands



The model highlights two attributes of a given top manager that are expected to influence response. Personal values are first expected to influence perception of secondary stakeholder salience. Once a secondary stakeholder is perceived as being salient, a top manager's personal values activate personal norms related to which way to respond to the secondary stakeholder's demands. In a parallel pathway, a top manager's passion toward the issues forming a basis for a secondary stakeholder's demands will come to influence the manager's degree of commitment to the chosen response posture. The model also highlights the influence of other managerial attributes, CSE and charisma. For ease of exposition, and to emphasize the cognitive processes that drive firm responsiveness, the model is articulated at the individual-level, placing the focus on a single top manager's interpretation of secondary stakeholder demands and the influence of this interpretative process on firm responsiveness. However, I do recognize the influence of the TMT, which is depicted in dashed lines because it falls outside the scope of this particular model's purpose.

2.2.1. Gaining Attention: Top Manager Values and Perceptions of Secondary Stakeholder Salience

The firm's top managers must first focus their selective attention on the stakeholder and its demands, and prioritize it (Daft & Weick, 1984; Hambrick & Mason, 1984; Hoffman & Ocasio, 2001; Nadkarni & Barr, 2008). As described above, in the stakeholder theory literature, stakeholder salience refers to the degree to which a firm's top managers might actually attend to, and prioritize, a given stakeholder group within the array of firm stakeholders. It follows, therefore, that stakeholder salience can be seen as a powerful predictor of response to secondary stakeholder demands because interpretations of salience implicates various resource dependence, institutional, and other strategic considerations (David et al., 2007; Eesley & Lenox, 2006; Julian

et al., 2008). Others have suggested that because business principles and moral norms expectedly vary between executives based on various factors such as time, location, and culture, the “presence or absence of stakeholder attributes shapes and is shaped by CEO values” (Agle et al., 1999: 510).

Values are expected to be especially critical attributes in the evaluation of the salience of secondary stakeholders because, as described previously, individuals are argued to rely on their personal values as important cognitive filters to interpret stimuli consistent with that represented by secondary stakeholder demands. Further, secondary stakeholder demands might also provide top managers with an opportunity to have the firm increasingly reflect their own ideologies (Busenark et al., 2016), which are supported by personal values (Rohan, 2000). For instance, in a recent case, Chick-fil-A’s CEO Dan Cathy, an evangelical Christian, responded in an overtly strong fashion against some LGBT advocacy groups that stirred up public criticism over his firm’s history of making political campaign contributions to politicians unsupportive of same-sex marriage. In an interview with the *Baptist Press*, Cathy stated he was “guilty as charged” when asked about his, and by extension the firm’s, position on same-sex marriage, proceeding to explain “we are very much supportive of the family—the biblical definition of the family unit”, adding “we intend to stay the course” (see: Blume, 2012). Recent upper-echelons research suggests that a top managers’ values operate within the perceptual filtering process that influences their perceptions of secondary stakeholder salience (Finkelstein et al., 2009; see also: England, 1967), but it does not expand upon how the structure of a top manager’s personal values influences perceptions of secondary stakeholder attributes and thus, overall assessments of secondary stakeholder salience.

Values are “desirable trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity” (Schwartz, 1994: 21). Schwartz (1992, 1994) articulates a framework that identifies two motivational dimensions that form a basis for an individual’s *value system*: an *openness to change-conservation* dimension, and a *self-enhancement-self-transcendence* dimension (see also: Rohan, 2000; Schwartz, 1996b). The openness to change-conservation dimension reflects “the extent to which they (values) motivate people to follow their own intellectual and emotional interests in unpredictable and uncertain directions versus to preserve the status quo and the certainty it provides in relationship with close others, institutions, and traditions” (Schwartz, 1992: 43). The self-enhancement-self-transcendence dimension relates to “the extent to which they (values) motivate people to enhance their own personal interests even at the expense of others versus the extent to which they motivate people to transcend selfish concerns and promote the welfare of others, close and distant, and of nature” (Schwartz, 1992: 43). Schwartz then proceeds to consider that personal values systems consist of ten value types arranged—or structured—along those two dimensions: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, conformity, tradition, and security. While other notable value theories and frameworks have been developed (e.g. Rokeach, 1973), there is little disagreement among social psychologists and value theorists that Schwartz’s value theory constitutes not only the most accurate representation of the structure and content of the human value system, but also offers the best understanding of how people differ in terms of the “dynamic organization of the value priorities on the 10 value types contained in the value system” (Rohan, 2000: 262; see also: Stern et al., 1999).

Schwartz’s value theory states that individuals will vary in terms of how their respective value systems are structured along the openness to change-conservation and self-enhancement-

self-transcendence dimensions. Additionally, it suggests that differences in the structure across different individuals' value systems present different implications for the general motivated cognition process through which values influence perception and judgment (Hitlin, 2003; Kunda, 1990; see also: Finkelstein et al., 2009; Hambrick & Mason, 1984). For example, adopting Schwartz's framework, Matusik and her colleagues (2008) found that venture capitalists' (VC) evaluations of new venture founders' human capital were more favorable when those founders had acquired their human capital in accordance with the structure of VCs' values along the openness to change-conservation dimension of the value system.

According to Schwartz's value theory, the structure of top managers' value systems will influence the attention that these individuals devote to specific secondary stakeholder attributes in their overall perceptions of secondary stakeholder salience. For instance, as the strength of a manager's self-enhancement values increases—leading to an increasingly shareholder-centric view of the organization (Agle et al., 1999; see also: Chin et al., 2013)—the manager's perceptions of secondary stakeholder salience would be influenced by the presence or absence of secondary stakeholder attributes that have some influence over the manager's motivation to maximize shareholder wealth. In related work, Tetlock (2000) found differences between politically conservative and liberal (or egalitarian) middle managers in terms of their attitudes toward alternative corporate governance models. He concluded that conservatives consider property rights to be more important than other claims and that a focus on shareholder wealth uses resources most efficiently; they favor the shareholder model of governance over the stakeholder model. In contrast, liberals believe that firms should care more about societal needs; they are more likely to endorse the firm's social engagement and its higher degree of responsibility to multiple stakeholders. Schwartz (1996) explicated and found that political

ideologies may be seen as accurate manifestations of individuals' personal values. Concretely, people who are more liberal in their political ideology are more likely than those more conservative in their ideology to be sensitive to social issues in general and to such specific issues as diversity, social change, human rights, and the environment (i.e. strong motivations toward self-transcendence).

Because more powerful secondary stakeholders might be able to withhold or re-direct resources that influence the firm's ability to maximize shareholder wealth, top managers with strong self-enhancement values would be expected to devote considerable cognitive effort or attentional focus toward ascertaining secondary stakeholder power in their overall assessment of secondary stakeholder salience, as well as weigh power relatively heavily in their assessment of secondary stakeholder salience. This logic suggests that the structure of top managers' personal values will influence the cognitive effort (attention) focused on specific secondary stakeholder attributes in their overall perceptions of secondary stakeholder salience, and the relative importance of specific secondary stakeholder attributes (i.e. power, legitimacy, urgency) in their overall perceptions of secondary stakeholder salience. Perceptions of salience are a necessary precursor to evaluation of whether and how to respond to a secondary stakeholder, but do not, in and of themselves, determine whether an executive will respond and if so, the nature of that response. In the proposed model, norm activation and passion strongly influence these decisions.

2.2.2. Determining a Course-of Action: Top Manager Values and the 'Activation' of

Personal Norms

Once deemed to be salient to the firm's top managers, a secondary stakeholder demand will trigger a value-driven process that 'activates' top managers' personal norms vis-à-vis the demands. Personal norms can best be understood as "feelings of moral obligation to perform or

refrain from specific actions” (Schwartz & Howard, 1981: 191). It is important to note that personal norms differ from social norms. Social norms and the consequences of adhering to or breaking them are anchored in the social and institutional environment. Conversely, expectations and sanctions from personal norms stem from the individual’s self (Harland et al., 2007). In the present context, a top executive’s personal norms are defined as his or her personal sense of obligation to take action in light of the secondary stakeholder demand (e.g. Harland et al., 2007; Stern, 2000).

According to value-driven theories of behavior—most notably, Schwartz’s (1973, 1977) norm-activation theory (NAT) and Stern and colleagues’ (1999) values-beliefs-norms theory (VBN)—actions and behavior occur in response to personal norms that are activated as a result of the extent to which an individual’s personal values align with a situation-at-hand (Harland et al., 2007; Schwartz, 1973, 1977; Stern et al., 1999). As depicted in Figure 1, this alignment process involves a values-driven sequential chain of three stages that lead to the activation of personal norms: the development of a situation-specific worldview (WV), which in turn influences the development of an awareness of adverse consequences (AC) which then influences the ascription of responsibility to the self to avert those consequences (AR) (Schwartz, 1973, 1977; Stern et al., 1999). Considerable empirical support has been offered for this causal process in various literatures, particularly among those that seek to understand the drivers of pro-environmental behavior (e.g. Liere & Dunlap, 1978; Nordlund & Garvill, 2002; Steg & de Groot, 2010; Stern, Dietz, Kalof, & Guagnano, 1995; Widegren, 1998).

According to values-driven theories of behavior, differences in how top managers’ personal values are structured will result in the adoption of different situation-specific worldviews (WV). Whereas values are representative of an individual’s cognitive structure, a

worldview is set of conscious beliefs that reflect the way in which people contemplate the way the world should be (Rohan, 2000). For example, Altemeyer (1998) examined the association between individual's worldviews and their personal value systems, finding the strongest relationships between the right-wing authoritarian worldview and a personal value system that prioritizes tradition and conformity (see also: Rohan & Zanna, 1996). For instance, the manner in which top managers' personal values are structured along the self-enhancement-self-transcendence dimension will have implications for these individuals' worldviews pertaining to their general beliefs and conjectures about their firm's role in society as well as their role as leader of the firm. It follows that those top managers whose values are more heavily structured toward self-enhancement will adopt a shareholder-centric worldview; one in which they believe the normative objective of the firm is to maximize shareholder wealth, which also contributes to the greater good. In contrast, those top managers whose values are more heavily structure toward self-transcendence will adopt a broader, stakeholder-centric worldview; one in which they believe the normative objective of the firm is to satisfy any and all stakeholders (Agle et al., 1999; see also: Chin et al., 2013).

While the prevailing assumption might be that top managers' values are disproportionately structured toward self-enhancement, and therefore indicative of a shareholder-centric worldview, recent research and examples suggest that notable variance exists in this regard (Briscoe et al., 2014; Chin et al., 2013; Christensen, Dhaliwal, Boivie, & Graffin, 2015). For instance, in regards to the notion of maximizing shareholder value, John Mackey, co-CEO of Whole Foods, condemned businesses that "view their purpose as profit maximization and treat all participants in the system as means to that end". On this same topic, Mark Benioff, Chairman and CEO of Salesforce, remarked: "the business of business isn't just about creating profits for

shareholders—it's also about improving the state of the world and driving stakeholder value” (Denning, 2015)

Once the firm's top managers have adopted a situation-relevant worldview, they will proceed to diagnose the possible adverse consequences (AC) of the situation-at-hand to themselves and to other groups with which they identify, and then ascribe to themselves a level of responsibility for alleviating those consequences (AR). For instance, in the context of understanding how AC is manifest in the context of pro-environmental behavior, Stern notes: “people who value other species highly will be concerned about environmental conditions that threaten those valued objects, just as altruists who care about other people will be concerned about environmental conditions that threaten the other people's health or well-being” (2000: 413). Based on this, those top managers whose values are more heavily structured toward self-enhancement, and that adopt shareholder-centric worldview, will be concerned with the types of adverse consequences that secondary stakeholder demands present for the firm's shareholders. In contrast, those top managers whose values are more heavily structure toward self-transcendence, and that adopt a stakeholder-centric worldview, will be concerned with diagnosing the types of adverse consequences that secondary stakeholder demands present for the firm's primary stakeholders, and possibly other secondary stakeholders and society-at-large. Based on the severity of the expected adverse consequences of the secondary stakeholder demand, top managers will then ascribe themselves proportionate levels of responsibility for alleviating those adverse consequences.

Finally, altogether the causal process $WV \rightarrow AC \rightarrow AR$ leads to the activation of a personal norm that encompasses top managers' sense of obligation concerning the *posture* the firm should respond to a secondary stakeholder demand, whether in an accommodative or defiant

manner. Accordingly, the foregoing discussion suggests that the structure of top managers' personal values will trigger a cognitive process by which top managers develop a situation-specific worldview, awareness of adverse consequences, and ascription of responsibility, which activate personal norms—that is, feelings of moral obligation to perform or refrain from certain actions—toward secondary stakeholder demands.

2.2.3. The Contributing Roles of Core Self-Evaluation (CSE) and Charisma in Activating Personal Norms

According to value driven theories of behavior—in particular Schwartz's (1973, 1977) NAT—the activation of personal norms is also influenced by an individual's sense of *efficacy* and *ability*. Efficacy refers to the extent to which actors are able to identify actions that might alleviate a need (i.e. “Will my effort be of any help?”) and ability refers to the actors' perception about the availability of the resources or capabilities that are required to perform the focal behavior (i.e. “Am I able to perform these actions?”) (Harland et al., 2007). In the context of top managers, we suggest that charisma and core self-evaluation (CSE) inform perceptions of efficacy and ability, and thus, contribute to the activation of personal norms that dictate responsiveness.

Core self-evaluation (CSE). Core self-evaluation (CSE)—also sometimes referred to as positive self-concept—refers to how individuals generally evaluate themselves within their social environment (Judge, Locke, & Durham, 1997). Concretely, CSE is viewed as a broad dispositional trait comprised of four specific underlying traits: self-esteem, generalized self-efficacy, locus of control, and emotional stability (Judge, Erez, Bono, & Thoreson, 2003; Judge et al., 1997). In organizational behavior and industrial-organizational psychology research, CSE is regarded as an important predictor of task performance and job performance because of its

influence on individuals' motivation levels and goal setting tendencies. For instance, in a laboratory study, Erez and Judge (2001) found that individuals' CSEs were positively related to self-reported task motivation, objective measures of task persistence, and task performance. In a second study—a field study of insurance agents—Erez and Judge found that CSE was positively related to sales goal level, goal commitment, and both objective (i.e. sales volume) and supervisory ratings of job performance. In both studies, Erez and Judge found that motivation mediated about half of the relationship between CSE and performance. More recently, empirical findings based on a cross-sectional survey of 283 employees in a *Fortune Global 100* company located in Korea also support the argument that individuals perceive higher in-role job performance as CSEs and intrinsic motivation increase; intrinsic motivation partially mediating the relationship between CSE and job performance (Joo, Jeung, & Yoon, 2010).

In the context of executive behavior, Hiller and Hambrick (2005) theorized that variation in CSE among CEOs would present differing implications for their strategic decision-making and actions. Specifically, they suggested that CEOs with high levels of CSE—a reflection of greater self-regard—would engage in relatively fast, intuitive, and centralized decision-making, as well as execute large-stakes strategic initiatives that deviate from industry norms; altogether, resulting in extreme performance (i.e. “big wins and big losses”). In line with these arguments, Simsek and colleagues (2010) found a positive relationship between CEO CSE and the degree of their firms' entrepreneurial orientation; a composite measure that reflects innovativeness, proactiveness, and risk-taking. Likewise, work examining the consequences of narcissism in CEOs—a trait that is seen by some as commensurate with “hyper” CSE—has found that narcissism in CEOs is positively related to risk-taking, volatile strategic changes, and extreme performance (Chatterjee & Hambrick, 2007, 2011).

Accordingly, a top manager's CSE contributes to the activation of personal norms because it can be regarded as a reflection of his or her perceived levels of efficacy and ability to execute gestures and actions that translate personal norms into tangible and desirable outcomes.

Charisma. According to Max Weber, charisma represents a form of authority based on the “devotion to the specific and exceptional sanctity, heroism or exemplary character of an individual person, and of the normative patterns or order revealed or ordained by him” (1946: 328). However, most of the research that focuses on charisma in leaders—or, charismatic leadership theory (CLT)—views charisma as a socially constructed attribute based in relationships characterized by specific leader behaviors (e.g. communicating high expectations, making sacrifices) and subordinates' responses (e.g. trust and admiration for the leader) (Conger & Kanungo, 1998; House, Spangler, & Woycke, 1991; Shamir, 1995; Waldman & Yammarino, 1999). As House and Baetz describe it, charismatic leaders are individuals who “by the force of their personal abilities are capable of having profound and extraordinary effects on followers” (1979: 399).

Most commonly, the influence of charisma in top managers sees its effect on the firm operate through the mobilization of internal stakeholders and the acquisition of resources from key external organizational stakeholders. For example, Fanelli and Misangyi (2006) theorize that CEOs are more likely to be perceived as charismatic when they more aptly utilize symbolic action to enhance their relative power over important external stakeholders to obtain commitment from these constituents at critical moments of the organization's life; for instance, by making more effective appeals to potential investors (Flynn & Staw, 2004). Correspondingly, empirical evidence confirms that CEOs that articulate their strategic vision in a more charismatic

manner receive more favorable analyst stock recommendations and uniformity across analysts (Fanelli et al., 2009).

Charisma, therefore, contributes to the activation of personal norms because it is a reflection of top managers' ability and efficacy to gain the support of firm constituents in favor of a particular response toward secondary stakeholder demands.

2.2.4. Committing to a Response: The Role of Top Managers' Passion

While top managers' personal values are proposed as a primary influence on the cognitive component of the process that drives the activation of personal norms vis-à-vis responding to secondary stakeholder demands and hence, determines the posture of a firm's response to secondary stakeholders, it does not fully address the degree to which top managers might commit to such responses. Prior social psychological research suggests that accounting for top managers' passion toward the issues that secondary stakeholders coalesce around can help better explain the commitment aspect of the response.

While there have been many conceptualizations of passion, there has been a general tendency to regard it as “any intense emotion that stirs humans with energy and deep longing to make a difference” (Cardon et al., 2009: 515). Accordingly, most social psychologists, such as Vallerand and his colleagues (2003), emphasize it as a conscious experience that presents motivational and goal-oriented qualities, and is central to a person's sense of self or identity. Vallerand and his colleagues also further contend the existence of two types of passion, obsessive passion (OP) and harmonious passion (HP), which are each activated and lead to substantially different changes in core affect that depend on differences in contextual circumstances relating to a person engaging in an activity that he or she is passionate about. Similarly, others note that passion is activated by emotionally important goals that control and

guide desires, thoughts, plans, and behaviors and that persist over time, regardless of costs, external obstacles, and moral objections (Frijda, 2005). To this point, social psychologists also theorized and found passion to be a strong predictor of *grit*, which “entails working strenuously toward challenges, maintaining effort and interest over years despite failure, adversity, and plateaus in progress” (Duckworth, Peterson, Matthews, & Kelly, 2007: 1087).

When passion toward issues or an activity intensifies, it becomes internalized into one’s identity and acts as a powerful motivational force (Vallerand et al., 2007). For instance, “a person having a passion for the environmental cause would define himself or herself as an environmentalist or an eco-citizen and not only as someone who re- cycles from time to time” (Gousse-Lessard, Vallerand, Charbonneau, & Lafrenière, 2013: 19). As such, passion shapes actions and behavior in notable ways, and in a variety of contexts (Vallerand et al., 2007). For instance, Bunderson and Thompson (2009) note that passion and moral obligations to “save the planet” were key drivers in the calling that led individuals to undertake careers as zookeepers, and also the extent to which these individuals sacrificed money, time, and personal well-being for their work. In the context of environmental activism, empirical evidence also shows that greater levels of passion toward environmentalism is positively associated with the adoption of *mainstream* environmental activism behaviors such as establishing a car pool system at work, and with the adoption of *radical* environmental activism behaviors such as physically attacking a polluting factory’s representative (Gousse-Lessard et al., 2013). Finally, empirical evidence in the entrepreneurship literature links entrepreneurs’ passion toward the entrepreneurial process to greater levels of entrepreneurial self-efficacy and greater time commitment dedicated to start-up activities (Murnieks, Mosakowski, & Cardon, 2012).

In sum, prior work suggests that variation in the degree of passion that top managers feel toward the focal issues that form the basis for secondary stakeholder demands results in variation their level of commitment to their chosen response. Further, accounting for passion might also help further explain why some top managers' may also respond to secondary stakeholder demands on their own volition, with noticeable disregard for how their value-driven responses correspond with their organization's values, those of other managers, or those of influential primary stakeholders (e.g. shareholders, customers). For example, in an instance where an a secondary stakeholder demand has activated a top managers' personal norms to respond in a manner that is defensive, top managers that are highly passionate about the issues that form the basis for the demands may display a greater level of commitment to enacting their response by issuing it in a public forum and dedicating substantial firm resources to enacting it. Conversely, in a similar instance, top managers that are not very passionate about the issues that form the basis for the secondary stakeholder's demands will have a lesser degree of commitment toward enacting their response. Accordingly, building on the previous logic, as Figure 1 depicts, the degree to which the top managers are passionate about the issues forming a basis for the secondary stakeholder demands will influence firm response toward secondary stakeholder demands by impacting the degree to which the firm's top managers are committed to emphasizing their chosen response. I proceed to expand upon the outcomes of this process model below.

2.2.5. Predicting Firm Responsiveness: The Joint Effects of Personal Values and Passion

Building on the theoretical process model illustrated in Figure 1, I now propose a typology of top manager-driven firm responsiveness to secondary stakeholder demands as jointly driven by the managers' personal values and passion. It is important to note that the proposed

typology is outlined with the assumption that the firm's top managers have already perceived the secondary stakeholder and its demands as being salient, and thus, warranting a response in some fashion. While I recognize the very real possibility that a firm's top managers may not respond to a secondary stakeholder demand (i.e. nonresponsiveness), this outcome is generally viewed as being associated with perceptions that the stakeholder in question is not salient (Bundy et al., 2013; Mitchell et al., 1997), thereby precluding the activation of personal norms and the infusion of managers' passion into the process.

Each of the four proposed responses to a secondary stakeholder demand is presented as an "ideal type" (Doty & Glick, 1994) that captures different levels of two different responsiveness components: a posture component and a commitment component. Posture is argued to reside along a continuum of accommodativeness, with the least accommodative responses often referred to as *defensive* or *defiant* and the most accommodative responses simply referred to as *accommodative* (see: Benoit, 1995; Coombs, 2007; Elsbach, 2003). Response commitment ranges on a continuum from *symbolic* to *substantive* (see: Ashforth & Gibbs, 1990; Bundy et al., 2013; Waldron et al., 2013). A symbolic response is considered "an active attempt by firms to manipulate external expectations to be more closely aligned with firm goals" (Bundy et al., 2013: 364; see also: Oliver, 1991). Examples of symbolic responses would include public promises of change, espousing more socially acceptable goals while pursuing different and less socially acceptable goals, or initiating various nonbinding audits of policies and processes that secondary stakeholders are concerned with (Ashforth & Gibbs, 1990; Bundy et al., 2013; Waldron et al., 2013). In contrast, a substantive response implicates the implementation of noticeable actions taken in response to the issue (Ashforth & Gibbs, 1990). For example, substantive responses might include revamping distribution processes to reduce carbon

footprints, installing safety equipment in manufacturing facilities to protect employees, engaging in heavy lobbying, or launching large-scale publicity campaigns (Bundy et al., 2013; Waldron et al., 2013). The labels and descriptions that serve to illustrate the differences between each possible response are based on McAdam's (1973) *Reactive-Defensive-Accommodative-Proactive (RDAP)* scale, revised by Clarkson (1995). This particular scale parsimoniously illustrates the combination of posture and commitment components of each response, and has been commonly utilized as a scale to describe stakeholder engagement strategies (Carroll, 1979; Clarkson, 1995).

Consistent with Doty and Glick's (1994) recommendation, my typology of responsiveness proposes a specific relationship between top managers' personal values and the posture of a response, as well as a specific relationship between top managers' passion and the commitment toward the response. As Figure 2 depicts, the level of congruence between secondary stakeholder demands and top managers' personal values influences the posture of a response as defensive or accommodative, and the intensity of top managers' passion about the issues forming a basis for secondary stakeholder demands dictates commitment as substantive or symbolic.

FIGURE 2

Proposed Responsiveness Characteristics Based on the Interactive Effects of Values and Passion

Relationship between demands and top manager personal values

		Congruent	Incongruent
<u>Intensity of passion toward demand issues</u>	High	<p>Proactive response; “be a trailblazer”</p> <p>Response posture: Accommodative</p> <p>Response commitment: Substantive</p>	<p>Reactive response; “fight all the way”</p> <p>Response posture: Defiant</p> <p>Response commitment: Substantive</p>
	Low	<p>Accommodative response; “be progressive”</p> <p>Response posture: Accommodative</p> <p>Response commitment: Symbolic</p>	<p>Defensive response; “do only what is required”</p> <p>Response posture: Defiant</p> <p>Response commitment: Symbolic</p>

Personal values and response posture. Secondary stakeholder demands can be seen as congruent or incongruent with top managers' personal values, which ultimately present implications for the norm activation process through which values come to influence response posture. When secondary stakeholder demands are congruent with top managers' personal values, those managers will feel a sense of moral obligation to perform actions that seek to *assist* secondary stakeholders with achieving their goals. For example, according to publicly available information through the *Center for Responsive Politics* (OpenSecrets.org), Starbucks CEO Howard Schultz has an extensive history of making political campaign contributions to the Democratic Party. This contribution history suggests that Howard Schultz has a strongly liberal political ideology (Briscoe et al., 2014; Chin et al., 2013; Christensen et al., 2015), which is associated with personal values that are structured in a self-transcendent and open-to-change manner (Schwartz et al., 2014). Accordingly, following pressure from the anti-gun group *Moms Demand Action*, Howard Schultz wrote an open letter in which he requested that customers refrain from bringing their firearms into Starbucks locations (O'Connor, 2013), thereby accommodating Moms' demands on behalf of his firm.

In contrast, under the conditions where secondary stakeholder demands are incongruent with top managers' personal values, managers will feel a sense of moral obligation to perform actions that oppose secondary stakeholders in achieving their goals. As touched upon previously, a recent example is the case of Chick-fil-A CEO Dan Cathy's response to LGBT advocacy groups criticizing him and his firm for making political campaign contributions to a candidate with a history of proposing and supporting legislation considered "anti-gay". Cathy initially responded to such criticism in a manner that was quite antagonistic to the objectives of the

secondary stakeholders in question, being quoted by a number of media outlets as making incendiary anti-gay remarks (see: Blume, 2012; Hsu, 2012).

The above discussion therefore suggests that secondary stakeholder demands congruent with top managers' personal values will result in accommodative response postures, as depicted in the top left and bottom left cells of Figure 2. Conversely, in instances where secondary stakeholder demands are incongruent with top managers' personal values, response posture will be defensive, as illustrated in the top right and bottom right cells of Figure 2.

Passion and commitment to the response. As described earlier, top managers may also display varying degrees of passion toward the issues that form the basis for secondary stakeholder demands. Under circumstances where top managers' passion toward certain issues intensify, they will exhibit much more substantive degrees of commitment toward their response posture. Consider Apple CEO Tim Cook, the first openly gay CEO of a Fortune 500 company, who displays considerable passion toward LGBT equality issues, once stating: "I'm proud to be gay, and I consider being gay among the greatest gifts God has given me" (Molina, 2014). Evidence in the popular press also suggests that Tim Cook substantively commits to any response that he would want his firm to issue toward secondary stakeholder demands revolving around LGBT equality issues. For example, Cook openly condemned religious freedom laws in the US by committing to visibly voicing his opinion in op-ed published in the *Washington Post* (Capehart, 2015). Conversely, under circumstances where top managers' passion toward certain issues is not very intense, I would expect these managers will exhibit a much lower degree of commitment toward the response's posture.

Therefore, as depicted in the top left and top right cells of Figure 2, when top managers have a high degree of passion toward the issues forming the basis of secondary stakeholder

demands, they will exhibit a substantive degree of commitment toward the response. Conversely, as depicted in the bottom left and bottom right cells of Figure 2, when top managers have a low degree of passion toward the issues that form the basis of secondary stakeholder demands, they will exhibit a symbolic degree of commitment toward the response.

2.4. DISCUSSION

My purpose has been to develop and present a top manager-driven process model of firm response to secondary stakeholder demands. It is important to note that my model does not seek to discredit prior work or the potential influence of factors previously considered to be important drivers of firm responsiveness to secondary stakeholder demands. Instead, and consistent with prior suggestions in the literature (e.g. Weber et al., 2009), I seek to build on theoretical arguments and recent examples that suggest that top managers are key figures in determining whether and how firms respond to secondary stakeholder demands. Utilizing the upper-echelons perspective and drawing on work in cognitive and social psychology about values and passion, I developed a theoretically grounded process model that provides insight into why some firms are more responsive than others to secondary stakeholder demands. The model identifies top manager attributes that are important in determining response, and the process through which these attributes influence that response.

I first explained how the structure of top managers' personal values influence the cognitive effort (attention) focused on specific secondary stakeholder attributes in their overall perceptions of secondary stakeholder salience. Next, I outlined how top managers' personal values will influence the activation of personal norms regarding obligations to act on secondary stakeholder demands, as mediated by a cognitive process implicating managers' situation-specific worldviews (WV), awareness of adverse consequences (AC), and ascription of

responsibility (AR). In addition, building on value-driven theories of behavior, which also account for the role of perceived ability and efficacy, I theorize that top managers' CSE and charisma strengthen personal norms. Finally, I propose that top managers' passion toward the issues forming a basis for secondary stakeholder demands impact the degree to which top managers are committed to their chosen response.

Building on this process model, I further extend my theoretical arguments by developing a typology of "ideal types" of responses based on the interactive effects of top managers' personal values and passion. Specifically, I outline how response can be viewed as the outcome of specific relationships between response posture and the orientation of top managers' personal values toward secondary stakeholder demands, and between the intensity of passion toward the issues forming a basis for the demands and top managers' commitment level to the response.

2.4.1. Theoretical and Practical Contributions

The model I have set forth has important implications for strategic management and organizational scholars, as well as for practitioners. The first contribution is to the strategic leadership and upper-echelons literature by more clearly outlining the intervening cognitive and psychological mechanisms through which top managers' personal values eventually come to be reflected in an increasingly important strategic leadership behavior: determining whether and how to respond to secondary stakeholder demands. Moreover, by articulating these arguments within the scenario of a secondary stakeholder demand, I addressed a call to further understand and examine how executives' personal values and specific situations interact to influence choice (Finkelstein et al., 2009). Additionally, by outlining a values- and passion-influenced executive cognition process, the theoretical developments in this paper provide a more nuanced understanding of the potential individual-level sources of motivation behind executives'

influence over the interactions between organizations and secondary stakeholders specifically, and executive management of various external entities in the firm's environments more generally. Further, I also add to an emergent stream of research interested in understanding how top managers, and specifically the firm's CEO, may mold the firm to reflect their own personal values and ideologies by explaining how their personal values are ultimately reflected in their firm's response to secondary stakeholder demands.

Second, this work contributes to stakeholder theory by specifying the means by which personal values influence perceptions of stakeholder attributes. By providing a sharper focus on top managers' personal values and passion, my model advances this field's understanding of how and why top managers' personal values influence the relative influence of each stakeholder attribute seen to comprise stakeholder salience. Although stakeholder theorists have suggested that perceptions of stakeholder attributes might be shaped by the values of the top executives (Agle et al., 1999; Mitchell et al., 1997), this work stops short of specifying the socio-cognitive mechanisms and pathways that connect an executive's personal values to his or her attributions of stakeholder salience.

This work also contributes to social movement theory by highlighting the characteristics of the firm's top managers as important elements that influence firm response to secondary stakeholders. Researchers building on social movement theory have focused extensively on understanding the various aspects of a firm's opportunity structure. To the extent that social movement scholars agree that a managers roles in shaping responses to a secondary stakeholder demands may be regarded as an important aspect of the firm's opportunity structure, I provide scholars conducting work at the intersection of social movements and firms with theoretical arguments that might help to address calls to refocus energy on identifying elements of a firm's

opportunity structure that are internal to the organization itself. Specifically, research should address and investigate how different top managers value-infused responses to secondary stakeholder demands might shape the subsequent behavior of these entities and their perceptions of the organization's opportunity structure.

In addition to theoretical contributions, important practical advice may be gleaned from my model as well. First, it can make managers aware of their own natural tendencies to inject their personal values into decision-making and evaluations of secondary stakeholder activist campaigns. A consequence of these tendencies is that the firm's top managers may respond to secondary stakeholders in a fashion that is inconsistent with the strategic objectives of the firm or with the priorities of its primary stakeholders. By extension, outlining how personal values impact certain key interpretive processes, such as perceptions of secondary stakeholder salience, may assist executives in more effectively evaluating secondary stakeholder activism. For instance, whether an executive attends to different secondary stakeholder attributes than he or she might otherwise do as a result of personal values may engender different evaluations of the activist demands and responses that are more amenable to the firm's primary stakeholders and strategic orientation.

2.4.2. Methodological Considerations and Future Directions

While studying top managers presents some challenges for empirical testing, several proposed relationships in my framework lend themselves to quantitative study, which may be carried out by adopting existing scales and validated measures. However, testing the proposed model still requires careful consideration of several issues, especially regarding how researchers measure such difficult-to-observe constructs as top manager personal values. While an individual's personal values and the structure of these values is not easily observable, it is

possible to find important traces of them in more accessible attributes such as political ideologies (Rohan, 2000; Schwartz et al., 2014). Fortunately, recent strategic leadership and upper-echelons research offers some guidance in this regard. For example, recent work in the upper-echelons tradition has contributed promising evidence that managers' political ideologies may be measured using these individuals' histories of political campaign contributions and represent a valid unobtrusive proxy for these individuals' personal values (Briscoe et al., 2014; Chin et al., 2013; Christensen et al., 2015).

Additional top manager-level factors may also be important to consider as possible predictors of their response to secondary stakeholder demands. For instance, secondary stakeholder demands may represent important scenarios for certain top managers to engage in narcissistic displays of power or self-indulgence. The interactions between secondary stakeholders and their targeted firms have also been noted for occurring in very public forums (e.g. David et al., 2007; Julian et al., 2008; see also: McDonnell & King, 2013). Consequently, examining how top manager, especially CEO, narcissism influences these individuals' responses to secondary stakeholder demands may represent an additionally interesting line of inquiry.

2.4.3. Conclusion

In the preceding pages I progressed toward understanding how top managers' personal values and passion influence firm responsiveness to secondary stakeholder demands. While this perspective is not intended to explain all pathways through which top managers evaluate and eventually respond to secondary stakeholder demands, I contend that this model does present an accurate and theoretically parsimonious portrayal of this process. I strive toward theoretically depicting top manager behavior in accordance with how it unfolds in practice, and contribute toward upholding the central role of top managers within the fabric of strategic management and

organizational research (Hambrick, 1989). I hope understanding the important issues related to the increasingly common interactions between secondary stakeholders and firms may be enriched through further study of this phenomenon by promoting greater awareness of the influence top managers, and their individual attributes, such as their personal values, in this process.

Chapter 3

FIRM RECEPTIVITY TO SECONDARY STAKEHOLDERS: THE ROLE OF MANAGERIAL POLITICAL IDEOLOGY

“ The business of business isn’t just about creating profits for shareholders — it’s also about improving the state of the world and driving stakeholder value.”—
Marc Benioff, Chairman and CEO of Salesforce

Why are some firms more receptive than others to secondary stakeholders? Firm receptivity is best understood as representing the extent to which a firm is willing to entertain, and commit to working on, secondary stakeholder issues (Bundy et al., 2013; David et al., 2007; IRRC, 1993; McDonnell et al., 2015). Understanding why certain firms are more, or less, receptive than others to secondary stakeholders is a matter of considerable interest for strategic management and organization research because it implicates important considerations regarding the allocation of firm resources, the nature of firm practices, and the implementation of firm policies (Julian et al., 2008; McDonnell et al., 2015; Pacheco & Dean, 2015; Waldron et al., 2013). A firm’s receptivity to its secondary stakeholders, in general, also presents important consequences for how it can manage its external environment. As Shu and Tsang describe it: “maintaining relationships with secondary stakeholders helps firms gain social legitimacy and learn how to better manage their external constraints given the increasing institutional pressures from their sociopolitical environments” (2015: 1129).

To date, most extant research suggests that firm receptivity to secondary stakeholders is primarily driven by factors external to the firm, and emphasizes social forces (den Hond & de Bakker, 2007; Weber et al., 2009), contextual conditions (King, 2008; Pacheco & Dean, 2015), and superficial features of secondary stakeholders (Eesley & Lenox, 2006). Although others have recently noted the importance of re-balancing our understanding of the factors that drive firm

receptivity to secondary stakeholders toward a deeper consideration of potentially influential factors internal to the firm (McDonnell & King, 2013; Waldron et al., 2013), little theoretical or empirical attention has been placed on understanding the impact of influential factors related to the firm's decision-makers themselves—namely, its top managers. This is an important omission, because an argument can be made that the firm's overall receptivity to its secondary stakeholders is ultimately at the discretion of its top managers (Briscoe et al., 2014; Clarkson, 1995; Mitchell et al., 1997; Waldron et al., 2013).

I address this omission and build on a guiding notion in strategic leadership research: that firms are a reflection of their top managers (Finkelstein et al., 2009; Hambrick & Mason, 1984). From this perspective, the attributes of the firm's managers, including their personal values, drive the interpretation of environmental stimuli and firm actions in response to these. Specifically, I theoretically and empirically investigate the impact of an under-examined but potentially important individual attribute—political ideology—on firm receptivity to secondary stakeholders.

Political ideologies are central, and relatively stable attributes, which are reflective of individuals' personal values and broader cognitive makeup (Jost, 2006); top managers are noted to vary quite extensively in their political ideologies (Francia, Green, Herrnson, Powell, & Wilcox, 2005; Tetlock, 2000). Moreover, as a reflection of individuals' personal values, political ideologies also offer insights regarding individuals' beliefs, preferences, and motivations about broader societal issues and the achievement of collective goals (Briscoe et al., 2014; Chin et al., 2013; Jost, 2006). Secondary stakeholders coalesce around issues that are affect-laden, revolve around broader socio-political issues and espouse various values about purportedly desirable modes of firm conduct (McDonnell & King, 2013; Soule, 2009; Waldron et al., 2013). As such, I

contend that a firm's top management is prone to relying on dispositional interpretation or appraisal tendencies (Lerner & Keltner, 2010) and injecting their personal values into how receptive they ultimately determine that their firm should be to its secondary stakeholders (Stolte & Fender, 2007; see also: Rohan, 2000). Accordingly, I develop and test the overarching proposition that top managers' political ideologies, a visible reflection of their personal values, ultimately shape their firm's receptivity toward its secondary stakeholders.

Substantively, I hypothesize that the degree of liberalism in TMTs political ideology is positively related to the firm's receptivity to secondary stakeholder demands. Recognizing that firm receptivity to secondary stakeholders likely implicates important debates within the executive suite, I also argue that the degree of political ideology separation within a focal TMT—reflecting the potential to consider more diverse perspectives and also the potential for greater conflict to arise—may negatively or positively moderate the relationship between TMT liberalism and firm receptivity. Finally, I consider the influential role of the firm's CEO; hypothesizing that the CEO's degree of liberalism is positively associated with firm receptivity to secondary stakeholders. I also argue that the influence of the CEO's political ideology is moderated by the degree of ideological separation between the CEO and the other members of the TMT; specifically, I hypothesize that the positive relationship between CEO liberalism and firm receptivity to secondary stakeholder demands will be stronger as separation between the CEO's ideology and that of the TMT decreases.

By focusing on these relationships, I make noteworthy contributions to strategic management and organization research. First, I contribute to research on upper echelons and strategic leadership by emphasizing the role of managers' personal values in shaping their firm's receptivity to secondary stakeholder demands. Specifically, this study provides further evidence

that substantiates the general theoretical proposition in the upper echelons perspective that a firm's top managers' values are injected into their strategic decisions by demonstrating this influence on firm receptivity to secondary stakeholders. This study also distinguishes itself as one that examines how top managers values may be reflected in firm behavior as a result of external stimuli, compared to initial work that has largely focused on the influence of top manager values on the general strategic profile of the firm (Chin et al., 2013; Christensen et al., 2015). Finally, this study's findings highlight top managers' values as important drivers that help better understand how and why firms impact general social welfare and entities that are situated beyond the scope of their competitive environment (i.e. secondary stakeholders) (Carroll, 2009; Lamin & Zaheer, 2012; Whetten & Mackey, 2002).

This study also contributes to stakeholder theory by outlining new theoretical and empirical insights concerning the role of top managers' personal values and articulating how these characteristics act as important firm-sided drivers of firm receptivity to secondary stakeholders (Eesley & Lenox, 2006). Current stakeholder theory insights stop short of explaining how and why the characteristics of the firm's top managers themselves would expectedly affect firm receptivity to its to secondary stakeholders. In addition, few studies have considered or attempted to empirically capture the extent to which firms vary in their receptivity to secondary stakeholders (for a possible exception, see: McDonnell et al., 2015). Prior work has tended to focus almost exclusively on the likelihood of firm concession (a binary outcome) (e.g. Eesley & Lenox, 2006; Julian et al., 2008; Pacheco & Dean, 2015), treating firms that do not conceded to secondary stakeholder demands (i.e. defiant and neutral firms) as empirically identical, thereby conflating firms that are defiant or neutral in their willingness to entertain and commit to working on secondary stakeholder issues. Therefore, in examining and measuring

receptivity *per se*, a continuous outcome, I provide important insights pertaining to how firms generally engage with secondary stakeholders as an element of their broader strategic agenda.

3.1. THEORETICAL BACKGROUND

Research that seeks to understand how secondary stakeholders influence firm strategies and behavior has become an increasingly cross-disciplinary and multi-theoretical undertaking. Traditionally, researchers have leveraged theoretical perspectives that emphasize factors *external* to the firm. For instance, Eesley and Lenox (2006) applied Mitchell and colleagues' (1997) theory of stakeholder identification and salience to understand how secondary stakeholder attributes such as power (i.e. the relative access to resources for the stakeholder group with respect to the firm being targeted), legitimacy (i.e. the generalized perception that group stakeholder conduct is appropriate), and urgency (i.e. the degree to which stakeholder claims call for immediate attention) each influence the likelihood that a firm will concede to a given secondary stakeholder's demands. In line with these efforts, more recent work has turned to competitive dynamics theories. For example, Pacheco and Dean (2015) argue that the likelihood that firms will concede to secondary stakeholder demands is dependent upon the degree to which the firm's competitors concede to secondary demands, and the degree to which the firm is dependent on the market targeted by a secondary stakeholder (or social movement). Studying the incidence of wind power adoption by electric utility firms in deregulated U.S. markets, the authors found that when competitors' increasingly conceded to secondary stakeholder demands or when firm dependence on targeted markets (i.e. geographic markets that were targeted by activists, which the firm depend ended on for sales) increase, the positive effect of secondary stakeholder pressure on firm concession decreased. In other words, secondary stakeholders required less pressure to force wind power adoption if they focused their efforts in geographic

markets that the firm were highly dependent on for sales. Others have leveraged insights from social movement theory to focus on how secondary stakeholders' tactics and contextual social forces shape firm concessions to secondary stakeholder demands. Most notably, King (2008) finds that the media attention plays a prominent role in increasing the likelihood of firm concessions because the media acts as a conduit of negative images and grievances brought forth by secondary stakeholders, allowing them to rally support from the firm's consumers and the general public, and hence, translates as high levels of a movement's threat toward a firm. Similarly, Eesley, DeCelles, and Lenox (in press) also show that social movement organizations rely on protests and boycotts to drag companies "through the mud" with media attention in order to coerce firms to concede to their demands.

More recently, work has begun to more explicitly emphasize various *firm-level* factors that influence managers' evaluations of secondary stakeholders and their demands, and how these eventually come to influence the extent to which the firm and its managers will entertain and commit to working on secondary stakeholder issues. For instance, Bundy and his colleagues (2013) outline a strategic cognition framework of stakeholder issue salience, to suggest that the firm's managers consider stakeholder demands (i.e. primary and secondary stakeholders alike) through the dual lenses of their firm's identity and strategic frame, in order to evaluate stakeholder issues and determine an appropriate response. Along these same lines, others have stressed that managers consider the meaningfulness of secondary stakeholder-contested practices to their firm's defining qualities, and the extent to which secondary stakeholder demands are aligned with their firm's stakeholder culture (i.e. social [moralist] vs. economic [egoist]), in order to determine the degree to which secondary stakeholder campaigns threaten the firm and warrant substantive strategic changes (Waldron et al., 2013). Though focused on the influence of

firm level factors on responsiveness, this research does suggest that the firm's top management has a consequential role to play in determining the extent to which their firm will be receptive to, and thus engage with, its secondary stakeholders.

The present manuscript builds on this promising line of inquiry by focusing on an individual characteristic that may reflect top managers' underlying attitudes toward secondary stakeholders, and subsequently shape the firm's receptivity toward such entities: personal political ideology. To do so, I rely on a key theoretical premise of the upper-echelons perspective—that observable characteristics of top managers are proxies for their underlying cognitive frames or values and help to explain how they interpret strategic situations and inform their strategic choices and actions (Hambrick & Mason, 1984). In this manner, the overarching thesis that I develop in this study is that top managers' political ideologies, observable proxies of their personal values, ultimately shape their firm's degree of receptivity toward its secondary stakeholders.

3.1.1. Receptivity to Secondary Stakeholders: A Top Management-Driven Strategic Initiative

A firm's receptivity to secondary stakeholders, previously defined as the extent to which it is willing to entertain and commit to working on secondary stakeholder issues, is an important element of its broader strategic agenda because it reflects the extent to which a firm allows secondary stakeholders—entities that are not essential to its survival—to shape its policies, practices, and resource commitments (Eesley & Lenox, 2006; King & Soule, 2007; Pacheco & Dean, 2015). Prior work suggests that the firm's top managers are responsible for determining which types of stakeholders the firm may prioritize over others, or the extent to which the firm will entertain certain stakeholder issues and commit to working on them (Bundy et al., 2013;

Fanelli & Misangyi, 2006; Mazutis, 2013; Mitchell et al., 1997; Pfeffer & Salancik, 1978; Waldron et al., 2013). However, as discussed above, current depictions of firm behavior toward secondary stakeholders, with their predominant focus on factors external to the firm or the characteristics of the firm itself, provide little insight into how the characteristics of the firm's top managers themselves affect the degree to which the firm is receptive to its secondary stakeholders.

The upper echelons perspective explicates that a firm's strategic actions and behavior result from a sociocognitive process through which its top managers' perceive and evaluate environmental stimuli according to their cognitive bases and personal values (Hambrick & Mason, 1984). Noting the difficulties of directly measuring socio-cognitive processes, this perspective argues that observable characteristics of top managers act as suitable unobtrusive proxies for the cognitive bases and personal values of top managers (Hambrick & Mason, 1984). Although this approach presents certain limitations insofar as understanding the actual socio-cognitive processes that govern executive behavior (see: Carpenter, Geletkanycz, & Sanders, 2004; Finkelstein et al., 2009), its prevalent application has yielded substantial evidence that certain demographic profiles of top managers provide considerable explanatory power for firm actions and behavior (Finkelstein et al., 2009; Hambrick, 2007).

A rich history of prior research in the upper echelons tradition demonstrates that focusing on certain observable characteristics of a firm's top managers helps to explain a range for firm-level strategic actions and behavior. For instance, recent findings demonstrate that CEO narcissism is linked to relatively risky/grandiose firm-level strategic actions (Chatterjee & Hambrick, 2007; Gerstner, Konig, Enders, & Hambrick, 2013), CEO temporal focus influences firms' new product introduction (NPI) efforts (Nadkarni & Chen, 2014), and CEO motivational

tendencies such as regulatory focus affect the nature of firm merger and acquisition (M&A) activities (Gamache, McNamara, Mannor, & Johnson, 2015).

In sum, when the firm's top managers are faced with situations in which they might be called upon to look beyond shareholders and expend their efforts on other stakeholders such as secondary stakeholders, they have appreciable latitude-of-action or discretion, as such situations are difficult to evaluate (Petrenko et al., 2016; Waldman & Siegel, 2008). Based on upper echelons logic, firm actions and behavior in such situations—namely, a firm's receptivity to secondary stakeholders—are likely predicted by top managers attributes that are a reflection of their underlying cognitive frames and personal values (Hambrick & Mason, 1984). Expanding on the previous insights, the following section focuses on the motivation of applying an upper echelons perspective to the study of firm receptivity to secondary stakeholders and on identifying the focal managerial attributes—personal values—that are expected to be most influential, given the nature of secondary stakeholder demands.

3.1.2. Secondary Stakeholders and Top Managers' Personal Values

Different attributes of a firm's top managers may more effectively explain different types of firm actions and behaviors than others based on the nature of the strategic situation or decision at-hand (Busenbark et al., 2016; Hambrick & Finkelstein, 1987). For example, Petrenko and colleagues examine the relationship between CEO narcissism and a firm's Corporate Social Responsibility (CSR) profile, arguing that CSR initiatives provide narcissistic supply for narcissistic CEOs, because

An organization's social responsibility projects and overall external perceptions often bring attention in the form of praise or criticism not just to the firm, but often more directly to the CEO. As such, these projects are likely to engage aspects of the CEO's self-image (2016: 265).

Nadkarni and Chen (2014) argue that CEO temporal focus is associated with a firm's rate of NPI because variation in how CEOs focus on time frames is related to the two core tasks involved with NPI: detection and development (see also: Yadav, Prabhu, & Chandy, 2007). Kish-Gephart and Campbell (2015) examine the role of CEO social class background on firm strategic risk-taking (i.e. research and development (R&D) expenditures, capital expenditures, and the value of the firm's long-term debt), based on the logic that

childhood social class—and its attendant resources and rank—directs his or her attention toward avoidance (or threat) or opportunity. This emphasis on avoidance or opportunity shapes an individual's social class imprint, persisting across time and influencing strategic decisions years later (2015: 1618).

Finally, Chin, Hambrick, and Treviño (2013) argue that CEOs' personal values are likely to be reflected in their firms' Corporate Social Responsibility (CSR) profiles because CSR initiatives relate to considerations about the purpose of firms in society, which are influenced primarily by individuals' personal values.

Just as the relative uniqueness of each strategic context informs prior work's justification for studying the influence of specific managerial attributes on firm actions and behavior, secondary stakeholder demands also present important characteristics that ought to be noted, in order to support this study's focus on top managers' values. Secondary stakeholders often issue demands that are affect-laden, revolve around broader socio-political issues and espouse various values about purportedly desirable modes of firm conduct (Hercus, 1999; McDonnell & King, 2013; Rowley & Moldoveanu, 2003). For example, McDonnell and King examined secondary stakeholder boycott activity from 1990-2005, which “contest a remarkable range of issues that span the political spectrum, from animal rights issues to environmental issues; labor rights issues to moral or religious issues like support of abortion or gay marriage” (2013: 396). Waldron and colleagues' (2013) also note that secondary stakeholder demands predominantly attempt to

modify socially or environmentally detrimental industry practices. Furthermore, secondary stakeholders often conduct themselves in ways that are considered illegitimate or even radical and their emergence is often view as being predicated on some level of discontent with the firm (den Hond & de Bakker, 2007; Markman et al., 2016; Rowley & Moldoveanu, 2003; Tilly, 1978).

Social psychologists generally agree that when faced with stimuli encapsulating many characteristics that are exhibited by secondary stakeholders (i.e. emotional, ethically-oriented, values-laden, radical, ambiguous), individuals become increasingly reliant on dispositional interpretation or appraisal tendencies (Lerner & Keltner, 2010), heuristics (Forgas, 1995), or “prewired action patterns” (Frijda et al., 1989). In particular, individuals have been shown to become increasingly reliant on their personal values as important cognitive reference points and determinants of behavior in these contexts (Stolte & Fender, 2007; see also: Rohan, 2000). For example, as Verplaken and Holland (2002) illustrate,

in discussions of the legalization of abortion, values related to the prolife and prochoice viewpoints are the main issues of the discussion and are thus automatically activated. Values may also be activated if they are implied by the situation or by the information a person is confronted with. For instance, a choice between studying and going out with friends might activate the values of being ambitious and maintaining friendships (2002: 436).

In line with the argument that individuals rely on their values as important cognitive references points when faced with situations that activate them, prior work shows that individuals primed with environmental values put more weight on environmental considerations involved with purchasing a television set (Verplaken & Holland, 2002). Additionally, Shaw and colleagues found that individuals’ universalism values—reflective of self-transcendent concerns—were important determinants of ethical consumer decision-making (2005). In addition, Stern and colleagues (1999) theorize that individuals’ personal values are important predictors of pro-

environmental behavior. Therefore, when faced with secondary stakeholder demands, the firm's top managers find themselves in ambiguous, emotional, possibly radical situations that implicate fundamental considerations about the moral or ethical purpose of their firm and about the primacy of shareholders versus stakeholders. Based on the nature of these situations, as prior work in social psychology demonstrates, top managers' personal values can be considered a powerful predictor of their decision-making, behavior, and therefore just how receptive their firms will be to secondary stakeholders.

Personal values are generally defined as intrinsic, enduring cognitive representations of individuals' broad goals and ways of behaving in life, that apply across a wide array of situations; they are transituational (Rokeach, 1973). Moreover, personal values are "conceptions of the desirable that guide the way social actors (e.g. *organizational leaders*, policy-makers, individual persons) select actions, evaluate people and events, and explain their actions and evaluations" (Schwartz, 1999: 24; emphasis added). Schwartz's (1992, 1994) well-accepted framework identifies two motivational dimensions as forming a basis for every individual's value system: an *openness to change-conservation* dimension, and a *self-enhancement-self-transcendence* dimension. The openness to change-conservation dimension reflects "the extent to which they (values) motivate people to follow their own intellectual and emotional interests in unpredictable and uncertain directions versus to preserve the status quo and the certainty it provides in relationship with close others, institutions, and traditions" (Schwartz, 1992: 43). The self-enhancement-self-transcendence dimension relates to "the extent to which they (values) motivate people to enhance their own personal interests even at the expense of others versus the extent to which they motivate people to transcend selfish concerns and promote the welfare of others, close and distant, and of nature" (Schwartz, 1992: 43).

According to value-driven theories of behavior—most notably, Schwartz’s (1973, 1977) norm-activation theory (NAT) and Stern and colleagues’ (1999) values-beliefs-norms theory (VBN)—actions and behavior occur in response to personal norms that are activated based on the extent to which the structure of an individual’s personal values align with a situation-at-hand (Harland et al., 2007; Schwartz, 1973, 1977; Stern et al., 1999). This alignment process involves a values-driven sequential chain of three stages that lead to the activation of personal norms: the development of a situation-specific worldview, which influences the development of an awareness of adverse consequences, which then influences the ascription of responsibility to the self to avert those consequences (Schwartz, 1973, 1977; Stern et al., 1999). Building on this logic, differences in how top managers’ personal values are structured will result in the adoption of different situation-specific worldviews. Once the firm’s top managers have adopted a situation-specific worldview, they will proceed to diagnose the possible adverse consequences of the situation-at-hand for themselves, their firm, and/or other groups with which they identify, and then ascribe to themselves a level of responsibility for alleviating those consequences.

Applying values-driven theory of behavior, I argue top managers’ personal values will influence their firm’s receptivity to secondary stakeholders via two interlinked mechanisms. First, top managers are likely to have dispositional preferences for the extent to which their firms strive toward narrow (i.e. shareholder-centric) versus broader (i.e. stakeholder-centric) strategic objectives, which are a reflection of the structure of their personal values along the self-transcendent-self-enhancement dimension (Agle et al., 1999; Mazutis, 2013). More specifically, the manner in which top managers’ personal values are structured along the self-enhancement-self-transcendence dimension will have implications for these individuals’ worldviews pertaining to their general beliefs and conjectures about their firm’s role in society, as well as for the

awareness of adverse consequences and personal norms that are activated as a result of secondary stakeholder demands. Self-transcendent top managers can be expected to consider a broader array of stakeholder issues than their self-enhancing counterparts. Second, Schwartz's theory also suggest that top managers will vary in the extent to which they will embrace novelty and change, versus upholding the status quo (i.e. personal values structured along the openness-to-change-conservation dimension). Accordingly, open-to-change top managers can be expected are likely to view secondary stakeholders differently than conservation-oriented managers, and perceive a wider range of secondary stakeholder demands as being reasonable and feasible to entertain and work on.

As I shall now proceed to discuss, prior research suggests that political ideology is reflective of the overall structure of top managers' values. However, it is not equivalent to, or a proxy for any specific personal value.

3.1.3. The Relationship Between Personal Values and Political Ideology

Ideologies constitute value-laden constructions people use to inform their decision-making (de St. Aubin, 1996; Rohan, 2000). Consistent with this notion, political ideologies encapsulate attitudes and values about the proper goals of society and how they should be achieved (Jost, 2006). As such, there is general agreement that political ideologies reflect the structure of individuals' underlying value systems and thus, provide an accurate overall indication of an individual's underlying values priorities (Rohan, 2000; Rokeach, 1973). For instance, Schwartz and his colleagues remark:

People tend to favor ideologies or policies that can promote their important basic values in any given societal context. They tend to oppose ideologies and policies that threaten or frustrate attainment of their important basic values in that context. People who attribute high priority to security and power values, for example, tend to favor nationalist policies because they seemingly promise greater security and they express power goals. People who attribute high priority to universalism

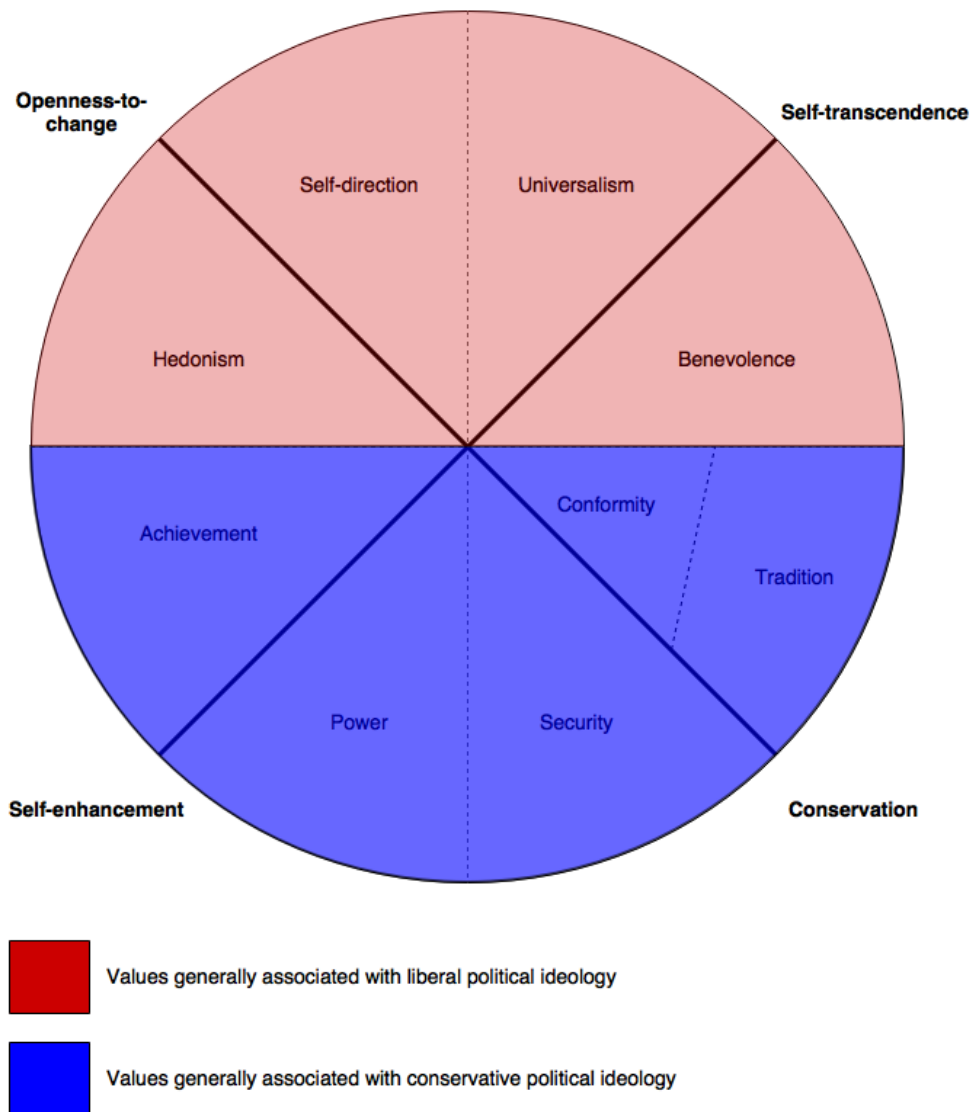
values tend to oppose nationalist policies because nationalism gives less weight to the equality and dignity of those who are not members of the nation (2014: 906).

Concretely, political ideologies reside along a continuum of liberalism-conservatism (Schwartz, 1996a) which helps to organize individuals' overall beliefs and values pertaining to a range of issues. Evidence from the U.S. suggests that the two major political parties (e.g. Democrat and Republican) articulate different positions relating to two issue dimensions that resonate with the American public: (1) economic and social welfare issues and (2) cultural and moral issues (Layman, Carsey, & Horowitz, 2006). For instance, Republicans articulate a position on the issue of wealth redistribution consistent with self-enhancement (e.g. achievement and power) and conservation dimensions of the value system (Schwartz et al., 2014)—less wealth redistribution and lower taxes are preferred because individual effort should determine income (Alesina & Angeletos, 2005; Christensen et al., 2015). As such, the Republican Party has a tendency to attract individuals displaying a more pronounced level of political conservatism because these individuals tend to fear losses, desire financial and job security (i.e. self-enhancement), and have greater aversion to ambiguity and uncertainty than those who are less politically conservative (i.e. conservation) (Jost, Glaser, Kruglanski, & Sulloway, 2003). On the other hand, the Democrats articulate a position on the issue of wealth redistribution consistent with self-transcendent (e.g. universalism and benevolence) and openness-to-change value dimensions (Schwartz et al., 2014)—more wealth redistribution and higher taxes are preferred because luck, birth, connections, and/or corruption determine wealth (Alesina & Angeletos, 2005; Christensen et al., 2015). Therefore, the Democratic Party has a tendency to attract individuals displaying a more pronounced level of political liberalism because these individuals tend to favor equality (i.e. self-transcendence), and tend to embrace change and social novelty (i.e. openness-to-change) (Jost et al., 2003).

In general, individuals exhibiting certain political ideologies come to develop a certain affinity for a political party that espouses beliefs and values consistent with their own because individuals evaluate external stimuli (e.g. persons, groups, organizations) and make choices in a manner that is consistent with their values (Matusik et al., 2008; Meglino & Ravlin, 1998). Figure 3 visually depicts how political ideologies can be seen as a reflection of an individual's personal values. Since Schwartz's seminal work (1992, 1994), it is well established that individuals' personal values systems are universally comprised of nine distinct values—*hedonism, self-direction, universalism, benevolence, achievement, power, security, conformity, and tradition*—structured along two axes: an *openness-to-change-conservation* axis, and a *self-transcendence-self-enhancement* axis. Further, values scholars traditionally depict individuals' value systems in a pie-style fashion (e.g. Rohan, 2000; Schwartz, 1992, 1994, 1999; Schwartz et al., 2014). The boundaries between a liberal political ideology and a conservative political ideology, as they relate to personal values, are not always clear-cut because many individuals' political ideologies reside along the liberalism-conservatism ideology continuum (rather than at the ends of the continuum) (Chin et al., 2013; Jost, Federico, & Napier, 2009). However, prior research suggests that a liberal political ideology can generally be seen as a reflection of a value system that is structured more heavily toward openness-to-change and self-transcendent values; namely, hedonism, self-direction, universalism, and benevolence (red shaded area in Figure 3). In contrast, a conservative political ideology can be seen to reflect a value system that is structured more heavily toward conservation and self-enhancement values; namely achievement, power, security, conformity, and tradition (blue shaded area in Figure 3) (Schwartz et al., 2014). This is not meant to suggest that liberal or conservative individuals *do not* possess the values that are not shaded by their respective ideologies in Figure 3 (Rohan, 2000; Schwartz, 1994;

Schwartz et al., 2014); only that, on average, the shaded areas in Figure 3 will usually represent those values that are most salient in guiding the behavior and actions of liberal versus conservative individuals.

FIGURE 3
Political Ideology as a Reflection of Personal Values: A Qualitative Portrayal



Notes: Value system depiction based on Rohan (2000); the size and delimitations of shaded areas are only illustrative and not meant to convey any quantitative properties or imply normative claims about the specific boundaries of political ideologies as they relate to underlying values.

3.2. HYPOTHESES

3.2.1. Top Management Political Liberalism and Receptivity to Secondary Stakeholders

I begin with the baseline argument suggested by value driven theories of behavior that liberal top management teams (TMTs) will be associated with higher firm receptivity to secondary stakeholders. In a general, a liberal TMT's self-transcendent value structure is more likely to lead to their adoption of a broader view of the firm with regards to its purpose within society; one that is more stakeholder-centric (Agle et al., 1999; Chin et al., 2013). According to values-driven theories of behavior, liberal-leaning managers are also likely to envision more severe adverse consequences for themselves and the firm that may arise from refusing to work on secondary stakeholder issues, and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences (Schwartz, 1973, 1977; Stern et al., 1999). As a result, consistent with their self-transcendent nature and motivations, liberal TMTs are also more likely to identify compelling strategic and business-related reasons for entertaining secondary stakeholder demands (Higgins & Molden, 2003). Even when a secondary stakeholders champion issues that might be considered incongruent with liberal top managers' personal values, a more liberal TMT can still be reasonably expected to be motivated by their stakeholder-centric view of the firm and remain receptive to such a stakeholder's demands (Inbar, Pizarro, & Bloom, 2008). Furthermore, liberal TMTs' inherent disposition toward openness-to-change will push them to embrace the often socially progressive and possibly radical nature of secondary stakeholder issues. Liberal TMTs are likely to see secondary stakeholder demands as a way to challenge and even transcend the status quo within their own firm and perhaps even within their industry.

In contrast, conservative TMT's self-enhancement value structure is more likely to lead to their adopting a narrow view of the firm with regards to its purpose within society; one that is

more stakeholder-centric (Agle et al., 1999). According to values-driven theories of behavior, conservative-leaning managers are also likely to envision more severe adverse consequences for themselves and the firm that may emerge from cooperating with secondary stakeholders, and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences (Schwartz, 1973, 1977; Stern et al., 1999). As such, consistent with their self-enhancing motivations, conservative managers are more likely to identify reasons for defying secondary stakeholder demands (Higgins & Molden, 2003). Even when a secondary stakeholder promotes issues that might be considered congruent with conservative top managers' personal values, a more conservative TMT can be expected to be motivated by their shareholder-centric view of the firm, and be less receptive to such a stakeholder's demands. Chin and colleagues' (2013) findings offer support for this general logic; they found that conservative CEOs invest more heavily in CSR initiatives as firm performance increased, reflecting a dispositional preference toward first maximizing shareholder wealth. Finally, conservative TMTs' inherent disposition toward conservation will motivate them to reject the often socially progressive and radical nature of secondary stakeholder issues because of they will strongly negative prejudicial attitudes toward the deviant nature of secondary stakeholders and experience disgust with these entities (Inbar et al., 2008; Jost, 2006). Consequently, I hypothesize:

Hypothesis 1: The degree of liberalism in the top management team's (TMT) political ideology will be positively associated with the firm's receptivity to its secondary stakeholders.

3.2.2. Top Management Ideological Separation and Receptivity to Secondary Stakeholders

Firm receptivity to secondary stakeholders may emanate from debates and deliberations that take place within the executive suite (Briscoe et al., 2014). Since top managers are known to vary greatly in their respective political ideologies (Chin et al., 2013; Francia et al., 2005),

managers in a given firm might disagree considerably with regards to how they might generally deal with secondary stakeholders, as the spectrum of political ideologies within in the TMT become increasingly *separated*.

Separation refers to the composition of differences in opinion among unit members in values, beliefs, or attitudes (Harrison & Klein, 2007). Minimum separation occurs when all of the members of a unit occupy the same position at any location along a continuum representing a common characteristic. Minimum separation can occur anywhere along the continuum of interest; teams may be close to one another, for example, on where they fall on the liberal-conservative continuum. On the other hand, maximum separation occurs when unit members are equally split and at opposing ends along the continuum of interest. In other words, “the utmost separation occurs when there are two (and only two) staunchly divided but balanced blocs within a team” (Harrison & Klein, 2007: 1204), for example, half the team is highly liberal and the other half is highly conservative. Moderate or limited separation occurs under circumstances in which unit members depict some spread of difference along the continuum. Concretely, as Harrison and Klein explain, “perhaps most unit members occupy the same position, and only a few hold differing positions. Or perhaps unit members are uniformly spread across the continuum” (2007: 1204).

Prior work suggests that separation of values, beliefs, or attitudes within a unit implicates important consequences for intra-unit dynamics and for performance-related outcomes such as decision-making. The traditional argument holds that greater levels of similarity—or lower degrees of separation—yield higher levels of cooperation, trust, and social integration (Locke & Horowitz, 1990). As Harrison and his colleagues observe “people find it more pleasurable to interact with others who have similar psychological characteristics, because that interaction

verifies and reinforces their own beliefs, affect, and expressed behaviors” (2002: 1031). Therefore, as separation within units increases, so too does the potential for subgroups and/or factions to form, which is likely associated with instances in which members of subgroups may “cohere and share opinions more often within the subgroup than with the others, which may lead to irritation in the team and disputes between different factions” (Gibson & Vermeulen, 2003: 203). Empirical findings demonstrate that lower levels of social integration and cooperation lead to lower levels of unit-level task performance (Harrison et al., 2002).

Based on the foregoing, TMT separation, indicative of a TMT containing a higher proportion of conservative managers, may negatively moderate the relationship between liberalism and receptivity. As discussed previously, conservative-leaning managers likely to envision more severe adverse consequences for themselves and the firm that may emerge from cooperating with secondary stakeholders, and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences. Given the structure of their values, conservative managers also exhibit strong conviction in their beliefs and a tendency toward dogmatic aggression (i.e. using aggression toward those whose beliefs are different than their own) (Crowson, 2009). This suggests that conservative managers are likely to remain persistent and aggressive in their desires to limit the firm’s receptivity to secondary stakeholders, perhaps suppressing the influence of more liberal managers on the TMT. Therefore, I propose:

Hypothesis 2: The positive relationship between TMT liberalism and firm receptivity will be moderated by the degree of separation in the TMT’s political ideology, such that the relationship will be less positive (weaker) as ideological separation increases.

Conversely, while conflict, in general, does reduce team effectiveness under various circumstances (De Dreu & Weingart, 2003), it is also argued to be an essential dimension in successful TMTs (Amason, Hochwarter, Thompson, & Harrison, 1995; Bourgeois, 1997;

Bromiley & Rau, 2016; Kellermanns, Walter, Lechner, & Floyd, 2005), especially when that conflict is cognitive in nature (or *C-type conflict*) (Amason et al., 1995; Amason & Sapienza, 1997).

C-type conflict is beneficial because it requires teams to engage in activities that are essential to a team's effectiveness. C-type conflict focuses attention on the all-too-often ignored assumptions that may underlie a particular issue. By facilitating frank communication and open consideration of different alternatives, C-type conflict encourages innovative thinking and promotes creative solutions to problems that otherwise might seem insurmountable. As a consequence, C-type conflict improves the quality of team decisions. In fact, without C-type conflict, team decisions are little more than the decisions of a team's most vocal or influential member (Amason et al., 1995: 23).

Therefore, it is also possible to theorize that greater degrees of separation in the political ideology of the TMT fosters greater levels of values-based cognitive conflict, in which members are forced to examine, compare, and reconcile differences between their own value-laden ways of looking at secondary stakeholders. Further, because secondary stakeholders often frame their demands as opportunities—albeit not always obvious ones (Benford & Snow, 2000; den Hond & de Bakker, 2007)—the type of cognitive conflict that might be expected as a result of increased TMT political ideology separation is consequential for allowing TMTs to recognize the possible opportunities associated with entertaining and working on secondary stakeholders issues. In attempting to reconcile opposing viewpoints present under higher levels of political ideology separation, TMTs are forced to expend greater cognitive effort and also think more creatively, which is typically associated with recognizing non-obvious opportunities (Grégoire, Barr, & Shepherd, 2010; Miron-Spektor, Gino, & Argote, 2011). In other words, greater degrees of TMT political ideology separation can “result in more extensive discussion of strategic options, more learning opportunities, and thereby reduce the likelihood of a groupthink-type phenomenon occurring” (Lant, Milliken, & Batra, 1992: 592). Taken together, the foregoing discussion

suggests that TMT political ideology separation should positively moderate the relationship between liberalism and receptivity. Therefore, I hypothesize:

Hypothesis 2-alternate: The positive relationship between TMT liberalism and firm receptivity will be moderated by the degree of separation in the TMT's political ideology, such that the relationship will be more positive (stronger) as ideological separation increases.

3.2.3. CEO Political Liberalism and Receptivity to Secondary Stakeholders: The Contingent Role of TMT Separation

When theorizing about the role of top manager political ideologies in firm receptivity to secondary stakeholders, it is important to account for the noteworthy role of the CEO as the most influential actor within the TMT (Busenbark et al., 2016; Crossland & Hambrick, 2011; Hambrick, 1995; Kellermanns et al., 2005). For instance, building on the observation that the role of the CEO has seemed to gain increasing importance in the popular media, Quigley and Hambrick utilized a variance partitioning approach to examine the proportion of variance in firm performance that could be attributed to CEO factors, concluding:

perceptions of increased CEO influence might be explained, at least in part, by an increase in actual CEO influence. Across multiple performance measures, we show that the effects of individual chief executives on company outcomes rose considerably over the period 1950–2009 (2015: 827).

Indeed, recent research demonstrates that CEO attributes are important influencers of a number of boundary-spanning strategic initiatives such as undertaking strategic alliances, joint ventures, and mergers. For example, research shows that CEOs who are promotion-focused are quicker to enter into long-term strategic alliances (Das & Kumar, 2011) and are more likely to pursue mergers and acquisitions (Gamache et al., 2015) than CEOs who are prevention focused; someone high in promotion focus pursues goals based on a striving towards their “ideal self”,

and someone high in prevention focus exhibits a strong sense of what “ought to be” and considers goals based on a sense of duty and responsibility (Crowe & Higgins, 1997; Higgins, 1998; Johnson, Smith, Wallace, Hill, & Baron, 2015). Additionally, CEOs exhibiting signs of hubris have also been found to pay higher premiums for acquisitions (Hayward & Hambrick, 1997), and CEO negative relative pay standing is positively associated with acquisition activity (Seo, Gamache, Devers, & Carpenter, 2015). Finally, prior work examining the social dynamics within TMTs also demonstrates that the CEO is a central authority within the TMT (Haleblian & Finkelstein, 1993; Iaquinto & Fredrickson, 1997; Peterson, Smith, Martorana, & Owens, 2003), to the point where firm-level actions might be a reflection of the CEO’s own inclinations, regardless of the TMT’s. I therefore also investigate the influence of CEO liberalism on firm receptivity, considering the possibility that firm receptivity may be reflective of the CEO’s political ideology and hence, underlying values.

The logic supporting the relationship between CEO liberalism and firm receptivity parallels that supporting the hypothesized relationship between TMT liberalism and firm receptivity. Synthesizing these arguments, liberal CEOs’ self-transcendent values make them inherently disposed to taking a broader view of their firms, centered on the creation of social value for various stakeholders, thereby making them more receptive to secondary stakeholders and their initiatives. Furthermore, based on values-driven theories of behavior, liberal-leaning CEOs are also likely than conservative-leaning CEOs to envision more severe adverse consequences for themselves and for the firm that may arise out of refusing to entertain the firm’s secondary stakeholders and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences (Schwartz, 1973, 1977; Stern et al., 1999). In support of

these arguments, Mazutis (2013) finds evidence that CEO open orientation (a construct that includes political liberalism) is associated with broader corporate social strategies.

By comparison, conservative CEOs' self-enhancing values make them inherently disposed to taking a narrower view of their firms, centered on the creation of shareholder wealth. Furthermore, based on values-driven theories of behavior, conservative CEOs are also likely than liberal CEOs to envision more severe adverse consequences for themselves and the firm that may arise out of working with the firm's secondary stakeholders and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences. As such, I hypothesize:

Hypothesis 3: The degree of liberalism in the CEO's political ideology will be positively associated with the firm's receptivity to its secondary stakeholders.

At the same time however, it is possible that the degree to which a firm will be receptive to its secondary stakeholders is not the unilateral decision of the CEO; although he or she is surely an important determinant (Briscoe et al., 2014). Given the highly contestable nature of determining whether to entertain and work with secondary stakeholders, it is reasonable to expect that liberal CEOs would have to engage in some degree of selling the prospect of entertaining secondary stakeholder demands as comprising an important element of the firm's strategic agenda to the other managers on the TMT; these other managers may require some convincing that working on secondary stakeholder issues is worth their time and attention (Dutton & Ashford, 1993).

The ability of CEOs to impart their own ideologically driven intentions pertaining to secondary stakeholders also likely depends on the degree to which the CEO and the rest of the TMT's respective ideologies are separated. TMTs with a high level of separation between the CEO and the other TMT members are those where the ideologies—and hence underlying

values—of the CEO differ from those of the other managers on the TMT. For example, consider a TMT where the CEO is extremely liberal and each of the other managers is extremely conservative. Alternatively, low ideological separation could also be represented by a TMT in which the CEO is extremely conservative and each of the other managers is extremely liberal. By comparison, TMTs with a low degree of separation between the CEO and the other TMT members are those where the ideologies—and hence the underlying values—of the CEO and those of the other managers on the TMT are perfectly convergent. For example, consider a TMT where the CEO is extremely liberal and each of the other managers on the TMT are also extremely liberal, or a TMT in which the CEO is extremely conservative and the other managers on the TMT are also extremely conservative.

As the degree of separation between the CEO's ideology and that of the other members of the TMT increases, it may be difficult of a liberal-leaning CEO to establish consensus with the other TMT members in regards to how the firm may cope with secondary stakeholders (Kellermanns et al., 2005; Knight et al., 1998; Wooldridge & Floyd, 1990). For example, de Jong and colleagues (2013) find evidence that founder personality influences task and relationship which impacts new venture performance. For example, Bromiley and Rau's (2016) recent review focused on social, behavioral, and cognitive influences in the upper-echelons during strategy process also suggests that the potential for faultlines—that is, the division of the TMT into subgroups—increases with a higher degrees of separation between the CEO's political ideology and that of the other TMT members.

Therefore, I argue that the influence of the CEO's political ideology over the firm's receptivity to secondary stakeholders will be moderated by the degree of separation between the CEO's ideology and that of the rest of the TMT. Specifically, I anticipate that the positive

relationship between the CEO's liberalism and the firm's receptivity to secondary stakeholders will be less positive as separation increases. Under high degrees of separation, the CEO is likely to experience some coordination obstacles and disagreements that are likely to attenuate the influence of his or her own ideology on receptivity. However, as separation decreases, the CEO is likely to experience greater ease in imparting his views on the TMT. Therefore, I propose:

Hypothesis 4: The positive relationship between the degree of liberalism in the CEO's political ideology and the firm's receptivity to its secondary stakeholders will be moderated by degree separation between the CEO's political ideology and that of the other TMT members, such that the relationship will be weaker as separation increases.

3.3. METHOD

3.3.1. Sample

I gathered data on secondary stakeholder activity targeted toward publicly traded firms that took place in the United States between 2007-2012. Consistent with prior work (e.g. Nadkarni & Chen, 2014), a five-year time frame is considered long enough to identify patterns of firm receptivity and also to captures economic downturns (2007 to 2009) and upturns (2009 and beyond) that typically impact the business environment (see: NBER.org). Because the secondary stakeholder activity—specifically the likelihood that they target firms—is tied to firm performance (King, 2008), using a sampling from that included economic downturns and upturns ensures that receptivity is not a spurious outcome resulting from systemic increases or decreases in secondary stakeholder activity. The decision to focus on secondary stakeholder demands targeted toward publicly traded companies is rooted in two important considerations. First, Standard and Poor's Compustat and ExecuComp databases provide important data on these firms and their top managers. This is essential for gathering data on managers' personal political

contributions history from other databases, which I expand upon below. Second, these firms “are the kind of organizations that should be highly sensitive to shareholders’ concerns while giving less credence to the demands made by secondary stakeholders” (King, 2008: 403). As such, these types of firms are not necessarily incentivized be responsive to secondary stakeholder demands; willingness to work with secondary stakeholders is discretionary (Clarkson, 1995; McWilliams & Siegel, 2001). Thus, looking at the influence of top managers’ political ideologies on these firms’ receptivity to their secondary stakeholders is a strong test of my hypotheses.

I focus specifically on secondary stakeholder activity in the form of shareholder proxy proposals. Proxy proposals are written proposals presented to be voted on at a company’s annual meeting, and have been historically utilized as a platform to bring a wide range of social issues to the attention of a firm’s management. As noted in prior work, it is now commonplace for entities fitting the traditional conceptualization of secondary stakeholders to purchase enough shares in firms to allow them to table proxy proposals (see: Eesley & Lenox, 2006; McDonnell et al., 2015). For example, People for the Ethical Treatment of Animals (PETA) reports holding shares in over 80 meat producers, clothing retailers, fast food and grocery chains, and pharmaceutical companies. As PETA goes on to explain:

[W]e purchase small amounts of stock in companies that abuse animals in some way—whether for food or clothing or in animal tests—and then use our position as stockholders to submit shareholder resolutions calling on the companies to adopt better animal welfare standards (or in the case of some companies, to adopt any animal welfare standards). We’ve won major victories for animals through using this tactic, like getting Carl’s Jr. and Hardee’s to adopt improve their animal welfare practices and getting Dow Chemical to reduce the number of animals killed in its tests (2008).

Although holding shares makes secondary stakeholders shareholders *de facto* primary stakeholders, little disagreement exists that such entities purchase shares to submit proxy proposals merely as an influence tactic and that these entities fundamentally remain secondary

stakeholders in the eyes of academics and practitioners (Eesley & Lenox, 2006). Consequently, focusing on secondary stakeholder-initiated proxy proposals presents little concern over the authenticity of such demands being issued by entities that conform to prevailing definitions of secondary stakeholders. Looking at firm receptivity to secondary stakeholder activity in the form of proxy proposals also offers the advantage of controlling for the possible confounding effects of contextual factors such as media coverage (Eesley et al., in press; Eesley & Lenox, 2006; King, 2008). Furthermore, the extent to which secondary stakeholder actions such as boycotts reported in the media are actually attended to by the firm's top management is unclear. Additionally, temporal delay between when such activities are covered in the media and when they garner the attention of the firm's top management—if at all—is unclear. In comparison, “by placing issues on the corporate proxy, social movement organizations like PETA work to assure that their issues will be considered on the corporate agenda” (McDonnell et al., 2015: 7), and thus garner the attention of the firm's top management. Given this study's interest in understanding the influence of top managers' personal values on receptivity to secondary stakeholders, proxy proposals are an ideal form of secondary stakeholder action to examine.

Data on these proxy proposals were collected from Institutional Shareholder Services (ISS), formerly known as RiskMetrics. Considerations related to the validity and generalizability of the results required that I apply some notable sampling criteria to the data. First, I limited the data to proxy proposals that are considered to be of the “socially responsible investing” (SRI) category. Second, I limited the data to proxy proposals that are put forth by sponsors categorized as “special interest”, “religious”, or “church”. Examples of secondary stakeholders categorized in this manner are such major players as PETA, the Interfaith Center on Corporate Responsibility (ICCR), and the As You Sow Foundation. This criteria eliminates the possible confounding

effects of including major primary stakeholders, institutional investment firms, or other large block individual shareholders that are categorized as SRIs in the sample (e.g. Walden Asset Management, Service Employees International Union). This stage of building the sample led to the retention of 438 distinct secondary stakeholder-initiated proxy proposals, issued toward 131 unique firms. After constructing the dependent variable (more details on this process below), the final sample for analysis included 292 firm-year observations, grouped across 126 unique firms.

3.3.2. Dependent Variable(s): Firm Receptivity

I measured firm receptivity as the overall variance in its responses to all secondary stakeholder-initiated proxy proposals that it received in the focal year (year t) (see: McDonnell et al., 2015). The status of proxy proposals, as recorded in the ISS database, provides a valuable piece of evidence pertaining to the firm's receptivity to its secondary stakeholders; it can react to shareholder proposals in three distinct and traceable ways. First, the firm could be accommodative and willing to—at least—negotiate with secondary stakeholders without putting the proposal up to a vote, in which case the proposal is *withdrawn*. Second, the firm could indicate a more neutral stance toward the shareholder resolution and voluntarily allow the proposal to go to a *vote* at the annual meeting. Third, the firm could adopt a more defensive stance and seek to challenge the proposal by petitioning the SEC for permission to exclude it from the annual proxy, in which case the proposal is *omitted* (David et al., 2007; McDonnell et al., 2015). Additionally:

Responses to shareholder proposals are a particularly useful tool for studying corporate receptivity because, unlike other forms of activism, the processes for resisting a shareholder proposal are both formalized and public, which makes it possible to separate resistant firms that actively fight against a challenge and more neutral firms that simply ignore the challenge. This is contrasted with the case of challenges like boycotts, where firm responses can typically only be captured as a binary variable indicating whether a target did or did not concede, conflating resistant and neutral firms (McDonnell et al., 2015: 661).

Accordingly, utilizing the status of the proxy proposals offers the unique advantage of building a measure that more closely captures how the firm strategically engages with secondary stakeholders in a general and ongoing manner. To do so, I followed McDonnell and colleagues' (2015) approach to capturing responsiveness, which relies on the Janis-Fadner (JF) coefficient of imbalance. The JF coefficient is a measure that has traditionally been used to capture the overall tenor of media articles (Janis & Fadner, 1965). Strategic management and organization scholars have commonly utilized the JF coefficient to measure such things as firm reputation or celebrity, as it is portrayed in the popular media (e.g. Deephouse, 2000; Pfarrer, Pollock, & Rindova, 2010; Pollock & Rindova, 2003). The JF coefficient has commonly been obtained by coding media articles as negative, neutral, or positive, then transforming them into a variable that captures these articles' overall tenor. Like media articles, outcomes of secondary stakeholder-initiated proxy proposals are negative, neutral, or positive; the JF coefficient, therefore, applies nicely to measuring a firm's responsiveness to its secondary stakeholders. The JF coefficient is computed as follows:

$$(P^2 - PN) / V^2 \text{ if } P > N; 0 \text{ if } P = N;$$

$$\text{and } (PN - N^2) / V^2 \text{ if } N > P$$

P is the number of positive response outcomes to secondary stakeholder-initiated proxy proposals (i.e. withdrawn), N is the number of negative responses (i.e. omitted), and V is the total number of secondary stakeholder-initiated proxy proposals submitted to the firm in a given year. The final variable has a range from -1 to 1. Firms with a JF coefficient of -1 challenged all proxy proposals submitted in a given year and firms with a JF coefficient of 1 voluntarily agreed to work with secondary stakeholders toward implementing all of the social proxy proposals they received.

3.3.3. Focal Independent Variables and Moderators

Managerial political ideology. Based on an approach that has been validated by, and used in, prior research (e.g. Briscoe et al., 2014; Chin et al., 2013; Christensen et al., 2015; Hutton et al., 2014), top managers' political ideologies were measured using their history of personal contributions to election campaigns. Prior studies have considered all individuals at the vice-president level or higher to comprise the TMT (e.g. Hambrick & D'Aveni, 1992; O'Reilly, Main, & Crystal, 1988). However, there is tremendous variation across industries both pertaining to the average number of vice-presidents on a given TMT as well as to the meaning of the title "vice-president" (Finkelstein et al., 2009). Following prior work, the TMT in this study is defined as top managers at the firm as reported in the ExecuComp database (see: Carpenter, Sanders, & Gergersen, 2001; Hutton et al., 2014); in most cases, this comprises the five highest paid managers at the firm but there is variation in the number of top managers that are listed in the ExecuComp database for each firm. This operationalization is reasonable as ExecuComp generally lists the most highly compensated and most prominent top managers at the firm, which constitutes the dominant coalition—perhaps even within a larger group that may include directors—that is primarily held responsible for key strategic initiatives and performance outcomes (Siegel & Hambrick, 2005). This operationalization is also appropriate for the present study, since understanding firm receptivity to secondary stakeholders implicates considerations of firm boundaries and managing complex and interwoven relationships among the firm's various stakeholders, which is likely the domain of only the true elites in the TMT (Finkelstein et al., 2009). Furthermore, since secondary stakeholder demands frequently conflict with the priorities of the firm's primary stakeholders, those most highly visible and compensated managers find themselves at the greatest risk of being scapegoats (Boeker, 1992), primary

stakeholder—especially shareholders—are displeased with how the firm deals with secondary stakeholders.

I proceeded to gather information on top managers' personal political contributions made to PACs, Parties, Senate, House, or Presidential candidate during the 10-year window prior to the occurrence of a secondary stakeholder activist-initiated proxy proposal. These contributions are tracked by the Federal Election Commission (FEC)—any contribution of \$200 or above made since 1979 is available on the FEC website, as well as from non-partisan research institutes such as the Center for Responsive Politics (www.opensecrets.org). These data files list the donor's employer and job title that, along with the donor's name, are the key identifiers for linking the contribution data to other managerial characteristics reported in the ExecuComp database.

A top manager's personal political ideology—specifically, his or her degree of political liberalism—is calculated based on four representative indicators (see: Briscoe et al., 2014; Chin et al., 2013). First, I computed the number of donations to Democrat recipients divided by the number of donations to recipients of both parties (to handle zero values, I added 0.1 to all numerators and 0.2 to all denominators). Second, I took the dollar amount of donations to Democrats divided by the amount of donations to both parties. Third, I calculated the number of years the manager made donations to Democrats divided by the number of years donations were made to either party. Finally, I added the number of distinct Democratic recipients to which the manager made donations divided by the total number of distinct recipients of both parties. Together, these four indicators represent an top manager's behavioral commitment, financial commitment, persistence of commitment, and scope of commitment reflective of a liberal ideology (Briscoe et al., 2014; Chin et al., 2013). The final measure is the average of all four indicators and yields an overall measure of managerial political ideology between 0 and 1; with 0

indicating a perfectly conservative individual and 1 indicating a perfectly liberal individual. For example, consider a manager gave 4 gifts to Democrats and two to Republicans; gave \$3000 to Democrats and \$700 to Republicans; made gifts to Democrats in five calendar years and gifts to Republicans in three years; and gave to five distinct Democratic recipients and only one Republican recipient. This top manager's scores for each of the four indicators are as follows:

$$\begin{aligned}
 \text{Liberalism in number of donations} &= \frac{4 + 0.1}{6 + 0.2} = 0.66 \\
 \text{Liberalism in dollar value of donations} &= \frac{3000 + 0.1}{3700 + 0.2} = 0.81 \\
 \text{Liberalism in number of donation years} &= \frac{5 + 0.1}{8 + 0.2} = 0.62 \\
 \text{Liberalism in number of distinct recipients} &= \frac{5 + 0.1}{6 + 0.2} = 0.82
 \end{aligned}$$

Taking the average of the four indicators, this manager's overall political liberalism score is 0.73; a relatively liberal manager.

I measured the political ideology of the TMT in two distinct ways, in order to account for different ways of operationalizing and conceptualizing the political ideology of a team. First, I measured *TMT political liberalism* using the average of the political liberalism measure of the individual managers' political ideologies (Chan, 1998). While others have opted for a weighted average (e.g. Christensen et al., 2015), I have no theoretically valid reason that would support my assigning specific weights to managers' political ideology scores in determining the political ideology of the TMT (Chan, 1998). Further, to the extent that dealing with secondary stakeholders involves open conversations within the executive suite, as Briscoe and colleagues (2014) describe, I proceed along a safer assumption that each manager's, including the CEO's, voice and ideology will be represented in a more equally-weighted manner when calculating the TMT's overall political ideology than would otherwise be the case using pre-determined—and arguably arbitrary—weights.

Second, adopting an approach that has recently been utilized to study the strategic influence of diversity on TMTs and boards (Chen, Crossland, & Huang, 2016; Post & Byron, 2015), I also measured *TMT liberal representation* as the as the proportion of liberal-leaning executives on the TMT in a given firm-year. Individual managers were considered as liberal-leaning if their political ideology measure was greater than 0.5. In subsequent analyses (which I expand upon below), I also estimated models using a weighted average of TMT liberalism and using a categorical measure of *Liberal TMT presence* using a dummy variable where one (1) indicated a TMT that had at least one liberal-leaning manager; zero (0) otherwise (Chen et al., 2016).

TMT ideology separation. Ideology separation on the TMT was measured using the unit-level standard deviation (SD) of top managers' ideology scores, based on Harrison and Klein's approach, which is "indexed at the unit level by cumulating absolute or squared distances between pairs of individuals. Within-unit SD reflects such cumulative distances" (2007: 1210; see also: Chan, 1998; Kellermanns, Walter, Lechner, & Floyd, 2005). While the separation measure does not offer any insight as to the relative position of any individual top manager in either "ideological camp" (i.e. it is agnostic as to whether the CEO or any individual manager is liberal or conservative) it does adequately capture the extent to which opposing ideology-driven viewpoints are present and how oppositional they might be.

CEO-TMT ideology separation. I measured ideology separation between the CEO and the other members of the TMT by comparing each team's member's ideologies against those of the CEO (Kellermanns et al., 2005; Wooldridge & Floyd, 1990). Specifically, I computed the averaged the Euclidian-distance scores between the CEO and each TMT member (Harrison & Klein, 2007; Iaquinto & Fredrickson, 1997; West & Schwenk, 1996). This measure accurately

reflects a construct of interest related to the “alignment of opinion around a specific view” (Kellermanns et al., 2005: 730; see also: Smith-Jentsch, Mathieu, & Kraiger, 2005). As such, for ease of interpretation, this measure is the inverse of the measure I used for TMT separation, where higher values actually reflect lower degrees of separation between the CEO and the rest of the TMT.

3.3.4. Control Variables

Prior work has demonstrated that a number of TMT-level factors may influence various strategic decisions and actions, such as the degree to which the firm might be receptive to secondary stakeholders, and I accounted for them in this study. I controlled for *TMT age*, the average age of the top managers, because older top managers might be more risk-averse (Bantel & Jackson, 1989; Finkelstein et al., 2009; Wiersema & Bantel, 1992). Further, recent work also demonstrates that gender in the executive suite might be associated with important strategic decisions and actions, such as undertaking acquisitions (Chen et al., 2016; see also: Dezsö & Ross, 2012; Post & Byron, 2015); I therefore controlled for *TMT female representation* as the proportion of women on the TMT. In order to control for the TMT’s degree of total political activism, I included a control for *TMT political activism*, a count variable of the total number of donations made to all political parties by the TMT members during the 10 years prior to the focal year (Chin et al., 2013). In the models estimating the influence of TMT political ideology separation, I also controlled for *TMT size*, as the number of top managers on the TMT, given its influence on cognitive conflict (Amason & Sapienza, 1997; Bromiley & Rau, 2016; Eisenhardt & Schoonhoven, 1990; Haleblan & Finkelstein, 1993), and for *CEO political liberalism*, because of the possibility that the CEO’s decision-making authority over receptivity to secondary stakeholders may be most prevalent in scenarios where the TMT is increasingly separated. At the

firm-level, prior work suggests that larger firms and better performing firm are more visible and thus, susceptible to drawing public scrutiny when secondary stakeholders issues demands (David et al., 2007; King, 2008); I controlled firm size as the log of *total employees* (McDonnell et al., 2015) and for firm performance as the log of *ROA*. Finally, because other intra-industry firms' receptivity may influence the focal firm's TMT in determining how they will receive secondary stakeholder demands (Pacheco & Dean, 2015), I controlled for *industry membership* using one-digit SIC codes (Krause, Priem, & Love, 2015). The use of one-digit SIC codes is driven by considerations for estimating the best possible model, while saving on degrees of freedom (e.g. Chin et al., 2013). To account for other possible macroeconomic factors, I also estimated models that controlled for *year* effects. Including these effects in the models did not alter the results and none of the year effects were consistently significant predictors of receptivity; I omitted them from the final models for considerations related to saving on degrees of freedom. Furthermore, additional tests for including time fixed effects (*testparm* in STATA 13.1) revealed that year effects were not significant, and therefore, not required in the models (Allison, 2009). Although it is possible to control for industry membership using two-digit SIC codes, doing so renders it impossible to utilize robust standard errors clustered by firm. In the analyses pertaining to the CEO, I controlled for analogous factors at the individual-level of the CEO—namely CEO age and gender.

3.3.5. Addressing Possible Endogeneity

It is possible that secondary stakeholders may pay attention to the composition of the firms' TMTs to determine which firms might be more receptive to their demands. As mentioned above—although unlikely—to the extent that key secondary stakeholder decision-makers were inclined to gather information on top managers' political campaign contribution history, it would

be possible for them to ascertain the extent to which firms' TMTs presented more liberal political ideologies. In this regard, firms with liberal-leaning TMTs would appear to present a more attractive *corporate opportunity structure* for secondary stakeholders (Briscoe et al., 2014) and receive a higher number of secondary stakeholders demands, on average. As a result of potentially receiving a higher number of secondary stakeholder demands, and hence being subjected to more intense pressure, such firms might naturally be more inclined to be receptive to secondary stakeholder demands.

To explore this possibility, I first regressed the number of secondary stakeholder claims received by a firm in the focal year (year t) against the TMT's political ideology in the prior year (year $t-1$). I then estimated other models that included a broader set of potential antecedent factors alongside the TMT's ideology: the firm's prior degree of receptivity (year $t-1$), the TMT's level of political activity in the prior year (year $t-1$), and the firm's location (whether it was headquartered in one of the top-10 most Democratically-oriented States, according to Gallup: Rhode Island, Massachusetts, Hawaii, Vermont, New York, Connecticut, Maryland, Illinois, and Delaware). None of these models revealed that the TMT's political ideology was a significant predictor of the number of secondary stakeholder challenges received by the firm; none of the other factors were significant either.

3.3.6. Estimation Approach

My data contained a varying number of annual observations clustered by firm. Because of this, when testing my hypotheses, it is necessary to take into account that each firm's degree of receptivity is possibly autocorrelated across different years of observation because of permanent but unobserved firm-level attributes. These correlations violate the assumption of independence across observations necessary for ordinary least squares regression. To address this

issue, I rely on the method of generalized estimating equations (GEE)—a population-average technique—that allows me to model the variance both between firms and across time for each firm. GEE estimators produce consistent, normally-distributed solutions, even in cases involving misspecification of the covariance structure of the panel data (Liang & Zeger, 1986; Zeger, Liang, & Albert, 1988).

In comparison to other prevalent modeling techniques when using panel data—namely, fixed- or random-effects models—GEE offers two distinct advantages: it does not assume that the dependent variable is normally distributed, and it is more robust because it estimates multiple correlation matrix structures to best fit the data (Liang & Zeger, 1986). Specifically, I used the *xtgee* command in STATA 13.1, and specified robust standard errors clustered by firm to further relax the assumption of independence of observations (Williams, 2000). I also conducted the Wooldridge test for autocorrelation (Drukker, 2003) to see whether a GLS estimation technique might be more appropriate than a GEE estimation, using the *xtserial* command in STATA 13.1. The results of the Wooldridge test demonstrate that autocorrelation was not present in the data. While the results of the Wooldridge test suggest that GLS estimations were not necessary, I conducted supplementary analyses using GLS estimations and other techniques to demonstrate the robustness of the results.

3.4. RESULTS

Descriptive statistics and correlations for my study variables are shown in Table 3. It should be noted that the mean values and standard deviations for my measures of TMT ideology are highly consistent with those found in prior work (e.g. Chin et al., 2013; Christensen et al., 2015). The main implication worth noting, is that the high degree of consistency between my measures and those utilized in studies examining a broader sample of firms (including many that

have not been targeted by secondary stakeholders), suggests that sample selection bias is not a worrisome issue in this case (Antonakis, Bendahan, Jacquart, & Lalive, 2010; Certo, Busenbark, Woo, & Semadeni, in press). In other words, the high degree of consistency between my TMT ideology measures and those found in prior work having studied a broader population of top managers strongly suggests that the average characteristics of both observable and omitted variables in my sample mirror those of the general population in an adequate manner (Vella, 1998).

Table 4 presents the GEE results estimated to test hypothesis 1. All models were highly significant according to the Wald χ^2 test. Models 1 and 2 estimate the relationship between TMT political liberalism and receptivity using different measures. Additionally, all variance inflation factors (VIFs) were less than 10, a generally accepted rule-of-thumb cutoff for VIF (Neter, Kutner, Wasserman, & Nachtsheim, 1996). Specifically, the average VIF value was 1.63 and the highest was 3.33. As such, multicollinearity was not a problem for the analyses.

TABLE 3
Descriptive Statistics and Correlations

Variable	Mean	S. D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Firm receptivity	0.13	0.57														
2. TMT liberalism	0.39	0.29	0.04													
3. TMT liberal rep.	0.23	0.26	0.08	0.85												
4. TMT liberal pres.	0.59	0.49	0.05	0.81	0.73											
5. TMT separation	0.20	0.14	0.11	0.38	0.23	0.59										
6. TMT consensus	0.24	0.18	0.11	0.32	0.17	0.48	0.88									
7. CEO liberalism	0.39	0.32	0.08	0.81	0.71	0.62	0.19	0.12								
8. CEO age	56.91	5.25	0.03	-0.00	0.01	0.00	0.01	0.06	-0.10							
9. CEO gender	0.04	0.21	-0.03	-0.07	-0.06	-0.11	-0.18	-0.15	-0.05	-0.09						
10. TMT age	53.95	2.96	0.18	-0.19	-0.04	-0.15	-0.25	-0.21	-0.13	0.38	0.07					
11. TMT size	6.01	1.34	-0.17	0.02	-0.05	0.05	0.02	-0.03	-0.01	0.06	-0.06	-0.19				
12. TMT female rep.	0.09	0.12	-0.14	-0.01	-0.01	-0.03	0.00	0.07	-0.03	-0.09	0.19	0.01	-0.08			
13. TMT politics	45.18	51.45	-0.05	0.22	0.25	0.21	-0.07	-0.15	0.22	0.12	-0.12	0.15	0.33	-0.15		
14. Employees	139.86	283.15	-0.05	0.01	-0.04	0.05	0.20	0.21	-0.09	0.11	-0.04	-0.06	-0.07	-0.04	-0.09	
15. ROA	0.88	0.69	0.08	-0.11	-0.16	-0.20	-0.05	-0.07	-0.05	0.20	-0.02	0.23	-0.03	0.07	-0.05	0.34

TABLE 4
Influence of Top Management Liberalism on Receptivity

Variables	Receptivity = $\beta_0 + \beta_1$ Political Ideology + $\Sigma\beta_k$ Controls + ε							
	Model 1				Model 2			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
TMT liberalism	0.299 (0.154)	0.02	-0.003	0.601				
TMT liberal rep.					0.330 (0.167)	0.02	0.004	0.656
Controls								
TMT age	0.033 (0.013)	0.01	0.007	0.059	0.032 (0.013)	0.02	0.006	0.057
Female rep.	-0.668 (0.368)	0.07	-1.390	0.054	-0.715 (0.366)	0.05	-1.432	0.002
TMT politics	-0.001 (0.001)	0.31	-0.003	0.001	-0.001 (0.001)	0.22	-0.003	0.001
Employees	-0.075 (0.365)	0.04	-0.146	-0.003	-0.078 (0.037)	0.03	-0.150	-0.006
ROA	0.081 (0.083)	0.33	-0.082	0.244	0.077 (0.084)	0.36	-0.088	0.241
Intercept	-1.300 (0.733)	0.08	-2.738	0.136	-1.167 (0.720)	0.11	-2.577	0.244
Industry effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	270				270			
χ^2	261.14				208.76			

Notes: Coefficient estimates are reported with robust standard errors in parentheses. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

Hypothesis 1 predicted that degree of liberalism in the top management team's (TMT) political ideology would be positively associated with the firm's receptivity to its secondary stakeholders. Together, Models 1 and 2 offer support for this hypothesis. First, as the average level of liberalism in the TMT increases, firms become more receptive to secondary stakeholders ($\beta = 0.299, p = 0.02$). Second, as the proportion of liberal-leaning executives in the TMT increases, firms become more receptive to secondary stakeholders ($\beta = 0.330, p = 0.02$). More specifically, it is possible to conclude with 98% confidence that the relationship between TMT liberalism and firm receptivity is positive. In terms of effect size, if the representation of liberal-

leaning top managers increases by 20%, the firm’s receptivity increases an average of approximately 17%. Figure 4 graphically depicts the relationship between TMT liberal representation and firm receptivity.

FIGURE 4
The Effect of TMT Liberal Representation on Receptivity

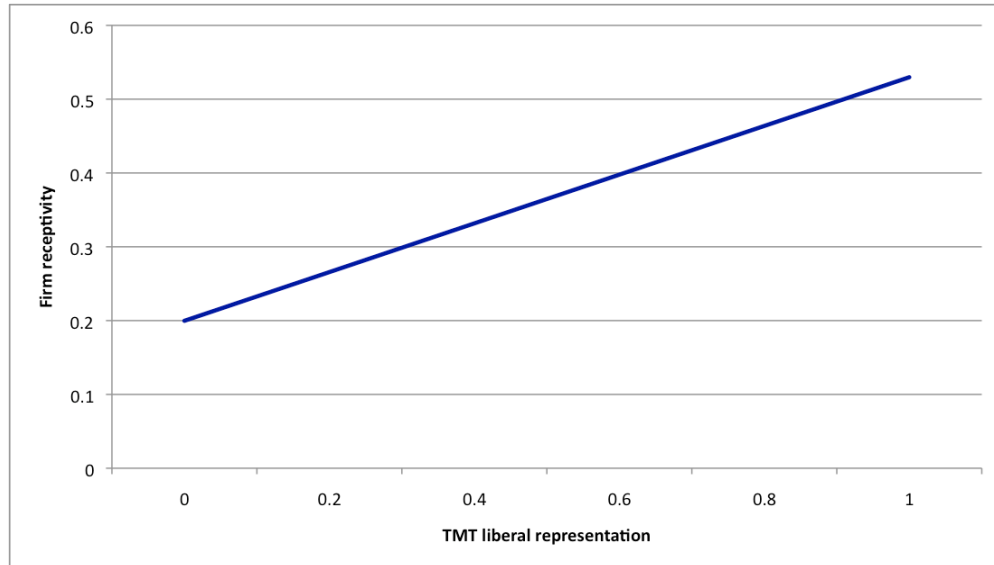


Table 5 presents the GEE results estimated to test hypotheses 2, and 2-*a*. Again, all models were highly significant according to the Wald χ^2 test and all VIFs were less than 10; the average VIF value was 2.05 and the highest was 3.74. Multicollinearity was not a problem for these analyses. Hypothesis 2 predicted that the TMT’s ideological separation would negatively moderate the relationship between TMT liberalism and firm receptivity; hypothesis 2-*a* predicted that ideological separation would be positively moderate the relationship between TMT liberalism and firm receptivity. Consistent with hypothesis 2-*a*, the results of Model suggest that TMT ideology separation moderates the relationship between TMT liberalism and firm receptivity ($\beta = 2.098, p = 0.07$). However, it is only possible to conclude with 93% confidence that the positive relationship between TMT liberalism and firm receptivity is moderated by the

degree of separation in the TMT's political ideology, such that the relationship is more positive as ideological separation increases. Figure 5 displays the simple slopes of the relationship between TMT liberalism and receptivity, as moderated by TMT ideological separation (all values are mean-centered).

TABLE 5
Influence of Top Management Ideology Separation on Receptivity

Variables	Receptivity = $\beta_0 + \beta_1$ Political Ideology + $\sum \beta_k$ Controls + ε							
	Model 3				Model 4			
	β	<i>p</i>	LCI _{95%}	UCI _{95%}	β	<i>p</i>	LCI _{95%}	UCI _{95%}
TMT separation	0.721 (0.323)	0.01	0.088	1.353	0.654 (0.329)	0.04	0.158	1.449
TMT liberalism					0.012 (0.281)	0.45	-0.787	0.304
TMT lib. × TMT sep.					2.098 (1.445)	0.07	-0.735	4.932
Controls								
CEO liberalism	0.173 (0.173)	0.32	-0.166	0.512	0.318 (0.245)	0.19	-0.164	0.814
TMT size	-0.056 (0.026)	0.03	-0.107	-0.005	-0.054 (0.026)	0.03	-0.105	-0.004
TMT age	0.047 (0.016)	0.00	0.016	0.077	0.044 (0.015)	0.00	0.017	0.076
Female rep.	-0.564 (0.424)	0.18	-1.394	0.266	-0.544 (0.414)	0.19	-1.387	0.242
TMT politics	-0.001 (0.001)	0.37	-0.003	0.001	-0.001 (0.001)	0.27	-0.002	0.001
Employees	-0.104 (0.033)	0.00	-0.169	-0.039	-0.105 (0.032)	0.00	-0.168	-0.038
ROA	0.120 (0.078)	0.12	-0.032	0.272	0.120 (0.079)	0.13	-0.048	0.259
Intercept	-1.609 (0.970)	0.10	-3.510	0.291	-1.162 (0.946)	0.11	-3.478	0.230
Industry effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	200				200			
χ^2	246.92				261.14			

Notes: Coefficient estimates are reported with robust standard errors in parentheses; coefficients in interaction are mean-centered. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

FIGURE 5
The Joint Effect of TMT liberalism and Separation on Receptivity

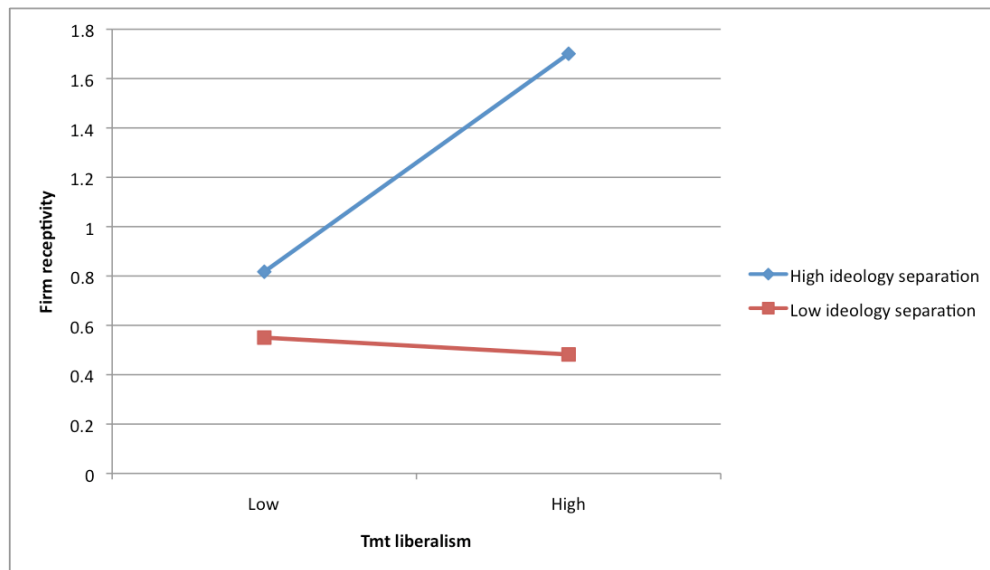


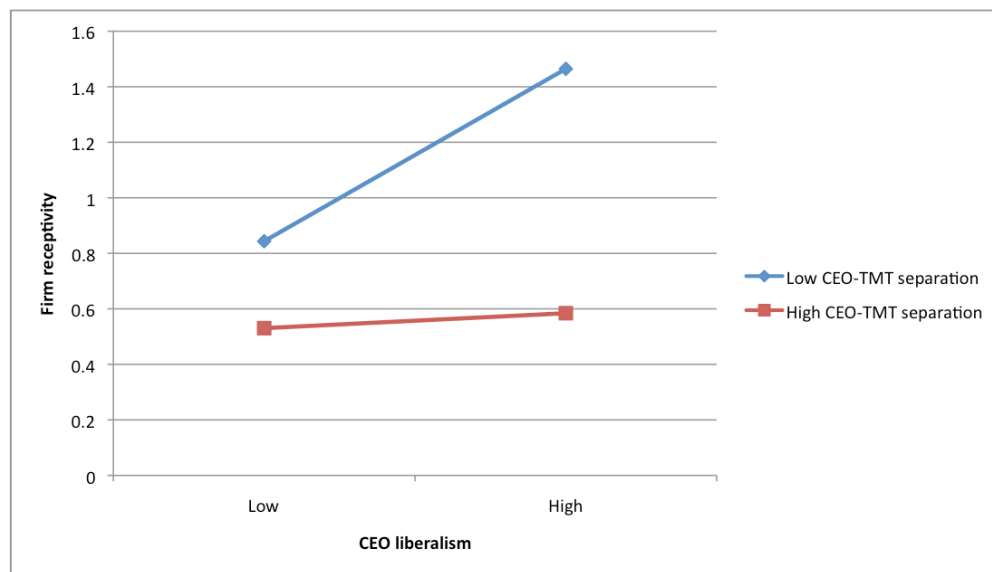
Table 6 presents the GEE results estimated to test hypotheses 3 and 4. As with the previous models, all models were highly significant according to the Wald χ^2 test. Model 5 estimates the relationship between CEO liberalism and receptivity; Model 6 estimates the interaction between CEO liberalism and TMT ideological consensus. Hypothesis 3 predicted that the CEO's political liberalism would be positively associated with receptivity. The results of Model 5 do not offer strong support this hypothesis ($\beta = 0.269$, $p = 0.07$). More specifically, it is possible to conclude with 93% confidence that the relationship between CEO liberalism and firm receptivity is positive. Hypothesis 4 predicted that the positive relationship between CEO liberalism and receptivity would be negatively moderated by degree of ideological separation between the CEO and the rest of the TMT. Model 6 offers support for this hypothesis ($\beta = 1.063$, $p = 0.02$). More specifically, it is possible to conclude with 98% confidence that the positive relationship CEO liberalism and firm receptivity is moderated by the degree of ideology separation between the CEO and the others on the TMT. Figure 6 displays the simple slopes of

the relationship between CEO liberalism and receptivity, as moderated by TMT ideological consensus (all values are mean-centered). As with the previous models, all VIFs were less than 10; the average VIF value was 1.64 and the highest was 3.12. Therefore, multicollinearity was not a problem for these analyses.

TABLE 6
Influence of CEO Ideology and Separation on Receptivity

Variables	Receptivity = $\beta_0 + \beta_l$ Political Ideology + $\sum \beta_k$ Controls + ε							
	Model 5				Model 6			
	β	<i>p</i>	LCI _{95%}	UCI _{95%}	β	<i>p</i>	LCI _{95%}	UCI _{95%}
CEO liberalism	0.269 (0.180)	0.07	-0.085	0.622	0.177 (0.156)	0.13	-0.127	.483
CEO-TMT separation					0.612 (0.235)	0.01	0.150	1.073
CEO lib. × CEO-TMT sep.					1.063 (0.527)	0.02	0.010	2.12
Controls								
CEO age	-0.013 (0.010)	0.19	-0.033	0.007	-0.010 (0.010)	0.33	-0.030	0.010
CEO gender	0.068 (0.180)	0.71	-0.285	0.421	0.215 (0.232)	0.36	-0.239	0.669
TMT size	-0.040 (0.026)	0.05	-0.091	0.011	-0.049 (0.025)	0.05	-0.098	0.001
TMT age	0.055 (0.017)	0.00	0.021	0.088	0.051 (0.015)	0.00	0.021	0.081
Female rep.	-0.577 (0.418)	0.17	-1.397	0.242	-0.689 (0.400)	0.09	-1.474	0.096
TMT politics	-0.001 (0.001)	0.32	-0.003	0.001	-0.001 (0.001)	0.43	-0.002	0.001
Employees	-0.081 (0.037)	0.03	-0.154	-0.009	-0.100 (0.032)	0.00	-0.161	-0.037
ROA	0.045 (0.084)	0.59	-0.119	0.210	0.100 (0.078)	0.21	-0.161	0.037
Intercept	-1.403 (1.060)	0.19	-3.480	0.054	-1.187 (0.978)	0.23	-3.103	0.730
Industry effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	215				200			
χ^2	226.67				316.40			

Notes: Coefficient estimates are reported with robust standard errors in parentheses; coefficients in interaction are mean-centered. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

FIGURE 6**The Joint Effect of CEO Political Ideology and TMT Separation on Receptivity****3.4.1. Supplementary Analyses**

To examine the robustness of the findings, I conducted some supplementary analyses. First, to account for the possibility that not all top managers' political ideologies are weighted evenly in the TMT, I re-estimated my models using Christensen and colleagues' (2015) weighted measure of the TMT political liberalism. Specifically, this measure assigns a weight to each manager's political ideology as the inverse of his or her rank at the firm, based on his/her compensation. For example, the highest paid manager (in all but very rare cases, the CEO) receives a weight of 1, the second highest receives a weight of 1/2, the third highest receives a weight of 1/3, the fourth highest receives a weight of 1/4, and the fifth highest receives a weight of 1/5, and so on. I also re-estimated the model using a coarser measure of *TMT liberal presence* using a dummy variable where one (1) indicated a TMT that had at least one liberal-leaning manager; zero (0) otherwise. As Table A1 of Appendix A demonstrates, the results using these alternative measures of TMT liberalism are consistent with those reported above. Specifically, Model 7 demonstrates, using a weighted measure, that as average level of liberalism in the TMT

increases, firms become more receptive to secondary stakeholders ($\beta = 0.265, p = 0.04$). Second, Model 8 demonstrates that TMTs with at least one liberal-leaning managers are more receptive than TMTs with no liberal-leaning managers ($\beta = 0.176, p = 0.04$).

Additionally, given some support for Hypothesis 2-*a*, I also explored whether separation had any curvilinear properties; considering the possibility that the effect of ideology separation does wane somewhat. However, as Model 10 in Table A2 demonstrates, ideology separation did not display any curvilinear properties ($\beta = 0.039, p = 0.49$). This offers further support to the argument that, at least in scenarios where top managers are determining whether the firm will be receptive to secondary stakeholders, ideology separation increases cognitive conflict, and without necessarily increasing affective conflict (which a curvilinear relationship might have suggested).

Finally, as touched upon above, to demonstrate the robustness of my findings across various estimation methods, I re-estimated the hypotheses using a range of techniques, including GLS, and Tobit models (given the range restriction on the receptivity variable) (Wooldridge, 2002). Generally, the results of these analyses were consistent with the GEE estimations. However, the interaction hypotheses were not significant in the GLS estimations, suggesting that conclusions pertaining to hypotheses 3 and 5 might not be strongly generalizable; although it is important to note that the GLS estimations resulted in a number of observations being dropped from the models. Tables A3, A4, and A5 of Appendix A report the GLS estimations conducted as supplementary analysis. Although earlier deemed non-significant, these models also included year fixed effects (omitting year fixed effects did not change the results) to further demonstrate the robustness of findings.

3.5. DISCUSSION

Secondary stakeholders have become an increasingly prevalent and important source of environmental pressure for firms (Clarkson, 1995; Eesley & Lenox, 2006; Su & Tsang, 2015), and the extent to which a firm will entertain and commit to working on secondary stakeholder issues entails consequential resource commitments and/or policy changes that affect the way the company does business (McDonnell et al., 2015; Pacheco & Dean, 2015; Waldron et al., 2013). To date, empirical research on understanding how firms deal with secondary stakeholders has been largely limited to investigations of stakeholder-sided and firm-level factors (e.g. Eesley & Lenox, 2006; Julian et al., 2008; McDonnell & King, 2013). In contrast, I argued that political ideologies are unobtrusive reflections of top managers' personal values, which in turn ultimately shapes their firm's receptivity toward its secondary stakeholders. Given the characteristics of secondary stakeholder demands (i.e. affect-laden, ethically-driven, politically-oriented, radical), applying an upper echelons perspective to the study of firm receptivity to these entities presents noteworthy advantages for understanding both firm receptivity toward secondary stakeholders and the socio-cognitive mechanisms of top managers that support this type of strategic behavior. Accordingly, this study provides important evidence that top managers' political ideologies—a reflection of their personal values—are critical determinants of firm receptivity to secondary stakeholders.

I found that TMT liberalism is positively associated with firm receptivity to secondary stakeholders. This finding suggests that top managers personal values are reflected in the extent to which the firm will be receptive to secondary stakeholders. More generally, this finding also offers further evidence that top managers do, in fact, mold the firm to reflect their own values. However, while prior work demonstrates the occurrence of the phenomenon through a more

proactive means of investing in CSR initiatives (Chin et al., 2013; Mazutis, 2013), the present study highlights how top managers may mold the firm to reflect their own values through more reactive means of entertaining and working on a wider, or narrower, set of secondary stakeholder issues.

I also found that TMT ideological moderated the positive relationship between TMT liberalism and firm receptivity, such that the relationship became more positive (stronger) as separation increased; however, this finding is only supported with 93% confidence. This set of findings suggest, in line with prior theory on cognitive conflict in TMTs (Amason et al., 1995; Amason & Sapienza, 1997), that TMTs increasingly separated in their ideologies may envision a greater variety of adverse consequences for themselves and the firm that may emanate from refusing to work on a wider range secondary stakeholder issues, and ascribe themselves a greater degree of responsibility for avoiding such adverse consequences, and establish personal norms consistent with entertaining and working on a greater proportion of secondary stakeholder issues. In other words, the type of cognitive conflict that might be expected as a result of increased TMT ideological separation would appear to enable TMTs to recognize the possible opportunities associated with working on a wider breadth of secondary stakeholders issues. Further, these findings also appear to disconfirm the alternative argument that the presence of conservative managers on highly separated TMTs might suppress the influence of liberal-leaning managers. In fact, the findings appear to suggest that conservative-leaning managers and liberal-leaning managers are capable of engaging in productive forms of debate and conflict when discussing secondary stakeholder issues.

Finally, I found that the influence of the CEO's political ideology on firm receptivity is moderated by the degree of separation between the CEO's and the other members of the TMT's

ideology. Substantively, the positive influence of CEO liberalism on firm receptivity gets stronger as separation decreases (or under conditions where low separation is present). In line with Briscoe and colleagues' (2014) remarks, this finding suggests that firm receptivity to secondary stakeholders—while implicating the firm's CEO in an integral fashion—emerges from debates and deliberations in the executive suite. In other words, it appears that entertaining and working on secondary stakeholder issues is not the unilateral decision of the firm's CEO; rather, it appears to involve the other members of the TMT. However, the finding does suggest that CEOs may face less resistance in implementing their vision for how receptive the firm will be to secondary stakeholders when the political ideologies—and thus, underlying values—of the other members of the TMT are aligned with those of the CEO.

3.5.2. Contributions to Theory and Implications for Practice

This study's findings make three notable contributions to strategic management and organizational research. First, in focusing on the role of top managers within the context of secondary stakeholder activism, this study contributes to research on upper echelons and strategic leadership by emphasizing the role of managers' personal values in shaping their firm's receptivity to secondary stakeholder demands. In particular, leveraging top managers' political ideologies as an unobtrusive proxy for their personal values, I contribute to developing more initial evidence that substantiates the general theoretical proposition in the upper echelons perspective that a firm's top managers' values are injected into their strategic decisions by demonstrating this influence on firm receptivity to secondary stakeholders. While the idea that top managers are prone to molding the firm to reflect their own personal values has been theorized (see: Finkelstein et al., 2009; Hambrick & Mason, 1984), the extent to which they do so and the circumstances under which this is likely to occur have remained less well understood.

Further, early empirical work on the topic of top manager values has tended to examine the influence of top manager values on the general strategic profile of the firm, specifically on the firm's CSR profile (Chin et al., 2013; Mazutis, 2013) and on its tax avoidance tendencies (Christensen et al., 2015). In contrast, the present study distinguishes itself as one that examines how top managers values may be reflected in firm behavior as a result of external stimuli. In doing so, I offer important theoretical insights as to why and how top managers' values and specific situations interact to influence choice (Busenbark et al., 2016; Finkelstein et al., 2009); specifically, by outlining how secondary stakeholder demands represent a certain type of external stimuli that is likely to make top managers' personal values important predictors of firm behavior. Finally, this study's findings relate to calls for further work on understanding the role of top managers ideologies and how they importantly influence possible moral aspects of running a firm (Christensen et al., 2015), given the increased importance for understanding how and why firms impact general social welfare and entities that are situated beyond the scope of their competitive environment (Carroll, 2009; Lamin & Zaheer, 2012; Whetten & Mackey, 2002).

This study also contributes to stakeholder theory, as well as to the literature on social movements in a related way. I outline new theoretical and empirical insights concerning the role of top managers personal values and articulating how these characteristics act as important firm-sided drivers of firm receptivity to secondary stakeholders (Eesley & Lenox, 2006). As Waldron and his colleagues noted: "activists cannot change industry practices unless the managers of each type of firm type decide to comply" (Waldron et al., 2013: 398). Consequently, this is an important undertaking because current stakeholder and social movement theory insights stop short of explaining how and why the characteristics of the firm's top managers themselves would

expectedly affect firm receptivity to its to secondary stakeholders. Furthermore, empirically, few studies have considered or attempted to capture the extent to which firms vary in their receptivity to secondary stakeholders. Despite clear evidence that firms vary in the nature of their willingness to entertain and work on secondary stakeholder demands (Julian et al., 2008; Laplume, Sonpar, & Litz, 2008), prior work has tended to focus almost exclusively on the likelihood of firm concession. Therefore, in examining and measuring receptivity *per se*, a continuous outcome, I provide important insights pertaining to how firms may generally engage with secondary stakeholders as an element of their broader strategic agenda.

In addition to theoretical contributions, important practical advice may be gleaned from this manuscript. First, it can make top managers aware of their own natural tendencies to inject their personal values into decision-making and evaluations of secondary stakeholder demands. Second, by outlining a values-influenced managerial cognition process, the theoretical developments in this paper allows for a more nuanced understanding of the potential individual sources of motivation behind executives' influence over the interactions between firms and secondary stakeholders—specifically—and management of various external entities in the firm's environments—more generally. Hence, it would appear that the infusion of certain managerial cognitive processes and actions with personal values might be beneficial in helping these individuals navigate certain strategic situations that are ambiguous, in which rational and structured decision-making processes are potentially inapplicable.

3.5.2. Limitations

As with any empirical project, this study does have some limitations that are worth noting. First, although validated extensively in prior work (e.g. Briscoe et al., 2014; Chin et al., 2013; Christensen et al., 2015), my measure of managerial political ideology represents a proxy

for an admittedly more complex socio-psychological concept. Although this measure still expectedly represents a meaningful indicator of the general structure of top managers' personal values, it would be advisable for future work to continue to refine the validity of unobtrusive measurement of top managers' personal values. In a related manner, given the archival nature of this study, it also does not offer empirical evidence pertaining to the actual cognitive processes that translate top managers' personal values into firm receptivity to secondary stakeholders. Based on value-driven theories of behavior, I have generally theorized that values influence firm receptivity through activating top managers' personal norms in regard to secondary stakeholder demands. However, I have not been able to investigate this process empirically. As such, future research might consider a range of methodologies that would help advance understanding for the processes that translate top managers' values into firm-level actions.

My focus on the top management team might also be considered a limitation, as it is possible that directors also have some influence over the firm's receptivity to secondary stakeholders (Carpenter et al., 2004; Finkelstein et al., 2009; Geletkanycz & Hambrick, 1997). As such, it might be interesting to further understand the role of directors in influencing receptivity to secondary stakeholders. Along these same lines, the measure of the TMT's political ideology does not offer insights into the relative social dynamics or configurational attributes of the TMT that might influence receptivity to secondary stakeholders. As such, it might be interesting to apply different types of measures and methods to studying the influence of TMT ideology on various firm outcomes, in order to account for configurational influences.

Finally, it is possible that undetected endogeneity may exist in the relationship between TMT political ideology and firm receptivity to secondary stakeholders. It is possible that certain top managers might be selected into firms that receive more secondary stakeholders demands

because they may be more suited to deal with these sorts of issues. However, prior work suggests that firm receptivity is not entirely—if at all—explained by self-selection factors, in which liberal-leaning top managers disproportionately selected into (or self-select into) firms that seem to exhibit features that are consistent with their own personal values (Chin et al., 2013; Christensen et al., 2015). Additionally, I have demonstrated through analyses, that secondary stakeholders do not disproportionately target firms with more liberal TMTs.

3.5.3. Future Directions

Given this study's initial and encouraging results, future research may consider additional managerial attributes as possible predictors of firm receptivity to secondary stakeholders. For example, Eesley and Colleagues (in press) recently demonstrated that many interactions between secondary stakeholders and their targeted firms unfold through the media. Given narcissistic managers' desires to showcase themselves toward audiences (Gerstner et al., 2013), and their tendencies to engage in extreme strategic behaviors (Chatterjee & Hambrick, 2007), it may be interesting to examine the extent to which secondary stakeholder demands represent important scenarios for certain managers to engage in narcissistic displays of self-indulgence, and the extent to which more narcissistic managers' behaviors vary as these situations unfold. Future research could also explore how the political ideology of the firm's top managers and/or CEO configures with other governance factors (e.g. board heterogeneity, minority representation) to influence receptivity.

Moreover, this study is among the first in strategic management and organizational research to examine firm receptivity to secondary stakeholders as an indicator of its overall strategic priorities and potential resource investments across these priorities. Specifically, results pertaining to the positive relationship between TMT liberalism and firm receptivity suggest that

a firm's receptivity to secondary stakeholders is reflective of strategic priorities consistent with prioritizing social and environmental issues, and with the adoption of a broader stakeholder-centric posture of the firm. As such, there are many remaining and interesting avenues for future research to consider some of the consequences of receptivity on firm performance. Although being receptive to secondary stakeholders may deplete resources and conflict with the firm's primary stakeholders, these possible negative effects may be offset by gains in firm celebrity or reputation with the general public and other entities, which may result in positive performance consequences (Bonardi & Keim, 2005; Cheng, Ioannou, & Serafeim, 2014; Deephouse, 2000; Tepper Marlin, 1997). However, developing an understanding as to whether, how, and why this might occur remains an open research question.

3.5.4. Conclusion

In the preceding pages I progressed toward understanding top managers' personal values influence firm receptivity toward secondary stakeholders. By considering the role that political ideology—a proxy for personal values—play in TMTs cognitive processes when faced with secondary stakeholder, I demonstrated that top managers personal values do, in fact, influence the firm's receptivity to secondary stakeholders. Secondly, and perhaps surpassingly, the results suggest that TMTs with a greater degree of values-based diversity are actually more receptive.

Chapter 4

EXPLORING MANAGERIAL RHETORIC TO SECONDARY STAKEHOLDERS:

RESPONSE POSTURE AND THE USE OF IMPRESSION MANAGEMENT

“Wise men speak because they have something to say; fools because they have to say something...”—Plato

“Speak softly and carry a big stick; you will go far...”—Theodore Roosevelt

Top managers play a critical role managing the firm’s external stakeholders through symbolic action taking the form of ceremonies, symbols, and especially language or rhetoric (Fanelli et al., 2009; Finkelstein et al., 2009; Gao, Yu, & Cannella, 2016; Pfeffer, 1981; Westley & Mintzberg, 1989). Among external stakeholders that top managers—specifically the firm’s CEO—may be called upon to interact with and manage, *secondary stakeholders* have been noted in academic research and the popular press for their increased influence over firm behavior and performance (see: Barr, 2014; Eesley & Lenox, 2006; King, 2008; Soule et al., 2014). In recent years, the firm’s top managers’ themselves have become prominently featured in the mainstream media when addressing secondary stakeholder issues, and when commenting on social issues that form the basis for many secondary stakeholder demands (Chatterji & Toffel, 2016; Molina, 2014). As Michael Toffel from Harvard Business School recently remarked on the topic, in an interview with *Forbes*: “we hadn’t seen as much of that in the past, as corporate leaders tended to stay out of the fray on these types of issues” (Nobel, 2016).

Recent scholarly work, as well as examples in the mainstream media suggest that variation in how top management responds to secondary stakeholders may entail different consequences for the firm (Chatterji & Toffel, 2016). For example, when Starbucks CEO Howard Schultz requested that Starbucks customers not bring firearms into Starbucks locations, in response to a demand from *Moms Demand Action* (a “common sense” gun reform group),

Schultz and Starbucks were publicly thanked and received much positive coverage in the media (e.g. Carr, 2015; O'Connor, 2013). Conversely, when Chick-Fil-A's Dan Cathy spoke out against gay marriage in 2012, his statements prompted a great deal of escalation in the threatening behaviors from the secondary stakeholder groups that had originally denounced Chick-Fil-A's apparent "anti-gay" stance (Blume, 2012; Nobel, 2016). However, prior work has predominantly focused on identifying the antecedents and contextual moderators that influence isolated types of responses toward secondary stakeholders (Eesley & Lenox, 2006; King, 2008; McDonnell & King, 2013; Weber et al., 2009). By comparison, little attention has been directed at examining the consequences of management's response in such situations, a form of symbolic action that might be used to influence secondary stakeholders in ways that are strategically advantageous (or detrimental) for the firm. As a result, it remains difficult to determine *whether* top managers' rhetoric impacts secondary stakeholder behavior in any substantive way, *what* types of responses toward secondary stakeholders may be more effective than others in curtailing (or eliminating) the potentially undesirable behavior and actions of secondary stakeholders, and *why* these differences matter.

To address this omission, I investigate secondary stakeholders' evaluations of—and behavioral inclinations toward—managerial responses to their demands. More specifically, I examine two related and hitherto unanswered research questions: *How and why do different managerial responses to secondary stakeholder demands influence the subsequent behavior and actions of secondary stakeholders? To what extent can top managers strategically 'frame' their responses to influence secondary stakeholder behavior and actions?* To answer these questions, I draw on motivated cognition theory (Higgins & Molden, 2003; Kunda, 1990) and integrate it with pertinent work on cognitive appraisal theories of emotion (Roseman, Spindel, & Jose, 1990;

Smith & Lazarus, 1993), to investigate secondary stakeholder reactions to top manager response rhetoric.

I hypothesize that secondary stakeholders will intend to execute more threatening actions toward the firm as a manager's response becomes more defiant (less accommodative). However, consistent with secondary stakeholders motivations to affect substantive changes within a firm and across an industry (den Hond & de Bakker, 2007; Waldron et al., 2013), I also hypothesize that secondary stakeholders' evaluations of the firm's corporate opportunity structure—whether the firm is a favorable target for additional targeting—will become stronger as a top manager's response posture becomes more accommodative. Additionally, I consider whether and how top managers may also capitalize on the emotional mechanism of secondary stakeholders' motivated cognitions (Hinsz, Tindale, & Vollrath, 1997; Weston, Blagov, Harenski, Kilts, & Hamann, 2006) and strategically use impression management (IM) tactics to 'offset' the potential severity of the consequences associated with each of these response postures. Specifically, I hypothesize that managers' use of flattery—a form of other-enhancement IM—will weaken the positive relationship between defensive responses and secondary stakeholder threatening behavior, and that the use of intimidation—a form of self-presentation IM—will weaken the positive relationship between accommodative responses and secondary stakeholders' favorable evaluations of the firm's corporate opportunity structure.

I test these arguments by conducting a two-by-two between subjects experiment in which participants assume the role of secondary stakeholders that have issued demands toward a firm. Each participant is presented a scenario in which managers' usage of IM tactics have been manipulated as constituting either flattering or intimidating tactics (Jones & Pittman, 1982; Kuznekoff, 2013), and in which top managers' response have been manipulated to represent

either accommodative or defiant postures (see: Benoit, 1995; Coombs, 2007; Elsbach, 2003).

Study participants are asked to report their intentions to execute additional—potentially threatening—actions toward the firm, and their beliefs regarding the firm’s corporate opportunity structure. I base my experimental scenarios on well-documented instances of secondary stakeholder-firm exchanges found in prior academic work and the popular press; this enhances manipulation quality (Highhouse, 2009) and the external validity of the study’s findings (Aguinis & Bradley, 2014; Karren & Barringer, 2002).

This study contributes to strategic management and organizational research in multiple ways. First, the major contribution of the study is to draw attention to substantive consequences—namely, secondary stakeholders’ evaluations of the firm’s corporate opportunity structure, and their intentions to execute threatening actions toward the firm—of managers’ use of symbolic actions; specifically, response rhetoric. From a strategic management perspective, understanding managers’ usage of symbolic actions and how these translate to substantive implications for the firm is generally important for better understanding what top managers may do to influence firm outcomes (see: Gao et al., 2016; Pfeffer, 1981; Young, Morris, & Scherwin, 2013); especially with regards to how managers may impact influential external stakeholders such as secondary stakeholders to the strategic gain or detriment of the firm (Fanelli & Misangyi, 2006; Fanelli et al., 2009). To the extent that the firm’s top managers are able to influence secondary stakeholders through their responses, this may help the firm avoid the potentially costly resource commitments and policy changes that are involved with implementing secondary stakeholder demands. To the extent that the rhetoric of firm’s top managers have little influence over secondary stakeholder responses, this may provide further insight into whether top management is able to do anything to influence the behavior and actions of secondary

stakeholders short of substantively implementing whatever changes may be required as part of a secondary stakeholder's demands. More generally, the study offers key insights into how top managers may effectively manage the firm's external stakeholders by 'framing' their rhetoric in accordance with the interpretive schemes and/or cognitive biases of those constituents from whom the firm may require resources or from whom the firm may want to avoid further threatening behavior and actions.

By approaching this study from the perspective of a secondary stakeholder, this study presents notable theoretical implications for stakeholder theory. First, by investigating how managerial response influences secondary stakeholder behavior and evaluations of the firm, this study sheds much needed light on understanding the consequences associated with how top managers respond to secondary stakeholders. To date, stakeholder theory remains silent about the consequences of responses to secondary stakeholders. For instance, work in stakeholder theory generally assumes that defiant responses necessarily imply negative consequences and that accommodative responses imply positive consequences for the firm and its top management. Second, by theorizing about secondary stakeholders' cognitive frames, this study is also among the first of its kind to draw attention to and expand upon the important cognitive and evaluative processes that appear to support secondary stakeholder actions toward a firm.

Finally, the present study also contributes toward further developing the construct of the corporate opportunity structure found in social movements research by articulating and testing a theory for understanding how top managers' responses to secondary stakeholder activism may constitute an important aspect of the firm's corporate opportunity structure, as evaluated by secondary stakeholders. Researchers invoking a corporate opportunity structure construct have generally assumed that it is comprised of various firm characteristics (e.g. firm performance,

CEO political ideology, social management devices), without ever measuring secondary stakeholder beliefs pertaining to it (e.g. Briscoe et al., 2014; McDonnell et al., 2015); an important component to developing a more detailed understanding of the corporate opportunity structure.

4.1. THEORETICAL BACKGROUND

Prior work offers important insights about secondary stakeholders that form a basis for the principle theories that I leverage to articulate this study's hypotheses. First, secondary stakeholders are generally motivated by the desire to modify firm and industry practices that they usually deem socially and environmentally detrimental (den Hond & de Bakker, 2007; Waldron et al., 2013). For example, several secondary stakeholders exerted pressure on several firms in the apparel industry to curtail the use of "sweatshops" and improve the working conditions of the employees in their offshore facilities (den Hond & de Bakker, 2007; Lamin & Zaheer, 2012). Other entities such as Greenpeace and the Human Rights Campaign regularly publish reports that present the "state-of-affairs" and evaluate the effectiveness of target firm policies and practices that resonate with these entities and their followers' interests (e.g. Ram, 2012; Trenor & Mitchell, 2013).

Second, secondary stakeholders are noted for the emotionality of their collective identities, which is usually predicated on some level of discontent with or animosity toward the firms that they desire to change (Markman et al., 2016; Rowley & Moldoveanu, 2003). Their reliance on building emotional identities lies in a need to build a critical mass of support (Rowley & Moldoveanu, 2003), acquire resources, and display urgency (Eesley & Lenox, 2006). Hercus' (1999) work also suggests that anger is a centrally important emotion that facilitates frame alignment processes that underlie the formation of secondary stakeholder groups, because it

drives the collective action frame supporting a sense of injustice; emotion therefore becomes embedded in these entities' cognitive frames.

The social psychological theory of motivated cognition outlines that desired outcomes and motivations influence individuals' cognitive frames regarding how information and various stimuli are interpreted and evaluated (Higgins & Molden, 2003; Kunda, 1990). In general, motivated cognition refers to a motivation-driven and emotion-biased decision-making process through which individuals may attempt to reduce cognitive dissonance, form beliefs about others on whom a focal individual's outcomes depend, or evaluate evidence pertaining to their outcomes (Kunda, 1990). From a neuroscientific perspective, motivated cognition is "a form of implicit emotion regulation in which the brain converges on judgments that minimize negative and maximize positive affect states associated with threat to or attainment of motives" (Weston et al., 2006: 1947).

Motivated cognition argues that individuals perceive and evaluate stimuli and information in accordance with how it relates to their motivations and emotions. Specifically, individuals are seen as having a dispositional motivation to arrive at a desired conclusion (goal-oriented), which enhances the accessibility of knowledge structures that are consistent with desired conclusions (Kunda, 1990). Lodge and Taber (2000) further argue that emotion is tied to the motivated cognition process and that information processing is naturally biased toward supporting beliefs and positions that individuals already hold. Neuroscientific research also concludes that motivated reasoning occurs when individuals have an emotional stake in arriving at a desired conclusion (Weston et al., 2006). In line with these arguments, Mittal and Ross (1998) find that decision makers selectively attend to issue characteristics and information that present valences consistent with their affective state. As such, those individuals in a positive

affective state attend more to data with a positive valence data, while decision makers in a negative affective state attend more to data that has a negative valence.

Motivated cognition occurs in a variety of scenarios and under a variety of circumstances. For example, in a study seeking to ascertain college students' appraisals of the risk of sexually transmitted diseases (STD), Blanton and Garrard (1997) found that male students rated the attractive women (with whom they were more highly motivated to engage in sexual activities with) as carrying less risk of STD infection compared to the less attractive women. More recently, research in political psychology shows that individuals reinforce their pre-conceived beliefs and issue positions when faced with information and arguments that are incompatible with their position (Lodge & Taber, 2000).

Although motivated cognition theory is articulated to explain the cognitive processes of individuals, prior work suggests that it can also be applied to study the cognitive processes of groups. For example, Hinsz and colleagues (1997) explain

group-level information processing includes information, ideas, and cognitive processes that are shared, in that not only are they common among the group members but also that the information, ideas, and cognitive processes are being shared (i.e. exchanged and transferred) [...] The sharing of information can be verbal and nonverbal, can take place in face-to-face situations or over long distances through the use of technology, and can refer to the task, group members, or aspects of the group (1997: 43-44).

As a result, “these interdependencies make it difficult to isolate the role or impact of one aspect of group-level information processing from the other or from the individual-level process” (Hinsz et al., 1997: 44). Additionally, it might further be argued that secondary stakeholder groups are also subject to attraction-selection-attrition (ASA) processes in which individuals that comprise such an entity share similar attributes and motivations (Schneider, 1987), and thus, perceive social situations and information in a relatively uniform fashion, particularly as it relates to the behavior of firms and their top management.

I generally anticipate that secondary stakeholders will evaluate and react to managers' response rhetoric to their demands in two noticeable ways. First, based on their motivations to alter target firm and industry policies and practices and their emotionally-laden identities, secondary stakeholders' behavioral intentions may be altered in light of the response posture of the target firm's management; they may intend to intensify or diminish their threatening behavior toward the firm based on whether the response posture is defiant or accommodative. Second, motivated cognition theory also suggests that certain types of responses may influence secondary stakeholders' evaluations of the firm's corporate opportunity structure; whether they represent an attractive target for future demands.

In the next section, I use motivated cognition theory to hypothesize about how secondary stakeholders might be expected to react to (1) managers' response posture (i.e. defiant vs. accommodative), and (2) how managers' strategic use of impression management (IM) tactics might offset the behavior of secondary stakeholders that is expected to result from that response posture.

4.2. HYPOTHESES

Top managers can opt to issue various types of responses toward secondary stakeholders. Prior research indicates responses issued toward secondary stakeholders, or in response to other entities and events, typically reside along a continuum of accommodativeness—the least accommodative responses are referred to as defiant and the most accommodative responses simply referred to as accommodative (see: Benoit, 1995; Coombs, 2007; Elsbach, 2003; Lamin & Zaheer, 2012). A traditional example of a highly defiant response might constitute an outright denial of any wrongdoing, such as was the case when Exxon Mobil was ordered to pay almost \$105 million in damages related to the contamination of New York City's groundwater.

Following the federal jury’s decision, Exxon Mobil spokesperson, Kevin Allexon, stated: “We do not believe we should be required to compensate the City of New York for someone else’s contamination” (Navarro, 2009). On the other hand, accommodative responses generally involve some aspects of accepting responsibility in the case of negative behaviors and acquiescing to the demands of affected entities. BP’s response to the *Deepwater Horizon* oil spill in the Gulf of Mexico, provides a recent example of such a response:

We acted to take responsibility for the clean-up, working under the direction of the federal government to respond swiftly to compensate people affected by the impact of the accident, to look after the health, safety and welfare of the large number of residents and people who helped respond to the spill, and to support the economic recovery of the Gulf Coast’s tourism and seafood industries impacted by the spill. We have conducted studies with federal and state natural resource trustees to identify and define the injury to natural resources in the Gulf of Mexico (BP, 2014).

Prior theory and research demonstrates that symbolic action in the form of managerial rhetoric, especially that which is expressed in a public forum, presents important consequences for how various external stakeholders might perceive the firm, and behave in light of these perceptions (Gao et al., 2016). For instance, Zajac and Westphal (1995) examined different explanations for the adoption of long-term incentive plans (LTIP) in CEO compensation arrangement and found that HR-based (rather than agency-based) explanations for adopting LTIPs resulted in comparatively higher levels of stakeholder support. Fanelli, Mysangyi, and Tosi (2009) found that CEOs communicating their strategic visions through more charismatic language was associated higher levels of favorability of securities analyst recommendations (see also: Fanelli & Grasselli, 2006). More recently, Lamin and Zaheer (2012) found that following scandalous accusations, accommodative responses result in positive evaluations of the firm’s legitimacy with the general public, but negative evaluations of the firm’s legitimacy with investors.

The above discussion related to the influence of symbolic rhetoric on external stakeholders suggests that variation in the nature of managerial response (accommodative vs. defiant) toward secondary stakeholders should influence these entities' behavior toward the firm and evaluations of the firm in markedly different ways. Building on motivated cognition theory, I now proceed to consider how defiant and accommodative responses—both ends of the continuum—influence secondary stakeholder behavior and evaluations of the firm.

4.2.1. Response Posture and Secondary Stakeholder Threatening Behavior

Intuitively, it may be reasonable to posit that top managers issuing defiant responses to secondary stakeholders may have success in curbing the threatening behavior of these entities. However motivated cognition theory suggests otherwise. A defiant response is likely to conflict with secondary stakeholders main motivations to affect change within the firm. Based on motivated cognition theory, secondary stakeholders “likely experience unease at the mismatch, motivating them to neglect—if not actively reject—the painful information” (Hodgkinson & Healey, 2011: 1504) contained in a defiant response. For instance, defiant responses may be perceived as “self-serving rhetoric that puts industry interests ahead of the welfare of the public” (Elsbach, 1994: 75). Additionally, in a comparative examination of how Wall Street and Main Street—that latter of which is portrayed in the study as exhibiting motives and cognitive frames consistent with those of secondary stakeholders in the present study—evaluate firm responses to scandalous accusations, Lamin and Zaheer conclude that Main Street (i.e. the general public) “reacts negatively to denials as well as to any defiant assertions of being unfairly targeted” (2012: 62). Moreover, wanting to focus on information that is consistent with their motivations (Kunda, 1990), secondary stakeholders may assume that the firm's managers are protesting too much when issuing defiant responses (Ashforth & Gibbs, 1990), which is likely to greater

mistrust toward the firm than already existed (e.g. Lange & Washburn, 2012), motivating secondary stakeholders to “ramp up” their threatening behavior toward the firm.

In contrast, an accommodative response is likely to coincide with secondary stakeholders’ motivations to affect change within the firm, and such responses are more likely to persuade them that the firm will implement the sought-after changes (Wood, 1982), leading secondary stakeholders to curtail their threatening behaviors. Therefore, I hypothesize:

Hypothesis 1: Secondary stakeholders will exhibit a higher degree of threatening behavior toward the firm as response posture becomes more defiant (less accommodative).

4.2.2. Response Posture and the Evaluations of the Firm

Although the previous argumentation suggests that an accommodative response is likely to curtail the threatening behavior of secondary stakeholders (or at least not encourage it further), it may also have important unintended consequences for how these entities evaluate the firm, which may lead them to issue additional requests of the firm. Based on their aforementioned motivations to affect change within firms and across industries, secondary stakeholders may have additional issues that they would like to pursue with a focal firm. Accordingly, secondary stakeholders’ evaluations of the focal firm as targets for additional demands often implicate considerations such as “[calculating] whether the effort and risk is likely to pay off, or instead whether they will be effectively resisted or punished” (Briscoe et al., 2014: 1789). These evaluations comprise to the firm’s “corporate opportunity structure”.

Building on prior sociological work on political opportunity structures (e.g. Campbell, 2005; King & Pearce, 2010; Tilly, 1978), strategic management and organizational scholars have extended these ideas to develop the concept of the corporate opportunity structure, which refers to observable features of firms that may make them attractive targets for secondary stakeholders

and other entities that desire to affect change within the firm (King, 2008; Soule, 2009). Scholars have found evidence that several observable aspects of the firm such as the firm's performance and reputation, its pro-social behavior, or the political ideology of its CEO are indicative of the firm's corporate opportunity structure and predictive of various stakeholder groups mobilizing to issue demands of the firm. For instance, King (2008) theorized that firm performance and reputation are key elements of the corporate opportunity structure because they constitute critical sources of environmental feedback; when firms receive negative feedback in the form of sales or reputational declines, their managers may feel they have more freedom to pursue new policies and practices, thereby enhancing the attractiveness of the firm's corporate opportunity structure for secondary stakeholders. Others have suggested that firms may initiate structural reforms and disclose them in an attempt to safeguard against activist challenges. However, these "social management devices" also appear to enhance the attractiveness of the firm's corporate opportunity structure because they signal the firm's receptiveness social issues (McDonnell et al., 2015). Finally, Briscoe and his colleagues (2014) argued that the political ideology of the firm's CEO also constitutes an important element of the firm's corporate opportunity structure as it signals the CEO's likely response to activism directed toward the firm. In line with their argumentation, these authors found LGBT employee activists groups were more likely to form in U.S. firms with liberal CEOs during the period 1985-2004.

Building on the above insights, I argue that managerial response toward a secondary stakeholder demand, specifically an accommodative response, comprises a hitherto unconsidered element of the corporate opportunity structure. In general, accommodative responses are likely to "demonstrate more receptiveness to activists, which in turn signals that they have a more open opportunity structure than others in the field" (McDonnell et al., 2015: 8). More specifically,

according to motivated cognition theory, secondary stakeholders will actively seek out information and other cues that coincide with their goals of modifying firm practices and policies; hence, leading them to form more favorable evaluations of the firm's corporate opportunity structure when the firm's management issues an accommodative response. Furthermore, consistent with the emotional mechanism that also supports motivated cognitive processes, accommodative responses may elicit positive emotions such as joy, which are associated with seeking out more information that is consistent with maintaining such an affective state and consistent with one's attitudes and motivations (Clark, Wegener, & Fabrigar, 2008). As such, the positive emotion that an accommodative response is likely to elicit within secondary stakeholder group also results in their viewing such a response as opportunity consistent (Mittal & Ross, 1998), resulting in an overall more favorable evaluation of the firm's corporate opportunity structure. As such, I hypothesize the following:

Hypothesis 2: Secondary stakeholder evaluations of the firm's corporate opportunity structure will be more favorable as response posture becomes more accommodative (less defiant).

4.2.3. The Offsetting Use of Impression Management and Secondary Stakeholder Behavior and Evaluations of the Firm

To this point, the theoretical developments presented in the manuscript suggest an interesting conundrum when it comes to articulating a response to secondary stakeholders. On one hand, if top managers accommodate secondary stakeholder demands, there are compelling theoretical reasons to believe that doing so would reduce the risk that these entities intend to engage in threatening behaviors toward the firm. On the other hand, issuing accommodative responses toward secondary stakeholders may also lead to the unintended consequence that these

entities may evaluate the firm's corporate opportunity structure as attractive—placing the firm at risk of being targeted in the near future.

Prior research suggests that the firm's managers may be able to rely on utilizing impression management (IM) tactics in a strategic way so as to offset the potentially negative consequences associated with each response posture. Empirically, extant research demonstrates that firms and their top managers are involved in ongoing impression management efforts in order to gain the approval of certain constituents that may provide these firms with critical resources (Elsbach, Sutton, & Principe, 1998; Marquis, Glynn, & Davis, 2007; McDonnell & King, 2013). As such, there are strong reasons to believe that when facing secondary stakeholders, a firm's top managers may rely on IM tactics to influence secondary stakeholders to the strategic advantage of the firm.

Impression management refers to the process by which individuals attempt to control the impressions others form of them in social situations (Leary & Kowalski, 1990; Schlenker, 1980; Wayne & Liden, 1995). Individuals are known to engage in IM tactics in order to affect positive outcomes for themselves in a range of situations (see: Gardner & Martinko, 1988; Harris, Kacmar, Zivnuska, & Shaw, 2007). For example, an extensive body of work in organizational research demonstrates that individuals utilize IM to succeed during interviews (Ellis, West, Ryan, & DeShon, 2002), subordinates utilize IM to influence the favorability of their supervisors' performance ratings (Feldman, 1981; Wayne & Liden, 1995), and directors and other executives rely on IM to advance their careers (Westphal, 1998; Westphal, Park, McDonald, & Hayward, 2012 ; Westphal & Stern, 2007). As Leary and Kowalski describe it: “because the impressions people make on others have implications for how others perceive,

evaluate, and treat them, as well as for their own views of themselves, people sometimes behave in ways that will create certain impressions in others' eyes” (1990: 34).

Self-presentation and other-enhancement are commonly viewed as the two predominant forms of IM (Wayne & Liden, 1995). According to Schneider’s seminal work, self-presentation refers to “the manipulation of information about the self by the actor” (Schneider, 1981: 25). Self-presentation IM tactics typically take the form of intimidation, self-promotion, exemplification, and supplication (Jones & Pittman, 1982). By engaging in self-presentation and strategically and purposefully manipulating information about oneself, individuals may seek to be perceived as dangerous, competent, morally worthy, or pitiful (Gardner & Martinko, 1988; Jones & Pittman, 1982). Other-enhancement refers to the favorable evaluation of, or agreement with, the target (Wayne & Liden, 1995). Flattery, favor-doing, and opinion conformity are common forms of other-enhancement IM (Tedeschi & Melburg, 1984; Wayne & Liden, 1995).

Building on Schneider’s (1991) arguments, Wayne and Liden (1995) explain that IM tactics influence targets’ perceptions and evaluations of the focal actor through general cognitive information processing (or controlled categorization). Specifically, targets translate their perceptions of an individual’s IM into initial impressions, encode them into memory, and later retrieve and decode them when making attributions about the individual engaged in IM. In turn, these attributions provide information that the target utilizes to categorize or re-categorize the focal actor. Furthermore, prior work suggests that IM may have the most salient influence on targets when the relationship between the two is developing, which is when initial categorization occurs (Feldman, 1986).

As a result of their motivated cognition, secondary stakeholders are likely to hold strong pre-conceived beliefs about the target firm and its top management. For example, some more

radical secondary stakeholders may view firms as corrupt, evil, or unethical actors that have little regard for society and the environment (Markman et al., 2016). In other words, firms are “part of the problem” and certain secondary stakeholders may have natural distrust toward them. On the other hand, other more reformatory secondary stakeholders may view firms as being “part of the solution” and strive toward having “good faith” interactions with firms and their managers (den Hond & de Bakker, 2007; Markman et al., 2016). When a firm’s top managers respond to a secondary stakeholder, it represents a distinct event in which the firm and its managers become actively engaged in an exchange with secondary stakeholders—as opposed to simply passive receptors of a demand—which may confirm or disconfirm secondary stakeholders pre-conceived beliefs. In other words, management’s response represents a new stimulus for secondary stakeholders, that triggers a controlled categorization process (Fiske & Neuberg, 1990) through which secondary stakeholders reconcile the difference between the rhetoric of the response and their initial impressions of the firm and its management. Because this controlled categorization process implicates the need to adjust or make new attributions about the firm and its management, secondary stakeholders are susceptible to IM tactics that are designed to manipulate their attributions of the firm and its management (Jones & Wortman, 1973).

Given that secondary stakeholders may be especially prone to the effects of IM tactics from target firm managers, top managers may be able to use IM tactics in a strategic way to *offset* the potentially negative consequences associated with each response posture; the greater degree of threatening behavior resulting from defiant responses and the favorable evaluations of the firm’s corporate opportunity structure resulting from accommodative responses. Yet, the question remains as to how different IM tactics may be utilized to influence secondary stakeholders’ intentions to engage in threatening behavior and evaluations of the firm as a target

following the firm's response to their demands. To shed further light onto these issues, I consider the offsetting effect of a prominent other-enhancement IM tactic—flattery—on secondary stakeholders threatening behavioral intentions following a defiant response. In addition, I consider the offsetting effect of a prominent self-presentation IM tactic—intimidation—on secondary stakeholders evaluations of the firm's corporate opportunity structure following an accommodative response. Given that both of these forms of IM constitute extreme forms (Harris et al., 2007; Wortman & Linsenmeier, 1977), they are best suited for developing an initial understanding for the offsetting role of IM tactics on secondary stakeholder threatening behaviors and evaluations of the firm, in light of responses that are issued by top management.

The offsetting role of flattery. As elaborated upon above, motivated cognition theory predicts that, defiant responses to secondary stakeholders conflict with those stakeholder's motivations and goals, creating greater levels of mistrust, which motivates secondary stakeholders to “double down” on efforts to affect change and thus, exhibit greater degrees of threatening behavior toward the firm.

I anticipate that top managers' use of flattery toward secondary stakeholders influences secondary stakeholders' motivated cognition in such a way as to temper the positive relationship between issuing a defiant response and secondary stakeholders' intentions to exhibit threatening behaviors toward the firm. Flattery is a form of other-enhancing IM tactic through which a social actor praises—at times, insincerely—another in an attempt to gain “gain favor” with the other individual (Vonk, 2002; Westphal, 1998). As a form of ingratiation behavior, flattery creates psychic indebtedness toward the flatterer (Vonk, 1998; Yukl & Falbe, 1990; Yukl & Tracey, 1992). For instance, individuals who are complimented may feel compelled to return the favor (Vonk, 2002). Related findings demonstrate that directors who engage in a high level of flattery

toward their peers increase their chances of affecting positive outcomes for themselves in the form of gaining further board appointments (Westphal & Stern, 2007).

Typically, flattery is either a) received at face-value (i.e. perceived as being genuine), or b) met with some suspiciousness because of assumptions about the flatterer's ulterior motives (Vonk, 1998). In the case of top managers utilizing flattery to gain favor with secondary stakeholders, it is intuitively fair to envision that these entities may view flattery with some level of skepticism and be willing to expend some effort to form accurate impressions of the firm and its managers. However, secondary stakeholders cognitive resources are constrained by the fact that they are active participants their interaction with the firm and its management (rather than passive observers) (Gilbert, Pelham, & Krull, 1988), and by the fact that they are motivated to affect changes within the firm and likely to focus on any type of information that offers indication that they are meeting these goals (Kunda, 1990; Nickerson, 1998). Jones and colleagues succinctly conclude that “the targets of ingratiation [...] may be less sensitive to the implications of ulterior motivation than bystanders” (Jones, Stires, Shaver, & Harris, 1968: 350). This suggests that secondary stakeholders may be less likely to engage in assessing the authenticity of top managers' flattery, making it such that the sincerity of the behavior is not intensely questioned (Vonk, 2002). Vonk also describes the tendency to accept flattery at face value in a hypothetical scenario between Vanity, a college professor, and Sly, a student that has been assigned to work with Vanity and who engages in flattery:

Sly is flattering her, so it is tempting to take his praise at face value. If she does this, everybody is happy: Sly has managed to make a friendly, positive start in the collaboration with his supervisor; Vanity's ego is bolstered; Sly likes her, and she likes him, which is good because they are going to have to spend some time together (2002: 515).

Through the use of flattery toward secondary stakeholders, the firm's top managers' provide information to the secondary stakeholder that conforms to its motivated cognitive

processes. Flattery may leave them with the impression that they are beginning to affect change within the firm, which is consistent with their goal and so may lead to curtailing the intensity of their threatening behaviors. Furthermore, the use of flattery by the firm's top managers may also tap into the emotional component of secondary stakeholders' motivated cognitive processes. Flattery has been shown to elicit positive affect from the target of such efforts (Vonk, 2002; Wortman & Linsenmeier, 1977). For example, decision makers that display comparably greater levels of positive affect feel more optimistic about the probability of favorable outcomes from those decisions (e.g. winning the lottery) (Isen & Patrick, 1983). However, as decision-makers' positive affect increases, they also become much more risk averse and are less willing to gamble (Mittal & Ross, 1998). This suggests that by tapping into the emotional component of secondary stakeholders' motivated cognitive processes, top managers may make these entities may feel more optimistic about the probability that their demands will eventually be accommodated, precluding the need for them to intensify their threatening behavior toward the firm. Therefore, I hypothesize:

Hypothesis 3: The positive relationship between defiant responses and secondary stakeholder threatening behavior will be moderated by the usage of flattery, such that the relationship will be weaker with the use of flattery.

The offsetting role of intimidation. Motivated cognition arguments suggest that accommodative responses toward secondary stakeholders might be taken as a cue that secondary stakeholders could use to evaluate the firm's corporate opportunity structure. Accommodative responses are likely to signal a firm and its top managers' receptiveness to secondary stakeholders, which in turn signals that they have an attractive corporate opportunity structure; potentially more so than other firms in the field.

The use of intimidation rhetoric by managers may offset the extent to which secondary stakeholder form positive beliefs pertaining to the firm's corporate opportunity structure. Intimidation is a self-presentation IM tactic that is used to project the image of being seen as tenacious or forceful (Jones, 1990). Concretely, intimidation refers to a behavior "in which individuals let others know that they can make things difficult for them if they are pushed too far, deal aggressively with individuals who get in their way, or use forceful behavior to get colleagues to behave appropriately" (Bolino & Turnley, 2003: 238). Generally, the use of intimidation is negatively associated with the extent to which individuals using such an aggressive IM tactic are perceived as being likeable (Jones & Pittman, 1982) because the use of pressure-laden tactics such as intimidation are often considered socially undesirable (Yukl & Tracey, 1992). Yukl and Tracey (1992) further argue that individuals are often angry and resentful of others who attempt to intimidate or manipulate them.

As touched upon earlier, secondary stakeholders' motivated cognitions are also likely to lead them to view responses as important indicators of the effort and resource mobilization needed to sustain a campaign against the firm and influence their general appetite for entering into a likely situation of conflict with the firm and their perceived risks of the campaign paying off (Briscoe et al., 2014; McDonnell et al., 2015). By using intimidation rhetoric, the firm's top managers provide information to secondary a stakeholder that is inconsistent with these entities' motivated cognitive processes. In the face of intimidation rhetoric, secondary stakeholders will attempt to minimize the psychological discomfort resulting from intimidating IM (Karlsson, Loewenstein, & Seppi, 2009), leading to more superficial processing of the response posture itself, reducing the extent to which an accommodative response might otherwise signal an attractive corporate opportunity structure. The use of intimidation rhetoric, may also impact the

emotional component of secondary stakeholders motivated cognitive process by eliciting negative affect (Yukl & Tracey, 1992). Increased negative affect lowers the ability of secondary stakeholders to recognize subsequently positively-valanced information, such as an accommodative response, which may be interpreted in an opportunity-consistent manner (Mittal & Ross, 1998). Consequently, on the basis of these arguments, I suggest:

Hypothesis 4: The positive relationship between accommodative responses and secondary stakeholder favorable evaluations of the firm's corporate opportunity structure will be moderated by the use of intimidation, such that the relationship will be weaker with the use of intimidation.

4.3. METHOD

To test these hypotheses, I conducted a two-by-two between-subjects experiment, in which participants assumed the role of secondary stakeholders that have issued demands toward a firm. While research that focuses on the interactions between firms and secondary stakeholders has not traditionally included many experiments, recent work demonstrates how beneficial experiments can be when examining questions that are concerned with a deeper understanding of decision-making processes—a key consideration of the present study (see: Agarwal, Croson, & Mahoney, 2010; Grégoire & Shepherd, 2012; Krause, Whitley, & Semadeni, 2014). In addition, an important advantage of leveraging an experimental design in this study is that it allows for higher levels of internal validity than cross-sectional and longitudinal studies, which enables the researchers to make clearer inferences about the causal processes involved between the variables (Shadish, Cook, & Campbell, 2002).

These considerations are especially important for developing an initial understanding of the consequences of top manager responses to secondary stakeholders. Prior research highlights many confounding factors that may influence secondary stakeholder behavior, such as firm size,

reputation, and past performance (Eesley & Lenox, 2006; King, 2008; McDonnell et al., 2015), and these can be held constant in an experimental setting to focus on the variables of interest.

The principal drawback to this method is that external validity may be limited, in that generalizing from a laboratory environment to real-world settings is more difficult than generalizing from one real-world setting to another. However, as I describe below, I believe I struck the right balance between external and internal validity in this study by (1) carefully selecting an appropriate sample of participants—one in which participants might reasonably be expected to fit the profile of secondary stakeholders, and (2) building my experimental scenarios based on plausible and realistic instances of secondary stakeholder-firm interactions.

4.3.1. Sample

I conducted an *a priori* power analysis, which revealed a desired sample size of at least 125 participants for the experiment. To conduct the power analysis, I used version 3.1 of the *G*Power* software. I specified an anticipated effect size of 0.25, derived from an $\eta^2 = 0.06$, which is a conventional value utilized in anticipation of a medium effect size (Murphy, Myers, & Wolach, 2014). Additionally, I specified a desired $\alpha = 0.05$ and power $(1-\beta) = 0.8$.

In line with prior research concerned with understanding activist behavior (e.g. Corning & Myers, 2002; Gousse-Lessard et al., 2013), the population of participants for the study are either individuals actively engaged in the environmental movement through their involvement in environmental organizations, university employees and students in the field of geosciences, or other individuals that can be considered “sympathetic” toward the environmental movement. To enhance the validity of the findings, all participants, regardless of their background, were screened for inclusion in the final sample used for analysis. The extent to which participants

were considered either active in, or sympathetic toward, the environmental movement is determined with the use of two screening questions:

- *“In the past, I have supported and/or participated in one or more special interest groups that promote sustainable development and/or the effective management of environmental problems.” [Yes /No]*
- *“I would strongly support and/or actively participate in special interest groups that promote sustainable development and/or the effective management of environmental problems.” [Very unlikely, Unlikely, Somewhat unlikely, Undecided, Somewhat likely, Likely, Very likely]*

Participants were considered actively engaged in the environmental movement if they answered affirmatively to the first question, and if they answer “somewhat likely”, “likely”, or “very likely” to the second question. Participants are considered sympathetic to the environment movement if they answered “no” to the first question and “likely”, or “very likely” to the second question. These screening questions were administered at the conclusion of the formal experimental portion of the procedure, so as to alleviate concerns over reactivity bias (Lavrakas, 2008; Orne, 1962). As such there is no way that the screening questions themselves are suggestive that respondents answer the hypothetical scenarios in a certain way.

The inclusion of sympathizers was only utilized to augment the final sample to conform to the power analysis. Nevertheless, it is important to note that including sympathetic individuals in the sample is not expected to influence the validity of the results in any substantive way, given the high degree of similarity in opinions and attitudes that “activists” and “sympathizers” express toward a range of environmental topics (Crabtree, 2002). Furthermore, including sympathizers in the final sample is consistent with prior work that demonstrates that secondary stakeholders

routinely succeed in “drawing in” sympathetic third parties in such a manner that these third parties themselves become more active participants in advancing secondary stakeholders’ issues (Downey & Rohlinger, 2008; Lipsky, 1968; Tilly, 1978). Including sympathizers in the sample is expected to provide a strong test of the research hypotheses.

While there is some criticism that students constitute a “narrow data base” (Sears, 1986), more recent investigations demonstrate that student subjects *do not intrinsically* pose a problem for a study’s external validity (Druckman & Kam, 2009). Additionally, students constitute a demographic segment of the general population that is heavily represented among activists (Walgrave, Rucht, & van Aelst, 2010; Wong, 2015). Further, student-run chapters of such organizations as Greenpeace and Sierra Club have a diffuse presence throughout social media, further suggesting the high propensity for students to get involved with such entities (Wong, 2015). In other words, being a student is not an occupation that precludes one’s ability to actively participate in any type of cause promoted by secondary stakeholders or to make similar decisions to those of non-student activists. Using students as participants in the present study is not dissimilar from recent research having argued that MBA students have the sophistication necessary to be utilized as adequate proxies for company shareholders (Bigelow, Lundmark, Parks, & Wuebker, 2014; Krause et al., 2014).

After eliminating observations due to missing data, the final sample used for analysis is comprised of 148 individuals, of which 95 (64%) are considered active participants in the environmental movement and 49 (36%) are considered sympathizers toward the environmental movement.

4.3.2. Procedure

I employed a two-by-two between-subjects research design, which yielded four experimental conditions. Each participant was randomly assigned to one of the four conditions. Each subject was told that he/she is “an active and important participant in a fictitious interest group—The Ecology Alliance—that is particularly concerned with the extent to which organizations promote sustainable development and/or the effective management of environmental problems”. All participants received experimental scenarios that were identical except for the manipulated factors, which represent the only differences between experimental cells. Figure 4 displays the four experimental conditions and the number of participants that were randomly assigned to each condition. Because of the simple randomization patterns in the software utilized to administer the experiment online (Qualtrics), and because the screening questions were asked after the completion of the experiment, the number of participants in each cell were slightly unbalanced; this is not unexpected or inherently problematic (Schulz & Grimes, 2002). A one-way ANOVA demonstrated no significant differences in the composition of active participants and sympathizers between experimental conditions ($F = 0.38, p = 0.53$). Additionally, two-sample tests of proportions (*prtest* in STATA 13.1) further confirmed that the proportion of active participants and sympathizers were not significantly different across conditions.

FIGURE 6
Responses and Experimental Manipulations

Managerial response posture

		Defensive	Accommodative
<u>Impression management tactic</u>	Flattery	<u>Group 1</u> Flattery × Defensive response 34 participants	<u>Group 2</u> Flattery × Accommodative response 48 participants
	Intimidation	<u>Group 3</u> Intimidation × Defensive response 42 participants	<u>Group 4</u> Intimidation × Accommodative response 24 participants

4.3.3. Dependant Variable(s)

Intentions to engage in threatening actions. Participants were asked to respond to an adapted and abbreviated version of the previously validated Activism Orientation Scale (AOS) (Corning & Myers, 2002). Specifically, 17 of the original 35 items on the AOS were retained for the purposes of this study because many of the items were not applicable to the context of this study’s experimental scenario and/or did not reflect a tangible behavior that could be undertaken toward the firm (see: Appendix B). For example, items such as “vote in a non-presidential federal, state, or local election”, “keep track of the views of members of Congress regarding an issue important to you”, and “campaign by phone for a political candidate” were all removed. For each of the 17 items, participants rated their likelihood of undertaking each stated behavior

using a scale with points of 0 (*Extremely unlikely*), 1 (*Unlikely*), 2 (*Likely*), or 3 (*Extremely likely*). Responses to all items were then summed, yielding an overall score of intent to engage in threatening actions between 0 and 51, with higher scores reflecting a greater intention to engage in threatening actions toward the firm ($\alpha = 0.86$).

Evaluation of the firm's corporate opportunity structure. Participants were asked to evaluate the firm's corporate opportunity structure. Since there is no readily validated or established instrument to measure individuals' beliefs pertaining to the firm's corporate opportunity structure, I opted for a direct approach of asking respondents to evaluate whether "the organization and its executives are sufficiently receptive to social issues to be effectively targeted by interest groups". Participants answered on a nine-point scale anchored at $-4 =$ "no, certainly not" and $4 =$ "yes, certainly". I chose to measure participants' evaluations of the firm's corporate opportunity structure with a single item because it meets three conditions stipulated by Wanous and Hudy (2001): the construct of interest can be regarded as (1) one-dimensional (see: Briscoe et al., 2014; King, 2008; McDonnell et al., 2015), should (2) be clear to respondents, and (3) sufficiently narrow. Furthermore, like organizational behavior scholars have argued for single-item measures of job satisfaction (e.g. Wanous, Reichers, & Hudy, 2001), this single-item measure of participants' evaluations of the firm's corporate opportunity structure also alleviates the need for redundant items, and adequately captures the construct I am testing.

4.3.4. Independent Variables: Manager Response and Impression Management Strategies

I designed my experiment based on scenarios that manipulate managerial responses as being either accommodative or defiant and impression management tactics as being either flattering or intimidating. In other words, the independent measures in this study consist of the two possible experimental treatments. As mentioned above, to strengthen the internal validity of

the manipulations and to limit confounding information, the initial preface of information that each participant received pertaining to the firm and their role within the scenario was identical. Appendix C contains the experimental scenario and two experimental conditions that participants were subjected place in; the other two experimental conditions are simply permutations of the listed examples, as Figure 6 illustrated.

Manipulation of impression management tactics. To manipulate IM tactics, participants were presented with a scenario in which the firm’s CEO either utilizes flattering or intimidating IM tactics, as illustrated in Appendix C. Accordingly, *flattery* was coded as a value of 0 for the groups of participants that receive a response in which flattery tactics was used; *intimidation* therefore received a value of 1 for the groups of participants that receive response in which intimidation was used. Manipulation checks confirmed the validity of the experimental manipulation of top managers’ IM tactics. Specifically, participants were asked: “without referring back to the first set of comments issued by JRE’s CEO, how would you rate these comments?”. Participants answered on a nine-point scale anchored at – 4 = “not confrontational at all” and 4 = “very confrontational”. Participants that received a flattering IM tactic viewed this set of comments as significantly less confrontational than those participants that received an intimidating IM tactic (0.55 vs. 1.27; $t = 0.01$).

Manipulation of response posture. To manipulate response posture, participants were presented a scenario in which the firm’s CEO either issued an accommodative or defiant response to secondary stakeholder demands, as illustrated in Appendix C. Consequently, *accommodative response* was coded as a value of 1 for the groups of participants that received a response that accommodated their demands; *defiant response* received a value of 0 for the groups of participants that received a response that did not accommodate their demands. Manipulation

checks also confirmed the validity of the experimental manipulation of managers' response posture. Specifically, participants were asked: "without referring back to the (second) follow-up set of comments issued by JRE's CEO, how would you rate these comments?". Participants answered on a nine-point scale anchored at -4 = "not cooperative at all" and 4 = "very cooperative". Participants that received an accommodative response posture viewed it as significantly more cooperative than those participants that received a defiant response posture (1.03 vs. -0.37; $t = 0.00$).

4.3.5. Analytical Approach

To test hypotheses 1 and 2, I compared the means of the group in condition 1 and condition 3, against the mean of the group in condition 2 and 4, using a t-test. To test hypothesis 3, I compared the mean of the group in condition 1 against the mean of the group in condition 3, using a t-test. Finally, to test hypothesis 4, I compared the mean of the group in condition 2 against the mean of the group in condition 4, using a t-test (Lattin, Carroll, & Green, 2003; Shadish et al., 2002).

4.4. RESULTS

Table 7 shows the descriptive statistics for secondary stakeholders' intentions to engage in threatening actions and evaluations of the firm's corporate opportunity structure for each experimental cell.

TABLE 7
Descriptive Statistics by Experimental Condition

Variable	Statistic	Flattery × Defiant (Cond. 1)	Flattery × Accommodative (Cond. 2)	Intimidation × Defiant (Cond. 3)	Intimidation × Accommodative (Cond. 4)	Total
Threatening actions	Mean	21.24	20.27	21.48	21.79	21.19
	s.d.	6.89	7.75	10.19	6.85	7.92
Opportunity beliefs	Mean	0.29	0.71	-0.55	0.88	0.28
	s.d.	1.87	1.81	2.23	1.90	2.02

Table 8 shows the results of the t-tests that were used to test hypotheses 1 and 2.

Hypothesis 1 stated that secondary stakeholders would execute a higher amount of threatening actions toward the firm as managerial response became more defiant. However, the results of the t-test fail to provide support for hypothesis 1; there is no significant difference in the threatening behavior of secondary stakeholders regardless of the posture of the response that the firm's CEO issues. Hypothesis 2 stated that secondary stakeholder evaluations of the firm's corporate opportunity structure would be more favorable as a response became more accommodative. The results of the t-test provide support for hypothesis 2; secondary stakeholder evaluations of the firm's corporate opportunity structure are more favorable when the CEO issues an accommodative response. More specifically, it is possible to conclude with 99% confidence that and accommodative response is positively associated with secondary stakeholder evaluations of the firm's corporate opportunity structure.

TABLE 8
Means Comparison Defensive vs. Accommodative Response

Variable	Statistic	Defiant (Cond. 1 & Cond. 3)	Accommodative (Cond. 2 & Cond. 4)	<i>p</i>
Threatening actions	Mean	21.36	20.78	0.33
	s.d.	8.81	7.45	
	<i>n</i>	76	72	
Opportunity beliefs	Mean	-0.17	0.76	0.00
	s.d.	0.24	0.22	
	<i>n</i>	76	72	

Tables 9a and 9b show the results of the t-tests that were used to test hypotheses 3 and 4, respectively. Hypothesis 3 predicted that the positive relationship between a defiant response and secondary stakeholders' threatening actions would be moderated by the usage of flattery, such that the relationship would be weaker with the usage of flattery. However, the results of the t-test fail to provide support for hypothesis 3; there is no significant difference in the threatening behavior of activist regardless of the impression management tactics that the firm's CEO utilizes to frame a defiant response. Hypothesis 4 predicted that the positive relationship between an accommodative response and secondary stakeholder favorable evaluations of the firm's corporate opportunity structure would be moderated by the usage of intimidation, such that the relationship would be weaker with the usage of intimidation. However, the results of the t-test fail to provide support for hypothesis 4; there is no significant difference in the opportunity beliefs of activist regardless of the impression management tactics that the firm's CEO utilizes to frame an accommodative response.

TABLE 9A**Means Comparison Flattery vs. Intimidation IM Tactic on Defiant Response**

Variable	Statistic	Flattering IM	Intimidating IM	<i>p</i>
Threatening actions	Mean	21.24	21.48	0.47
	s.d.	6.89	10.19	
	<i>n</i>	34	42	

TABLE 9B**Means Comparison Flattery vs. Intimidation IM Tactic on Accommodative Response**

Variable	Statistic	Flattering IM	Intimidating IM	<i>p</i>
Opportunity beliefs	Mean	0.71	0.88	0.64
	s.d.	0.26	0.38	
	<i>n</i>	48	24	

4.5. DISCUSSION

This essay informs our understanding of the consequences of managerial responses as they relate to the subsequent behavior and actions of secondary stakeholders by examining how differences in responses issued by a targeted firm's CEO influences secondary stakeholder evaluations of such responses and subsequent secondary stakeholder group actions and behavior. While the firm's top managers are generally viewed as key figures in managing the firm's secondary stakeholders and other external stakeholders (e.g. Fanelli et al., 2009; Finkelstein et al., 2009; Pfeffer & Salancik, 1978; Thompson, 1967; Westley & Mintzberg, 1989), there is limited theoretical or empirical attention that has focused on understanding how managers' rhetoric influence secondary stakeholder behavior and evaluations of the firm. As such, I drew on motivated cognition theory (Higgins & Molden, 2003; Kunda, 1990), and related work on cognitive appraisal theories of emotion (Roseman et al., 1990; Smith & Lazarus, 1993), to examine secondary stakeholder reactions to top manager responses in terms of how they

influence these entities threatening behaviors and evaluations of the firm. Accordingly, the study provides important insights pertaining to the consequences—or lack thereof—of the strategic use of language by the firm’s top managers toward secondary stakeholders.

First, the results suggest that the posture of managerial response—whether it is defiant or accommodative—has no significant influence over the behavior of secondary stakeholders; these entities do not exhibit a lesser or greater intent to engage in threatening behavior as a result of managers’ response posture. While somewhat surprising, these results appear to suggest that, given secondary stakeholders’ motivated cognitions, these entities are highly focused on seeing substantive actions and changes from the firms that they target and are relatively indifferent in regards to symbolic action in the form of response from management when it comes to modifying their behavior. Put differently, secondary stakeholders do not exhibit any intentions to modify their behavior, possibly until such a time as they see substantive changes implemented (or not). As such, it appears that behavior of secondary stakeholders may not be as susceptible to managers’ symbolic actions as the behavior of other external stakeholders, such as securities analysts (Fanelli & Grasselli, 2006; Fanelli et al., 2009). A central consequence of these results is that the firm’s top management may not be able to alter the behavior of secondary stakeholders that have issued demands of their firms through simply by using strategically worded responses. While responding in a defiant manner does not seem to arouse secondary stakeholders to behave in a more threatening manner toward the firm, responding in an accommodative manner does not seem any more effective in making these entities curb their threatening behaviors, by comparison. As such, it does not seem that a firm’s top managers can simply make secondary stakeholders go away by strategically telling them what they want to here. It appears that, at the

very least, managerial responses may have to be accompanied by some substantive action—even if a token one—in order to have any impact on the behavior of secondary stakeholders.

However, the results suggest that the posture of managerial response does have an influence over secondary stakeholders' evaluations of the firm; these entities do have more favorable evaluations of the firm's corporate opportunity structure as a result of an accommodative response. Generally, these findings support the argument that managerial responses do appear to constitute a hitherto neglected, albeit important, aspect of the firm's corporate opportunity structure, as evaluated by secondary stakeholders. Substantively, these results suggest that top managers issuing an accommodative response, thought to be effective in calming secondary stakeholders down, may be doing so at the risk of sending signals—perhaps inadvertently—about the firm's receptivity to working on issues advanced by secondary stakeholders. Taken together, the results of the analyses pertaining to hypothesis 1 and hypothesis 2 more importantly suggest that issuing an accommodative response may not present any strategic upside for management, especially if the goal is to utilize such a response as a symbolic gesture to appease secondary stakeholders without necessarily making any substantive commitments to working on their issues. Interestingly, issuing an accommodative response does not influence behavior but does send a message that the firm's corporate opportunity structure is more attractive target, perhaps making the firm susceptible to additional demands from the focal group or other secondary stakeholders. As such, it might appear that when faced with secondary stakeholder demands, the best course of action—if management's intention is to accommodate the demand with little interest for receiving other demands—is to do so quietly and away from the public eye.

Finally, the findings suggest that impression management (IM) does not meaningfully alter the behavior of secondary stakeholders or their evaluations of the firm in any substantive way. In some way, these findings may suggest that secondary stakeholders tend to view IM in a more skeptical way than other stakeholders, especially stakeholders that are beholden to the firm in some fashion. For instance, prior work shows that IM may be effective in changing the behavior of customers that owe the firm money (Elsbach et al., 1998). As such, it is possible that other stakeholders that depend more strongly on the firm are more susceptible to taking IM at face value; for instance, it may suit these types of stakeholders' self-serving biases to fall for ingratiation such as flattery (Vonk, 2002). From a managerial standpoint, the findings therefore suggest that IM may be an ineffective way of strategically framing responses toward secondary stakeholders.

4.5.1. Contributions to Theory

This essay contributes to strategic management and organizational theory in multiple ways. First, from a strategic management perspective, I extended research on how top managers may utilize symbolic actions to manage the firm's external stakeholders (Barnard, 1938; Fanelli et al., 2009; Finkelstein et al., 2009; Westley & Mintzberg, 1989) by examining managerial response to secondary stakeholders; entities whose actions and demands present important strategic consequences for firms. By demonstrating that the posture of top managers' responses to secondary stakeholders influence evaluations of the firm's corporate opportunity structure, I offer further insights as to specific forms of managerial rhetoric that top managers might be able to rely on in order to more effectively engage or dissuade external stakeholders from future action (see: Fanelli & Misangyi, 2006). Accordingly, it appears that different managerial responses may help the firm avoid the potentially costly resource commitments and policy

changes that are involved with implementing secondary stakeholder demands by sending signals pertaining to the firm's corporate opportunity structure.

This study also helps to establish some of the boundary conditions pertaining to the effectiveness of symbolic action—specifically managerial rhetoric—targeted toward external stakeholders. Overall, it appears that managerial rhetoric might be generally ineffective in influencing the behavior of secondary stakeholders in ways that management may intend. As such, it is possible that a boundary condition around the use of symbolic action in the form of managerial rhetoric lies in the motivations and emotionality of the entities the firm's managers are communicating to. Specifically, those entities that appear highly motivated to affect change within the firm, such as secondary stakeholders, may not be as susceptible to rhetoric as other stakeholders.

This study contributes to stakeholder theory by shedding important theoretical light on some of the cognitive processes of secondary stakeholders. Specifically, I theorized about the nature of their motivated cognitive processes and emotion in their judgment of firms and firm responses to their demands. Building on motivated cognition theory, I argued that secondary stakeholders' motivations to affect changes within firms would lead them to view defiant responses as inconsistent with their cognitive frames and lead them to engage in a greater degree of threatening behavior toward the firm. Additionally, I argued that these same motivations would lead them to interpret accommodative responses as consistent with their cognitive frames and lead them to form more favorable evaluations of the firm's corporate opportunity structure. The findings offer initial support for the role of motivated cognition and how it influences secondary stakeholder evaluations of the firm as a result of managerial response rhetoric. Specifically, consistent with their motivations, secondary stakeholders evaluate the firm's

corporate opportunity structure more favorably as a result of management issuing an accommodative response to their demands, in comparison to a defiant response. This study also draws needed attention to some of the important consequences of managerial response to secondary stakeholders. In general, stakeholder theory remains silent about the consequences of responses to secondary stakeholders; it largely assumes that defiant responses necessarily imply negative consequences and that accommodative responses imply positive consequences for the firm and top management. For example, work in the stakeholder theory literature cautions that “firms ignore the needs of the multitude of stakeholders they face at their own peril” (Eesley & Lenox, 2006: 765). Moreover, Edward Freeman originally stated:

Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count "terrorist groups" as stakeholders. As unsavory as it is to admit that such "illegitimate" groups have a stake in our business, from the standpoint of strategic management, it *must* be done (1984: 53; emphasis added)

However, contrary to these ideas, the present study’s findings indicate that top managers that accommodate secondary stakeholder demands may be doing so at the firm’s peril, by signaling that the firm may have an attractive corporate opportunity structure. Moreover, prior work has tended to view responses to various stakeholder groups (i.e. accommodate or not) as the final outcome of the interaction between a firm’s management and a given secondary stakeholder (Eesley & Lenox, 2006; King, 2008). In contrast, this study suggest that responding to secondary stakeholders, especially if done so in an accommodative manner, may only represent the beginning of the firm’s dealings with a given secondary stakeholder group and others in the field.

Finally, this essay further develops the construct of the corporate opportunity structure by articulating and testing how top managers’ responses to secondary stakeholders may constitute an important aspect of the firm’s corporate opportunity structure. In comparison to prior work that exclusively considers relatively static and observable features of the firm (e.g. firm

performance, firm reputation, CEO political ideology), I draw attention to how the behaviors and actions of top managers may also be an element of the corporate opportunity structure. This is an important extension of prior research, as it demonstrates that managers do have some level of discretion over the attractiveness of their firm's corporate opportunity structure; one such mechanism is through their rhetoric. Furthermore, while prior work has also largely made assumptions related to how secondary stakeholders might evaluate the firm's corporate opportunity structure, the present study is one of the first of its kind to attempt to actually capture secondary stakeholders' evaluations of the firm's corporate opportunity structure.

4.5.2. Limitations and Future Research

It is important to note that great care was taken in designing the experimental scenario, following recommendations to elaborate it based on a real life case (Aguinis & Bradley, 2014); specifically, this scenario was based on the documented event in which Greenpeace and other environmental movements targeted Shell Oil Corp to abandon its drilling operations in the Arctic. Further, the participants that were utilized to construct the sample for analysis in this study were also selected carefully, using screening questions that allowed these individuals to be considered as active participants in the environmental movement, or highly sympathetic to it. Despite the care taken designing the experimental scenario and selecting representative participants, the main analysis revealed some non-significant findings, which motivate further reflection on possible limitations in this study *ex post*, but also lead to interesting future research suggestions.

First, it is possible that an experimental scenario makes it more difficult than originally anticipated to replicate many of the real world factors that may influence secondary stakeholder behaviors in light of a given managerial response to their demands. More specifically, it is

possible that eliciting the type of emotion and animosity that is often present in real instances of interactions between secondary stakeholders and firms (Markman et al., 2016; Rowley & Moldoveanu, 2003; Soule, 2009), in which certain types of responses might enflame or calm tensions in a more dramatic fashion, is more difficult to replicate in experimental scenarios than originally expected. Further, experimental scenarios may present too sterile a setting to examine the relationships of interest because many of these types of scenarios unfold over an extended period of time (Dutton & Dukerich, 1991), and include a theatrical dimension in which feedback from the general public and media outlets plays a more important role than was originally anticipated at the outset of this study (McDonnell & King, 2013; Tilly, 1978). Based on these considerations, one possible avenue for future research would be to examine the relationships of interest in a field setting or with detailed case studies with first-hand accounts to further build theory from an inductive perspective (Siggelkow, 2007). Another possible approach would be to design an experiment in which certain performance-feedback information was presented to secondary stakeholders; for instance, informing participants about how certain prominent media outlets were reporting on managers' response and the legitimacy and success of the secondary stakeholder group in which they participate. Given the prominent role of the media as information intermediaries during these instances (King, 2008; McDonnell & King, 2013), it is possible that the inclusion of performance feedback information of this nature could refine an experimental scenario in a fashion that would further elicit the types of behavioral and cognitive outcomes from secondary stakeholders that were theorized about in this study.

Another possible limitation, although this study was consistent with previous experiments that outline their experimental conditions based on "ideal types" (Doty & Glick, 1994; Shadish et al., 2002), is that the distinction between the four experimental conditions was not as clear-cut

as what prior theory and examples that formed a basis for this scenario would suggest. However, developing even more extreme experimental conditions likely would have been ill-advised (Aguinis & Bradley, 2014). As such, future investigations may instead leverage within-subjects designs to enhance the potential for participants to pick up on the subtleties in the different types of responses.

This study drew theoretical attention to the importance of secondary stakeholders' cognitive processes and the emotional frames through which they evaluate firms. The results suggest interesting research avenues for further study of the cognitive processes of secondary stakeholders. Examining the cognitive and processes of secondary stakeholders *in vivo* may yield additionally insights about how secondary stakeholders' cognitive processes support behavior. In doing so, researchers would be better able to observe the thought processes of individuals that participate in secondary stakeholder organizations in real-time as these individuals determine how they might act and evaluate the firm in light of managers' responses. One approach to doing so would be to employ a verbal protocol approach (Ericsson & Simon, 1993).

Additionally, because secondary stakeholders may be opposed to the policies or programs that a firm has adopted in accordance with the priorities of its primary stakeholder groups (Clarkson, 1995), the responses that a targeted firm's top managers offer may also influence the ongoing relationship that the firm maintains with its primary stakeholders. Accordingly, future work might benefit from expanding the scope of inquiry to consider the consequences of response on primary and secondary stakeholders in a more integrative fashion.

4.5.3. Conclusion

In this study, I sought to understand how different types of top manager responses influence the cognitions and behaviors of secondary stakeholders. Overall, the findings

demonstrate that managerial response rhetoric does not appear to influence the behavior of secondary stakeholder in any meaningful way. However, the findings do demonstrate that managerial responses influence secondary stakeholders' evaluations of the firm's corporate opportunity structure. Altogether, the study informs thinking on the role of managerial rhetoric in managing the firm's external stakeholders while also offering promising recommendations for future research.

Chapter 5

GENERAL DISCUSSION AND CONCLUSIONS

“If we knew what it was we were doing, it would not be called research, would it?” —Albert Einstein

“You don’t learn to walk by following rules. You learn by doing, and by falling over...” —Sir Richard Branson, Founder of Virgin Group

5.1. What managerial attributes influence firm responsiveness to secondary stakeholders?

A firm’s response to a secondary stakeholder’s demands is important to its strategy because it often entails substantial resource commitments and/or policy changes that affect the way the company does business (McDonnell et al., 2015; Pacheco & Dean, 2015; Waldron et al., 2013). However, despite facing similar—if not identical—secondary stakeholder demands, firms vary, often significantly, in the manner in which they respond to such entities. For example, in 2008 Greenpeace challenged the sustainability of several grocery chains’ seafood sourcing practices; some firms modified their practices almost immediately (e.g. Trader Joe’s), while others lagged or did not respond at all (e.g. Costco, Publix) (Ram, 2012; Trenor & Mitchell, 2013; Waldron et al., 2013).

These examples help to illustrate how current theoretical perspectives that are utilized to explain firm responsiveness to secondary stakeholders provide an incomplete picture of the factors that are involved in determining the firm’s responsiveness. Stakeholder-sided research is limited by the presumption that top managers, and by extension their firms, differ in their responses only to the extent that the attributes and behaviors of secondary stakeholders they encounter differ. Firm-sided research focuses on top managers’ perceptions of firm-level cognitive structures and filters but provides little understanding of the relationship between the attributes of top managers themselves and the how these translate toward response to secondary

stakeholder demands in particular. The firm-sided perspective provides only a limited understanding of the role of managerial decision-making in determining firm response because it omits any consideration of top managers' own attributes and the cognitive processes by which those attributes influence their interpretations of, and responses to, those demands. However, secondary stakeholder demands constitute values-laden, emotionally charged, high discretion scenarios in which firm actions and behavior are likely to be influenced by top managers' cognitive frames, and especially, personal values. Accordingly, my dissertation first finds motivation in the notion that responsiveness to secondary stakeholders is significantly influenced by factors related to the firm's top managers themselves.

In Chapter 2, *A Top Manager-Driven Process Model of Firm Response to Secondary Stakeholders: The Role Personal of Values and Passion*, carefully drawing from work in social psychology that links personal values and passion to decision making and action, I developed a top manager-driven perspective of firm responsiveness to secondary stakeholder demands, defined as the degree to which the firm's top managers are willing to accommodate (or deny) a secondary stakeholder demand and commit themselves (and the firm) to enacting their chosen posture toward the demand (Bundy et al., 2013; IRRC, 1993; Waldron et al., 2013). My dual process model positioned top managers' personal values and passion as central, yet hitherto unconsidered, drivers of firm response to secondary stakeholder demands. In developing my theoretical perspective, I also built on prior research that demonstrates that secondary stakeholders coalesce around values-laden, emotionally charged social issues, and adopt positions and tactics that are often initially considered radical or illegitimate (Davis et al., 2005; den Hond & de Bakker, 2007; Markman et al., 2016; McDonnell & King, 2013; Rowley & Moldoveanu, 2003; Soule, 2009). Furthermore, I elaborated on the values-driven cognitive

process through which top managers' personal norms pertaining to secondary stakeholder demands become activated (Harland et al., 2007; Schwartz, 1973, 1974; Stern, 2000) and influence the *posture* of the firm's response (positive or negative), and then expanded on the role of passion toward the issues that form the basis of secondary stakeholder demands in determining top managers' level of *commitment* to their response (Cardon et al., 2009; Vallerand et al., 2003).

In doing so Chapter 2 addresses the dissertation's first guiding research question—*what managerial attributes influence firm responsiveness to secondary stakeholders?*—and also makes important contributions to strategic management and organization research. First, my theoretical framework contributes to stakeholder theory by specifying the means by which personal values influence perceptions of stakeholder salience. Although stakeholder theorists have suggested that perceptions of stakeholder attributes might be shaped by the values of the top executives (Agle et al., 1999; Mitchell et al., 1997), this work stops short of specifying the socio-cognitive mechanisms and pathways that connect a top manager's personal values to his or her attributions of stakeholder salience. Second, this chapter also importantly recognizes secondary stakeholders as increasingly important actors that affect firm strategies and competitive behavior in highly visible ways, but that are not being accounted for in more established frameworks. The third contribution is to the strategic leadership and upper-echelons literature by expanding upon the socio-cognitive process through which top managers' values influence action (see: Finkelstein et al., 2009). Additionally, by articulating these arguments within the scenario of a secondary stakeholder demand, I heeded a call for more configurational approaches to studying the firms' top managers; for instance, by accounting for how individual attributes of top managers interact with features of their environment (Busenbark et al., 2016; Finkelstein et al., 2009).

In Chapter 3, *Firm Receptivity to Secondary Stakeholders: The Role of Managerial Political Ideology*, I build on a part of the theoretical developments presented in Chapter 2 to empirically examine the influence of an under-examined but potentially important individual attribute—political ideology—on firm responsiveness to secondary stakeholders. Political ideologies are central, and relatively stable, features of individuals’ personal values and broader cognitive makeup (Jost, 2006) and thus, offer an accurate measure that reflects the theoretical argument made in Chapter 2 that top manager’s values determine response. Substantively, I hypothesized that the degree of liberalism in TMTs political ideologies is positively related to the firm’s receptivity to secondary stakeholder demands. However, recognizing that firm receptivity to secondary stakeholders likely implicates important debates within the executive suite, I also argued that the degree of political ideology separation within a focal TMT may negatively or positively moderate the relationship between TMT liberalism and firm receptivity. Finally, I considered the influential role of the firm’s CEO; hypothesizing that the CEO’s degree of liberalism is positively associated with firm receptivity to secondary stakeholders. However, I hypothesize that the positive relationship between CEO liberalism and firm receptivity to secondary stakeholder demands would be stronger as separation between the CEO’s ideology and that of the TMT decreases.

The analyses of a unique dataset, which included extensive information on top managers’ personal political contributions, offered general support for my research hypotheses. Substantively, the results provide empirical support for a values-based theory of managers’ receptivity to secondary stakeholders. The results from Chapter 3 also made some noteworthy contributions to strategic management and organization research, as well as toward practice. First, I contributed to research on upper echelons and strategic leadership by emphasizing the

role of managers' personal values in shaping their firm's receptivity to secondary stakeholder demands. This study also contributes to stakeholder theory by outlining new theoretical and empirical insights concerning the role of top managers' personal values and articulating how these characteristics act as important firm-sided drivers of firm receptivity to secondary stakeholders (Eesley & Lenox, 2006). In addition, prior work has tended to focus almost exclusively on the likelihood of firm concession. By examining and measuring receptivity *per se*, a continuous outcome, I provided important insights pertaining to how firms generally engage with secondary stakeholders as an element of their broader strategic agenda.

In addition to theoretical contributions, important practical advice seems to arise from Chapter 3. Most importantly, it can make executives aware of their own natural tendencies to inject their personal values into decision-making and evaluations of secondary stakeholder demands; perhaps they would respond to secondary stakeholders in a fashion that is inconsistent with the strategic objectives of the organization or with the priorities of the organization's primary stakeholders.

5.2. What are the consequences of managers' response rhetoric?

Chapter 4, *Exploring Managerial Rhetoric to Secondary Stakeholders: Response Posture and the Use of Impression Management Offsetting*, extends theorization about the role of top managers during firm interactions with secondary stakeholders to understanding the impact of managers' response rhetoric on secondary stakeholder behavior and evaluations of the firm. I drew on motivated cognition theory (Higgins & Molden, 2003; Kunda, 1990) to investigate secondary stakeholder reactions to top manager response rhetoric. Specifically, I argued that secondary stakeholders' motivations to affect changes within firms would lead them to view defiant responses as inconsistent with their cognitive frames and lead them to engage in a greater

degree of threatening behavior toward the firm. Additionally, I argued that these same motivations would lead them to interpret accommodative responses as consistent with their cognitive frames and lead them to form more favorable evaluations of the firm's corporate opportunity structure. Additionally, I considered whether and how top managers may also capitalize on the emotional mechanism of secondary stakeholders' motivated cognitions (Hinsz et al., 1997; Weston et al., 2006) and strategically use impression management (IM) tactics to 'offset' the potential severity of the consequences associated with each of these response postures.

The results of the study offered support for the role of motivated cognition and how it influences secondary stakeholder evaluations of the firm as a result of managerial response rhetoric. Specifically, consistent with their motivations, secondary stakeholders evaluate the firm's corporate opportunity structure more favorably as a result of management issuing an accommodative response to their demands, in comparison to a defiant response. However, the results also suggest that the firm's top management might not be able to alter the behavior of secondary stakeholders that have issued demands of their firms through simply by using strategically worded responses.

This essay contributed to strategic management and organizational theory in multiple ways. First, by demonstrating that top managers' responses to secondary stakeholders influence evaluations of the firm's corporate opportunity structure, the essay offers further insights suggesting that different managerial responses may help the firm avoid the potentially costly resource commitments and policy changes that are involved with implementing secondary stakeholder demands by sending signals pertaining to the firm's corporate opportunity structure. The study also helps to establish some of the boundary conditions pertaining to the effectiveness

of symbolic action—specifically managerial rhetoric—targeted toward external stakeholders; managerial rhetoric might be generally ineffective in influencing the behavior of secondary stakeholders in ways that management may intend. Finally, contrary to stakeholder theorists' main assumptions about the consequences of certain types of response postures, this study demonstrated that top managers that accommodate secondary stakeholder demands may be doing so at the firm's peril, by signaling that the firm may have an attractive corporate opportunity structure.

5.3. Beyond the Scope of the Dissertation: Overarching Contributions and Future Research

Ultimately, the impact and overall contributions of this dissertation are not only a reflection of whether or not I was able to answer some of its guiding research questions, but also will be determined by the future research questions and scholarly conversations that my dissertation might open up. Overall, the general thrust of the dissertation—examining the role and influence of top managers during firm interactions with secondary stakeholders—is positioned within an extremely novel phenomenon and novel stream of the strategic management literature.

In general, our knowledge on how firms and secondary stakeholders interact, and the influence that top managers have over this situations remains in its infancy. However, secondary stakeholders have been recognized as increasing important entities that may influence firms in noteworthy strategic and performance-related ways. For example,

In the summer of 2011, Greenpeace launched a campaign against large sportswear companies including Nike and Adidas with the aim of reducing global water pollution. The decisions these companies faced were central to their strategies, entailed substantial commitment of resources, and required that these companies go beyond their own practices to work with suppliers to achieve environmental goals (Pacheco & Dean, 2015: 1093).

While not essential for the firm's survival, secondary stakeholders can impose costs, disrupt routines, and force policy and practical changes that may make it increasingly difficult for a firm to acquire and maintain a competitive advantage; especially if the firm's competitors are not subjected to these same types of nonmarket pressures (cf. Waldron et al., 2013). Additionally, the type of damage that secondary stakeholders may level toward some of the firm's intangible resources, such as its reputation (Eesley et al., in press; McDonnell & King, 2013), may have a detriment effect on the firm's ability to retain customers, or to retain and recruit skilled employees. Moreover, the manner in which firms respond to secondary stakeholder demands can have lasting consequences for the way they are perceived by financial markets and the general public (Lamin & Zaheer, 2012). My dissertation has asked some essential questions, and provided some empirical evidence on this topic, which contributes to strategic management and organizational science in noteworthy ways, and that stand to initiate future inquiries in this area.

First, my dissertation demonstrates both theoretically and empirically, that top managers are key determinants of firm responsiveness to secondary stakeholders, and that their decisions and actions in these scenarios are heavily influenced by their personal values. From a strategic management standpoint, the theory and empirical evidence contained within my dissertation offers a micro-foundational account of how secondary stakeholder demands may impact firms' strategic and competitive behavior. Though they do not compete directly with firms for resources, secondary stakeholders have become a distinct and common source of external pressure and strategic opportunity for firms. Yet their tactics, which are affective in nature and focus on broad, socio-political issues, differ significantly from the transactional or regulatory nature of primary stakeholder claims and present unique challenges to top managers. By theoretically highlighting the role of top managers' values in influencing firm responsiveness to

these types of demands and laying out the processes by which these attributes affect the cognitive antecedents that influence firm responsiveness, I offered unique and valuable insights into the cause of variation in response to secondary stakeholder demands.

Furthermore, this dissertation advances upper echelons theory in a number of ways. First, I expanded theory regarding the distinctive cognitive process through which values influence managerial choice. Given the recent increase of work focused on top managers' personal values (Chin et al., 2013; Christensen et al., 2015; Hemingway & Maclagan, 2004), this is a needed theoretical refinement as upper echelons theory sees top managers' cognitive bases and values as operating through similar processes (Hambrick & Mason, 1984), which is problematic from a social-psychological standpoint. Second, this dissertation enriches our understanding of how top managers may mold the firm to reflect their own personal values and ideologies through the firm's responsiveness to secondary stakeholder demands; an action emblematic of the firm's stakeholder engagement orientation and broader social strategy.

Finally, this dissertation also provided valuable insights pertaining to whether, how, and why top managers' response rhetoric influences secondary stakeholder behavior in any substantive way. Overall, it appears that managerial rhetoric might be generally ineffective in influencing the behavior of secondary stakeholders in ways that management may intend. Moreover, top managers that accommodate secondary stakeholder demands may be doing so at the firm's peril, by signaling that the firm may have an attractive corporate opportunity structure. As such, this dissertation also demonstrates that how managers respond to secondary stakeholders, especially if done so in an accommodative manner, may only represent the beginning of the firm's dealings with a given secondary stakeholder group and others in the field.

Building on these contributions and the dissertation's guiding research questions, it is also possible to envision several potentially fruitful areas of future inquiry. First, I believe that the theoretical arguments presented in the dissertation lend themselves to studying the nature of firm response to other ambiguous and emotionally charged strategic situations that may resemble the decision-making scenario secondary stakeholder demands present for a firm's top managers; for instance, certain types of crises or other natural disasters and traumatic events. Additionally, this dissertation opens the possibility of considering the extent to which top managers personal values may form a hitherto unconsidered basis for the development and refinement of firms' dynamic political management capabilities (Oliver & Holzinger, 2008), which allow firms to acquire and sustain competitive advantages through nonmarket channels.

Additionally, one logical follow-up question to the dissertation's first guiding research question that warrants being pursued is: To what extent do managers influence firm responsiveness to secondary stakeholders? In light of my findings, and of the existing body of work that highlights the influence of stakeholder-sided, and firm-level factors on firm responsiveness to secondary stakeholders, it would be important to understand the extent to which stakeholder-sided, firm-level, and managerial-level factors each contribute to firm responsiveness when they are considered in an integrative fashion. Concretely, one possible approach to examining this question would be to leverage the variance partitioning approach, which has been recently utilized to help explain varying levels of managerial discretion across national contexts (Crossland & Hambrick, 2007, 2011) and the influence of CEOs over firm performance across time (Quigley & Hambrick, 2015). Such an approach would allow scholars to better understand the proportion of variance in firm responsiveness that could be attributable to stakeholder-sided, firm-level, and managerial-level factors. Another potential approach to

examining this question would be to leverage fuzzy set Qualitative Comparative Analysis (fsQCA) (Ragin, 2000, 2008). This approach would allow scholars to identify the configuration of stakeholder-sided, firm-level, and managerial-level attributes that yield more positive and more negative responses to secondary stakeholders.

Second, another important follow-up question that would warrant being pursued is: What other managerial attributes might influence firm responsiveness to secondary stakeholders? The obvious area of inquiry that emerges from this dissertation is to further examine the role of top managers' passion toward the issues forming a basis for secondary stakeholder demands; which was not empirically examined in this dissertation. Recent work in the strategic leadership and upper echelons tradition also highlights the potential of examining the influence of top managers' regulatory focus. Regulatory focus theory is a theory from psychology that suggests that people are motivated to pursue goals through two coexisting internal mechanism: a promotion focus and a prevention focus (Higgins, 1998; Higgins, Shah, & Friedman, 1997; Lanaj, Chang, & Johnson, 2012). Both promotion focus and prevention focus direct people towards goal pursuit but do so through different motivational and behavioral processes (Lanaj et al., 2012). Examining the role of regulatory focus might be important because it captures top managers' motivational orientation; the influence of top managers' cognitive frames and values are mediated through motivational processes including how a manager is oriented to approach a strategic decision, as determined by his or her regulatory focus (Gamache et al., 2015; Lanaj et al., 2012). Thus, by focusing on top managers' regulatory focus, future research could better understand one of the direct mechanisms that may lead to top managers to more proactively engage with their secondary stakeholders. Additionally, recent work on CEO temporal focus (Nadkarni & Chen, 2014) also reveals some potential, as it could be conjecture that more future-

oriented top managers are potentially more inclined to respond favorably to secondary stakeholders, compared to more past-oriented top managers. Furthermore, secondary stakeholder demands may represent important scenarios for certain top managers to engage in narcissistic displays of power or self-indulgence; examining how top manager, especially CEO, narcissism influences these individuals' responses to secondary stakeholders may represent an additionally interesting line of inquiry. Moreover, important theoretical and empirical insights may be gained by studying the influence of board structure and composition—specifically, female and minority representation—on response to secondary stakeholders. All of the above are but a handful of the numerous important theoretical and empirical questions that emerge from this dissertation.

Finally, it is possible that secondary stakeholders have an indirect influence over CEO compensation arrangements. Extending the theory of executive job demands (Chen, 2015; Hambrick, Finkelstein, & Mooney, 2005), one possible argument that could be made is that CEOs who are hired in firms that face higher secondary stakeholder pressure will face higher job demands, since the array of firm stakeholders is possibly more broad, and managing them requires some considerable degrees of managerial time and attention. Given the possibility of higher job demands that accompany being hired into a firm that faces a greater amount of secondary stakeholder demands, CEOs hired into those firms may have greater bargaining power for setting their initial compensation, and be compensated more handsomely than their peers hired into firms that face less secondary stakeholder pressure.

5.4. Conclusion

In the three essays (Chapter 2, Chapter 3, and Chapter 4), I have examined the role and influence of top managers during firm interactions with secondary stakeholders. The theory and empirical evidence presented throughout this dissertation present exciting evidence that top

mangers matter a great deal in determining how the firm will respond to secondary stakeholders, and that top managers' personal values are particularly important predictors of responsiveness. Further, the results indicate that studying the role and influence of top managers during firm interactions with secondary stakeholders is indeed a fruitful avenue for future research. Top managers may also find important insights and advice from these essays.

I hope that the dissertation advance our understanding of not just the increasingly important strategic influence of secondary stakeholders over firm behavior and performance, but also about the important and proximal managerial factors within the corporate upper-echelon that influences the firm during such interactions.

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APPENDIX A

Supplementary Analyses: Managerial Ideology and Receptivity

TABLE A1
Influence of Top Management Liberalism on Receptivity

Variables	Receptivity = $\beta_0 + \beta_1$ Political Ideology + $\sum \beta_k$ Controls + ε							
	Model 7				Model 8			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
TMT liberalism (weighted)	0.265 (0.131)	0.02	0.008	0.522				
TMT liberal pres.					0.176 (0.084)	0.02	0.012	0.341
Controls								
TMT age	0.033 (0.013)	0.01	0.007	0.059	0.033 (0.013)	0.01	0.007	0.059
Female rep.	-0.679 (0.364)	0.06	-1.392	0.033	-0.665 (0.372)	0.07	-1.394	0.064
TMT politics	-0.001 (0.001)	0.33	-0.003	0.001	-0.001 (0.001)	0.29	-0.003	0.001
Employees	-0.075 (0.363)	0.04	-0.147	-0.004	-0.081 (0.036)	0.03	-0.152	-0.010
ROA	0.068 (0.080)	0.39	-0.089	0.225	0.075 (0.084)	0.37	-0.089	0.238
Intercept	-1.155 (0.220)	0.11	-2.558	0.249	-1.248 (0.723)	0.08	-2.665	0.168
Industry effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	270				270			
χ^2	207.92				208.76			

Notes: Coefficient estimates are reported with robust standard errors in parentheses. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

TABLE A2
Curvilinear Effect of Ideology Separation on Receptivity

Variables	Receptivity = $\beta_0 + \beta_I$ Political Ideology + $\Sigma \beta_k$ Controls + ε							
	Model 9				Model 10			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
TMT separation	0.721 (0.323)	0.01	0.088	1.353	0.700 (0.938)	0.23	-1.139	2.539
Separation (squared)					0.039 (0.281)	0.49	-3.182	3.262
Controls								
CEO liberalism	0.173 (0.173)	0.32	-0.166	0.512	0.174 (0.183)	0.34	-0.185	0.533
TMT size	-0.056 (0.026)	0.03	-0.107	-0.005	-0.056 (0.026)	0.03	-0.108	-0.004
TMT age	0.047 (0.016)	0.00	0.016	0.077	0.047 (0.015)	0.00	0.017	0.076
Female rep.	-0.564 (0.424)	0.18	-1.394	0.266	-0.563 (0.428)	0.19	-1.402	0.275
TMT politics	-0.001 (0.001)	0.37	-0.003	0.001	-0.001 (0.001)	0.37	-0.002	0.001
Employees	-0.104 (0.033)	0.00	-0.169	-0.039	-0.104 (0.033)	0.00	-0.168	-0.038
ROA	0.120 (0.078)	0.12	-0.032	0.272	0.120 (0.078)	0.13	-0.033	0.274
Intercept	-1.609 (0.970)	0.10	-3.510	0.291	-1.609 (0.970)	0.10	-3.513	0.293
Industry effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	200				200			
χ^2	246.92				249.59			

Notes: Coefficient estimates are reported with robust standard errors in parentheses. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

TABLE A3
GLS Estimations of Top Management Liberalism on Receptivity

Variables	Receptivity = $\beta_0 + \beta_1$ Political Ideology + $\sum \beta_k$ Controls + ε							
	Model 11				Model 12			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
TMT liberalism	0.260 (0.079)	0.00	0.105	0.416				
TMT liberal rep.					0.306 (0.089)	0.00	0.131	0.480
Controls								
TMT age	0.035 (0.005)	0.00	0.024	0.045	0.032 (0.006)	0.00	0.019	0.045
Female rep.	0.084 (0.149)	0.57	-0.208	0.376	0.107 (0.145)	0.46	-1.776	0.392
TMT politics	-0.001 (0.001)	0.44	-0.001	0.001	-0.001 (0.001)	0.37	-0.001	0.001
Employees	-0.045 (0.205)	0.03	-0.085	-0.005	-0.053 (0.021)	0.01	-0.094	-0.013
ROA	0.194 (0.049)	0.00	0.098	0.291	0.167 (0.049)	0.00	-0.070	0.263
Intercept	-1.669 (0.257)	0.00	-2.174	-1.167	-1.478 (0.330)	0.00	-2.124	-0.830
Industry effects	Yes				Yes			
Year effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	222				222			
χ^2	97.81				96.50			

Notes: Coefficient estimates are reported with robust standard errors in parentheses. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

TABLE A4
GLS Estimations of Top Management Ideology Separation on Receptivity

Variables	Receptivity = $\beta_0 + \beta_1$ Political Ideology + $\Sigma \beta_k$ Controls + ε							
	Model 13				Model 14			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
TMT separation	0.718 (0.231)	0.00	0.266	1.172	0.609 (0.280)	0.01	0.121	1.169
TMT liberalism					-0.044 (0.212)	0.43	-0.448	0.384
TMT lib. × TMT sep.					0.635 (1.071)	0.27	-1.464	2.734
Controls								
CEO liberalism	-0.141 (0.130)	0.28	-0.396	0.115	-0.036 (0.199)	0.59	-0.427	0.355
TMT size	-0.004 (0.023)	0.86	-0.041	-0.049	0.017 (0.025)	0.67	-0.032	0.066
TMT age	0.052 (0.011)	0.00	0.030	0.074	0.051 (0.013)	0.00	0.023	0.077
Female rep.	-0.033 (0.250)	0.90	-0.523	0.457	-0.061 (0.289)	0.83	-0.626	0.505
TMT politics	-0.000 (0.000)	0.90	-0.001	0.001	-0.000 (0.000)	0.46	-0.002	0.001
Employees	-0.145 (0.031)	0.01	-0.169	-0.039	-0.154 (0.036)	0.00	-0.225	-0.083
ROA	0.169 (0.062)	0.01	-0.032	0.272	0.181 (0.076)	0.02	0.032	0.330
Intercept	-2.431 (0.690)	0.00	-3.784	-1.078	-2.350 (0.843)	0.00	-4.004	-0.697
Industry effects	Yes				Yes			
Year effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	157				157			
χ^2	78.15				79.34			

Notes: Coefficient estimates are reported with robust standard errors in parentheses. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

TABLE A5
GLS Estimations of CEO Ideology and Separation on Receptivity on Receptivity

Variables	Receptivity = $\beta_0 + \beta_I$ Political Ideology + $\Sigma \beta_k$ Controls + ε							
	Model 15				Model 16			
	β	p	LCI _{95%}	UCI _{95%}	β	p	LCI _{95%}	UCI _{95%}
CEO liberalism	-0.093 (0.113)	0.20	-0.314	0.129	-0.129 (0.128)	0.16	-0.380	0.121
CEO-TMT separation					0.526 (0.199)	0.01	0.134	0.917
CEO lib. × TMT sep.					0.465 (0.554)	0.20	-0.621	1.624
Controls								
CEO age	-0.026 (0.007)	0.00	-0.039	-0.013	-0.030 (0.007)	0.00	-0.045	0.016
CEO gender	-0.142 (0.196)	0.47	-0.526	0.241	-0.096 (0.195)	0.62	-0.478	0.286
TMT size	-0.027 (0.023)	0.23	-0.017	0.072	0.029 (0.026)	0.26	-0.022	0.080
TMT age	0.060 (0.012)	0.00	0.037	0.083	0.064 (0.013)	0.00	0.038	0.089
Female rep.	-0.237 (0.225)	0.29	-0.678	0.205	-0.266 (0.266)	0.32	-0.788	0.256
TMT politics	-0.001 (0.001)	0.49	-0.001	0.001	-0.000 (0.001)	0.97	-0.002	0.002
Employees	-0.078 (0.025)	0.00	-0.126	-0.029	-0.134 (0.032)	0.00	-0.197	-0.072
ROA	0.102 (0.060)	0.09	-0.014	0.219	0.156 (0.078)	0.02	-0.027	0.285
Intercept	-1.640 (0.717)	0.02	-3.045	-0.235	-1.441 (0.828)	0.08	-3.063	0.182
Industry effects	Yes				Yes			
Year effects	Yes				Yes			
Cluster by firm	Yes				Yes			
N	157				157			
χ^2	85.26				107.32			

Notes: Coefficient estimates are reported with robust standard errors in parentheses; coefficients in interaction are mean-centered. One-tailed tests for hypothesized variables, two-tailed tests for control variables.

APPENDIX B

Modified Activism Orientation Scale

Items	Scale			
	Very unlikely	Unlikely	Likely	Very likely
<i>INSTRUCTIONS:</i>				
Thinking about the CEO's remarks concerning your special interest group's actions, please respond to the following items by indicating how likely it is that you might engage in each of the following activities.				
Display a poster or bumper sticker with an anti-JRE message	0	1	2	3
Engage in an activity against JRE in which you knew you would be arrested	0	1	2	3
Organize an awareness event (e.g. talk, support group, march)	0	1	2	3
Campaign door-to-door to mount support for your special interest group	0	1	2	3
Engage in a physical confrontation with a JRE representative	0	1	2	3
Send a letter or e-mail expressing your group's opinion to the editor of a periodical or television show	0	1	2	3
Engage in an illegal act as part of anti-JRE protests	0	1	2	3
Boycott JRE and its CEO	0	1	2	3
Distribute information about your group's cause	0	1	2	3
Engage in an anti-JRE activity in which you suspect there would be a confrontation with the police or possible arrest	0	1	2	3
Send a letter of email expressing your group's opinion to a public official	0	1	2	3
Attend and disrupt JRE's shareholder meeting	0	1	2	3
Start a petition against JRE	0	1	2	3
Block access to JRE buildings with your body	0	1	2	3
Wear a t-shirt or button with an anti-JRE message	0	1	2	3
Campaign by phone to mount support for your special interest group	0	1	2	3
Engage in an anti-JRE activity in which you fear for you personal safety	0	1	2	3

APPENDIX C

Example of Experimental Manipulations

Description of the initial scenario (Identical for all participants)

You are an active and important participant in a special interest group—The Ecology Alliance—that is particularly concerned with the extent to which organizations promote sustainable development and/or the effective management of environmental problems.

The JRE Corporation, a large oil and gas company, recently had its plan to drill for oil in the Chukchi Sea in the Alaskan Arctic approved by the United States Congress. Since that approval, both of JRE’s rigs--the Northern Light and the Polaris Star--have failed routine inspections. However, JRE plans to use the Northern Light to drill for oil in the Alaskan Arctic in less than two weeks from now. In addition, an environmental analysis revealed a 75 percent chance of a major oil spill if all of the Chukchi Sea’s oil is produced.

In a recent statement, Robyn Fontaine, the Executive Director of Resisting Environmental Destruction on Indigenous Lands stated: “JRE’s Arctic venture is seriously reckless. This company has no capability to address an oil spill in unpredictable ice conditions and has proven in previous attempts that they are not equipped for the harsh and volatile conditions of the Chukchi Sea.”

As a result of these developments, your special interest group has decided to publicly denounce JRE on its website. As an active and important participant in your interest group, consider the following information:

- Through publicly denouncing JRE, your interest group expects that JRE will—at a minimum—ensure that the rigs it is using to drill for oil in the Arctic are adequately maintained and compliant with routine inspection standards;
 - Any response from JRE executives that does not comply with your interest group’s demands will be considered a failure for your group and by the environmental activist community at large.
-

Intimidating IM Tactic

The Ecology Alliance has undertaken a very ill advised course-of-action regarding policies and practices that are of primary concern to the JRE Corporation and its shareholders. Continued actions executed against JRE will not be taken lightly, as JRE is committed to leveraging all necessary resources in order to defend its reputation, and does not take kindly to the Ecology Alliance’s current actions.

Defiant Response

At the present time, I have determined that it is in the best interest of the JRE Corporation to maintain our current stance on drilling for oil in the Arctic, including our intentions to use both the Northern Light and Polaris Star rigs as-is. JRE has no intention of altering our objectives or of revisiting the manner in which our rigs are inspected for compliance with safety and environmental standards.

Flattering IM Tactic

The Ecology Alliance has undertaken a very commendable course-of-action regarding policies and practices of primary concern to the JRE Corporation and its shareholders. Continued actions executed against JRE will be considered carefully, as JRE is committed to leveraging all necessary resources in order to enhance its reputation, and remains receptive to the Ecology Alliance’s current actions.

Accommodative Response

At the present time, I have determined that it is in the best interest of the JRE Corporation to revise our current stance on drilling for oil in the Arctic, including our intentions to use both the Northern Light and Polaris Star. JRE has every intention of modifying our objectives and of revisiting the manner in which our rigs are inspected to ensure their compliance with safety and environmental standards.
