

**A Dynamic Process Model of Contentious Politics:  
Activist Targeting and Corporate Receptivity to Social Challenges**

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Social movements frequently target firms as they seek to gain greater access to conventional channels of corporate decision-making (e.g., Soule, 2009; Reid and Toffel 200; King and Pearce, 2010). Social movements are outsiders to corporate decision-making and corporations have few “conventional access channels” that allow external input (Weber et al. 2009: 122; Walker et al. 2008; King 2011). Like social movements operating in the state context, therefore, these movements usually have limited access and muted influence over the institutional politics of their targets. Still, despite these limitations, recent research has demonstrated that activists are sometimes able to successfully alter corporate behavior, ranging from curbing harmful toxic emissions to granting same-sex domestic partnership benefits to employees (e.g., Maxwell et al. 2000; Raeburn 2004; Lee and Lounsbury 2012; Van Wijk et al. 2013; Soule et al. 2013).

Social movement theory has long emphasized that political opportunities, or the character of the political context in which movements operate, influence “the degree to which groups are likely to be able to gain access to power and to manipulate the political system” (Eisinger, 1973: 25; Tilly, 1978; McAdam, 1982; Kitschelt, 1986; Tarrow, 1994; Kriesi, Koopmans, Duyvendak & Giugni, 1992; Meyer & Minkoff, 2004; Della Porta, Kriesi, & Rucht, 1999; Tarrow, 1988). Like social movements operating in the context of the state, opportunity structures likely shape the outcomes of corporate-centered activism, yet because most corporations lack the democratic procedures of formal political systems, the mechanisms by which activists gain access to powerful decision-making centers are less apparent in the corporate context. Given the relatively closed nature of corporations, what explains the differences in corporate opportunity structures

that allow activists to gain access to these organizations? And to what extent are activists' decisions to target particular companies shaped by these opportunity structures?

The problem motivating this paper is to explain why certain companies' opportunity structures become more receptive and open to movement activism over time. We seek to explain why firms that are targeted by activists become more open to the claims and grievances expressed by those advocates and become willing to engage activists in dialogue. We argue that corporate opportunity structures are by-products of contention over corporations' policies and practices. A firm's past willingness to engage social issues shapes which firms are targeted by activism. This opportunity structure subsequently evolves as firms seek to defend themselves by adopting what we call *social management devices*, which are structures or practices meant to aid the firm in managing and promoting its social image. We argue that these devices incidentally alter firms' internal political agenda and provide leverage to external activists, making firms more receptive to future activist advances. In this way, social management devices moderate the relationship between a firm's past contentious interactions and its future receptivity to activist challenges.

We test our theory using a unique longitudinal dataset that follows three hundred large US firms from 1993-2009. The dataset tracks contentious attacks and the adoption of examples derived from three different categories of social management devices that promulgated throughout the corporate population during the period of our study: formal structural changes (adoption of a corporate social responsibility board committee), increased disclosure (the dissemination of a social responsibility report), and ratification of external standards (signing on to the UN corporate compact). Additionally, the data include every proxy proposal submitted by shareholder activists engaged in social issues across this time frame as well as the firm's

response to each proposal it received, empowering us to assess and track changes in corporations' receptiveness to social challenges advanced by their shareholders. Responses to shareholder proposals are a particularly useful tool for studying corporate responsiveness because, unlike other forms of activism, the process for resisting a shareholder proposal is both formalized and public, which makes it possible to separate resistant firms that actively fight against a challenge from more neutral firms that simply ignore it. This is contrasted with the case of conventional challenges like boycotts, where firm responses can typically only be captured in a binary variable indicating whether a target did or did not concede (e.g., King, 2008). Also, because large firms typically receive numerous social shareholder proposals each year, this is a promising setting for exploring the relationship between activist targeting and opportunity structures, as well as changes in opportunity structures over time. And, because federal regulation of proxy proposals applies equally to all corporations, this context allows for a more controlled comparison of changes in target-level opportunity structures over time than has been available in past research comparing the mobilization, impacts, and tactical choices of movements targeting different countries or states.

Our findings show that firms are more likely to be targeted as their opportunity structures approach either extreme, being either very receptive or very resistant to social activism. Becoming a frequent target of movement contention subsequently makes firms more likely to adopt social management devices. These defense tactics, in turn, increase the likelihood that a firm will be receptive to future social activists by empowering independent monitors and increasing corporate accountability for social issues.

Our analysis addresses two important theoretical questions: Do contentious attacks lead firms to become more or less receptive to future challenges? If so, why? We show that

contentiousness associated with movement activism does indeed make firms seek to defend themselves, although their motivation may simply be impression management (McDonnell and King 2013). Although companies may initially adopt social management devices as defensive practices meant to deflect contentious challenges, by adopting these devices they also demonstrate a commitment to social responsibility and aid in the management of social performance. These commitments create new opportunities for activist influence that did not exist before and change the calculus of future decisions around corporate practices that have social consequences. Thus by prompting targets to adopt defensive social structures and practices, contentious challenges can contribute to making a resistant firm become more receptive to social activists over time.

The paper also contributes to our understanding of the relationship between opportunity structures and activism, more generally. Although past work has emphasized that opportunity structures shape the tactical repertoire of activists, the literature shows mixed results about the impact of political opportunity structures on the efficacy of activist tactics (Meyer 2004). Our paper supports thinking of political opportunities as structures that evolve in relation to the activists that seek to change them rather than as static characteristics that differentiate political entities.

### **Corporate Opportunity Structures and Receptivity to Activism**

While social activist challenges are now a ubiquitous part of organizational life, marked variation exists in the manner in which firms respond to contentious advances. Some firms seek to suppress or repel activism by reacting to activist challenges with hostility, whereas others acquiesce relatively quickly to activists' demands (Oliver, 1991; Zald, Morrill, and Rao, 2005;

Baron and Diermeir, 2007; Maguire and Hardy, 2009). This variation is important, as it shapes the immediate and long-term impact of anti-corporate movements and, ultimately, the substance and form of corporate social activity.

Organizational scholars exploring the determinants of corporate responses to activist challenges have drawn extensively on established concepts and frameworks in social movement theory (King and Pearce, 2010; Schneiberg and Lounsbury, 2008; Soule, 2012). One particularly useful framework is political opportunity theory, which, although originally developed to explain the differential impact of social movements targeting states and governments, has natural correlates in the context of anti-corporate activism (Campbell, 2005). Scholars have extended this core idea to the corporate world, arguing that the character of the corporation itself shapes mobilization of anti-corporate movements, as well as the outcomes of mobilization. Characteristics of firms that are purported to influence mobilization and outcomes include the firm's field position or past engagement in pro-social activity (McDonnell and King, 2013), size, status, or reputation (King, 2008a; Bartley and Child, 2009), and the ideological orientation of a firm's leadership (Briscoe and Hambrick, 2013). Firms that accumulate a history of interactions with contentious social movements develop reputations as being either resistant or receptive to social challenges (Baron, 2005; Zald, Morrill, and Rao, 2005; Baron and Diermier, 2007; Briscoe and Safford, 2008). In turn, a target's reputation for being activist-resistant or activist-receptive may be heuristically employed by activists as an indicator of the openness of its political opportunity structures.

Whereas this past research sheds light on which firm-level factors signal opportunities and predict movement *outcomes*, it is unclear if these factors influence activists' choice of targets. Are receptive or resistant firms more likely to be targeted? This question, which has not

been addressed directly in the organizational literature, has ostensibly contradictory answers in the social movements literature. One perspective holds that social movements are more likely to mobilize and attack targets that have more open opportunity structures, which signal a higher likelihood of success (McAdam, 1982; McAdam, 1996; McAdam, McCarthy, and Zald, 1988). However, other research concludes that movements are more likely to develop when states have closed opportunity structures, so that activists have no alternative than to mobilize extra-institutionally (Kitschelt, 1986). For example, accounts of reactive mobilization suggest that repressive states that take actions that endanger a group's power or resources can spark movement activity (Tilly, 1978; Van Dyke and Soule, 2002). Eisinger's (1973) early formulation of opportunity structures maintained that movements were most likely to engage in activism when receptiveness to activists was at moderate levels; however, there is little evidence outside of his initial analysis to support this claim.

Additionally, while past research has actively examined the link between firm-level opportunity structures and movement outcomes, movement scholars have largely ignored the potential reciprocity of the relationship between activist challenges and opportunity structures. Just as opportunity structures affect movement activity, movements may provoke changes to their targets' opportunity structures. A number of scholars in the social movement literature have alluded to this possibility (Tarrow, 1996; Soule, McAdam, McCarthy and Su, 1999). Yet, it remains unclear whether and how movements shift opportunity structures, provoking McAdam's (1996: 36) lamentation that "movement scholars have spent... little time and energy systematically studying the role that movements have played in reshaping the institutional structure and political alignments" of their targets.

Clearly, there is wide variance in responsiveness to movements' challenges. This variability is especially noticeable in the corporate domain. Firms that occupy elite, entrenched positions in their field often have their power and interests vested in the status quo, incentivizing them to resist or repress activist groups pressing for change (Fligstein, 1996; Friedland and Alford, 1991; Maguire and Hardy, 2009). When these firms are challenged by activists, firm leaders' first response is likely to be defensive, drawing from impression management strategies that evade, rather than address, the activists' concerns (Ashforth and Gibbs, 1990; McDonnell and King, 2013). Other firms, however, like Starbucks or Whole Foods, try to situate themselves at the social vanguard by crafting their identities around social receptiveness (Briscoe and Safford, 2008). These firms may welcome activists' challenges, or may even act as activists themselves (e.g., McDonnell, 2013).

A firm's receptivity to social challenges is made especially conspicuous in its response to social-issue proxy proposals submitted by its shareholders. Proxy proposals are resolutions presented to be voted on at a company's annual meeting. Increasingly, shareholders use proxy proposals as a platform to bring a wide range of social issues, such as environmental issues, human rights issues, or animal rights issues, to the attention of a company's management and ownership. As a consequence, a number traditional social movement organizations now operate activist investing wings that buy stakes in problematic companies in order to submit resolutions to air their grievances. For example, in 2010, People for the Ethical Treatment of Animals reported holding stock in over 80 companies from diverse industries that they are targeting as a component of their animals rights campaign (PETA Press Release, 2010). They explain that, like more traditional protest tactics, their resolutions are crafted in order to garner maximum media coverage, "us[ing] graphic language to show other shareholders how the companies in

which they invest abuse animals.” By exercising their right to place issues on the corporate proxy as corporate shareholders, social movement organizations like PETA work to assure that their issue will be considered on the corporate agenda. In this way, placing a proposal on a company’s annual proxy ballot is similar to getting an issue on the political agenda; both are examples of active engagement at the earliest stages of the policy process, when protest tends to be especially influential (King et al., 2005; Soule & King, 2006; King et al., 2007; Johnson, 2008; Olzak & Soule, 2009).

In this setting, corporate opportunity structures are the product of a multi-layered system, encompassing both organization-level political regimes and the overarching institutional constraints imposed by federal and judicial regulation of the proxy process (Soule 2009). At the institutional level, the Securities and Exchange Commission (SEC) is empowered to act as an external gatekeeper and arbiter of access for shareholders wishing to put a social-issue proxy proposal on a firm’s annual proxy. The SEC has ordained that some categories of shareholder proposals can be excluded by corporations, and companies wishing to exclude a proposal that they receive from a shareholder must file a formal challenge with the SEC asking for permission to exclude. In this way, SEC policies create a ceiling to limit how closed corporations can be to activists vying for access.

Despite these superordinate boundaries imposed by the SEC, individual corporations enjoy relative latitude in responding to shareholder proposals. While companies must include a social issue proposal that the SEC deems non-excludable, companies are not forced to exclude a proposal just because the SEC has deemed its subject matter to be excludable. For example, until 2009, the SEC’s policy was to allow companies to exclude proposals relating to assessments of environmental risk. Several companies that received such proposals successfully

challenged them, including Mead Corporation and Willamette Industries in 2001. Despite this, there are numerous examples of these proposals appearing on company's annual ballots prior to 2009, including General Electric in 1998, Eastman Kodak in 1999, and Tyco International in 2004. These companies demonstrated their increased tolerance for social challenges by choosing not to fight against a clearly excludable proposal. Still other companies were even more receptive, such as the Gillette Company, which received a proposal relating to environmental risk that was submitted by the General Board of Pensions for the United Methodist Church in 2003. Rather than challenge the proposal or put it to a shareholder vote, Gillette opted to voluntarily concede to it, and the Methodist Church withdrew it prior to the annual meeting.

By signaling the political regime in place for responding to activism, a firm's responses to social challenges from its shareholders serve as a proxy for corporate opportunity structures. Firms that allow social challengers liberal access to their proxy ballot or concede without resistance demonstrate more receptive firm-level political regimes, signaling that they have more open corporate political opportunity structures than others in the field. In contrast, companies that wish to be more resistant may seek to exclude every proposal that they can, fighting even those proposals that are unlikely to be ultimately deemed excludable by the SEC. In so constraining access to their organization's formal channels, these companies demonstrate more socially resistant political regimes that signal more closed corporate political opportunity structures.

#### *How Does a Firm's Receptivity to Social Activism affect its Likelihood of Being Targeted?*

Political opportunity structures have proven to be fruitful mechanisms for understanding the impact of social movement attacks on corporations, yet it remains unclear whether closed or

open opportunity structures draw more challenges from activists. Indeed, a review of the literature discloses some support for either proposition.

On the one hand, some scholars argue that social movements are more likely to strike at targets that have more open political opportunity structures, where activists have the greatest likelihood of success. Meyer and Staggenborg (1996) suggest that “activists seek the most direct means toward influence on policy” (see also Downs, 1957; Meyer 1993a, 1993b). The avenue for activism that appears most “direct” to movement members depends in part on the apparent openness of the target’s political opportunity structure: namely, the perceived ability to voice policy demands and the prospects of success in implementing policy changes through institutionally oriented channels (e.g., Eisinger, 1973). For this reason, movements may wait for opportunities to strike when their targets are more vulnerable (McAdam, 1982), suggesting that organizations with more open opportunity structures are more likely to be confronted with activist challenges.

This intuition is supported to some extent by recent work in the corporate setting. King and McDonnell (2013) provide evidence that activists are more likely to target firms that put the most emphasis on corporate social practices, as corporations that have worked to cultivate strong pro-social reputations are more likely to attend to and respond to challenges that threaten this valuable intangible asset. Eesley and Lenox (2006) argue that activists seek to target those companies where they have the highest likelihood of winning concessions. In this respect, companies that have developed reputations for being willing to work with activists may seem like easier targets (Briscoe and Safford, 2008), whereas firms that have adopted unyielding or repressive stances toward prior activist challenges may signal the futility of future contentious tactics (e.g., Meyer & Minkoff, 2004). Activists may also be dissuaded from confronting

resistant firms because closed opportunity structures signal that a successful confrontation is likely to require the movement to expend more significant resources (Eesley and Lenox, 2006).

On the other hand, a separate, ostensibly conflicting, body of literature in the social movements setting holds that movements are spurred to act when confronted with very closed or repressive opportunity structures. Kitschelt (1986), for example, suggests that movements faced with these relatively more closed opportunity structures “adopt confrontational, disruptive strategies orchestrated outside established policy channels.” A number of other studies have found that movements are most successful in rallying support when they operate in extremely hostile political environments where they are foreclosed from participation in formal political channels (e.g., Meyer, 1993*b*: U.S. antinuclear mobilization; Schlozman & Tierney, 1986: environmental activism; Staggenborg, 1991: activists aligned with either side of the abortion debate).

This perspective also finds some support in the organizational context. For example, Prevost and Rao (2000) argue that shareholder activism signals managers’ unwillingness to improve corporate social performance without being strong-armed by conscientious investors, which suggests that this form of activism is more likely to manifest when companies have more resistant political ideologies. Similarly, in their study of the German anti-biotech movement, Weber, Rao and Thomas (2009:122) find that social movement agitators resorted to contentious tactics when given few “conventional access channels” to exercise internal influence on their corporate targets. Companies that blatantly signal their hostility toward activists’ initiatives may provoke feelings of alienation and anger among movement sympathizers, which could have the effect of increasing the likelihood of the movement’s subsequent mobilization and manifestation in protest.

Although these two perspectives seem to contradict each other, we suggest that they are actually complementary. That is, activists are likely to strike targets that have very closed structures (where activists have few alternatives to contention) *or* targets with very open structures (where they believe they have the highest likelihood of success). It is targets with more neutral structures that are unlikely to be selected, as these neither incite the masses by their resistance, nor signal an easy win. This leads to the general hypothesis that:

*Hypothesis 1: Firms with more open opportunity structures will be targeted by fewer activists, but this relationship will become positive at the most extreme levels of openness.*

#### *How do Activist Challenges Influence a Firm's Future Receptivity to Social Activism?*

Prior research suggests that a firm's past resistance to activism is predictive of its future resistance. Firms tend to draw on the same defensive or collaborative responses over waves of movement challenges, suggesting that responses to activists may be routinized just as other forms of strategic organizational behavior (Nelson and Winter, 1982; McDonnell and King 2013). Over time, firms that regularly face activist challenges develop identities as being either "activist prone" or "activist resistant" and these identities are recognized and reinforced by the media and activist community (Briscoe and Safford, 2008). For these reasons, a firm's political regime toward social activism and, by virtue thereof, the openness of its political opportunity structures, tend to be fairly sticky over time.

That said, a firm's responsiveness to activism can certainly evolve over time. Trends in firm responses to shareholder activism suggest that companies are generally growing less friendly to social activists -- implying that the average company's political opportunity structure is becoming more closed. While practitioners claim "no indication by the SEC of a generally

increased willingness to permit exclusion of shareholder proposals” (Bass, Berry & Sims, PLC 2008), activist watchdogs report that companies “are becoming more aggressive in seeking to exclude shareholder proposals from the company’s proxy statement.” (RiskMetrics, 2008). RiskMetrics, a leading consulting firm serving large shareholder activists, reported that companies challenged 33 percent of proposals submitted in 2008, up from 20 percent in the prior year.

It is also true, however, that an activist-resistant firm can become activist-prone. Consider, for example, the case of Nike. Nike has a long history of contentious interactions with its stakeholders. Most infamously, from the 1970s to the 1990s, Nike was accused of having its shoes assembled in sweatshops in Asian countries that prohibited unionization. For over two decades, the company was resistant to the labor rights movement and turned a deaf ear to activists’ challenges. As Todd McKean, Nike’s director of compliance, stated in a 2001 interview, “Our initial attitude was, ‘Hey, we don’t own the factories. We don’t control what goes on there.” (Heckel, 2001). With the new millennium, however, after high profile protests at over 40 universities that held contracts with the company, Nike began to change its tune. In 1999, the company adopted a code of conduct to govern its factories; over the next five years, it audited and graded its factories over six hundred times to assure compliance (Sage, 1999; Bernstein, 2004). Today, Nike is arguably one of the most accessible companies for activists. It is ranked at the top of its industry in Fortune’s Most Admired Companies list, has voluntarily conceded to all but two of the social proxy proposals submitted by its shareholders in the past twenty years, and even co-sponsors contentious movements alongside well-known activist organizations like Greenpeace. Clearly, Nike’s political strategy for engaging with activists has evolved considerably, but what accounts for this turnaround? There was no ebb in the amount of

activism that Nike felt before its about-face, which suggests that contention itself may have worked to change the company's approach to managing activist challenges.

Social movement scholars have noted that political opportunities do shift in various ways, driven by slow and sticky institutional processes (della Porta, 1996; Kriesi, 1995), or through abrupt or emergent "volatile" processes (della Porta and Reiter, 1998). It remains unclear, however, how and to what extent opportunity structures can be changed via political processes, or whether activism plays a role in shaping and shifting a firm's openness to activism. Prior accounts of market contention suggest that a primary goal of activist organizations is to expose and affect the opportunity structures of their corporate targets. Hunt, Benford, and Snow (1994), for example, argue that activist groups actively work to fragment organizational fields into allies and adversaries. By bifurcating the field and alienating clear targets, the movement is better able to attract and radicalize supporters (Alinsky, 1989). But can contentious interactions lead firms to be more open to social challenges they receive in the future? If so, why? What mechanisms are at play?

We suggest that firms caught in the crosshairs of contentious politics strategically adopt new structures and practices for managing contentious social interactions and demonstrating social responsibility to key stakeholders. By using contentious tactics, external stakeholders work to 'problematize' an issue, seeking through disruption to gain the attention and response of firm leaders (Benford and Snow, 2000; King 2008a; 2008b; Maguire and Hardy, 2009). Firms targeted by social movement attacks can feel this disruption in several ways, through declines in their public image, reputation, and market performance (Baron and Diermier, 2002; Vasi and King, 2012; King, 2008). These adverse consequences of social contention draw firm leaders' attention to the company's social image, prompting a search for strategic solutions to address the

firm's ailing stakeholder relationships (Nelson and Winter, 1982; Cyert and March, 1963; March, 1981; March and Simon, 1958). Some prior work suggests that movements provoke changes in corporate strategy like increased impression management through prosocial claims (McDonnell and King, 2013) or activist alliances (McDonnell, 2013), but it is unclear whether these outcomes signal mere "cheap talk" and "cooptation," as opposed to veritable changes in a firm's ideological or long-term approach to activist challenges.

While simple impression management strategies may be effective for temporarily palliating the adverse media attention received by a boycott, firms that struggle with repetitive contentious attacks from activists may seek more permanent measures to more capably address their social positioning and stakeholder management. These measures – what we will refer to as "social management devices" – are structures or practices meant to assist the firm in managing its social strategy and demonstrate an enhanced commitment to socially responsible values. We concentrate on three examples of these devices: the provision of an annual sustainability report (a form of enhanced disclosure); adoption of an independent board committee tasked with managing social responsibility issues (a form of structural change); and joining the UN global compact, which is a sustainability compact that allows an external institutional authority to set, monitor, and enforce standards for social responsibility to assure the participating company's compliance (a form acquiescing to external standards). Each of these devices have been increasingly adopted by companies in the US, as shown in Figure 1, which tracks their adoption among our sample of Fortune 500 companies.

[Insert Figure 1 Here]

In the case of Nike discussed above, it appears that Nike became more open to activists in the early 2000s, after being battered by contentious attacks for decades. Thus, Nike may have ‘learned the hard way’ that a more open approach to its contentious stakeholders could help the company save face and restore its brand’s identification with socially laudable norms and values. Indeed, a closer look at Nike’s social practices during its transitional period shows that the company a number of social management devices. In 2000, the company joined the UN social compact, the world’s largest voluntary corporate social responsibility compact, which requires firms to commit to broad principles and provide proof of compliance at regular intervals. The next year, the company began issuing an annual corporate social responsibility report to all of its shareholders and also adopted a new formal Corporate Responsibility Committee at the board level, which it staffed with four independent directors who meet several times each year. The Committee’s charter states that it is tasked with “review[ing] strategies and plans for corporate responsibility,” including the provision of “recommendations regarding labor and environmental practices, community affairs, charitable foundation activities, diversity and equal opportunity, and environmental and sustainability initiatives.” Clearly, in the wake of contention Nike had come to recognize its social performance as a strategic problem that warranted escalation to the highest levels of its management structure, as well as increased commitment and disclosure. Though anecdotal, we suggest that the case of Nike reflects a common pattern among companies that face large amounts of contention. Companies for which contention becomes a persistent and oppressive strategic problem are similarly likely to seek out social management devices to help them manage their social reputation and demonstrate an enhanced commitment to their stakeholder audiences.

*Hypothesis 2: As the number social challenges a firm is targeted with increases, so too does the likelihood that the firm will adopt social management devices.*

A firm's purpose for adopting social management devices is to better manage social policy issues and signal increased commitments to corporate social responsibility. However, we suggest that these tactics can also (if incidentally) make companies more receptive to activist challenges, serving as a moderating mechanism between activist challenges and general corporate social responsiveness. This could happen in one of two ways. First, insofar as social management devices signal a corporation's increased commitment to social issues, they also provide activists with leverage when appealing to the organization to reform because they allow activists to appeal to hypocrisy when the firm engages in socially deviant behavior. For example, firms that opt in to the UN corporate compact voluntarily agree to be beholden to the compact's enhanced expectations for corporate social behavior. If the firm later engages in behavior prohibited by the compact, its prior commitment to social responsibility can be used as leverage by activists pressuring the firm to reform.

Second, social management devices can lead to enhanced corporate social responsiveness by instituting and enabling independent monitors, which better equips social activists to hold a firm accountable for its deviances. Independent monitors who are capable of scrutinizing and influencing a firm's behavior play an important role in shaping corporate social responsibility (Mitchell et al., 1997; Aguilera and Jackson, 2003; Campbell, 2007). For example, prior studies of transnational movements suggest that non-governmental and social movement organizations play instrumental roles in bringing about reform by establishing codes of conduct and promote organizational compliance (Keck and Sikkink, 1998; Smith, 2005). Although the majority of prior work on monitors and corporate social responsibility focuses on external

monitors, internal stakeholders can also act as monitors who encourage socially responsible behavior. For example, Raeburn (2004) finds that intra-firm employee groups helped win organizational support for the provision of marriage benefits to domestic partners, and Johnson and Greening (1999) find evidence that the representation of independent directors on corporate boards is associated with enhanced corporate social performance. When a firm formally designates a committee charged with overseeing its social and public policy, the firm empowers directors to act as internal monitors. The institution of a social responsibility committee increases the likelihood that involved directors will attend to and consider social issues. Moreover, directors who are named to a social responsibility committee are made accountable for the firm's social actions, as they could be blamed for exposed transgressions. This should increase the extent to which these directors will take action to respond to potential social problems. In this way, social responsibility committees should lead firms to be more receptive to social challenges.

Social management devices may also come concomitant with increased disclosure, which can empower internal and external monitors by providing them with easier access to information about a firm's social activities. For example, firms that begin to issue a corporate social responsibility report both increase attention to social issues within the firm (as internal firm actors will have to prepare the report), but they also provide information to external monitors about where the firm's social priorities lie. This information may allow monitors to more easily point to behavioral aberrations or areas in which the firm needs to improve, empowering activists with greater leverage over potential corporate targets.

Social management devices tend to be sticky. Once a firm adopts a formal board committee or issues a social responsibility report, for example, it is very rare that it dismantles

the device in the future. Thus, to the extent that these devices provide activists with increased information and leverage, any shift in the corporation's receptivity to social challenges should be lasting. By eliciting corporate commitments to social issues and instituting and empowering internal or external monitors, we expect that social management devices lead the corporations that adopt them to be more receptive to activist challenges in the future.

*Hypothesis 3: Firms that adopt social management devices will become more receptive to activist challenges.*

## **DATA AND METHODS**

The sample used for this paper is a randomly-selected sample of 300 firms that were included in the Fortune 500 at some point between 1991 and 2009 and were established before 1990, which avoids any left censoring in the panel. Because each of our hypotheses relates to a different stage in the process of corporate-activist interaction, each is tested in a separate set of models. Across all models, unless otherwise noted, all independent and control variables are lagged one year in order to avoid temporal endogeneity.

Below, we separately discuss the variables, methods and results for each stage of the analysis in turn. Descriptive statistics and correlations of all variables appearing in our models are provided in Table 1 below.

[Insert Table 1 Here]

### **First-Stage Analysis**

Our first analysis includes a set of models testing hypothesis 1, which predicts a positive curvilinear relationship between a firm's receptivity to social movement challenges and its likelihood of being targeted.

### *Dependent Variable*

The dependent variable employed in the first-stage analysis is *total contention*, a count variable capturing the total number of times in a year that a firm was confronted with either a boycott or a proxy proposal. We include both of these categories of challenges because, just as social movement activists targeting the policies of states (e.g., Meyer & Staggenborg, 1996; Kaase & Marsh, 1981), anti-corporate activists choose from a variety of venues for advocating changes in corporate policy. With \$2000.00 worth of a company's stock, activists can put their policy initiative on the company's annual proxy ballot to be voted on by all of the shareholders of the organization (Rao & Sivakumar, 1999), or they can employ extra-institutional tactics like protests, boycotts, or negative media campaigns to place pressure on the organization to change its internal policies or cease its offending actions (Soule, 2009; King and Pearce, 2011). By including both boycotts and proxy proposals in our measure of total contention, we seek to capture the general amount of challenges that a firm is receiving, whether through the formal, internal proxy process, or through more informal, extra-institutional processes. Data on proxy proposals was collected using the IRRC Institute's archives of social-issue proxy proposals. Data on boycotts was collected using a media content analysis of Factiva's "Major News and Press Release Wires" database. Within Factiva, research assistants individually searched for each company's name along with the search string (boycott or boycotts or boycotting or boycotted) and read each result. They then pulled and coded any article reporting a boycott of the focal study. Prior studies of boycotts have utilized a similar method of identifying boycotts through the content analysis of newspaper articles (e.g., King, 2008; McDonnell and King, 2013; Friedman, 1985; Pruitt and Friedman, 1986; Davidson, Worrell, and El-Jelly, 1995). This search resulted in a total of 439 articles referencing 210 unique boycotts brought against the companies in our sample. A total of 22.4% of the boycotts we identified ended in a

concession, which similar to the 25% concession rate found in King's (2008) separate sample of US boycotts.

### *Independent Variable*

The independent variable in our first-stage analysis is a firm's *receptivity to activist challenges*. We operationalize receptivity through a variable capturing the variance in a firm's reactions to shareholder-submitted proxy proposals related to social issues that it received in the prior year. Reactions to these proposals are a useful proxy for a firm's attitudes to social issues because a firm can react in three distinct and readily observable ways, indicating receptivity, neutrality, or hostility. First, the firm could agree to implement the proposal without forcing it to go to a vote, in which case the proposal is *withdrawn* (signaling receptivity to social issues). Second, the firm could refuse to implement the proposal, but voluntarily allow the proposal to go to a *vote* at the annual meeting (indicating a more neutral stance toward social issues). Third, the firm could seek to *challenge* the proposal by petitioning the SEC for permission to exclude it from the annual proxy (signaling hostility to social issues).

To create a variable capturing the variance in each firm's responses to social issues, we began by summing the total number of withdrawn, voted, and challenged proposals. We then use these categorical tallies to construct a variable that operationalizes a firm's overall receptivity to social issue proposals. The variable that we use is based on the Janis-Fadner (JF) coefficient of imbalance, which is a formula that has been used extensively in past organizations research as a tool to capture the overall emotional valence of media articles (Janis and Fadner, 1985; Deephouse, 2000; Pollock and Rindova, 2003; Pfarrer, Pollock, and Rindova, 2010). The JF coefficient is constructed by coding media articles as negative, neutral, or positive, then collapsing them into a variable capturing their overall emotional bent. Like media articles, firm

responses to social proxy proposals are negative, neutral or positive, so the JF coefficient is a useful tool to extend to the present context as an operationalization of overall firm receptivity to social activists. The JF coefficient equals:

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

Where  $P$  is the number of positive firm responses to social-issue proxy proposals (i.e., withdrawals),  $N$  is the number of negative responses (i.e., challenges), and  $V$  is the total number of social-issue proxy proposals submitted to a firm in a given year. The JF coefficient produces a variable with a range from -1 to 1. Firms with a JF coefficient of -1 challenged all social-issue proxy proposals submitted in a given year and firms with a JF coefficient of 1 agreed to implement all of the social proxy proposals the received, leading to their withdrawal.

Because our hypothesis 1 predicts a curvilinear relationship between past receptivity and the likelihood of being targeted, we include both the raw receptivity variable and its squared term in the models.

### *Control Variables*

Prior research suggests that activists are more likely to target large, high-status firms, which tend to attract more media attention when challenged (King, 2008; King and McDonnell, 2013). We account for this by including four controls, *logged assets* (to capture variation in firm size), *logged media attention* (the logged count of the number of news articles about a company in a given year, as reported in Factiva), *reputation ranking* (derived from the reputation scores provided in Fortune's annual list of the Most Admired Companies). Following prior research,

we control for reputation ranking using an ordinal variable that captures relative differences in where firms are positioned within their general field hierarchy (King, 2008; McDonnell and King, 2013). Firms are given a score of “3” if they are in the top third of the reputation rankings in a given year, a score of “2” if they are in the middle third, and “1” if they are in the lowest third. All firms that do not appear in the Fortune rankings are given a score of “0”.

To control for the likelihood of serial correlation between a firm’s past and present activist challenges, we include a variable capturing *prior contention*, which is the one-year lagged version of the dependent variable, *total contention*. By including this variable, we seek to control for stable levels of contention faced by each company over time, focusing our models instead on the growth or reduction in the amount of contention a company faces from year-to-year.

Finally, to account for the possibility that a firm’s performance affects its stakeholder interactions, we include a measure of each firm’s *return on assets*. We also include fixed effects for each firm’s SIC major industry division.

### *Methods*

Given that the dependent variable in our first-stage analysis is a count variable, we employ negative binomial models. While an unconditional fixed-effects negative binomial model would be preferable in this setting, the model is overestimated and will not run with our data. Thus, we run the model as a random effects negative binomial model.

### *Results*

Results for our first-stage analyses are shown in Table 2. Results for control variables are consistent across all models. In line with prior research, we find that firms are likely to be targeted by more activist challenges when they are bigger, better performers, and have higher reputations (e.g., King and McDonnell, 2013). The year variable is also positive and significant, suggesting a positive temporal trend in the number of activist challenges that firms receive. In Model 2, we find a significant main effect of receptivity, suggesting that firms with more closed opportunity structures are more likely to be targeted by activism. This negative main effect persists in Model 3, which includes the squared term of the receptivity variable. However, consistent with our hypothesis of a quadratic relationship between receptivity and activist challenges, the squared term of receptivity in Model 3 is positive and significant.

[Insert Table 2 Here]

To aid with the interpretation of these findings, in Figure 2 we provide a graph of the predicted values from Model 3 as a function of a firm's receptivity to social activism.

[Insert Figure 2 Here]

As evident in Figure 2, firms that have been least receptive to prior activist challenges experience the most future challenges, and the predicted number of challenges decreases as receptivity moves from very resistant to neutral. However, the relationship between receptivity and activist challenges becomes positive at the extreme end of firm receptivity. Thus, our results suggest that firms experience enhanced likelihood of activist challenges when they sit at either end of the spectrum of receptivity, signaling either very closed or very open political opportunity structures.

## **Second-Stage Analysis**

### *Dependent Variables*

To test hypothesis 2, which suggests that firms facing more activist challenges will be more likely to adopt social management devices, we explore firms' adoption of three separate categories of social management devices: *CSR Report*, *UN CSR Compact*, and *CSR Committee*. Each social management device is captured as a binary variable, coded "1" if a firm adopts the device in a given year, and "0" if not. Data on CSR Reports were collected using the report archives compiled by the Global Reporting Initiative. Data on membership in the UN Global Compact were compiled using the participant search on the organization's website, which includes the date at which corporations became signatories to the compact. Data on CSR committees were collected using a search of the committee lists reported in the annual proxy statements for all companies in the sample. A new board committee was coded as a CSR committee if its description in the proxy statements explicitly mentioned that the committee's role included oversight or recommendations about corporate social responsibility, social policy, public policy, or environmental issues.

### *Control Variables*

We include a number of control variables for firm-level characteristics that were used and defined in the stage-one analysis, including *reputation*, *logged assets*, *return on assets*, and media attention. We also include a fixed-effect for major SIC industry division.

In addition to these firm-level characteristics that might affect a firm's likelihood of adopting social management devices, we sought to control for the possibility that firms adopt devices because of institutional-level mimetic pressure induced when other firms in the

population adopt a device. As a proxy for *mimetic pressure*, we include a control for the density of sampled firms in a focal firm's SIC industry category that have previously adopted the device in question. In the model predicting adoption of a *CSR Committee*, for example, the *Mimesis: Comm* control indicates the density of sampled firms within a focal firm's industry that have already adopted a board committee dedicated to corporate social responsibility. The models predicting adoption of a CSR report or becoming a signatory to the UN Global Compact include mimetic variables that are similarly constructed: *Mimesis: Report* and *Mimesis: UN*, respectively. Again, we include year as a continuous variable to account for temporal shifts in the rate of adoption of social management devices across our population of firms.

### *Methods*

We test hypothesis 2 using a series of three event history analyses predicting the adoption of a sustainability report, ratification of the UN Global Compact, and provision of a sustainability report, respectively. For each model, all companies are included in the risk set so long as they have not adopted the device in question. The dependent variable is coded "0" in all years in which a firm has not adopted the device in question and is coded "1" in years in which an adoption event takes place. No firm in the sample ceased to have a device after an adoption event, so firms are omitted for not being in the risk set in all years after an adoption event in question takes place. Because there is wide variation in the timing and rate of adoption for each of the social management devices explored here, the number of observations varies across these models. Given that all adoption events represent relatively rare events, we employ King and Zang's (2001) statistical correction for rare events.

## *Results*

Results for our models testing hypothesis 2 – that firms targeted with greater levels of contention will be more likely to adopt social management devices – are displayed in table 3. The models comprise a series of three event history analyses, predicting the likelihood that a firm will begin to issue a CSR report (Model 1), join the UN CSR Compact (Model 2), or institute a formal CSR Committee (Model 3). The year variable across all models is positive and significant, confirming a general temporal trend in the adoption of these devices over time. Among our control variables, we find evidence that better performing companies that receive more media attention are more likely to issue CSR reports and join the UN global compact. However, reputable, poor performing companies are more likely to adopt new CSR board committees. These results suggest that resorting to governance restructuring may be considered a more extreme type of social management device that companies resort to when they are already suffering performance declines. We find a consistent positive and significant relationship between the amount of contention that a company has faced in the preceding year and the likelihood that it will adopt each of the three management devices, demonstrating robust support for hypothesis 2.

[Insert Table 3 Here]

## **Third-Stage Analysis**

### *Dependent Variable*

The dependent variable in our third-stage analysis is a firm's *receptivity to activist challenges*, described above.

### *Control Variables*

As used and defined in the prior analyses, we control for a number of firm characteristics, including *reputation*, *prior contention*, *return on assets*, *logged assets*, and *logged media attention*. To account for potential temporal trends in firms' general receptivity to social challenges, we include a control for *year* as a continuous variable. We also include a fixed-effect for each firm's SIC major industry division.

### *Methods*

To test the relationship between the adoption of social responsibility structures and the changes in resistance to social activism, we use a quasi-experimental approach by comparing firms that adopted a social management device (the "treatment group") with a matched set of firms that did not (the "control group"). To construct the control group, we first generated predicted probabilities from each of the event history models used to test hypothesis 2. Then, we employed nearest-neighbor propensity score matching to pair each firm that experienced the adoption of a social management device with the firm that was at the most similar risk of adopting the device but did not. This resulted in a 1:1 matched set of treated firms paired with the most observably similar set of untreated firms in terms of those factors most likely to predict the adoption of the three social management devices explored in this paper (Heckman, Ichimura, and Todd, 1998). To compare the trends in openness pre-and post- adoption between the treated and control firms, we conducted difference-in-difference analyses wherein the *resistance* variable described above is the dependent variable. We began by transforming the data into a panel dataset in which each firm is observed twice: once in the year prior to an adoption event and once in the year after an adoption event, including fixed effects for firm and year. The models utilize two key binary variables: a *period* variable (coded "0" for the treatment firm and

its match in the year prior to an adoption event and “1” in the year after) and a *treatment* variable (coded “0” for all control firms and “1” for all treatment firms). The difference estimator, which estimates the difference in the change in the dependent variable across the two samples, is captured using an interaction of the period and treatment variables. As in previous models, standard errors are robust, clustered by firm.

### *Results*

Results for the third-stage analysis are provided in Table 4. Model 1 includes only the companies that began issuing a CSR report and their matched, control firms (77 treatment firms and 77 control firms); Model 2 includes the companies that adopted a CSR committee and their matched, control firms (44 treatment firms and 44 control firms); Model 3 includes the companies that joined the UN Global Compact and their matched, control firms (18 treatment firms and 18 control firms); and Model 4 aggregates the full set to include all companies that adopted any of the three social management devices as well as each of the treated firm’s matched control firm (139 treatment firms and 139 control firms).

[Insert Table 4 Here]

In Models 3 and 4, we find that larger firms tend to be less receptive to social challenges, whereas Models 1 and 4 suggest that firms with higher reputations tend to be more receptive. Our other control variables are not significant. Across all models, the main effect of the treatment variables is not significant, suggesting that there are no significant differences in the receptivity of the treatment firms and their matches in the year prior to a treatment event. In model 1, we find a negative and significant main effect of period, suggesting that the control firms matched to firms that began to issue a sustainability report actually decreased in their

receptivity from the pre- to post- treatment periods. However, the difference estimator for the treatment firms in this model is positive and significant, suggesting that firms that experienced the treatment (i.e., firms that began issuing a report) did become more receptive to activist challenges in the post-treatment period, compared to the matched set. In models 2 and 3, which include a smaller set of treatment and control firms due to fewer firms experiencing these treatments over the panel, the difference estimator is not significant, so we cannot say that the changes in receptivity for firms joining the UN compact or adopting a CSR committee are significantly different from firms that did not experience these events, though it should be noted that the period and difference estimators in these models do trend in the same direction as in Model 1. In Model 4 we aggregate all of our treatment and control firms to gain more statistical power by utilizing this larger observation set. Here, we again find a negative main effect of period ( $p < .01$ ) and a positive difference estimator ( $p < .01$ ). The results in this model lend support to our final hypothesis, suggesting that firms that adopt a social management device become more receptive to future activist challenges, whereas the matched control firms actually become less receptive to future activist challenges.

## **Discussion and Conclusion**

In this study, we explore three different phases of the political process in which activists and corporations interact in order to shed light on the dynamic processes through which contentious interactions are shaped by, and shape, corporate political opportunity structures. In the first stage, we explore the relationship between corporate opportunity structures and activist targeting. We provide evidence that a corporation's receptivity to activist challenges affects the extent to which it will be targeted in the future. The relationship that our data suggests is

curvilinear: Firms that are most resistant to activist challenges are the most likely to be targeted and firms that adopt a neutral stance are least likely to be targeted, but firms that are very receptive to activist challenges invite more activist challenges than neutral firms.

The second stage of the process we explore examines whether firms change their own practices and structures in response to contention. We find support for our hypothesis that firms facing more extreme levels of contention will seek out what we call social management devices: devices that help a firm to manage its social activity or that demonstrate an increased commitment to social issues. We modeled the incidence of three examples of these devices: the issuance of a CSR report, the adoption of a CSR board committee, or the ratification of the UN Global Corporate Compact. Our results suggest that contention is positively associated with firms' adoption of all of these devices, suggesting that firms with ailing stakeholder relationships seek out these strategic devices in an effort to address and amend their social strategy.

In the final stage of the process, we explore whether firms that adopt social management devices become more receptive to future activist attacks. Because contentious attacks prompt firms to seek out social management devices, we argue that these devices moderate the relationship between market contention and the opening up of corporate political opportunity structures. Again, we find support for our hypothesis. When firms that adopt a social management device are compared to a control set of firms that did not, the treatment firms become significantly more open to social challenges in the post-treatment period, whereas the control firms become significantly less open to social challenges in the post-treatment period. This final analysis sheds light on a mechanism through which opportunity structures evolve within the political process, suggesting that defensive strategic devices that targets adopt in the

wake of contentious interactions may also cause incidental increases in the target's openness to future activist advances.

The present study offers potential contributions to two separate bodies of organizational research: corporate social responsibility and social movements. In this section, we discuss the implications of our findings for each of these research streams, highlighting avenues of new research that our study encourages within each.

### *Implications for Corporate Social Responsibility Literature*

Critical of the collective effort of past CSR scholarship to wedge social responsibility into a neo-liberal conception of the firm, Margolis and Walsh (2002) urge organization theorists to assume a new, novel, pragmatic vantage. Rather than searching for an empirical connection between social performance and financial performance, they argue, we ought to begin with a more descriptive inquiry into the means to the end of corporate social practice. By what mechanisms do new modes of corporate social engagement emerge? What practices precede practical changes in a firm's interactions with its troubled stakeholders?

Our paper seeks to contribute to these inquiries by shedding light on the dynamic political process in which corporate-stakeholder interactions take place. Prior studies have linked corporate social responsibility to contentious politics, but have conceptualized the process as a simple direct relationship: activists notice a particular social problem, target the offending firms, and, if successful, can coerce these firms to concede to their more socially responsible agenda. Our findings suggest that the relationship between activism and increased corporate social responsibility is more complex. In addition to directly influencing a firm's policies with regards to their immediate social challenge, activists can also prompt firms to adopt social management

devices, reforming their structures and practices in ways that help them to address contentious relationships more generally. These social management devices have the added side effect of eliciting increased social commitments from organizations, as well as instituting and empowering internal and external monitors who can enforce social expectations of appropriate corporate behavior. In this way, contentious challenges can provoke a more generalizable, longer lasting change in corporations' receptivity to social challenges than has been previously recognized.

### *Implications for Social Movements Literature*

Research has long recognized that political opportunity structures exist in a reciprocal relationship with social movements (Tarrow, 1996; Della Porta, 1996; Gamson and Meyer, 1996). Opportunity structures influence the mobilization and momentum of movements, but movements may also provoke shifts in the opportunity structures of their targets. Yet this reciprocity remains unrepresented in extant literature, as expressed in McAdam's (1996: 36) lamentation that "movement scholars have spent... little time and energy systematically studying the role that movements have played in reshaping the institutional structure and political alignments" of their targets. By exploring a firm's receptivity to social activism as a dependent and independent variable, this paper sheds light on the mechanisms that govern this reciprocal relationship. Our findings suggest that movement challenges are not only affected by, but can also affect, the opportunity structures of their targets. Specifically, we propose a process by which one movement's activity can open avenues of influence for later movements. This idea, while underexplored, is not wholly absent from the social movements literature. For example, Costai (1992) suggests that by virtue of women among the identity classes protected in the

provisions of Title VII of the Civil Rights Act of 1964, the Civil Rights movement (largely inadvertently) paved the way for the later women's movement. While the anti-corporate activists whose challenges are explored here may not intend to ripen political opportunities for later movements, our findings suggest that this consequence can occur when targeted corporations adopt defensive structures and practices that provide leverage to successive activist advances.

By studying the consequences for formal organizations that seek to resist and challenge anti-corporate activism, this article also responds to Earl's (2006) call for more research into the role played by private actors in the social control of protest, which she argues "is badly needed because so few have studied any type of private protest control." (pg. 131). As she laments, "repression research has consistently focused on violent, state-based repression rather than repression by private actors..., even becoming so pronounced that scholars have begun to view repression as synonymous with state-based violence" (e.g., Tilly, 2005). However, insofar as movements are increasingly targeting private actors directly, some notion of how private actors seek to repress or subdue extra-institutional activism is critical for understanding the types of challenges faced by anti-corporate movements. Our paper answers this call by exploring the relationship between repression and activist targeting, as well as changes in the extent of repression or receptivity over time. We provide evidence that firms that adopt the most repressive or resistant stances toward activists are also those that are most heavily targeted in the future. This finding directly contradicts Eisinger's (1973) claim that movements are most likely to engage in activism when receptiveness to activists was at moderate levels. Moreover, our paper provides insight in to the process by which a repressive entity evolves into a more receptive entity by demonstrating how the defensive responses of targeted organizations have substantive effects on their future interactions with activists.

Relatedly, our findings contribute to the broader effort to understand the outcomes of social movements by exploring outcomes at the nexus of two established streams of social movement research: advantages vs. acceptance and direct vs. indirect outcomes. Outcome-oriented social movement research in the corporate context has focused predominantly on movements' abilities to achieve their intended goals (e.g., Cress and Snow, 2000; Rojas 2006; Bartley 2007; King 2008; Weber, Rao and Thomas 2009). This work was spurred largely by Gamson's (1990) suggestion that movement success could be categorized in terms of gaining new advantages or acceptance. New advantages refer to factors that afford a movement more access and leverage in its future interactions with an entity, such as newly recognized rights. Acceptance occurs when an entity affords a movement's members to formally participate in its internal policy-making process, such as when a political body places movement members into positions of formal authority.

While the question of how movements obtain new advantages and acceptance may shed light on how particular interests become incorporated into formal policy, to understand the more macro question of how social movements in the aggregate change the institutions in which they are imbedded, it is necessary to consider the important, but less attended to, indirect or unintended consequences of social movement activism (Cress and Snow, 2000; Deng, 1997). For example, scholars studying the impact of movements on markets have found that movements often have diffuse, unanticipated consequences like the emergence of new institutional logics (Haveman, Rao, and Paruchuri 2007), the mobilization of resources and identities that cultivate the formation of new markets and industries (Sine and Lee 2009; Hiatt, Sine and Tolbert 2009), and changes in corporate behavior, such as increased impression management and pro-social activity (McDonnell and King, 2013). This work emphasizes the significant institutional changes that can occur in the wake of a social movement, independent of the movement's ability to achieve its immediate goals.

The present paper complements and extends this prior work several ways. In effect, our findings synthesize these two research streams on movement outcomes by exploring the uncharted territory of how discreet social movements may indirectly generate new advantages for the larger population of social

activists. Our findings suggest that movements provoke indirect, defensive responses from their targets in the form of strategic management devices taking the form of increased disclosure, governance reform, or acquiescence to external standards. While movements may not be able to participate in these devices directly, each affords a movement new opportunities for influence by increasing the information that activists have at their disposal, instituting and empowering monitors to search for and address social problems, and increasing corporate accountability for social actions through public commitments. While we must leave to future research the question of the extent to which these devices bring about veritable improvements in corporate social performance, we do provide evidence that they tend to increase a company's receptivity to social activist challenges. Thus, we propose that discreet social movements are each a part of a dynamic, self-reinforcing process that works in the aggregate to foster an environment in which activism can thrive. Through the challenges of activists that came before, later activists can obtain new advantages that allow them greater voice and more liberal opportunities to influence corporate policy.

Figure 1: Patterns of the Adoption of Three Separate Social Management Devices among sampled Fortune 500 firms, 1993-2008

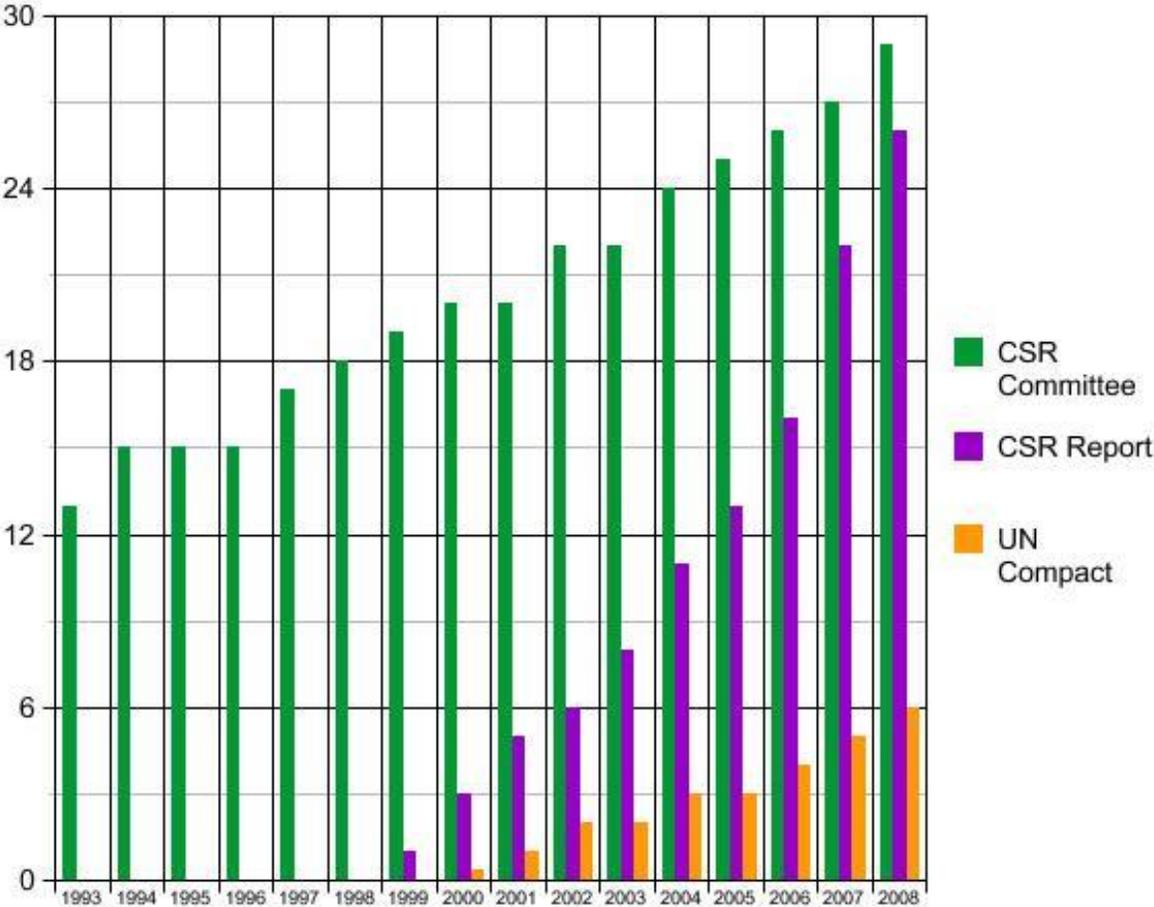


Figure 2: Graph of The Number of Times that a Firm will be targeted by Activists as a Function of its Receptivity to Prior Activist Challenges

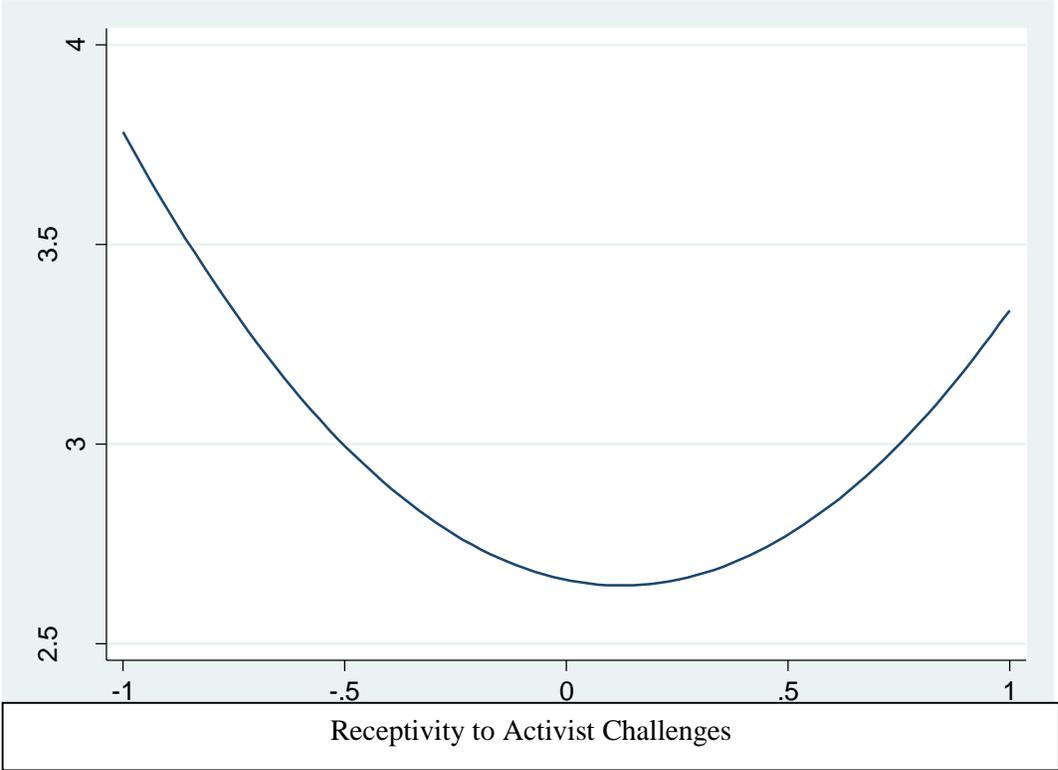


Table 1: Descriptive Statistics and Correlations

		<b>Mean</b>	<b>S.D.</b>	<b>Min</b>	<b>Max</b>	<b>1</b>	<b>2</b>
<b>1</b>	Total Contention	0.425	1.075	0	14	1	
<b>2</b>	Event: UN Compact	0.00276	0.052	0	1	0.1019	1
<b>3</b>	Event: CSR Report	0.0124	0.111	0	1	0.1083	0.0312
<b>4</b>	Event CSR Committee	0.00852	0.092	0	1	0.0968	0.0401
<b>5</b>	Receptivity	0.0455	0.269	-1	1	0.1555	0.0415
<b>6</b>	Reputation	1.009	1.232	0	3	0.2104	0.0426
<b>7</b>	Return on Assets	0.0441	0.327	-0.802	24.365	0.0072	0.0018
<b>8</b>	Logged Assets	8.934	1.62	-1.347	14.614	0.3933	0.0435
<b>9</b>	Logged Media Attention	1.739	1.431	0	6.444	0.2703	0.0574
		<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>3</b>		1					
<b>4</b>		0.0629	1				
<b>5</b>		0.0373	0.0203	1			
<b>6</b>		0.0723	0.0411	0.0962	1		
<b>7</b>		-0.0004	-0.0035	-0.0006	0.0089	1	
<b>8</b>		0.0965	0.0618	0.0874	0.3214	-0.1192	1
<b>9</b>		0.0737	0.0355	0.0483	0.264	0.0201	0.3344
							1

Table 2: Random Effects Negative Binomial Regression Models Predicting the Number of Times a Firm is Targeted with Contentious Tactics

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
DV	Total Contention (Count)		
Receptivity to Social Issues		-0.186** (0.059)	-0.231*** (0.060)
Receptivity to Social Issues ^2			0.143* (0.066)
Reputation Ranking	0.0708*** (0.022)	0.0751*** (0.022)	0.0741*** (0.022)
Prior Contention	0.133*** (0.012)	0.135*** (0.012)	0.137*** (0.012)
Return on Assets	0.173* (0.071)	0.172* (0.071)	0.171* (0.071)
Logged Assets	0.452*** (0.039)	0.449*** (0.039)	0.446*** (0.039)
Logged Media Attention	0.0283 (0.020)	0.0278 (0.020)	0.0296 (0.020)
Year	0.0232*** (0.006)	0.0232*** (0.006)	0.0229*** (0.006)
Industry Controls	YES	YES	YES
Constant	-1.599+ (0.901)	-1.599+ (0.901)	-1.578+ (0.907)
N	5241	5241	5241

°Standard errors are clustered by company.  
+ p<0.10, \* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Table 3: Rare Events Event History Analyses Predicting the Likelihood of the Adoption of Social Management Devices

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
DV	CSR Report	UN CSR Compact	CSR Committee
Total Contention	0.156* (0.073)	0.284** (0.105)	0.255** (0.099)
Reputation	0.0669 (0.099)	0.0502 (0.164)	0.327* (0.127)
Return on Assets	1.180*** (0.090)	2.816*** (0.120)	-2.573+ (1.369)
Logged Assets	0.204 (0.129)	-0.293+ (0.174)	0.0135 (0.190)
Media Attention	0.298** (0.107)	0.671*** (0.163)	0.180 (0.152)
Mimesis: Report	0.0186+ (0.011)		
Mimesis: UN		-0.395** (0.147)	
Mimesis: Comm			0.298 (1.505)
Year	0.174*** (0.026)	0.430*** (0.109)	0.909* (0.044)
Industry Controls	YES	YES	YES
Constant	-9.429*** (1.069)	-11.61*** (3.111)	-6.526*** (1.604)
N	5922	6174	5295

°Standard errors are clustered by company.  
+ p<0.10, \* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Table 4:

Difference-in-difference models predicting changes to corporate receptivity to shareholder-submitted social challenges

<b>Fixed Effects Difference-in-Difference Models Predicting Receptivity to Social Challenges</b>				
	Model 1	Model 2	Model 3	Model 4
<b>Period</b>	<b>-0.146*</b> (0.0638)	<b>-0.106</b> (0.0865)	<b>-0.193</b> (0.148)	<b>-0.137**</b> (0.0471)
<b>Treatment: Report</b>	<b>-0.715</b> (0.0638)			
<b>Treatment: Committee</b>		<b>0.924</b> (0.663)		
<b>Treatment: UN Compact</b>			<b>0.213</b> (0.213)	
<b>Treatment: All</b>				<b>-0.129</b> (0.112)
<b>Dif. Est. Report</b>	<b>0.212*</b> (0.0994)			
<b>Dif. Est. Committee</b>		<b>0.155</b> (0.115)		
<b>Dif. Est. UN Compact</b>			<b>0.206</b> (0.202)	
<b>Dif. Est. All</b>				<b>0.197**</b> (0.696)
<hr/>				
<b>Return on Assets</b>	<b>0.0562</b> (0.141)	<b>-0.138</b> (0.685)	<b>-0.696</b> (1.338)	<b>0.016</b> (0.133)
<b>Logged Assets</b>	<b>-0.152</b> (0.182)	<b>-0.0554</b> (0.0962)	<b>-0.360*</b> (0.156)	<b>-0.171+</b> (0.0879)
<b>Total Contention</b>	<b>0.0417</b> (0.0404)	<b>-0.0236</b> (0.0541)	<b>-0.0344</b> (0.0438)	<b>0.00908</b> (0.0255)

Continued on Next Page

Table 4, Continued

<b>Logged Media Attn</b>	<b>0.0656</b> (0.0424)	<b>0.00692</b> (0.0681)	<b>0.0599</b> (0.0630)	<b>0.0466</b> (0.0320)
<b>Reputation</b>	<b>0.0778*</b> (0.0374)	<b>-0.061</b> (0.0614)	<b>0.0792</b> (0.0597)	<b>0.0488+</b> (0.0289)
<b>Fixed Effects for Firm</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Constant</b>	<b>1.779</b> (2.191)	<b>0.273</b> (1.165)	<b>3.116*</b> (1.280)	<b>1.422+</b> (0.776)
R <sup>2</sup>	0.55	0.44	0.67	0.40
Observations	308	176	72	556
Robust standard errors in parentheses + p<.10, * p<.05, ** p<.01, *** p<.001				

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