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

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Social movements that target firms work to change contested corporate practices and policies (e.g., Soule, 2009; Reid and Toffel 200; King and Pearce, 2010). Examples of reforms spurred by successful social movements range from curbs on harmful emissions (Maxwell, Lyon and Hackett, 2000) to the extension of marriage benefits to domestic partners (Raeburn, 2004); from stalled production of biopharmaceuticals (Weber, Rao and Thomas, 2009) to spurred production of sustainable tourism packages (Van Wijk, Stam, Elfring, Zietsma, and Den Hond, 2013). In the wake of these successes, trends in anti-corporate activism show no sign of allaying, making contentious stakeholders a strategic obstacle that elite corporations will almost certainly encounter in the modern marketplace.

While social activism is now a ubiquitous part of organizational life, there continues to be marked variation in the manner in which firms respond to contentious challenges. Some firms seek to suppress or repel activism by reacting to activist advances with hostility, whereas others will acquiesce with relative ease 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 a movement and, ultimately, the substance and form of corporate social activity.

Organizational scholars exploring the determinants of corporate responses to activist challenges have drawn extensively from established concepts and frameworks in social movement theory.
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 corollaries in the context of anti-corporate activism (Campbell, 2005). The theory’s general proposition is that exogenous factors often play a determinative role in a social movement’s ability to mobilize and successfully implement its goals. In the case of anti-corporate movements, prior research suggests that these exogenous factors include numerous characteristics of the targeted firm, such as its 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 its leadership (Briscoe and Hambrick, Working Paper). 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 what firm-level factors signal political opportunities and predict movement outcomes, it remains unclear what role perceived opportunity structures play when activists select their 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, 1996). 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). We test this question in the organizational setting by coalescing these apparently discrepant findings, proposing a curvilinear relationship between opportunity structures and activist targeting. Our findings suggest that, indeed, firms are more likely to be targeted as their opportunity structures approach either extreme, being either very receptive or very resistant to social activism.

Additionally, while past research has actively examined the link between firm-level opportunity structures and movement outcomes, organizational scholars have largely ignored the potential reciprocality 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 potentiality (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.

In the organizational context, this second theoretical gap begs two additional questions: Do contentious attacks lead firms to become more or less receptive to future challenges? If so, why? Pursuing the answers to these questions allows us to shed light on the dynamic interaction of movements and corporate targets, probing how a corporation’s responsiveness to contentious
stakeholders affects, and is affected by, anti-corporate activism. We propose that firms that are
 targets of contentious attacks are likely to respond by adopting structures or practices meant
to demonstrate a commitment to social responsibility and aid in the management of social
performance. We collectively refer to these responses as “social management devices,” which
include enhanced disclosure, externally enforced commitments, or new internal structures for
managing corporate social policy. Examples explored in this paper include board committees
dedicated to social issues, issuance of a social responsibility disclosure report, or membership in
the UN corporate compact. 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. Ultimately, we propose a link between activism and
opportunity structures that is moderated by social management devices. By prompting targets to
adopt defensive social structures and practices, contentious challenges can contribute to making
a resistant firm more receptive to social activists.

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 social management
devices, including the institution of board committees designated to manage CSR issues, the
dissemination of a CSR report, or ratification of the UN corporate compact. Additionally, the
data includes every social issue proxy proposal submitted to firms in the sample across this time
frame as well as the firm’s response, empowering us to assess and track changes in corporations’
receptiveness to social challenges made by shareholders. Responses to shareholder proposals are
a particularly useful tool for studying corporate social responsiveness because, unlike other
forms of activism, the process for resisting a shareholder proposal is both formalized and public,
making it easy to separate firms that actively resist an activist challenge from those that respond with apathy. 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), which makes it impossible to separate resistant firms that actively fight against a challenge from the neutral firms that simply ignore it. 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.

**Corporate Opportunity Structures and Receptivity to Activism**

Just as traditional social movements target the state to advance policy initiatives, anti-corporate social movements may target companies directly to demand the reform of corporate social policies. Researchers exploring the latter phenomenon have had tremendous success drawing from the established theoretical models developed to explain the former. One particularly fruitful example is political opportunity theory, a well-established perspective holding that institutional and structural factors that are exogenous to social movements often shape the form and course of movements (Eisinger, 1973; Tilly, 1978; McAdam, 1982; Kitschelt, 1986; Tarrow, 1994; Kriesi, Koopmans, Duyvendak & Giugni, 1992; Meyer & Minkoff, 2004; Della Porta,
Kreisi, & Rucht, 1999; Tarrow, 1988). Eisinger (1973) was the first to introduce the concept, which he defined as “the degree to which groups are likely to be able to gain access to power and to manipulate the political system” (p. 25). Tarrow (1989) extended the concept by suggesting that political opportunity structures exist along a continuum ranging from very open structures (characterized by governments that are receptive and responsive to movement claims and that provide activists ready access to participate in agenda setting and policy decisions) to very closed structures (characterized by governments that are hostile to movement claims and that prohibit movements from political participation).

Similar to this range in states’ responsiveness to social movements, there is wide variance in the extent to which corporations are receptive to social challenges from their stakeholders. Firms that occupy elite, entrenched positions in their field often have their power and interests vested in the status quo, incentivizing them 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, Working Paper).

A firm’s receptivity to social challenges is made especially conspicuous in its response to social-issue proxy proposals submitted by its shareholders. Within this setting, corporate political
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. 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 political 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 Responsiveness 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 would be more likely to be confronted with activist challenges.

This intuition is supported to some extent by recent work in the organizational setting. King and McDonnell (2013) suggest 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, and companies that have developed reputations for being willing to work with activists may seem like easier targets (Briscoe and Safford, 2008). On the other hand, 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 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, 1993b: 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 insight 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 Does Anti-corporate Activism Influence a Firm’s Receptivity to Social Activism?**

Prior research suggests that a firms’ 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). This is supported in the two other chapters of this dissertation: the first provides evidence that firms that actively make pro-social claims tend to increase their pro-social claims after a movement attack, and the third provides evidence that firms that join social movement boycotts tend to continue to do so in the future. 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 general 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 voluntary 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 heart and mind of the company.

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 seek out new strategic devices for managing contentious social practices and demonstrating their 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). The first and second chapters of this dissertation provided some evidence of this process, showing that contentious attacks may provoke an image or market crisis in their organizational targets, which prompts targeted firms to engage in strategic solutions, whether through impression management or activist alliances. However, from these initial chapters is not clear whether corporate responses are merely “cheap talk” and “cooptation,” or instead represent veritable changes in a firm’s ideological 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 assist them with 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 to manage its social strategy and demonstrate an enhanced commitment to socially responsible values. In this article, we explore three examples of these devices: the provision of an annual sustainability report; adoption of an independent board committee tasked with managing social responsibility issues; and joining a
sustainability compact that allows an external NGO or institutional authority to set, monitor, and enforce standards for social responsibility to assure the participating company’s compliance. 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 should similarly 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 might 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 deviant behavior, its prior commitments 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 social deviations. 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 deviations 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. Thus, by eliciting corporate commitments to social issues and instituting and empowering internal or external monitors, social management devices should 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.

**Dependent Variables**

*Total Contention.* To test hypothesis 1, we utilize a count variable capturing the total number of activist challenges that a firm receives, or its *total contention*. 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).

**Social Management Devices**

For models predicting the adoption 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 the firm adopts the device in a given year and “0” if not. Data on CSR Reports was collected using the report archives compiled by the Global Reporting Initiative. Data on membership in the UN Global Compact was 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 was collecting 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 mentioned the committee’s
role included oversight or recommendations about corporate social responsibility, social policy,
public policy, or environmental issues.

Receptivity to Social Activism

A firm’s receptivity to social activism is operationalized through a variable capturing the
variance in a firm’s reactions to shareholder-submitted proxy proposals related to social issues.
Reactions to these proposals are a useful proxy for a firm’s attitudes to social issues because a
firm can react in three distinct 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:

\[
\frac{(P^2 - PN)}{V^2} \text{ if } P > N; \quad 0 \text{ if } P = N; \quad \text{and } \frac{(PN - N^2)}{V^2} \text{ if } N > P,
\]

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 they received, leading to their withdrawal.

\textit{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 three controls, \textit{logged assets} (to capture variation in firm size), \textit{logged media attention} (the logged count of the number of news articles about a company in a given year, as reported in Factiva), and \textit{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
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 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 in all models that do not include firm fixed-effects (where industry controls are automatically controlled along with other time invariant organizational attributes). We also include fixed effects for year where appropriate to control for potential trends in the dependent variables over time.

In models predicting a firm’s receptivity to social challenges, we include the binary controls for if firms are a signatory to the UN Global Compact or issue an annual sustainability report in order to account for differences in the extent to which a firm has committed to socially responsible standards or discloses its social activities, which may affect its likelihood of being targeted by activists. These variables also control to some extent for the extent to which corporate social responsibility is prioritized by targeted firms.

Finally, in models predicting the adoption of social management devices, we include controls to capture mimetic pressure, which is 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 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.

Descriptive statistics and correlations of all variables appearing in our models are provided in Table 1 below.

[Insert Table 1 Here]

**Methods**

Because each of our hypotheses relates to a different stage in the process of corporate-activist interactions, each is tested in a separate set of models. The first set of models test whether a firm’s responsiveness to activist challenges has a positive curvilinear relationship with the number of times that a firm is targeted by contentious challenges. Given that the dependent variable in these models 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. In this model, 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.

To test hypothesis 2, which examines the relationship between contentious attacks and adoption of three separate social management devices, we run a series of event history analyses predicting
the adoption of a sustainability report, ratification of the UN Global Compact, and provision of a sustainability report. 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. Because the dependent variables are each relatively rare events, we employ King and Zang’s (2001) statistical correction for rare events.

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 experienced each structural event (the “treatment group”) with a matched set of firms that were at similar risk of experiencing the treatment but 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 on 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 our models predicting the number of activist challenges 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.

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]

Our third hypothesis that social management devices lead companies to become more open to future social activist challenges is tested across a series of difference-in-difference models displayed 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 reciprocality 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. And, as our inquiries into later stages in the dynamic political process of market contention suggest that contentious attacks can lead firms to become more receptive to future activist challenges, our paper provides additional insight into the process by which a repressive entity evolves into a more receptive entity.
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

<table>
<thead>
<tr>
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<th>Mean</th>
<th>S.D.</th>
<th>Min</th>
<th>Max</th>
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<th>3</th>
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<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
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<td>Total Contention</td>
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<td>0</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event: UN Compact</td>
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<td>0.052</td>
<td>0</td>
<td>1</td>
<td>0.1019</td>
<td>1</td>
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<td></td>
<td></td>
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<td>Event CSR Committee</td>
<td>0.00852</td>
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<tr>
<td>Receptivity</td>
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<td>-1</td>
<td>1</td>
<td>0.1555</td>
<td>0.0415</td>
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<td>3</td>
<td>0.2104</td>
<td>0.0426</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Return on Assets</td>
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<td>24.365</td>
<td>0.0072</td>
<td>0.0018</td>
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<tr>
<td>Logged Assets</td>
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<td>1.62</td>
<td>-1.347</td>
<td>14.614</td>
<td>0.3933</td>
<td>0.0435</td>
<td></td>
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<tr>
<td>Logged Media Attention</td>
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<td>1.431</td>
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Correlation Matrix:

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<tr>
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<td>0.962</td>
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<td></td>
</tr>
<tr>
<td>8</td>
<td>0.0004</td>
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<td>0.0089</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>0.0965</td>
<td>0.0618</td>
<td>0.0874</td>
<td>0.3214</td>
<td>-0.1192</td>
<td>1</td>
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Table 2: Random Effects Negative Binomial Regression Models Predicting the Number of Times a Firm is Targeted with Contentious Tactics

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

°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

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

| Fixed Effects Difference-in-Difference Models Predicting Receptivity to Social Challenges |
|---------------------------------------------|-------------------------------------------|
| Model 1 | Model 2 | Model 3 | Model 4 |
| Period | -0.146* (0.0638) | -0.106 (0.0865) | -0.193 (0.148) | -0.137** (0.0471) |
| Treatment: Report | -0.715 (0.0638) |  |  |  |
| Treatment: Committee |  | 0.924 (0.663) |  |  |
| Treatment: UN Compact |  |  | 0.213 (0.213) |  |
| Treatment: All |  |  |  | -0.129 (0.112) |
| Dif. Est. Report | 0.212* (0.0994) |  |  |  |
| Dif. Est. Committee |  | 0.155 (0.115) |  |  |
| Dif. Est. UN Compact |  |  | 0.206 (0.202) |  |
| Dif. Est. All |  |  |  | 0.197** (0.696) |

| Return on Assets | 0.0562 (0.141) | -0.138 (0.685) | -0.696 (1.338) | 0.016 (0.133) |
| Logged Assets | -0.152 (0.182) | -0.0554 (0.0962) | -0.360* (0.156) | -0.171+ (0.0879) |
| Total Contention | 0.0417 (0.0404) | -0.0236 (0.0541) | -0.0344 (0.0438) | 0.00908 (0.0255) |

Continued on Next Page
<table>
<thead>
<tr>
<th></th>
<th>1.779</th>
<th>0.273</th>
<th>3.116*</th>
<th>1.422+</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>(2.191)</td>
<td>(1.165)</td>
<td>(1.280)</td>
<td>(0.776)</td>
</tr>
<tr>
<td>R^2</td>
<td>0.55</td>
<td>0.44</td>
<td>0.67</td>
<td>0.40</td>
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<tr>
<td>Observations</td>
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<td>176</td>
<td>72</td>
<td>556</td>
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</tbody>
</table>

Robust standard errors in parentheses
+ p<.10, * p<.05, ** p<.01, *** p<.001
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